WAIFEM

WEST AFRICAN INSTITUTE FOR FINANCIAL AND ECONOMIC MANAGEMENT

2010 Annual Report

WEST AFRICAN INSTITUTE FOR FINANCIAL AND ECONOMIC MANAGEMENT (WAIFEM)

...BUILDING CAPACITY FOR MACRO-ECONOMIC AND FINANCIAL MANAGEMENT

2010 Annual Report

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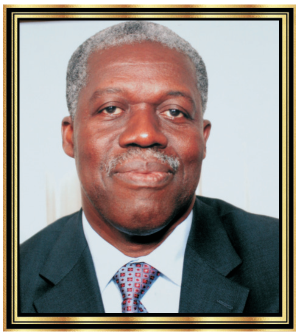
WAIFEM BOARD OF GOVERNORS

Mallam Sanusi Lamido Sanusi, CON
Governor, Central Bank of Nigeria
Chairman, Board of Governors, WAIFEM

Hon. Amadou Colley
Governor, Central Bank of The Gambia



Hon. Kwesi Amissah-Arthur
Governor, Bank of Ghana

Hon. Sheku S. Sesay
Governor, Bank of Sierra Leone

Hon. Joseph Mills Jones
Executive Governor,
Central Bank of Liberia

Prof. Akpan H. Ekpo
Director General, WAIFEM
& Secretary, Board of Governors

Foreword

Mallam Sanusi Lamido Sanusi, CON
Governor, Central Bank of Nigeria
Chairman, Board of Governors, WAIFEM

It is my pleasure to present you the Annual Report and Statement of Account of the West African Institute for Financial and Economic Management for the year ended December 31, 2010. The Report covers the three areas of core competencies of WAIFEM, namely, debt, financial sector and macroeconomic management, the economic reports of constituent countries, economic performance in Africa, and developments in the International economy.

The implementation of the second phase of the Institute's medium-term capacity building programme (CBP) which commenced in January 2006 comes to its formal closing in December 2010. I am pleased to state that the overall performance has surpassed the projected qualitative and quantitative outputs. While the CBP II projected a total of 2,100 beneficiaries in the Institute's programmes over the programme cycle, the actual as at end of December 2010 was 5,023. The CBP II was designed to consolidate the gains of phase I and train a critical mass of skilled officials engaged in debt, financial sector and macroeconomic management, the three areas of core competencies of WAIFEM. Specifically, the Institute recorded tremendous achievements in the execution of its capacity building activities in 2010 with the execution of 31 training and capacity building activities benefiting 857 participants.

The year under review witnessed the recruitment of two new Directors by the Board of Governors namely Dr. Johnson P. Asiama from Ghana and Mr. Euracklyn Williams from Sierra Leone as new Directors for Macroeconomic Management and Administration and Finance Departments of the Institute respectively.

Different reviewers of the Institute's training programmes have confirmed that it has built a strong organizational structure and a sound institutional base. The commitment of member countries remain firm and the support that the institution enjoys from various stakeholders has also remained strong. With this excellent performance, I have no doubt in my mind that WAIFEM as a centre of excellence has demonstrated its sustained relevance in strengthening capacity in its three core areas of competencies namely, debt, financial sector and macroeconomic management in the sub-region. I therefore commend the Management and staff of the Institute for a job well done.

On behalf of the Board of Governors, I sincerely express appreciation to our collaborative partners and co-financiers of the Institute's programmes for their technical and financial assistance. We look forward to a sustained collaboration for accelerated capacity development in the sub-region.

Mallam Sanusi Lamido Sanusi, CON

Governor, Central Bank of Nigeria and

Chairman, Board of Governors, WAIFEM

December, 2010.

Preface

Prof. Akpan H. Ekpo
Director General, WAIFEM
& Secretary, Board of Governors

In 2010, WAIFEM executed all its approved capacity building programmes and under took demand-driven programmes for the Central Bank of Nigeria, Kaduna and Bauchi State governments in Nigeria. The Institute now has a full complement of staff and the working environment has improved tremendously - thanks to continued support of the Central Bank of Nigeria. Inspite of these, 2010 was quite challenging particularly as one of our major donors was not forthcoming.

The major highlights of the year's activities in the three core areas of competencies namely, debt, financial sector and macroeconomic management include:

In debt management, a total of 262 officials acquired the required knowledge and skills through training programmes in the areas of medium term debt strategy, sub-national debt and management of contingent liabilities and guaranteed on-lending, Sub-national Debt and the use of CS-DRM 2000+ and debt sustainability analysis. These programmes and missions have enhanced the capacity of attendees in conducting debt sustainability analyses, national debt management and debt recording.

In financial sector management, a total of 278 officials benefited from the Institute's capacity building programmes. These programmes have enhanced the capacity of attendees and developed critical skills in tracking money laundering and financial crimes in the sub-region. It also deepened participants' understanding of payment systems, the role of capital markets in economic development and upgraded the knowledge and skills of attendees in assessing and implementing effective risk management and good corporate governance practices.

In the area of macroeconomic management, a total of 317 officials have received training in economic and financial analysis, macroeconomic management and regional integration, balance of payments and IIP, West Africa's International trade, taxes and negotiations, financial programming and policies and liquidity forecasting for fiscal and monetary management.

WAIFEM has continued to benefit from financial and technical support from a network of partners and regional institutions such as the African Capacity Building Foundation (ACBF), Common Wealth Secretariat, the World Bank and the International Monetary Fund (IMF) among others. Consultants were drawn predominantly from the academia and practitioners in the sub-region, the rest of Africa, Europe and America and contributed immensely to the Institute's successful execution of its programme of activities in 2010.

The continuous support from our collaborative partners over the years has been encouraging. I therefore seize this opportunity to express on behalf of Management and staff of WAIFEM, our profound gratitude to our technical partners, donors, facilitators, Central Banks of WAIFEM member countries, and above all, the Board of Governors for their untiring support and contributions towards the successful completion of the Institute's programmes of activities in 2010.

Professor Akpan H. Ekpo
Director General, WAIFEM
and Secretary, Board of Governors
December, 2010.

Principal Officers of the Institute

Prof. Akpan H. Ekpo
Director General

Mr. Baba Y. Musa
Director, Debt Management Department

Mr. Ousman Sowe
Director, Financial Sector Management Department

Mr. Johnson Asiama
Director, Macroeconomic Management Department

Mr. Euracklyn V. Williams
Director, Administration and Finance Department

Dr. Patricia A. Adamu
Senior Programme Manager, Macroeconomic Management Department

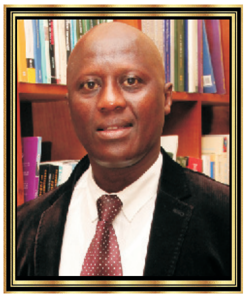
Mr. Udoma J. Afangideh
Senior Programme Manager, Financial Sector Management Department

Mrs. O.O. Jemilugba
Senior Manager, Administration and Finance Department

Mr. Ogbonnaya Agu
Prog. Manager, Fin. Sec. Mgt. Dept.

Mr. Gabriel Y. Asante
Prog. Manager, Macroeconomic Mgt. Dept.

Mr. Jawara Karamo
Prog. Manager, Debt Mgt. Dept.



Mr. Samuel J. Sepha
Library and Publications Officer

OPERATIONS OF WAIFEM

1.1 OVERVIEW OF PROGRAMME ACTIVITIES

The Institute executed a total of thirty (31) capacity building and related activities in 2010. There were a total of 857 participants in 2010, significantly higher than the number of participants (801) in 2009 for the same number of programs. A country-wide breakdown of participants showed that Nigeria accounted for 292 (34.1%), Ghana 161 (18.8%), Sierra Leone 125 (14.6%), The Gambia 193 (22.5%); Liberia 61 (7.1%); and others 25 (2.9%).

The institutional distribution of participants in 2010 showed that Central Banks accounted for 261 (30.5%) while Ministries and related government institutions had 381 (44.5%) slots. The private sector and other public sector institutions accounted for 215 participants (25.1%), which fell below that of the Ministries and other related government institutions.

An analysis of departmental activity shows that the Macroeconomic Management Department executed a total of eleven (12) programs that benefitted 317 participants in 2010. This is compared with almost the same number of programs in 2009 with 298 beneficiaries. Similarly, the Debt Management Department executed a total of ten (10) programs in 2010, which benefitted 262 participants. This is compared with the same number of activities in 2009 that benefitted 236 participants. The Financial Sector Management Department also had a total of nine (9) programs that benefitted 278 participants. This is compared with ten (10) activities in 2009 that had benefitted 267 participants.

The capacity building and related activities of the respective departments in the review year of 2010 are highlighted in the next and subsequent sections.

1.2 DEBT MANAGEMENT DEPARTMENT

During the year under review, the Institute executed ten (10) debt management capacity building training activities which benefited two hundred and sixty two (262) executive/senior/middle level officials mainly from the countries of WAIFEM. Country-wise breakdown showed that of the 262 beneficiaries, The Gambians were 78 (29.8 percent) while Ghanaians 43 (16.4 percent), Liberians 10 (3.8%) and Nigerians 84 (32.1%). Participants from Sierra Leone were 43 (16.4%) and other countries outside WAIFEM region trained 4 officials or (1.5%).

Analysis of the trained participants by gender reveals that 209 or 79.8 per cent were males and 20.2 percent females. Dis-aggregation of the participation by user institution indicates 62 or 23.7 per cent of the attendees were from central banks while ministries of finance and economic planning sponsored 159 officials or 60.7%. Other public sector agencies trained 32 officials or 12.2% and the private sector accounted for 3.1 % of the participants with 9 participants. Overall analysis of the participants' course evaluation questionnaires summaries for the 10 debt management programmes executed in 2010 revealed that participants were very satisfied with all the debt management workshops and course contents as well as the quality of the resource persons and materials that were presented.

Details of the debt management programmes are as follows:

1.2.1 Debt Management Performance Assessment Tool (DeMPA) Mission to The Gambia, January 11- 20, 2010.

WAIFEM in collaboration with the World Bank conducted a mission to The Gambia from January 11-20, 2010 to assess the country's debt management capacity and institutions using the Debt Management Performance Assessment Tool (DeMPA). This tool provides a methodology of assessing the full range of DeM (Debt Management) functions. The mission met with the Minister of Finance and Economic Affairs, the Permanent Secretary and his Deputy, as well as staff from entities involved in government debt management, including, among others, officials from the Ministry of Finance, the Central Bank of The Gambia, the National Audit Office, the Ministry of Justice, the Social Security Housing Finance Corporation and two commercial banks. Thus, the mission discussed with a total of thirty five (35) officials of The Gambian Government.

1.2.2 WAIFEM/World Bank and the IMF Medium Term Debt Management Strategy (MTDS) mission to Nigeria, February 8-18, 2010

WAIFEM, in collaboration with the World Bank and the IMF fielded a Medium Term Debt Management Strategy (MTDS) training mission to Abuja, Nigeria from February 8-18, 2010. The Medium-Term Debt Management Strategy (MTDS) tool was developed by the World Bank and IMF to provide a framework for formulating and implementing medium term debt management strategy for countries. The training primarily focused on determining the appropriate composition of Nigeria's debt portfolio, taking into account macroeconomic indicators and market environment. The training also covered management of the risk exposure embedded in the debt portfolio, specifically, potential variations in the cost of debt servicing and its impact on the budget. The MTDS framework was applied to the Nigerian context assessing the relative costs and risk of various debt management strategies and their debt sustainability implications. A total of twenty-five (25) officials drawn from Debt Management Office (DMO), Central Bank of Nigeria (CBN), National Planning Commission and Ministry of Finance, were trained.

1.2.3 Regional Course on Sub-national Debt Management of Contingent Liabilities and Guaranteed On-Lending, Lagos, Nigeria, May 3-7, 2010.

WAIFEM in collaboration with the Debt Management Office (DMO), Nigeria, organised a Regional Course on Sub-national Debt Management of Contingent Liabilities and Guaranteed On-Lending from May 3 - 7, 2010 at the Institute's Headquarters in Lagos, Nigeria. The course was organised in response to the recognition of the dangers posed by bourgeoning contingent liabilities for build-up of fiscal deficits and debt of sub-national jurisdictions in some of the member countries of WAIFEM. The course provided foundation training in national debt management, debt recording as well as an elucidation of the basic operational functions of state/municipal debt management. The course was attended by forty-eight (48) executive/senior/middle level officials drawn from central banks, ministries of finance and economic planning, debt management offices, and state's ministry of finance and economic planning from The Gambia, Ghana, Nigeria, and Sierra Leone.

1.2.4 WAIFEM/World Bank and IMF Debt Sustainability Framework (DSF-LIC) Workshop for Anglophone West African Countries. Lagos, Nigeria, June 14 - 18, 2010.

In collaboration with the World Bank, the Institute organised a workshop on World Bank/IMF Debt Sustainability Framework for Low Income Countries (DSF-LIC) for Anglophone West African Countries at its headquarters in Lagos, Nigeria from June 14 -18, 2010. The workshop provided hands-on training in debt sustainability analysis based on the template developed by the World Bank and IMF for low income countries. The workshop was attended by eighteen (18) senior level officials drawn from central banks, ministries of finance and economic planning in The Gambia, Ghana, Liberia, Nigeria, Sierra Leone and Sudan.

1.2.5 WAIFEM/World Bank DeMPA Reform Plan, Freetown, Sierra Leone, June 27 - July 4, 2010

In response to request from the Sierra Leone government, WAIFEM and the World Bank team visited Freetown during the period of June 27 - July 4, 2010 to provide technical assistance (DeMPA Reform Plan) on public debt management. The main objective of the mission was to help the authorities to design a reform plan in the area of public debt management. Special attention was devoted to the need to strengthen public debt management performance capacity. Methodologically, the debt management reform plan was built upon the DeMPA Assessment that was conducted by the World Bank and WAIFEM in July 2009. The mission met with 32 officials from agencies involved in government debt management, including, among others, officials from the Ministry of Finance and Economic Development (MOFED), Bank of Sierra Leone (BSL), the Office of the Auditor Service (AS) and three banks - two state-owned banks and one private sector bank.

1.2.6 Joint WAIFEM, World Bank, IMF and Commonwealth Secretariat MTDS Technical Assistance Training Mission, Accra, Ghana - August 30 - September 4, 2010

At the request of the Minister of Finance of Ghana, a joint WAIFEM, World Bank, IMF and Commonwealth Secretariat provided technical assistance training in the conduct of a Medium Term Debt Strategy using the template developed by the World Bank and IMF. The training was conducted in Accra, Ghana from August 30 - September 4, 2010.

The training on the MTDS tool primarily focused on determining the appropriate composition of the debt portfolio, taking into account macroeconomic indicators and market environment. Cost and risk analysis and the process of developing alternative debt strategies were also covered during the training. Twenty-nine (29) government officials were trained by the MTDS Mission: 20 from the Ministry of Finance and Economic Planning, 4 from the Bank of Ghana, 2 from Comptroller and Accountant General's Department, 2 from IMF Office in Ghana and 1 from HSBC.

1.2.7 Regional Debt Bulletin Workshop for West African Region & Cameroon, Freetown, Sierra Leone, October 11 - 15, 2010.

WAIFEM in collaboration with the Commonwealth Secretariat (ComSec), organised the Regional Debt Bulletin Workshop for West African Region & Cameroon in Freetown, Sierra Leone from October 11-15, 2010. The course provided participants from WAIFEM member countries and Cameroon with the requisite skills for developing a comprehensive National Public Debt Bulletin, which included those required to collate, analyse and present statistics on all aspects of public debt. The workshop was attended by twenty (20) executive/middle level officials drawn from central banks, ministries of finance and economic planning and Debt Management Institutions in The Gambia, Ghana, Liberia, Nigeria, Sierra Leone and Republic of Cameroun.

1.2.8 WAIFEM/Gbenga Oyewole Course on Sub-national Debt Management for Ondo State, Nigeria, October 19-23, 2010.

A course on Sub-national Debt Management for Ondo State was organised by WAIFEM in collaboration with Gbenga Oyewole & Associates from October 19 - 23, 2010 in Lagos Nigeria. The demand driven course was sponsored by Ondo State Government of Nigeria. The course provided participants from the state government the requisite foundation training in operational and analytical aspects of debt management department. In addition, the course also trained the participants on management of contingent liability. The workshop was attended by six (6) senior/executive level officials of the debt management department and Ondo State ministry of finance.

1.2.9 Regional Course on Loan Administration for New System Users of CS-DRMS 2000+ Lagos, Nigeria, November 22 - 26, 2010

From November 22-26, 2010, the Institute organised the Regional Course on Loan Administration for New System Users of CS-DRMS 2000+ at its premises in Lagos, Nigeria. The objective of the course was to deepen participants' understanding of loan administration featuring techniques of comparing loans, loan portfolio review and the interpretation of loan agreements and management of loans using the CS-DRMS 2000+. The course was attended by seventeen (17) executive/senior/middle level officials drawn from central banks, ministries of finance and economic planning, debt management offices, state's ministry of finance and economic planning of The Gambia, Ghana, Liberia, Nigeria, and Sierra Leone.

1.2.10 Joint WAIFEM/World Bank/IMF /UNCTAD Medium Term Debt Strategy Mission to The Gambia, November 28 - December 9, 2010

In response to request from the Gambian authorities, WAIFEM in collaboration with World Bank, IMF and UNCTAD visited Banjul, The Gambia during the period of November 28-December 9, 2010 to provide technical assistance on reforming public debt management in country. The debt management reform plan was built upon the DeMPA Assessment conducted in January 2010. The reform plan was centred on three main pillars, namely:

1) Capacity building in order to consolidate the Directorate of Loans and Debt Management (DLDM), to enable the unit build capacity for design and annual review of the Medium-Term Debt Management Strategy (MTDS) and the corresponding Financing Plan;
2) Reform the legal and inter-institutional framework for public debt management; and
3) Design and implement a strategy for development of the domestic market for government securities.

The mission met with 32 officials from agencies involved in government debt management, including, among others, officials from the Ministry of Finance and Economic Affairs (MOFEA) including budget department, Internal Audit, Central Bank of The Gambia, Accountant General's Office, Integrated Financial Management Information System (IFMIS) and two private sector banks (Standard Chartered Bank and Trust Bank Ltd).

1.3 FINANCIAL SECTOR MANAGEMENT PROGRAMMES

The Financial Sector Management Department in 2010 executed nine (9) programmes, exceeding the planned target of eight (8) earlier scheduled for the year. The additional programme arose from the demand-driven course on Reserve Management for staff of the Central Bank of Nigeria (CBN) which took place in Minna, Niger State. A total number of 278 officials from WAIFEM user institutions benefited from the programmes. These institutions include central banks, ministries of finance and economic planning, parliaments, the media and other relevant public sector agencies.

A breakdown of participation by country indicated that 61 (21.9%) came from The Gambia; 26 (9.4%) from Liberia; 89 (32.0%) from Nigeria; 48 (17.3%) from Sierra Leone; 52 (18.7%) from Ghana and only 2(0.7%) was attributed to others. It should be pointed out that the high percentage recorded by Nigeria, apart from her huge population, was due to demand-driven programme explained above.

Further disaggregation of the data shows that central banks officials were the highest in terms of participation in WAIFEM's Financial Sector Programmes with 123 (44.2%) officials attending. It was followed by other public sector organizations with 81 (29.1%) participants and ministries of finance and economic planning with 67 (24.1%) officials. From the private sector, only 7 (2.5%) officials benefited from WAIFEM programmes in the department. When gender is the subject of distribution, the data shows that males accounted for the chunk of the participants with 218 officials representing 78.4% while 60 participants representing 21.6%, was accounted for by females.

1.3.1 Regional Course on Combating Money Laundering and Other Financial Crimes, Freetown, Sierra Leone, March 22-26, 2010

The Institute organized a Regional Course on Combating Money Laundering and Other Financial Crimes in Freetown, Sierra Leone from March 22 - 26, 2010.

The course was meant to develop critical skills in tracking money laundering and financial crimes perpetrated through the financial system in the sub-region. However, the specific objectives were: to enable participants understand the concept and techniques of money laundering; to expose participants to current developments and trends in global initiatives to combat money laundering; and to enable participants become familiar with money laundering legislation and compliance systems.

Thirty-seven (37) officials participated in the course from The Gambia, Liberia, Nigeria, Sierra Leone and Ghana. They were drawn from central banks, core ministries, other public sector and private sector organizations.

The course covered the following broad themes:

- Overview of Money Laundering, Economic and Other Financial Crimes (Definitions, Stages, Types, etc);
- International Initiatives in Prevention and Combating Money Laundering and Other Financial Crimes;
- Procedures, Monitoring Tools and Investigative Techniques for Combating Money Laundering;
- Risk Based Approach in Implementing AML/CFT Programme;
- Designing Anti-Money Laundering Compliance Systems for Enforcement in Financial Institutions;
- Customer Due Diligence: The Link to Robust AML/CFT Framework;
- Financial Crimes and the Production of Fraudulent Documents (Identity Theft, Credit Cards, Visa and Passports, Counterfeit Crimes, etc);
- Effects of Money Laundering on the Financial System;
- Regional Initiative: Laws, Regulations, F.I.U.'S and Other Structures; and
- Combating Advanced Fee Fraud (aka 419): Lessons of Interpol (Nigeria).

The communiqué issued at the end of the course by the participants recommended among others the following:

1. ECOWAS should hasten the enactment of legislations to criminalize money laundering in the sub-region by coming up with a deadline for member countries to enact AML laws;
2. A Regional Financial Intelligence Unit (RFIU) for the exchange of information on money laundering activities within the sub-region be established as soon as possible. This could be done under the auspices of GIABA;
3. Financial institutions, regulatory authorities and all relevant law enforcement agencies should intensify

efforts at providing specialized training for their staff on combating money laundering;

4. Member countries should mount public awareness campaign to sensitize and educate the public, to include legislators on the mechanism and effect of money laundering; in addition to increase emphasis on human capital development as part of a general peace building platform.

1.3.2 Regional Course on Payment System and Money Market Operations, Lagos, Nigeria, April 19-23, 2010.

WAIFEM organized a Regional Course on Payment System and Money Market Operations at its headquarters in Lagos, Nigeria from April 19 - 23, 2010.

The objective of the course was to deepen the participants' understanding of payment systems in general including policy and risk issues as well as upgrade their knowledge and skills on the operational and regulatory aspects of money market instruments in domestic debt management.

The course was attended by thirty (30) officials drawn from institutions such as central banks, core ministries, commercial banks, national planning commission, and West African Monetary Agency in The Gambia, Liberia, Nigeria, Ghana and Sierra Leone.

The broad themes covered at the course were:

- Payment, clearing and settlement systems: The role of the Central Bank and the process of clearing and settlement;
- Payment and risk management reform: Implementation process;
- National payment systems: The Nigerian experience;
- Developing real time gross settlement (RTGS): Issues and challenges;
- Real time gross settlement (RTGS): Supply of liquidity, payment processing, information and control, impact and benefits, administration, future developments, etc;
- Cheque clearing and settlement framework: Issues and challenges;
- Regional harmonization of payment system in WAMZ;
- The government securities market: Primary and secondary market; and repo of government securities;
- Implications of second monetary zone for development of securities market;
- Public debt management in selected West African countries;
- Domestic debt financial market development in West Africa;
- Money market operation and the payment system;
- Legal/regulatory framework for security markets in West Africa; and
- Interrelationship between money market and monetary policy.

Participants at the end of the course made the following recommendations among others:

1. The necessary infrastructure (electricity, roads, communication technology, etc) should be put in place for efficient and effective payment system;
2. Capacity building for key stakeholders (central and commercial banks staff, government institutions, etc.) should be

enhanced;

3. The government institutions and agencies in the region should set the pace by effecting their payment and receipts using electronic payment media;
4. The central banks in the sub-region should encourage the expansion and deepening of the operations of the existing banking institutions;
5. Every effort should be made to increase the use of a single currency in the WAMZ region for effective payment systems in member countries.

1.3.3 Regional Course on Capital Market Development Including Bond Issuance, Abuja, Nigeria, May 17 - 21, 2010

A Regional Course on Capital Market Development Including Bond Issuance was organized in Abuja, Nigeria from May 17 - 21, 2010.

The course was designed to further deepen the development of the domestic capital markets in the sub-region. It was also meant for participants to consolidate their understanding of the role of capital markets in economic development, and the operations and risks inherent in the market.

The course was attended by twenty (20) senior/middle level officials from The Gambia, Liberia, Nigeria, Sierra Leone, and Ghana drawn from central banks, core ministries, commercial banks, national planning commission, and West African Monetary Agency.

The broad themes covered at the course included:

- Overview of capital market development;
- Role of capital markets in economic growth;
- Capital market operations: Players; products; instrument; efficiency; and stability;
- The operations of a typical stockbroker and an issuing house;
- Capital market development: The Nigerian experience;
- Regulatory and supervisory framework for capital market operations;
- Capital market development: The Ghanaian experience;
- Trading, clearing and settlement systems in the capital market;
- Market liquidity and strategies for improving liquidity in the capital market;
- Risk management system in capital market;
- Derivatives: Bonds and equity;
- Bond issuance: Process, structures, types, interest calculation, etc. and
- Securities market in an open economy: Exchange rate regime; liberalization of external sector; managing the economy's exposure to global capital market.

At the end of the course, the following recommendations were made by the participants:

- Appropriate and consistent macroeconomic policies be formulated and implemented to encourage the active participation of indigenous companies in the capital markets of the sub-region;
- There is need to put in place relevant legal and regulatory frameworks that foster vibrant, stable and efficient capital markets;
- Governments should adopt and implement policies that would encourage foreign investment inflows and provide adequate

information to potential foreign investors on investment opportunities available;

- Market operators need to develop systems, rules and regulations, accounting standards and codes of conduct which are of internationally acceptable standards for effective operations in the market and protection of investors;

1.3.4 Regional Course on Implementation of Effective Risk Management and Good Corporate Governance Practices, Banjul, The Gambia, June 14-18, 2010

In collaboration with African Capacity Building Foundation (ACBF), the Institute organized a one-week regional course on Implementation of Effective Risk Management and Good Corporate Governance Practices in Banjul, The Gambia from June 14 - 18, 2010.

The course was organized to update participants' knowledge and skills in the assessment and management of financial risks as well as good corporate governance practices.

It was attended by fifty (50) senior/middle level officials from The Gambia, Liberia, Nigeria, Sierra Leone, and Ghana. Participants were drawn from central banks, core ministries, deposit money banks, and other related public and private institutions.

The thematic issues covered at the course include the following:

- General overview of risk in the financial system;
- Types of risk in banking and their mitigants;
- Instituting a risk management framework, tools and techniques;
- Credit risk measurement and management techniques;
- Operational risk measurement and management techniques;
- Commercial bank risk management: Analysis of the process;
- Market risk measurement and management techniques;
- Risk management: The regulators perspective;
- Risk management and bank failure: A case study;
- Elements of good corporate governance;
- Corporate governance and global financial crises;
- Implementation of good corporate governance; and
- Corporate governance practice in money deposit banks: The Nigerian Experience.

The course was rounded off with the following recommendations by the participants:

- Institutions need to put in place strong and dynamic internal control system that are answerable to the Audit Committee and not management;
- There is a need to institute good corporate governance that clearly identifies authority limits, lines of responsibility, accountability and probity;
- Enforcing and strictly adhering to defined policies and procedures while clearly identifying lines of communication and organizational structure;
- Mandatory training of the Chief Executive Officers and board members on corporate governance and effective risk management; and

- Regular monitoring of the organization on corporate governance issues, risk management, compliance, monitoring and implementation.

1.3.5 Regional Course on Specialized Report Writing Skills and Presentation Techniques, Accra, Ghana, July 12-20, 2010

A Regional Course on Technical Report Writing Skills and Presentation Techniques was organized by the Institute in Accra, Ghana from July 12 - 20, 2010. The course was organized against the backdrop that effective communication is central and indispensable to individuals, organizations and societies. Many institutions have neglected report writing skill despite its importance to the attainment of organizational goals.

The objectives of the course include the use of correct grammatical structures in the English Language in a clear and concise manner that is related to specific purpose, audience and readership; the organization of information in logical forms for both oral and written presentations; the writing and presentation of better technical reports (economic, financial etc.); and the effective use of dictionaries.

The course was attended by thirty-nine (39) officials from The Gambia, Liberia, Nigeria, Sierra Leone, and Ghana who were drawn from central banks, core ministries, deposit money banks, and other related public and private organizations.

The following broad themes were covered at the course:

- the communication process;
- grammar in writing;
- spoken English;
- writing styles;
- features of proposals;
- overview of group work;
- technical report writing (features, audience analysis, document planning, abbreviations, specialized terminology, content-introduction, main body, recommendation and conclusions, referencing styles, bibliography, appendices);
- guidelines/formats for preparing technical (economic and financial) reports; and assessing the quality of a report;
- data handling and analysis in technical (economic and financial) report writing, type of data - time series, longitudinal, panel, year-on-year and year-to-year changes, log, percentages; elasticities;
- presentation techniques (theory);
- legal issues in communication;
- presentation techniques (practical); and
- computer applications in report writing.

The participants recommended the following at the end of the course:

- high premium should be placed on effective report writing by organizations in the sub-region;
- adequate capacity in report writing to meet the challenges of job functions in the sub-region be continuously pursued through training and retraining;

- that training in report writing and communication should be mandatory at least once a year for all senior staff of government establishment as well as the private sector;
- that the course duration should be extended to provide adequate time for all themes of the course, example the time allocated to the computer and legal communication were insufficient; and that future training should be residential for all participants.

1.3.6 Regional Course on Microfinance Operations and Regulations, Monrovia, Liberia, August 23-27, 2010

A Regional Course on Microfinance Operations and Regulation was organized by the West African Institute for Financial and Economic Management (WAIFEM), from August 23 - 27, 2010 in Monrovia, Liberia.

The course was organized to enable participants learn innovative strategies in leadership and management of microfinance institutions; upscale their skills in microfinance programming; develop a critical analysis of the broader issues and environment in which microfinance initiatives are based; and analyze and adopt current best practices from varied experiences to their own situations.

Thirty-six (36) officials attended the course from The Gambia, Ghana, Nigeria, Liberia, Sierra Leone. they were drawn from central banks, core economic ministries, deposit money banks, microfinance institutions, and other related public and private organizations.

The following are the thematic issues covered during the course:

- the role of microfinance in economic development and poverty alleviation in West Africa;
- types, characteristics and development of microfinance institutions;
- integrating financial services into the poverty reduction strategy;
- risk management in microfinance institutions;
- operational risk in microfinance institutions;
- establishing and managing microfinance institutions: the prospects and challenges;
- developing an effective credit management system for microfinance institutions;
- corporate governance in microfinance institutions;
- corporate governance: A case study;
- evolution of microfinance institutions: The Nigerian experience;
- regulatory and supervisory framework of microfinance banks;
- supervisory and operational challenges in microfinance subsector;
- micro insurance as a complement to microfinance;
- accounting and financial analysis for microfinance institutions; and
- interface between microfinance and commercial banking institutions.

At the end of the course, the following recommendations were made by the participants

- More attention and awareness should be created on the important role of microfinance in mitigating poverty in the sub-region;

- There is a need to institute good corporate governance in microfinance banks that clearly identifies authority limits, lines of responsibility, accountability and probity;
- Microfinance institution should be encouraged to be financially self sufficient rather than depending on government and donor agencies that are no longer sustainable;
- Capacity building for regulators, operators and clients of microfinance needs to be emphasized and encouraged; and
- There is need for technical assistance to formulate a sound regulatory and supervisory framework in the sub-region.

1.3.7 Regional Course on Advanced Banking Supervision and Financial Stability, Lagos, Nigeria, September 13-17, 2010

A Regional Course on Advanced Banking Supervision and Financial Stability was organized by the Institute in Lagos, Nigeria from September 13 - 17, 2010.

The course was designed to assist participants to understand the mechanics of risk-based supervision (RBS). In particular, it provided opportunities for participants to develop skills in banking supervision. In addition, the course enabled participants to relate the core Basel principles of effective banking supervision to current supervisory environment and issues relating to financial stability.

The attendance at the course comprised twenty-seven (27) participants from The Gambia, Liberia, Nigeria, Sierra Leone and Ghana. As expected, participants were drawn from central banks, core economic ministries and related public and private sectors in the sub-region.

The broad themes covered included the following:

- challenges and issues in contemporary banking supervision;
- international best practice standards in licensing, supervision and regulation;
- risk management framework and risk assessment;
- risk management for regulators;
- implementing risk-based supervisory approach;
- bank failure causes, lessons for regulators, etc.;
- the banking crisis: The Nigeria experience;
- contingency planning: framework for managing systemic banking crises;
- consolidated banking supervision: overview of group banking and supervision; implementing consolidated supervision, etc.;
- cross-boarder banking supervision;
- the financial system and importance of financial stability: lessons for West Africa;
- financial stability: towards a macro prudential approach; and
- tools for assessing financial sector vulnerability.

A communiqué issued by participants at the end of the course recommended as follows:

i. Effective regulation, enabling legal

framework and Memorandum of Understanding (MoU) should be devised for the effective implementation of Consolidated Supervision (CS) in the sub-region;

ii. Regulators/supervisors and operators in the sub-region should ensure strict adherence to code of good corporate governance where available. Where such codes were non-existent, supervisors and regulators concerned should formulate the codes and ensure compliance;

iii. Supervisors and regulators in the sub-region should vigorously engage in capacity building of their relevant staff for effective conduct of RBS and CS in financial institutions;

iv. Effective collaboration among Regulatory/Supervisory Authorities and Law Enforcement Agencies in the sub-region should be evolved by entering into MoUs to fast track the sharing of information including test for fit and proper persons. Efforts should be made to ward off undesirable persons from the banking industry as once they enter, it would be a herculean task to flush them out;

v. All countries should endeavour to have explicit deposit insurance scheme where it is non-existent, as one of the three aspects of a financial safety net for a sustainable financial stability; and

vi. There should be an effective mechanism for appropriate domestic financial sector authorities to jointly assess the systemic risks across the financial system and coordinate domestic policy response to limit build up in systemic risk.

1.3.8 Advanced Course on Reserve Management for Staff of CBN, Minna, Niger State, Nigeria, October 18-22, 2010

The institute organized Advanced Course on Reserve Management for the Staff of Reserve Management Department of the Central Bank of Nigeria in Minna, Niger State, from October 18 - 22, 2010.

The overall objective of the course was to enhance the knowledge of participants on critical techniques and skills in managing fixed instruments and imparting the art of active reserve management essential to investment decisions in reserve management. The broad themes covered included:

- Overview of Reserve Management;
- Global Financial Crises and Impact of Reserve Management;
- Portfolio Theories;
- Liquidity Management;
- Strategic Assets Allocation, Currency Mix and Benchmark Design;
- Reserve Tranching;
- Back Office Functions;
- Basic Mathematics for Investment Analysis;
- Institutional Framework for Reserve Management;
- Financial Markets for Reserve Management; and
- Risk Management- Market and Operational Risks.

The course was attended by twenty four (24) middle/senior level officials from the Reserve

Management Department of the Central Bank of Nigeria.

The analysis of the evaluation questionnaire completed by the participants at the end of the course, in the absence of a communiqué, revealed the following:

- In terms of course content, eighty-nine (89) percent of the participants concurred that it was very good;
- About 94 percent of the participants affirmed that the course content is useful to their jobs;
- The presentations were acclaimed to be excellent or good by 89 percent of the participants; and
- About 89 percent of the participants were of the opinion that the time allotment was either excellent or good.

The attendance record shows that of the 24 participants, only 2 attended less than75% of the 8 lecture sessions.

At the end of the course, a written tests to evaluate the comprehension of the participants was conducted. Twenty (20) of the Twenty four (24) participants took the test. The result shows that 17 participants or 85% scored above the pass mark of 40%.

In line with the requirement of the Central Bank of Nigeria, an evaluation report on each participant was carried out and detailed results sent to CBN.

WAIFEM expresses its appreciation to the management of the Central Bank of Nigeria for the confidence reposed in the Institute to organize the Course and look forward for more collaboration.

1.3.9 Regional Course on Rudiments of Islamic Banking, Lagos, Nigeria, November 8-12, 2010

The Institute organized a one-week Regional Course on Rudiments of Islamic Banking at its headquarters in Lagos, Nigeria from November 8-12, 2010.

The objective of the course was to provide a broad understanding on the rudiments of Islamic banking to participants. In particular, it was meant to provide clarity on the Sharia requirements and the avoidance of RIBA in modern day banking business.

The course was attended by fifteen (15) participants from The Gambia, Nigeria, Sierra Leone and Ghana. These participants were drawn from central banks, core economic ministries and other related public sector organizations.

The broad themes covered at the course include:

- Fundamentals of Islam and introduction to Islamic thought;
- Concepts and overview of Islamic finance: the prohibition of RIBA, principles of Islamic finance, trade and law;
- Legal and institutional framework: Islamic legal system, regulatory regime for Islamic banks; and Sharia boards;
- Operation of Islamic banking (AAOIFI standards): structure of Islamic banks, income generation, accounting procedures; profit distribution, reserve

management, and financial contracts;

- Development and challenges of Islamic banking;
- Risk management in Islamic finance;
- Islamic banking versus conventional banking: differences, advantages, and accommodating Islamic banking in conventional banking institutions;
- Islamic financial products: Mudaraba, Musharat, Murabaha, Ijara, Salam, mutual fund, etc;
- Sharia compliant investible instruments-Sukuk, Ijara, etc;
- Islamic finance in a secular environment-the opportunities and challenges;
- Islamic insurance: concept and operation, conventional insurance vs Islamic insurance; and
- Operators' perspective of Islamic insurance: instruments, products, pricing, profit sharing, etc.

At the end of the course, participants, through the communiqué issued, made these recommendations among others:

- Appropriate legal and regulatory framework should be formulated to ensure the establishment of Islamic banks in the sub-region;
- Effort should be geared towards the introduction of Islamic banking in the sub-region through adequate sensitization of people to encourage its acceptability;
- Islamic bank can act as a spur for sustained economic development as it is not prone to unnecessary risk and speculation;
- Since all religions frowns at usury (riba), Islamic banking can become the basis of lending to nations by international financial institutions on interest free basis if these institutions truly desire to help poor developing countries;
- Courses in Islamic banking should be introduced into the curriculum of economics and other related courses in the universities as a basis for providing adequately trained personnel in the area of Islamic banking.

1.4 MACROECONOMIC MANAGEMENT DEPARTMENT

1.4.0 Introduction

The Macroeconomic Management Department organized eleven (12) programmes during the year 2010. This exceeded the target of nine (9) activities that were originally planned for the year. The programmes benefited two hundred and ninety-eight (317) officials from the central banks, ministries of finance and economic planning, parliament, other relevant public sector agencies, as well as the mass media.

A country-wise distribution of the total participants revealed that 54 participants (or 17.0%) came from The Gambia; 66 (or 20.8%) came from Ghana; Liberia had 25 (or 7.9%); Nigeria had 119 (or 37.5%); Sierra Leone was 34 (or 10.7%) and others 19 (or 6.0%). The higher participation rate in the case of Nigeria was due to the demand-driven programmes that were organized for staff of the Central Bank of Nigeria.

A breakdown of participation according to institutions also showed that central banks accounted for 76 (or 24.0%); the ministries of finance and economic planning recorded 155 (or 48.9%), other public sector agencies had 52 (or 16.4%), while parliaments and the mass media together registered 34 (or 10.7%). In terms of gender distribution, there were 266 females (or 83.9%) and 51 females (or 16.1%).

1.4.1 Regional Workshop on Economic and Financial Analysis for Journalists, Lagos, Nigeria, February 15 - 19, 2010

The West African Institute for Financial and Economic Management (WAIFEM) organized a Regional Workshop on Economic and Financial Analysis for Journalists at its Headquarters in Lagos, Nigeria, from February 15 - 19, 2010. The workshop was attended by thirty four (34) middle/senior/executive level officials involved in editing, reporting and producing macroeconomic and financial news from the public and private sectors of The Gambia, Ghana, Liberia, Nigeria and Sierra Leone.

The main objective of the workshop was to update the knowledge and upgrade the skills of editors, journalists, news producers, anchor personnel and other media practitioners in economic and financial policy formulation, analysis, performance, monitoring and reporting. Specifically, the workshop was expected to increase the "economic quotient" of participants to enable them use their job functions to cultivate a more enlightened electorate that will engender greater popular participation in the national economic and financial agenda.

The broad themes covered included the following: the role of statistics in economic management; sources of financial and economic statistics; structure of financial market instruments; introduction to macroeconomic structure of the economy; fiscal and monetary policies management and coordination of both policies; interpretation of financial and economic indicators; money laundering and financial crimes; regional economic integration in West Africa; hands-on analysis and reporting on a budget speech and quoted firm's annual report accounts; and practical exercises on money and capital markets.

In the communiqué issued at the end of the course, participants recommended that:

- Ø Efforts should be made by governments of member countries to make information readily available by removing bureaucratic bottle-necks and speedily enacting the freedom of information act.
- Ø The agenda of regional integration should occupy a pride of place in member countries.
- Ø Good governance underpinned by the rule of law must be aggressively pursued by member countries to propel economic growth to reduce poverty.
- Ø Effective laws should be put in place to stem the increasingly incidents of child trafficking, and culprits should be severely punished.
- Ø Monitoring and evaluation of policies must be a grave concern to member countries with the necessary structures put in place to achieve target goals.
- Ø Governments in the sub-region and development partners should collaborate with WAIFEM to build the capacity of journalists and other economic analysts to better inform the masses on economic and financial issues.

- Ø Much sensitizations need to be done by member countries on the immense benefits of regional economic integration so as to carry the people along in the process.
- Ø WAIFEM should be properly funded and empowered by governments in the sub-region to expand its services beyond the current domain.

1.4.2 Regional Course on Macroeconomic Management and Regional Integration, Accra, Ghana, March 8 - 19, 2010

In an effort to expose participants to an advanced knowledge of macroeconomic theory and practice, and enhance their skills with the associated techniques used in examining economic phenomenon, as well as the analysis of the relationship between macroeconomic management and regional integration, a Regional Course on Macroeconomic Management and Regional Integration was organized by the Institute at the Erata Hotel, Accra, Ghana, from March 8 - 19, 2010.

The key themes covered during the course included: micro foundation of macroeconomics; national accounts; open macroeconomics; elements of international trade; monetary and fiscal policies, and government budget constraints; elements of regional integration; basic statistics for economic analysis; research methodology and its applications; excel and micro-computing on E-views; introduction to econometric methods; time series analysis; co-integration and error correction model; report writing; and hands-on exercises in the application of quantitative techniques. The two-week course was attended by twenty-six (26) participants drawn from the central banks, ministries of finance and economic planning, other government agencies of WAIFEM member countries, including West African Monetary Institute (WAMI) and the West African Monetary Agency (WAMA).

At the end of the course, the participants issued a communiqué and recommended that adequate funding should be made available for data generation and comparability in all the relevant institutions of government. In addition, governments of member countries of WAIFEM should put the private sector at the centre of integration agenda. Countries in the sub-region were also urged to ensure compatibility among regional integration schemes aimed at the goals of the African Economic Community and the African Union which also implies eliminating inconsistencies from overlapping membership; and Africa's integration efforts should be made compatible with external obligations to international organizations, such as the World Trade Organization (WTO) and Economic Partnership Agreements (EPA).

1.4.3 Course on Reform on Budget Preparation for Bauchi State, World Bank - Assisted Project, Lagos, Nigeria, March 29 - April 9, 2010

In fulfilling its mandate of capacity building at sub-national level, the West African Institute for Financial and Economic Management organized a two-week Course on Reform on Budget Preparation for Bauchi State, under the auspices of Bauchi State Governance and Capacity Building Project (World Bank-Assisted Project), at its Headquarters in Lagos from March 29 - April 9, 2010. The main objective of the course was to upgrade the knowledge and skills of state officials in modern methods of budgeting. Specifically, the training provided the following:

i. The necessary skills and expertise for the preparation and production of timely and reliable financial information for transparency, accountability and oversight functions.

ii. The skills and expertise in the area of policy and implementation of government finances.

iii. The overall framework of managing government finances.

The main themes covered in the course included: budget procedure, preparation, execution and reporting; international standards: PEFA, codes of fiscal transparency; fiscal policy as an instrument for poverty reduction; fiscal federalism in Nigeria; budget and budgetary controls; budget monitoring and evaluation; public procurement and due process; capital budgeting and appraisal of investment projects; medium term budgeting framework including MTEF and MTSS; roles and functions of internal audit control; accounting functions and responsibilities in budgeting; revenue generation and projecting revenues; analysis of public expenditure; sub-national debt management; and hands-on exercises. A total of nineteen (19) senior and middle cadre officials with direct responsibility for planning and budgeting from Bauchi State attended the course.

In a communiqué issued by the participants at the end of the course, the following recommendations were made:

i. That effort should be made by the Federal Government to ensure that there is constant power supply in the country. This will increase economic, political, social and cultural activities which will eventually pave way for economic growth and development of the country;

ii. That for transparency, accountability, probity and prudency in managing scarce resources, states should, as a matter of urgency and priority, put in place an effective and efficient fiscal management process and ensure strict observance through budget discipline as well as due process;

iii. That the federal government should diversify its revenue base while states should explore ways of improving their internally generated revenue;

iv. That the programme on attitudinal changes/value re-orientation initiated by Bauchi and Kano State governments is a right step in the right direction geared towards combating corruption in the society which impedes economic growth and development;

v. That the establishment of the Monitoring and Evaluation Directorate as a unit in the central planning ministry and MDAs respectively, will in no small measure strengthen the capacity in physical monitoring and evaluation of public sector programmes/projects;

vi. That the establishment of a state cash management/planning committee at the ministry of finance is hereby advocated. The establishment of the committee in each MDA will also ensure meeting government's fiscal targets and prevent sudden unanticipated borrowing or expenditure in a given period; and

vii. That the passing of the Fiscal Responsibility Bill (FRB) and the Public Procurement Law by the Bauchi State Government is commendable. Other states in the Federation should emulate this positive effort so that the institution of fiscal discipline reforms will virtually prevail in all the states.

1.4.4 Regional Course on Balance of Payments and IIP, Banjul, The Gambia, April 19 - 30, 2010

In an attempt to deepen the knowledge and upgrade the analytical skills of technical staff responsible for the compilation and analytical presentation of balance of payments statistics in the sub-region, the West African Institute for Financial and Economic Management organized a Regional Course on Balance of Payments and International Investment Position (IIP) in Banjul, The Gambia, from April 19 - 30, 2010. The course was designed to expose participants to the new balance of payments manual (BPM6) used in the compilation of the balance of payments statistics and best practices in reporting the IIP.

The following broad themes were covered in the course: introduction to external sector statistics and relationship to other macroeconomic statistics; external debt guide and implications for BPM6, including the relationship between external debt statistics and other financial accounts; methodology for compiling international investment position statistics, including related financial account and investment income statistics; and conducting enterprise surveys. A total of thirty-one (31) senior and executive level officers from the central banks, ministries of finance and economic planning, statistics offices, customs & excise, national planning commission, and investment promotion agency in The Gambia, Ghana, Liberia, Nigeria and Sierra Leone, attended the course.

Five country case studies were presented on The Gambia, Ghana Liberia, Nigeria, and Sierra Leone. The Gambia presentation focused on 'External and Informal Trade. The paper highlighted the key commodities traded with the rest of the world and addressed the challenges emanating from informal trade as well as the way forward. Ghana's presentation on 'External Debt', and the pre-HPIC and post-HIPC debt positions together with the issue of debt forgiveness were discussed. The Liberia case study was on “Measuring Worker's Remittances'. The paper decomposed remittances into three distinct categories, namely, workers' remittances, employee compensation, and migrants' transfers. The paper also outlined some key challenges facing the important source of foreign exchange in the country. The presentation by Nigeria was on 'Coordinated Direct Investment Survey (CDIS). The paper explained that the CDIS was a new initiative of the IMF aimed at achieving standard reporting format of FDI. The Sierra Leone presentation was on 'Compilation of IIP: Sierra Leone Experience'. The paper discussed the status and challenges facing the compilation of IIP in the country.

In a communiqué issued at the end of the course, participants were urged to be mindful of the fact that informal trade and smuggling activities are part of trading activities in the sub-region, and should therefore design surveys that take this fact into account. Countries in the sub-region were called upon to expedite action towards commencing the compilation of their IIP statistics. The need to accelerate human and institutional capacity building in data gathering institutions, supported by adequate material and financial resources to allow them to produce reliable and timely data, was also recommended. Countries in the sub-region were urged to comply with the international data standards and codes on transparency, timeliness, accessibility and quality. Training institutions such as WAIFEM and the International Monetary Fund (IMF) Statistics Department are urged to accelerate their assistance in the design and delivery of requisite training programmes that would support capacity building in macroeconomic data gathering institutions. Finally, countries in the sub-region were urged to redouble efforts to meet the convergence criteria, harmonize trade policies and promote peace in order to foster integration, engender rapid economic growth and development in the sub-region.

1.4.5 Regional Course on Expenditure and Revenue Programming for Poverty Alleviation, Lagos, Nigeria, May 10 - 18, 2010

Once again, the Institute took a giant strike at reducing poverty in the sub-region by organizing a Regional Course on Expenditure and Revenue Programming for Poverty Alleviation at its headquarters in Lagos, Nigeria from May 10 - 18, 2010. The overall objective of the course was to enhance the participants' knowledge and competencies on the crucial issue of public resource mobilization and allocation for poverty reduction. The course was attended by 37 (thirty-seven) senior/executive level officials from the central banks, ministries of finance and economic planning, accountant general's offices, revenue agencies, national planning commission, national assembly, national audit office and other relevant public sector agencies from The Gambia, Ghana, Liberia, Nigeria, and Sierra Leone.

The broad themes covered included public sector budgeting and poverty reduction; fiscal policy as an instrument for poverty alleviation; medium term expenditure frameworks; revenue mobilization using pro-poor strategies for poverty alleviation; monitoring and evaluation of PRSPs, MTEF and Annual Budget; aid management for poverty alleviation; debt sustainability: implication for growth and poverty alleviation; economic appraisal of public capital projects; and implementation and expenditure control.

In a communiqué issued by the participants at the end of the course, the following recommendations were made:

- That governments in the sub-region including those at district levels should adopt the three-tier public expenditure management system and pro-poor revenue mobilization strategies as concepts of international best practice that enhance transparency and effective use of public resources in general.
- That countries in the sub-region should broaden their tax networks to include the informal sectors of the economies so as to reduce the dependence on promised foreign grants and aids that sometimes are

not fulfilled or delayed.

- That existing capital and secondary markets for government instruments should be deepened and strengthened to serve as preferred means of financing budget deficits.
- That countries should insist on the use of information technology, for example, the GCNet program in Ghana to enhance revenue generation and reduce pilfering of public resources.
- That legislators are urged to ensure the continuity of programmes between regimes of a country by insisting on the completion and the implementation of programmes presented to them within a medium-term framework.
- That countries should strive to adopt the Ghanaian model of the budgeting process which emphasizes participatory budgeting strategy that involves all stakeholders so as to save time and money in the long run.
- That there should be a cordial relationship between the Public Finance Committee of the General Assemblies and the Auditor General's office so that audited accounts will be given urgent attention.
- Policy makers should never take up a debt if the grant portion is below 25%, and borrowing to finance deficit should not be considered as bad practice as long as the debt is sustainable.
- That countries should strive to grow GDP by at least 7% to be able to make a significant impact on poverty.

1.4.6 Course on Accounting, Expenditure Control and Financial Reporting for Kaduna State, Lagos, Nigeria, May 31 - June 11, 2010

The West African Institute for Financial and Economic Management (WAIFEM) organized a two-week Course on Accounting, Expenditure Control and Financial Reporting for Kaduna State, under the auspices of Kaduna State Governance and Capacity Building Project (World Bank-Assisted Project), at its Headquarters in Lagos from May 31 - June 11, 2010. The main objective of the course was to upgrade the knowledge and skills of state officials in the best practice procedure in public finance management. The training among others provided update on the following:

i. Skills and expertise for the preparation and production of timely and reliable financial information for transparency, accountability and oversight functions.

ii. Skills and expertise in area of policy and implementation of government finances; and

iii. Overall framework for managing government finances particularly as most state governments depend heavily on statutory allocations.

The course focused on budget procedure, preparation, execution and reporting; international standards: PEFA, codes of fiscal transparency; methods for monitoring expenditure: integrated financial management information system; budget implementation and expenditure controls; public procurement and due process; capital budgeting and appraisal of investment projects; medium term budgeting framework including MTEF and MTSS; monitoring and evaluation of SEEDS, MTEF and annual budget; roles and functions of internal audit control; accounting and financial management, among others. On the basis of participation, twenty-five (25) senior and middle cadre officials in-charge of accounting, expenditure control and financial management of the state attended the programme.

At the end of the course, the participants issued a communiqué and recommended as follows:

- That the fiscal policy paper of the federal government should serve as a good guide to state government in budget preparation.
- That effort should be made to enhance internal revenue generation considering the dwindling resources from the federation account.
- That the local government executives need to be adequately sensitized on capital market operations that can provide an alternative source of funds for capital projects.
- That capital expenditure can be increased to improve infrastructural development.
- That effective management and accounting should be imbibed in the public sector to improve efficiency, especially in areas of project viability and evaluation.
- That all developmental plans should be "SMART" oriented, that is, Specific, Measurable, Achievable, Realistic & Time bound, to reduce the incidence of abandoned projects. For effective public finance management, MDAs should as a matter of urgency, prepare management reports including in it, detailed financial analysis.
- That the technical ability of Debt Management staff should be enhanced through training for effective debt analysis and quality advise to government on debt management issues. Adequate incentives should be given to Debt Management staff so as to discourage high rate of staff turnover.
- That Monitoring and Evaluation units should be established at MDAs level to monitor and evaluate projects on a continuous basis. To this end, a Planning, Research & Statistics Department should be established in all MDAs

1.4.7 High Level Regional Course on West Africa's International Trade, Taxes and Negotiations, Lagos, Nigeria, June 28 - July 2, 2010

The West African Institute for Financial and Economic Management (WAIFEM) organised a high level regional course on West Africa's International Trade, Taxes and Negotiations in Lagos, Nigeria from June 28 to July 2, 2010. The objective of the course was to provide participants with an understanding of pertinent issues relating to international trade, taxes and negotiations as well as build capacity for the formulation and implementation of good and effective external trade policies to yield maximum benefit for the region.

The main topics discussed during the course included: an overview of challenges and prospects of international trade in West Africa; regional trade arrangements in West Africa; EU-ECOWAS EPA trade negotiations; common market and investment climate; effective customs union in West Africa; The challenges of common external tariff; strategies for promoting trade and investment: country experiences; and tariff harmonization. The one-week course was attended by twenty four (24) participants including senior and executive officials from The Gambia, Ghana, Liberia, Nigeria and Sierra Leone. The institutions represented were Central Banks, Ministries of Finance and Economic Planning, Ministries of Trade and Commerce, Revenue Offices, Customs, ECOWAS Commission, West African Monetary Institute (WAMI), and West African Monetary Agency (WAMA).

In a communiqué issued by the participants at the end of the course, Member States were urged to reaffirm their commitment to the spirit of the ECOWAS economic integration agenda by fully implementing the ECOWAS protocols, conventions and decisions, particularly the ECOWAS Trade Liberalisation Scheme (ETLS) and remove all forms of discriminatory trade practices. They also advised that in the event of non-compliance or breach of protocols, ECOWAS Commission should have a functional trade dispute resolution mechanism. The participants recommended the adoption of a uniform standard for products and services in the region complemented by a Community Investment Code as well as a Uniform Commercial Code. Finally, Member States were urged to build a critical mass of human capacity in relevant subject matter areas for effective trade negotiation. National Committees on EPA should also be strengthened. As a way forward, ECOWAS should build a repository of local experts from the region to strengthen her capacity in trade negotiations.

1.4.8 Course on Financial Programming and Policies for National Coordinating Committees of the ECOWAS Multilateral Surveillance Mechanism, Lagos, Nigeria, July 5 - 16, 2010

Improving the existing symbiotic relationship between WAIFEM and the ECOWAS Commission, the Institute organized a Course on Financial Programming and Policies (FPP) for National Coordinating Committees of ECOWAS Multilateral Surveillance Mechanism in Lagos, Nigeria from July 5 - 16, 2010. The course was designed to upscale the analytical competences of officials involved in the formulation and implementation of macroeconomic and structural policies within a financial programming framework.

The course focused on review of the key macroeconomic accounts and their interrelationships, setting economic targets, choosing policy instruments required to reach the targets and the application of demand for money and quasi money functions in forecasting monetary aggregates, and a country case study to design a financial programme. On the basis of participation, twenty-one (21) officials attended from the West African Monetary Agency, ECOWAS Commission, Central Banks, Ministries of Finance and Economic Planning, and Offices of Statistics in The Gambia, Ghana, Liberia, Nigeria and Sierra Leone.

Participants recommend that for better economic management in the sub-region, adequate human and material resources should be devoted to the compilation and dissemination of timely and accurate macroeconomic data, with the goal of attaining international best practices and standards set under the general data dissemination system (GDDS). They also emphasized that governments in the sub-region should endeavour to use financial programming in the macroeconomic management of their economies.

1.4.9 Regional Course on Liquidity Forecasting for Fiscal and Monetary Management, Banjul, The Gambia, August 2 - 6, 2010

A Regional Course on Liquidity Forecasting for Fiscal and Monetary Management was organized by the West African Institute for Financial and Economic Management (WAIFEM) from August 2 - 6, 2010 in Banjul, The Gambia, for thirty (30) executives/officials from central banks and core economic ministries from The Gambia, Ghana, Liberia, Nigeria and Sierra Leone, the West African Monetary Institute (WAMI) and the West African Monetary Agency (WAMA). The course was designed to upgrade the knowledge and analytical skills of participants for efficient forecasting of liquidity. In this vein, the seminar aimed at providing a platform for identifying a practical framework for forecasting liquidity.

The main thematic issues covered at the course were: monetary policy and liquidity management in central banks; review of modelling techniques; univariate time series model-trend estimates; seasonal adjustment, ARIMA models, among others; fiscal cash planning and management; forecasting government cash flows; forecasting cash in circulation and the float; and forecasting foreign exchange flows and interbank market liquidity.

Based on the lectures, exchange of views during the lectures, and case study workshops, participants recommended that:

- WAIFEM should extend the duration of the course to at least two weeks to allow for hands-on exercises using various techniques in liquidity forecasting;
- the central banks' independence in WAMZ member countries be strengthened, and fiscal discipline as an essential tool for effective cash planning should be fostered - being a critical factor for liquidity forecasting, and which would transmit to effective monetary policy. Thus, the need for policy harmonization among member states of the WAMZ was emphasized;
- there is a need for modernization of the payments system as a way of giving greater relevance to the financial system and to move away from use of cash in daily transactions by market participants in the sub-region;
- countries should move away from ad-hoc cash management practices to a more structured and robust system with a view to improving public financial management;
- there is a need to foster or strengthen money and capital market development in the sub-region so as to create an investment opportunity for the excess liquidity existing in most countries; and
- there is a need for WAIFEM to invite staff from the National Bureau of Statistics in member countries to participate in future course so as to enhance their understanding of inflation dynamics and forecasting liquidity.

1.4.10 Regional Course on Macroeconomic Management and Financial Sector Issues, Accra, Ghana, August 23 - September 3, 2010

The West African Institute for Financial and Economic Management (WAIFEM) in collaboration with the International Monetary Fund (IMF), organized a Regional Course on Macroeconomic Management and Financial Sector Issues at Erata Hotel at Okponglo, East Legon, Accra, Ghana, from August 23 - September 3, 2010. The course was designed to examine the policy dilemmas confronting authorities and the policy options available to them, with special attention on how financial sector issues interact with macroeconomic management.

The broad themes covered by the course were macroeconomic management; monetary policy frameworks; exchange rate regimes; managing international capital flows; fiscal policy; debt sustainability; financial sector development and economic growth; financial crises: theoretical considerations and case studies;the global financial crisis of 2007-2010 and the impact on Africa; the development of financial markets, including in sub-Saharan Africa; management of aid flows, remittances and natural resources revenues; international financial architecture; monetary policy and the impact of the global financial crisis in WAMZ Countries. A total number of twenty eight (28) senior and mid-level officials from central banks, ministries of finance, planning and economic development, statistics offices, and revenue authorities from Nigeria, Ghana, Liberia, The Gambia, Sierra Leone, the West African Monetary Agency (WAMA) and the West African Monetary Institute (WAMI) attened the course.

In the communiqué issued at the end of the course, the participants recommended the following:

- That member countries of ECOWAS should endeavour to maintain and consolidate on stable macroeconomic conditions;
- That the various surveillance mechanisms within the ECOWAS framework in the lead up to an economic union be enhanced to detect early warning signs of financial crises;
- That sub-Saharan African countries should endeavour to build strong databases to underpin effective policy responses to crises;
- That capacity should be adequately built in each member country of ECOWAS to effectively manage the national economies;
- That the supervisory and regulatory institutions within the sub-region should be effective to their operations to forestall bank runs, currency crises, debt crises, etc;
- That at the next annual meetings of the IMF/ World Bank , Africa, especially the SSA, must advocate for the regulation of credit rating agencies; or alternatively, the IMF/WB joint-staff reports on countries could serve as a credible reference points for prospective investors;
- That financial safety measures (deposit insurance schemes) should be strengthened, and central banks should play their lender of last resort functions;
- That countries in the sub-region should follow the example of Botswana, and invest

heavily in education to properly manage their natural resources to help prevent natural resources curse that has bedevilled specific countries in the sub-region.

1.4.11 Regional Course on Econometric Modelling and Forecasting for Policy Analysis, Lagos, Nigeria, October 11 - 29, 2010

A two-week Course on Econometric Modelling and Forecasting for Policy Analysis was organized by the West African Institute for Financial and Economic Management (WAIFEM) at its headquarters in Lagos, Nigeria from October 11 - 22, 2010. The course was designed to encourage and promote the use of macroeconometric models in policy-oriented economic analysis and to upgrade the analytical skills of participants charged with the onerous task of formulating and implementing monetary policies in WAIFEM member countries.

The broad themes covered during the course include: nature and methodology of econometric modelling and forecasting; univariate time series modelling and forecasting; estimation of ARMA/ARIMA models for forecasting inflation and exchange rates; simultaneous equation models; vector autoregressive models; modelling long-run relationships: cointegration and equilibrium error correction; survey research methodology; modelling and forecasting volatility; introduction to panel data econometrics; modelling for monetary policy Ghana and Nigeria; and hands on sessions on E-views and SPSS as well as country group work. The course was attended by twenty-one (21) participants from The Gambia, Ghana, Liberia, Nigeria and Sierra Leone. The institutions represented were Central Banks, Ministries of Finance and Economic Planning and Revenue Offices.

The participants in the communiqué issued at the end of the course underscored the need for WAIFEM to redouble its effort in upgrading the skills and competences of officials in econometric modelling techniques for effective policy making in the sub-region.

1.4.12 Course on Training the Trainers on Linkages between Budget & Economic Planning MTEF/MTSS Framework for Budget/Planning officers in Bauchi State, Lagos, Nigeria, November 8 - 19, 2010

The West African Institute for Financial and Economic Management (WAIFEM) organized a two-week course on Training the Trainers on Linkages between Budget & Economic Planning MTEF/MTSS Framework for Budget/Planning officers in Bauchi State, under the State Governance and Capacity Building Project (World Bank-Assisted Project), at its headquarters in Lagos from November 8 -19, 2010. The course was attended by seven (7) senior and middle cadre officials with direct responsibility for planning and budgeting from Bauchi State. The main objective of the course was to upgrade the knowledge and skills of state officials in best practice procedures in public finance management. Specifically, the training provided the following:

i. A core team of training the trainers in the Ministry of Finance and Economic Planning such that the participants will be core resource persons and conduct effective training of others in the MBEP and other

MDAs;

ii. The necessary skills and expertise for the preparation and implementation of fiscally sustainable budget using MTEF/MTSS framework;

iii. The skills and expertise in the area of economic policy, implementation as well as monitoring and evaluation; and

iv. The overall framework of managing government finances.

The main themes covered during the course included: rudiments of macroeconomics; element of economic planning I (concepts, types etc); element of economic planning II: link between the budget and planning, MTEF, SEEDS, and annual budget; basic statistics in planning; budget procedure, preparation, execution and reporting; overview of budget preparation, implementation, monitoring and evaluation; public procurement and due process; capital budgeting and appraisal of investment projects; monitoring and evaluation of public projects; element of the MTEF/ MTSS: concepts, structure and preparation; fiscal strategy and its relevance for MTEF/MTSS and budgeting; role and rationale for budgeting; monitoring and evaluation of SEEDS, MTEF and annual budget, public expenditure review: approval limits for expenditures; relationship between planning, budgeting, and expenditure control in public sector: good governance, accountability, and transparency; economic development at sub-national level; case study of development project at sub-national level; and computer application in planning, budgeting and monitoring.

Participants at the end of the course recommended that government at all levels should ensure the involvement of all stakeholders including the communities, (CBOs), NGOs and other development partners in the budgetary and planning processes and consolidation. This would assist and contribute in the maintenance of aggregate fiscal discipline as well as the achievement of allocative/operational efficiency and political restrain in the budgetary and planning decision making. Government was urged to live within expected realistic means by producing a Budget or Plan that is affordable and sustainable. Where it becomes necessary to borrow, it should be used effectively, efficiently and transparently in the productive sectors for economic growth and development. The federal government of Nigeria was also urged to diversify its revenue base through the promotion of agricultural activities like what was obtained in the early 1960s, while states should internally explore ways of improving their internally generated revenue. The participants also requested governments at all levels to encourage and provide a regulatory framework that supports the promotion of private sector participation in their economies (PPP), support and encourage competition and trade liberalization, particularly in the domestic markets, industrial production and other areas of commercial activities.

ADMINISTRATION & FINANCE DEPARTMENT

2.1 ADMINISTRATION

2.1.1 Renovation of WAIFEM Administrative Block

In mid-January, 2010, the host bank, Central Bank of Nigeria, fulfilled its promise to renovate the WAIFEM Administrative Block. In this regard, the Institute was relocated to a temporary block pending the completion of the renovation work on the old WAIFEM Administrative office building. For some months, WAIFEM occupied temporary office space on the first and second floors of the refurbished CBN Building, while the third floor on which the computer lab, classrooms, syndicate rooms and other offices were located was allocated permanently to the Institute.

On September 27, 2010, WAIFEM moved from its temporary location to its refurbished Administrative Block. In addition to the third floor that was allocated to the Institute at the CBN Building, the Library space and some offices were also given to WAIFEM on the 1st floor.

2.1.2 Interview, Recruitment and Assumption of Duty of New Staff

During the first quarter of 2010, interviews were held for both Management and Professional vacant positions within the Institute. At the end of the interviews, successful candidates were recruited for the positions of Director, Macroeconomic Management Department; Senior Programme Manager, Financial Sector Management Department; Programme Manager, Macroeconomic Management Department; and Research Officer. All these new staff assumed duty on May 2, 2010.

In Mid-2010, the recruitment process for the Director of Admin. & Finance was held at the Bank of Sierra Leone and the current Director was found suitable. Later in the year, the recruitment for the positions of Programme Manager, Debt Management; and Internal Auditor were also finalised.

The newly recruited members of staff of the Institute assumed duty as follows:

S/N	Name	Designation	Date of Assumption
1.	Dr. Johnson P. Asiama	Director, Macroeconomic Management Department	May 2, 2010
2.	Dr. UdomaAfangideh	Senior Programme Manager, Financial Sector Management Dept.	May 2, 2010
3.	Mr. Gabriel Asante	Programme Manager, Macroeconomic Mgt. Department	May 2, 2010
4.	Mr. Sulayman Bello	Research Officer	May 2, 2010
5.	Mr. Euracklyn Williams	Director, Administration and Finance Department	September 1, 2010
6.	Mr. KaramoJawara	Programme Manager, Debt Mgt. Department	September 15, 2010
7.	Mr. Victor Emmanuel	Internal Auditor	October 18, 2010

2.1.3 Courtesy Call on the Governor, Central Bank of Nigeria and Chairman of the Board of Governors of WAIFEM

The Management of the West African Institute for Financial and Economic Management (WAIFEM), led by the Director General, paid a courtesy call on Mallam Sanusi Lamido Sanusi, Governor, Central Bank of Nigeria and Chairman, Board of Governors of WAIFEM on Monday, November 8, 2010. During the visit, the Institute expressed its gratitude to the Governor for the support given to WAIFEM by the Central Bank of Nigeria (CBN). The Chairman was also briefed about other very important issues including the title deeds in respect of the buildings donated to WAIFEM by the CBN and the Institute's efforts in soliciting sponsorship from other donors (WTO and ECA). MallamSanusi acknowledged the good works undertaken by WAIFEM and reiterated CBN's support to the Institute.

2.2 WAIFEM Funding

The major sources of funding for WAIFEM's activities during the 2010 financial year were the member Central Banks' statutory budgetary contributions and financial support from international donor agencies. The Institute also generated funds internally, mainly from consultancy services. The international donor agencies included the African Capacity Building Foundation (ACBF), the World Bank, the International Monetary Fund (IMF) and the Commonwealth Secretariat.

In addition to their financial support to WAIFEM, most of these agencies provided technical assistance.

2.2.1 Central Banks' Contribution

In the year under review, Central Banks of WAIFEM member countries comprising the Central Bank of the Gambia, the Bank of Ghana, the Central Bank of Liberia, and the Central Bank of Nigeria and the Bank of Sierra Leone contributed a total of US$2,171,200.37 or 68.4% of the Institute's annual budget.

2.2.2 Contribution from Donors

A total of US$320,087 (or 10.08%) was contributed by various external donors to the Institute's 2010 annual budget. The details are stated below:

2.2.3 African Capacity Building Foundation (ACBF)

In July 2006, the African Capacity Building Foundation (ACBF) renewed its grant agreement (2006-2011) with WAIFEM upon the expiration of the initial agreement. In the year under review, WAIFEM received US$123,973 from the Foundation.

2.2.4 International Monetary Fund (IMF)

The IMF provided the sum of US$131,680 as its financial contribution towards the execution of

WAIFEM regional courses in 2010. This was in addition to its technical assistance.

2.2.5 World Bank

TheWorld Bank contributed the sum of US$61,314 to the Institute's 2010 budget in addition to its technical assistance.

2.2.6 Commonwealth Secretariat

The Commonwealth Secretariat provided the sum of US$3,120 as its financial contribution towards the execution of WAIFEM courses in 2010. This was in addition to its technical assistance.

2.2.7 Other Income

In the year under review, the Institute mobilized an income of US$198,240 in the form of course fees, consultancy services, interest earned from investments and exchange rate gains.

COUNTRY ECONOMIC REPORTS

3.1 THE GAMBIA

3.1.1 - DEVELOPMENTS IN THE DOMESTIC ECONOMY

3.1.1.1 Gross Domestic Product (GDP)

Economic performance in The Gambia has been solid over the past four years underpinned by strong growth in agriculture and telecommunications services. During the period 2007-2010, real growth averaged 5.7 percent and in 2010, per capital GDP was estimated at US $556 from US $542 in 2009.

According to Gambia Bureau of Statistics (GBoS) revised estimates, growth of real GDP slowed somewhat in 2010 to 6.1 percent from 6.3 percent in 2009, mainly due to the slow recovery in the tourism sub sector, wholesale and retail trade and sluggish growth in crop production and financial intermediation.

As a share of GDP, the services sector continues to drive the economy, accounting for 53 percent of total output followed by agriculture (30 percent) and industry (12 percent).

The services sector, recorded a moderate growth of 2.4 per cent in 2010 compared to 6.6 per cent in 2009.This is reflective of contractions in output from trade and hotels of 0.4 percent and 35.7 percent respectively with lower growth in financial services (10.5 percent) and public administration (7.3 percent). Communications sub-sector grew by 9.2 percent in 2010 from 7.7 percent in 2009.

Agricultural production rose by 12.1 percent in 2010 from 13.5 percent in 2009 and 28.6 percent in 2008. Between 2008 and 2010, agricultural production improved significantly with growth averaging 18.1 percent.

Industrial growth was estimated at 5.1 per cent in 2010 from 1.5 per cent a year earlier, supported by expansion in mining and quarrying(14.2 percent) and electricity, gas and water supply (7.8 percent) sub-sectors. The construction sector, the second largest contributor to industrial growth in 2010, (30.5 percent of total industry) rose by 5.0 percent from 3.0 percent in 2009.

3.1.2 - MONETARY DEVELOPMENTS

3.1.2.1 - Monetary Policy

The Central Bank of the Gambia is responsible for the formulation and implementation of monetary policy, whose raison d'etre is price stability. Low and non-volatile inflation implies preservation of the purchasing power of the domestic currency, labour income and is also an essential precondition for sustained long-term growth for poverty reduction.

Against this backdrop, the objective of monetary policy of the Bank in 2010 was to contain inflation below 6.0 percent, maintain exchange rate stability and a viable external position to cushion the economy against external shocks. To achieve the inflation target, reserve money and money supply were projected to grow by 9.2 percent and

12.5 percent by end-December 2010 assuming stable velocity and money multiplier ratios of 2.2 and 3.8 respectively.

To this end, the Central Bank continued to use its primary monetary policy tool; Open Market Operations (OMO) to manage liquidity in the economy with the treasury bills rediscount rate serving as the main signaling mechanism of the Bank's policy stance. The aims of the OMO are to inject or withdraw excess liquidity, achieve positive real interest rates and contribute to price stability and support economic growth.

In its monetary operations, the Bank also uses reserve requirements, and rediscount facility in the conduct of monetary policy. Deposit money banks are required by the CBG Act to maintain reserve deposits with the Central Bank. The maintenance period of reserves of deposit money banks is weekly. Reserves of deposit money banks could go below the required ratio of 14 percent, at times, during the week provided that on average, this ratio is maintained. Balances held to fulfill the reserve requirement are not remunerated but a penalty of 3.0 percentage points above the policy rate (rediscount rate) is imposed on average deficiency of banks that failed to observe the requirement.

3.1.2.1 - Money Supply Growth

Annual Money Supply Growth

Annual money supply growth decelerated to 13.7 percent in December, 2010 compared to 19.4 percent a year earlier. Growth in money supply was due to an increase in both net foreign and domestic assets of the banking system.

Narrow money (M1), comprising currency outside banks and demand deposits increased to D6.0 billion or, by 7.5 percent from December 2009. Demand deposits and currency outside banks rose by 10.1 percent and 3.0 percent respectively, year-on-year. The ratio of narrow money to broad money decreased from 47.9 percent at end-December 2009 to 45.3 percent at end-December 2010.

Quasi money, which comprises savings and time deposits, rose to D7.3 billion or, 19.3 percent from the same period last year. Both time and savings deposits increased by 21.0 percent and 17.8 percent respectively during the review period. Correspondingly, the share of quasi money to broad money increased from 52.1 percent in December 2009 to 54.7 percent at end-December 2010.

3.1.2.2 Factors Affecting Money Supply

Net Foreign Assets (NFA)

The net foreign assets (NFA) of the banking system increased to D4.0 billion or by 3.0 percent from December 2009. The NFA of the Central Bank declined whilst the NFA of the commercial banks increased quite substantially.

The NFA of the Central Bank declined to D2.7 billion or by 17.5 percent in December 2010 compared to an increase of 19.1 percent a year earlier. Central Bank's gross official reserves decreased to D4.6 billion or 6.5 percent while foreign liabilities increased to D1.9 billion or 14.4 percent.

In contrast, net foreign assets of commercial banks increased to D1.3 billion or by 102.1 percent compared to a decrease of 11.9 percent in the corresponding period of last year. The increase in the net foreign assets of commercial banks is explained by the substantial increase in their foreign assets which more than offset the increase in their foreign liabilities.

3.1.2.3 - Net Domestic Assets (NDA)

In the twelve months to end-December 2010, the net domestic assets (NDA) of the banking system rose to D9.3 billion or by 19.0 percent compared to the 23.3 percent growth over the same period a year earlier. Domestic credit grew to D10.1 billion or by 34.3 percent.

Net credit to Government by the banking system rose to D4.9 billion or by 63.3 percent. The ratio of credit to government to total domestic credit rose to 49.20 percent in December, 2010 from 40.42 percent in the corresponding period last year, due to increased borrowing from the Treasury Bills market. Claims on public entities which constitute 8.6 percent of total domestic credit, rose to D870.4 million or 13.8 percent in the previous year.

3.1.2.4 - Growth in Monetary Base

Reserve money grew by 10.5 percent at end-December, 2010 relative to 9.3 percent in December, 2009 and was well below the end-December projection of 15.0 percent. The expansion in the monetary base could be explained by the significant increase in the net domestic assets of the Central Bank as a result of a bridge loan facility extended to Government to cover the shortfall in budget support from donors.

On the supply side, reserve money growth was due to the increase in both currency in circulation and commercial bank deposits at the Central Bank by 9.9 percent and 11.7 percent respectively.

3.1.3 - FOREIGN EXCHANGE DEVELOPMENTS

3.1.3.1 - Transaction Volumes

Volume of transactions in the domestic foreign exchange market measured by aggregate sales and purchases of foreign currency in the year to end-December 2010 increased to D47.09 billion from D39.70 billion a year earlier. Similarly, in US Dollar terms, volume of transactions expanded from US$1.49 billion in 2009 to US$1.65 billion during the period under review. Total sales (indicating demand) totaled D24.30 billion in the year to end-December 2010 relative to D19.65 billion in the same period last year. Total purchase (indicating supply) increased to D22.79 billion from D20.05 billion in 2009.

3.1.3.2 - Exchange Rate Movements

3.1.3.3 - Year-on-Year Analysis

The exchange rate (end-period mid-market rates) indicates that the Dalasi continues to weaken against most currencies traded in the domestic foreign exchange market. The depreciation of the Dalasi in the year to end-December 2010 was somewhat gradual. The Dalasi depreciated against the GBP by (1.7 percent), US Dollar (5.3 percent) during the period under review on account of mainly reduced inflows from tourism. In contrast, the Dalasi strengthened against the Euro by (5.0 percent), and CFA (0.6 percent).

In nominal effective terms, the Dalasi depreciated marginally by 1.6 percent in December 2010 against a basket of currencies compared to 9.7 percent in the same period last year.

3.1.4 - DEVELOPMENTS IN THE FINANCIAL SECTOR

3.1.4.1 - The Banking Sector

The banking sector is safe and sound. The industry average capital adequacy ratio(CAR) stood at 46.34 percent as at end December 2010 well above the benchmark of 8 percent on account of the capital augmentation by banks fromD60 million to D150 million.

The Industry assets grew to D17. 8 billion or by 22.7 percent as at end December 2010. Similarly, deposit liabilities increased by 16.1 percent to D11.3 billion during the review period.

Loans and Advances totalled 5.3 billion reflecting an increase of 17.0 percent from December 2009. Distributive trade accounted for 29.4 percent, other commercials (24.6 percent), tourism (5.4 percent), agriculture (5.5 percent), construction (9.8 percent), and manufacturing (5.3 percent) of total loans and advances at end-December 2010.

The ratio of non-performing loans (NPL) to total loans and advances improved from 16.2 percent in September to 14 percent in December 2010. However, compared to the same period last year, the ratio somewhat worsened from 12 percent.

3.1.5 - BALANCE OF PAYMENTS DEVELOPMENTS

3.1.5.1 - Introduction

The balance of payments estimates for the year ending 2010 indicated an overall balance in surplus of US$ 51.17 million compared to a deficit of US$6.79 million in 2009.

The capital and financial account improved significantly in 2010 while the surplus in the current account narrowed from US$63.29 million in 2009 to US$16.21 million during the period under review.

3.1.5.2 - Current Account

(i) Merchandise Trade

The deficit in the goods account improved in 2010 to US$77.25 million from US$ 85.98 million in 2009, due mainly to the decline in imports. Imports declined from US$261.06 million in 2009 to US$178.78 million in 2010. Similarly, exports declined by 42.69 percent in 2010.

(ii) Services

The services account balance registered a smaller surplus in 2010 relative to 2009, narrowing from US$ 21.65 million to US$ 11.55 million or by 46.65 percent, due to the decline in tourism receipts and communication. Transport improved somewhat in 2010 relative to the preceding year. The deficit in sea transportation narrowed to US$ 17.34 million from US$ 26.65 million or by 53.69 percent and the surplus in air transportation improved from US$ 8.57 million to US$17.16 million or by a 100.2 percent in 2010.

However, despite the improvements in the transportation sector, income from tourism declined significantly in 2010 from US$53.69million to US$18.61 million, but expenditures on business (4.8 percent), personal (59.2 percent) and education related travels (19.1 percent) also contracted in 2010. Proceeds from communication services declined in 2010 relative to 2009, from US$ 9.96 million to US$ 5.78 million or by 41.96 percent.

(iii) Current transfers

In 2010, current transfers declined to US$ 87.08 million or by 35.8 percent from US$ 135.75 million in 2009. Transfers to general government declined from US$ 29.96 million in 2009 to US$ 23.76 million in 2010 or by 20.69 percent. Similarly transfers to other sectors also fell in 2010 to US$ 63.32 million from US$ 105.79 million in 2009 or by 40.14 percent.

Workers remittances and other transfers both components of transfers to other sectors declined by 29.68 percent and 57.17 percent respectively.

3.1.5.3 - Capital Account and Financial Account

The Capital and Financial Account registered a surplus of US$ 34.96 million in 2010 relative to a deficit of US$ 70.08 million in 2009.

Direct Investment declined in 2010 relative to 2009 from US$ 39.62 million to US$ 27.88 million or by 26.63 percent, of which equity capital also fell from US$ 34.69 million in 2009 to US$ 24.43 million in 2010 or by 29.57 percent and reinvested earnings declined from US$ 4.93 million in 2009 to US$3.45 million in 2010 or by 30.02 percent.

Balance of Payments Projections and Actual, 2010

	2010 Projections	2010 Actual
1.Current Account		
A. Goods and services	**-161.4**	**-65.7**
Trade balance	**-217.3**	**-80.84**
Exports, fob	99.7	97.94
Imports, fob	-317.6	-178.78
Of which: oil	-36.0	-
Services (net)	56.5	11.55
B. Income (net)	**-41.2**	**-5.16**
C. Current transfers	89.3	87.08
Remittances	48.8	46.14
Private transfers		
Official transfers	30.7	23.7
2.Capital and financial account		
A. Capital account	5.7	**34.96**
B.Financial account	77.9	27.88
Foreign direct investment	62.8	0.52
Portfolio investment	-1.5	-0.96
Other investment	11.1	5.76
Of which: Official loans (net)	**23.6**	40.72
Loans	0.0	0.00
Amortization	**-12.5**	**34.96**
Capital and financial account	83.5	34.96
Errors and omissions	0.0	
Overall balance	-29.8	51.17

3.1.6 - GOVERNMENT FISCAL OPERATIONS

Preliminary budget estimates for 2010 showed improved fiscal position with the deficit narrowing to 2.9 percent of GDP from 4.1 percent of GDP in 2009.

3.1.6.1 Revenue and Grants

Total revenue and grants generated in 2010 declined by 12.5 percent to D4.3 billion (15.2 percent of GDP) compared to the 31.6 percent growth in 2009. Tax revenue remained unchanged at D3.5 billion. The increase in indirect tax by 13.8 percent to D1.1 billion was offset by the fall in indirect tax to D2.4 billion or 6.7 percent. The drop in indirect tax revenue was on account of the 10.2 percent fall in revenue from international trade.

Non-tax revenue, constituting only 11.0 percent of total revenue, rose to D430.3 million, or 9.4 percent.

Grants totaled D401.8 million in 2010 significantly lower than the D1.0 billion recorded in the preceding year.

3.1.6.2 Expenditure and Net Lending

Total expenditure and net lending in 2010 was estimated at D5.1 billion (18.1 percent of GDP) compared to D6.0 billion (23.2 percent of GDP) in 2009.

Capital expenditure dropped by 45.7 percent to D1.2 billion (4.3 percent of GDP) and accounts for 23.5 percent of total expenditure.

About 36.5 percent of capital expenditure was financed from external loans, 33.1 percent were grants and the government local funds (30.4 percent).

Recurrent expenditure rose to D4.0 billion (13.9 percent of GDP), or by D338.6 million driven by personnel emoluments, debt service and other charges.

Other charges and interest payments accounted for 40.7 percent and 21.0 percent of total current expenditure relative to 46.7 percent and 20.5 percent respectively in 2009.

The wage bill constitutes 43.7 percent of tax revenue and 38.3 percent of current spending in 2010 relative to 33.7 percent and 32.8 percent in 2009.

3.1.6.3 The Budget Balance

The budget deficit (including grants) slightly narrowed to D834.6 million or 2.9 percent of GDP from D1.1 billion or 4.1 percent of GDP in 2009. The budget deficit excluding grants was 6.1 percent of GDP compared to 6.6 percent of GDP in 2009.

The basic balance was in deficit of D391 million, lower than D426.9 million recorded in the previous year. The primary surplus rose to D422.1 million, or 43.3 percent.

3.1.7 - DOMESTIC DEBT

3.1.7.1 Domestic Debt Outstanding Stock

As at end-December 2010, the total outstanding domestic debt stock grew to D8, 706.70 million (40.85 percent of GDP) from D7, 323.26 million (36.42 percent of GDP) in 2009 or 18.89 percent. The 30-Year Government Bond accounts for 20.96 percent, T/Bills (67.85 percent) and SAS Bills (2.47 percent) of domestic debt.

At end December 2010, the commercial banks held the bulk of Treasury and Sukuk Al-Salaam bills, accounting for 79.31 percent of total stock compared to 71.39 percent a year ago. The Non-bank holdings were 20.69 percent compared to 28.61 percent in December 2009.

3.1.8 CONSUMER PRICE INFLATION (CPI)

Consumer price inflation measured by the National Consumer Price Index (NCPI) was 5.8 percent at end-December 2010 up more than 3.0 percentage points from a year earlier. The marked increase in headline inflation is mainly attributable to the significant rise in the consumer price inflation of food items (8.3 percent) during the same period.

Headline inflation rose from 4.0 percent in the first quarter of 2010 to 4.1 percent in the second quarter and reached 6.2 percent in September 2010. The year-end consumer price inflation is 0.9 percentage points above its target of 5.0 percent.

Food items, which make up more than 50.0 percent of the weight of the basket of goods and services continues to be the main driver of headline inflation. At 2.7 percent in September 2009, consumer food inflation increased gradually to 2.9 percent at end December 2009. In the first three months of 2010, consumer food prices increased markedly to 5.0 percent driven mainly by increases in the prices of sugar, jam, honey and sweets, bread cereals and meat. Food consumer price inflation picked up to 5.7 percent and 8.3 percent in June and September. This noticeable rise in consumer food inflation was due in the main to increases in the consumer food prices of bread cereals, meat and sugar. During the period under review, food prices remained unchanged at 8.3 percent, which is 6.0 percentage points over the rate recorded for the same period of 2009.

Year-on-year, non-food consumer price inflation increased more than a percentage point. At 1.9 per cent in September 2009, non-food inflation remained unchanged in October but reached 2.8 percent at end-December 2009. In the first nine months of 2010, non-food consumer price inflation was low and stable, reaching 2.6 percent, 2.8 percent and 2.9 percent at end-March, June and September respectively before sliding sharply in December to 1.9 percent.

Core 1 inflation, which strips out energy and utility prices, increased from 1.7 percent at end-September 2009 by over a percentage point to 2.8 percent at end-December 2009. Like consumer food inflation, core 1 inflation continues to rise (4.2 percent in March, 5.0 percent in June and 6.3 percent in September 2010). It decelerated by 0.6 percentage point in December relative to 2.8 percent in the corresponding period a year ago.

Compared to 2.8 percent at end-December 2009, core 2, which excludes prices of energy, utilities and volatile food items, accelerated to 5.7 percent at end-December 2010.

3.2 GHANA

3.2.1 - Overview

The macroeconomic environment improved significantly in 2010 as price stability held firm. Inflation steadily declined through the year, supported by improved food production and exchange rate stability. Core inflation, which excludes energy and utility items from the consumer basket, declined indicating that the disinflation process had taken hold. By December 2010, core inflation stood at 8.0 per cent, down from 16.2 per cent in 2009.

Provisional *estimates* of the balance of payments for 2010 showed an improved overall balance of payments surplus of US$1.5 billion compared with a surplus of US$1.2 billion in 2009. This development, together with external donor support and private capital inflows accounted for the gross international reserve position of US$ 4.7 billion; US$1.6 billion above the preceding year's level and sufficient to cover 3.7 months of imports of goods and services.

Activities on the stock market also picked up significantly in 2010, explained largely by the stable economic environment and improved confidence in market activities.

During the year, Ghana Statistical Service (GSS) recomputed Ghana's GDP to reflect a shift in the base year from 1993 to 2006 as well as account for structural changes in the economy and the adoption of a new methodology. Subsequently, the size of the economy in 2010 was estimated at GH¢46,232.0 million compared with GH¢25,602.5 million under the old series, with a per capita income of US$1,318.

3.2.2 - Monetary Policy

The thrust of monetary policy in 2010 was to further reduce inflation to facilitate the easing of interest rates and provide the needed boost for private sector credit. The year ended with an inflation rate of 8.6 per cent, lower than the targeted 9.2 per cent, a relatively stable exchange rate and strong rebound of credit to the private sector particularly in the fourth quarter.

3.2.3 - Monetary Developments

Broad money supply including foreign currency deposits (M2+) recorded year-on-year growth of 34.5 per cent in December compared to 25.0 per cent at end-December 2009. This development was driven by increases in both the Net Foreign Assets (NFA) and Net Domestic Assets (NDA) of the banking system. NFA expanded at an annual rate of 47.6 per cent while the NDA rose by 26.3 per cent supported by strong domestic credit expansion.

In terms of composition, the growth of M2+ was reflected mainly in domestic currency deposits (47.4%) and currency outside banks (40.5%). However, the growth of foreign currency deposits slowed down considerably from 46.6 per cent in December 2009 to 3.2 per cent at end December 2010 underpinned by relative stability in the exchange rate

Table 3.1 Selected Economic Indicators

	2006	2007	2008	2009	2010
Real GDP Growth (%)	6.2	6.5	8.4	4.0	7.7
Nominal GDP (GH¢ million)	18,705.1	23,154.4	30,178.6	36,867.0	46,232.0
Inflation (%)					
Year-on-Year	10.5	12.7	18.1	15.9	8.6
Annual Average	10.9	10.7	16.5	19.3	10.7
Exchange Rates(End-period Transaction Rates)					
GH¢/US$	0.9	1.0	1.2	1.4	1.5
GH¢/Pound Sterling	1.8	2.0	1.8	2.3	2.3
GH¢/Euro	1.2	1.4	1.7	2.0	1.9
Commodity Prices					
Avg. Price of Cocoa US$/tonne	1,584.1	1,787.2	2,072.5	1,422.4	2,950.9
Avg. Price of Gold US$/fine ounce	602.4	686.5	864.0	959.6	1,384.6
Oil, IPE Brent Crude (US$/Barrel)	67.1	75.8	101.0	75.2	92.3
External Sector					
Exports of Goods and Services (US$' m)	5,109.5	6,004.0	7,119.9	7,809.4	9,437.4
Imports of Goods and Services (US$' m)	8,286.5	10,064.7	10,268.5	8,046.3	13,925.3
Current Account Balance (US$' m)	-1,042.6	-2,151.5	-3,526.5	-1,598.5	-2,700.5
Overall Balance of Payments (US$' m)	415.1	413.1	-940.8	1,158.8	1,462.5
Gross International Reserves (end period, in $' m)	2,266.7	2,836.7	2,036.2	3,164.8	4,724.9
(months of imports of goods and services)	3.0	2.7	1.8	3.0	3.7
External Debt (US$' m)	2,177.2	3,590.4	3,982.6	5,007.9	6,118.3
Interest Rates (%)					
Monetary Policy Rate	12.5	13.5	17.0	18.0	13.5
91-day Treasury Bill	10.2	10.6	24.7	22.5	12.3
182-day Treasury Bill	10.7	10.7	26.2	25.3	12.7
1-year Note	15.0	12.3	20.0	20.0	12.7
2-year Note	15.2	12.8	21.0	23.5	12.7
Monetary Aggregates Annual Growth Rates (%)					
Reserve Money	32.3	30.5	27.1	36.3	45.2
Money Supply (M2+)	38.8	35.9	40.2	26.9	35.0
Money Supply (M2)	39.4	43.5	31.2	21.2	46.2
Government Budget (% of GDP)					
Domestic Revenue	13.7	15.8	15.9	15.4	17.4
Grants	3.4	3.7	2.7	3.0	2.4
Total Expenditure	21.4	24.3	26.5	22.4	26.0
Overall Balance (Including Divestiture)	-4.8	-4.9	-6.6	-5.6	-6.8
Domestic Primary Balance	-3.0	-3.7	-5.9	0.3	0.1

3.2.4 - Developments in Deposit Money Banks' (DMBs') Credit

Outstanding DMBs' credit to the private sector and public institutions increased by GH¢ 1,066.0 million (15.4%) in 2010, compared with GH¢961.8 million (16.1%) recorded in 2009. The private sector continued to absorb the bulk of the credit extended, recording an increase of 19.9 per cent over the period.

Outstanding DMBs credit to the private sector in December 2010 was GH¢6,776.6 million (25.9% of GDP) compared with GH¢5,654.0 million (26.0% of GDP) at end-December 2009.

Sectoral distribution of credit flow in 2010 showed significant shifts occurring in some sectors. Manufacturing, Commerce & Finance, Services, Agriculture and Construction absorbed most of the credit extended.

In real terms, growth of DMBs' credit to the private sector was strong at an annual rate of 10.4 per cent in December 2010 compared with a decline of 0.2 per cent in December 2009. As a ratio of GDP, outstanding DMBs credit to the private sector in December 2010 was 15.1 per cent (GH¢6,776.6 million) compared with 15.3 per cent (GH¢5,654 million) at end December 2009.

3.2.5 Money Market Developments

As at end-December 2010, a total of GH¢9,088.3 million was raised from the issue of Government of Ghana Securities with maturities amounting to GH¢6,845.8 million. The outstanding stock of Government debt from the issue of securities at the end of the year amounted to GH¢6,679.1 million as against GH¢4,436.6 million at the end of December 2009. This indicated a significant increase of GH¢2,242.5 million (50.6%) over the previous year's debt stock level.

The composition of Government debt showed higher growth in short-term instruments in 2010. The data showed that the short-term component of Government debt stock increased by 20.9 per cent from GH¢2,571.9 million in December 2009 to GH¢3,110.2 million in December 2010. The proportion of short-term securities of the debt stock, however, declined to 46.6 per cent as at end-December 2010 from 57.2 per cent as at end-December 2009. Medium-term securities, on the other hand, constituted GH¢3,568.9 million (53.4%) compared to GH¢1,897.7 million (42.8%) in the previous year.

Domestic Money Market and Open Market Operations

The domestic money market witnessed improvement in liquidity levels during the year, posting a weekly average of GH¢ 491.4 million compared with GH¢364.1 million recorded in 2009. Total volume of trade recorded on the inter-bank market amounted to GH¢25,550.7 million in 2010, as against GH¢18,930.3 million in 2009.

The improvement in cedi liquidity was due mainly to higher inflows from Government Bond issues, part payment by Government of the Tema Oil Refinery's (TOR) indebtedness to Ghana Commercial Bank and the draw-down of cocoa loan during the last quarter of the year.

Transaction rates in the inter-bank market were lower and the range narrowed to 11.5-16.5 per cent compared with the range of 15.0-22.9 per cent recorded in 2009. At the end of 2010, the market posted an inter-bank weighted average rate of 11.7 per cent as against 16.3 per cent in 2009.

Total securities issued for Open Market Operations (OMO) purposes amounted to GH¢4,935.7 million. This exceeded 2009 OMO sales by GH¢3,385.5 million (118.4%).

Repayments of maturing OMO bills amounted to GH¢4,709.9 million in 2010, compared with an amount of GH¢833.3 million repaid in 2009. OMO transactions resulted in a net liquidity withdrawal of GH¢225.7 million as against a withdrawal of GH¢716.9 million recorded in 2009.

Repo and Reverse Repo transactions were used to manage excess liquidity at the short end of the market with maturities between overnight and two weeks. Total Repo (mopping) transactions for 2010 increased by 116.0 per cent to GH¢59,406.8 million as against GH¢27,505.8 million in 2009. Reverse repo transactions for 2010 declined significantly to GH¢9,367.0 million from GH¢35,478.3 million in 2009. Net Repo outstanding as at the close of 2010 indicated a liquidity withdrawal of GH¢557.5 million. This compared with a liquidity withdrawal of GH¢96.8 million at the end of 2009. The level of OMO sterilisation arising from the issue of securities and Repo activities for 2010 amounted to GH¢1,520.6 million compared with GH¢834.2 million in 2009.

Interest Rates

In line with the declining MPR there were general downward movements in discount and interest rates for Government securities during 2010. The discount rates on the 91-day and 182-day Treasury bills dropped by 902 basis points and 1,149 basis points respectively ending 2010 at 12.3 per cent (from 21.3% at end 2009) while the 182-day bill was 12.7 per cent (from 24.2% at end 2009).

The interest rates of the 1-year and 2-year Treasury notes declined by 735 basis points and 1,040 basis points to 12.7 per cent and 12.7 per cent respectively while that of the 3-Year GOG Fixed Rate bond also dropped by 570 basis points to end the year at 13.3 per cent.

Similarly, discount rates on the Bank of Ghana bills dipped as the 7-day, 14-day, 1-month and 2-months instruments ended 2010 at 11.7 per cent, 11.8 per cent, 12.1 per cent and 12.2 per cent respectively.

3.2.6 Stock Market Developments: The Ghana Stock Exchange (GSE)

The GSE finished 2010 strongly, with a 32.2 per cent growth in the All-share Index compared with a decline of 46.6 per cent in 2009.

Market activity in 2010 was brisk with average trades of 1.44 million shares per session compared with 0.38 million shares in 2009. Market turnover in 2010 was 330.2 million shares valued at GH¢151.1 million as against 96.8 million shares valued at GH¢74.2 million in 2009. Consequently, market capitalisation went up by 26.2 per cent to GH¢20,116.7 million.

The strong performance was mainly driven by stocks in the Banking & Finance, Agriculture, Food & Beverage and Energy sectors.

3.2.7 Real Sector and Price Developments

Real Sector

Ghana's GDP was recomputed to account for structural changes in the economy and new computation methods as well as a shift in the base year from 1993 to 2006. Subsequently, the size of the economy in 2010 was estimated at GH¢
46,232.0 million compared with GH¢
25,602.5 million under the old series, with a per capita income of US$1,318

Real GDP growth for 2010 was estimated at 7.7 per cent, significantly higher than the 4.0 per cent growth in 2009. This was driven by improved performances in the Services and Industry sectors, which recorded growth rates of 9.8 per cent and 5.6 per cent respectively in 2010 compared to 5.6 per cent and 4.5 per cent in 2009. The Agriculture sector however slowed from 7.2 per cent in 2009 to 5.3 per cent in 2010, lower than the projected 6.0 per cent. The lower-than-expected outturn in the Agriculture sector was mainly due to weak performance in the crops and livestock sub-sector which grew by 5.0 per cent against a target of 7.0 per cent.

Price Developments

Headline inflation declined steadily to 9.5 per cent in June 2010 from 15.97 per cent at the end of 2009. It declined further to 8.6 per cent at the end of 2010, lower than the end of year target of 9.2 per cent. Average inflation also declined consistently to 10.8 per cent in December 2010, from 19.3 per cent in the corresponding period in 2009. The sharp fall in inflationary pressures in 2010 was attributed to relative stability in the exchange rate and declining food harvests. Food inflation declined from 11.8 per cent at the end of 2009 to 4.5 per cent at the end of 2010 while non-food inflation also dropped from 18.8 per cent at the end of 2009, to 11.2 per cent at the end of 2010.

3.2.8 Fiscal Developments

The overarching aim of the 2010 national budget was to continue with the fiscal consolidation effort by reducing the overall budget deficit as a percentage of GDP, from 5.6 per cent registered in 2009 to 4.7 per cent in 2010. However, the accelerated clearance of domestic arrears, lower than expected revenue outturn and increased government expenditures resulted in a wider overall budget deficit equivalent to 6.8 per cent of GDP.

Total government revenue and grants amounted to GH¢8,810.9 million (19.9% of GDP) indicating a shortfall of GH¢59.7 million (0.1% of GDP) from the budgeted target of GH¢8,870.6 million (20.0 % of GDP).

Efforts to improve domestic revenue mobilisation were broadly successful in the review year. The tax revenue to GDP ratio of 14.7 per cent was slightly higher than the target of 14.0 per cent. However, disbursement of grants was 23.6 percentage points lower than programmed.

Total government expenditures, including clearance of payment arrears and commitments, amounted to GH¢11,532.2 million (26.0% of GDP) exceeding the budgeted sum of GH¢10,682.7 million (24.6% of GDP). Recurrent and Capital expenditures exceeded the budgeted levels by 1.9 per cent and 24.3 per cent respectively while the wage bill was below the budgeted target by GH¢253.1 million reflecting lower than budgeted number of government employees migrating to the single spine salary structure.

Given the performance of revenues and expenditures for the year, the overall fiscal outturn showed a deficit of GH¢2,999.9 million (6.8% of GDP) compared with the budgeted target deficit of GH¢2,077.5 million (4.7% of GDP). The deficit was financed by net domestic borrowing of GH¢2,142.6 million (4.8% of GDP) and net foreign inflow of GH¢1,302.3 million (2.9% of GDP).

3.2.9 External Sector Developments

Export earnings improved significantly during 2010. Imports also went up sharply leading to a worsening of the trade balance. The current account likewise recorded a deficit. However, the overall balance of payments registered a surplus of US$1,462.7 million in 2010 up from a surplus of US$1,158.8 million in 2009 driven mainly by improvements in the capital and financial accounts.

The Current Account

The current account registered a wider deficit of US$2,700.5 million (8.6% of GDP) in 2010, compared to the deficit of US$1,598.5 million (6.1 % of GDP) in 2009. This development reflected a worsening in the trade balance and the services and income accounts. The current transfers account on the other hand, showed a surplus of US$2,322.4 million.

Merchandise Exports

Receipts from merchandise exports increased by 36.3 per cent to US$7,960.1 million compared with U$5,839.7 million recorded in 2009, largely due to an upsurge in earnings from gold and cocoa. The share of gold in total exports rose to 47.8 per cent from 43.7 per cent recorded in 2009 while that of cocoa dipped from 31.9 per cent to 27.9 per cent.

The value of gold export went up considerably by US$1,252.2 million to US$3,803.5 million in 2010. The increase was attributed to both volume and price effects. While the volume of gold exported increased by 17.3 per cent to 3.1 million fine ounces, average realised price rose by 27.1 per cent to US$1,220.0 per fine ounce.

Export earnings from cocoa (beans and products) grew by 18.9 per cent to US$2,219.5 million, mainly on account of higher earnings from cocoa products. Earnings from cocoa beans improved by 11.5 per cent to US$1,594.4 million on account of a 7.6 per cent increase in average realised price to US$3,011.9 per tonne. The volume of cocoa beans also rose by 4.2 per cent to 529,378 tonnes. The value of cocoa products went up by US$181.5 million (40.9%) to US$625.2 million. The improvement was attributed to a 43.9 per cent increase in volume that more than offset a 2.1 per cent drop in average realised prices.

Exports of timber products grew in value by 5.4 per cent to US$189.5 million, reflecting an increase in average realised price that was moderated by a marginal decline in volume.

The value of 'Other' exports (including non-traditional exports) increased considerably by 49.5 per cent to US$1,747.6 million.

Merchandise Imports

The value of total merchandise imports rose by 35.7 per cent to US$ 10,922.1 million made up of non-oil imports of US$8,686.2 million and oil imports of US$2,235.9 million. Capital and intermediate goods together accounted for 77.1 per cent of total non-oil imports in 2010, compared with 73.7 per cent recorded in 2009.

Oil imports

Oil imports rose by 50.2 per cent to US$2,235.9 million, driven by increases in prices and volumes of both crude and finished products. Total crude oil imports increased by 54 per cent to US$1,120.3 million at an average realised price of US$81.2 per barrel for a total of 13.8 million barrels. This compares with a value of US$433.7 million at an average realised price of US$66.0 per barrel for a total of 6.1 million barrels imported in 2009. The total imports of finished oil products went up marginally to US$1,115.6 million from US$1,055.3 million in 2009.

Services, Income and Current Transfers

The services, income and transfers account recorded a surplus of US$261.5 million in 2010 compared with US$608.1 million recorded in the previous year. The services and income accounts recorded deficits of US$1,525.9 million and US$534.9 million respectively while the transfers account registered a surplus of US$2,322.4 million. The upsurge in net current transfers receipts was mainly on account of private remittances which increased by 18.7 per cent to US$2,122.7 million. Net inflows of official grants however, slowed down by 31.0 per cent to US$199.7 million.

Capital and Financial Account

The balance on the capital and financial account showed a surplus of US$4,289.5 million of which 92.1 per cent (US$3,952.1 million) represented surplus on the financial account. Foreign Direct Investment accounted for 64.0 per cent of the surplus on the financial account. Portfolio investment moved from deficit to a surplus of US$620.5 million in 2010 on account of the inflows from the 3-year and 5-year medium-term bonds.

Gross international reserves of the Bank stood at US$4,724.9 million at end December 2010, showing an annual increase of US$1,560.1 million. This was enough to cover 3.7 months imports of goods and services, compared to 3.0 months at the end of December 2009. The net international reserves was estimated at US$3,924.9 million, showing an annual build-up of US$1,462.0 million for the year.

Foreign Exchange Market

During the year, the Ghana cedi recorded a cumulative depreciation of 3.1 per cent against the US dollar but appreciated by 1.2 per cent and 5.5 per cent against the pound sterling and the euro respectively on the interbank market. It traded relatively stronger on the Forex Bureau market, recording a marginal annual depreciation of 0.4 per cent against the US dollar and appreciation of 2.7 per cent and 6.4 per cent against the pound sterling and euro respectively.

3.2.10 External Debt

Ghana's external debt stock totalled US$6,118.8 million at the end of 2010, showing an increase of US$1,110.9 million (22.2% growth) over the US$5,007.9 million recorded at the end of December 2009.

The external debt sustainability indicators pointed to a debt-to-GDP ratio of 19.8 per cent, up from 19.1 per cent in 2009. Similarly, the debt service-to-exports of goods and services and debt service-to-revenue ratios for the year 2010 were 3.3 per cent and 6.6 per cent respectively.

3.3 LIBERIA

3.3.1 OVERVIEW

The Liberian economy grew at an estimated 6.3 percent in 2010, from 4.6 percent in 2009. The rise in economic activities was largely driven by resurgence in the agricultural and services sectors, which were expected to constitute 40.7 percent and 26.5 percent of real GDP, respectively. Foreign direct investment (FDI) in forestry and mining, considered to be the main drivers of economic activities, was lower than projected on account of the slow pace of operation in the forestry sector and the sluggish recovery of the global economy.

3.3.2 REAL SECTOR PERFORMANCE

Higher growth was recorded in the various sub-sectors of the economy in 2010, when compared to 2009. Over the last three years, growth in the Agricultural and Fisheries sector has been gradually expanding. With specific reference to the current year, growth in the sector rose by 0.4 percentage points, from 3.5 percent in 2009, to 3.9 percent in 2010. This was largely due to rising number of persons involved in farming activities, coupled with Government's incentive program relating to the provision of seeds and other farming implements.

Rubber output marginally contracted by 4.5 metric tons to 62,577 metric tons in 2010, from 65,538.0 metric tons recorded in 2009, driven partly by the ageing of rubber trees. Cocoa production more than tripled in 2010. It rose from 5075 metric tons in previous year to 18,147 metric tons in the current year. This is due to the resettlement of cocoa farmers to their original villages. The production of coffee also increased during the year, from 138 metric tons in 2009, to 379 metric tons in 2010.

At end 2010, 7,251 cubic meters of round logs were produced. The production of sawn timber fell by 34.1 percent to 543,783 pieces at end 2010. The reduction was occasioned by the introduction of new reforms in the forestry sector. Iron ore mining is expected to resume in 2011. In addition to the iron ore projects, several mineral development agreements were also signed by the government and private mining entities for the exploitation and development of diamond and gold in Liberia.

Diamond production in 2010 totaled 22,018 carats, against 36,752 carats mined in 2009. The decline was on account of the poor state of technology utilized for alluvial diamond mining. In contrast, the quantity of gold produced expanded during the period. It rose by 4,574 ounces to 21,402 ounces in 2010, from 16,859 ounces recorded in 2009. The rise was mainly due to the rising external demand and intensification of industrial mining of gold.

3.3.2.1 Employment

Total employment in the formal sector rose to 144,647 during the year, from 124,755 in 2009. The private sector continues to be the major employer in the economy. During 2010, it accounted for about 74.1 percent of the total number of people employed in the formal sector. The Government's road reconstruction program, implemented through the Liberia Employment

Action Program (LEAP) and the Liberia Emergency Employment Program (LEEP), helped to increase employment during the year. The number of persons employed in the private sector rose from 90,755 in 2009 to 107,155 in 2010, reflecting a rise of 18.1 percent.

The sectors accounting for a larger proportion of employment in the formal sector are Agriculture and Forestry, 26.7 percent; Government of Liberia, 25.9 percent; Social & Community Services, 19.4 percent; Business Services, 7.0 percent; Transportation & Communication, 6.5 percent; General Merchandise/Wholesale/Retail Trade, 5.2 percent; Banking & Insurance, 4.4 percent; Construction 2.7 percent; Mining, 1.1 percent; and Manufacturing 0.95.

3.3.2.2 Price Developments

The average rate of inflation measured by the Harmonized Consumer Price Index (HCPI) moderated in 2010, compared with 2009. The average rate of inflation was recorded at 7.5 percent in 2010, 0.1 percentage point above the level recorded in 2009. This was mainly driven by the increases in the prices of domestic food and imported fuel. The poor state of infrastructure, coupled with the low level of domestic food production also contributed to the slight rise in the rate of inflation.

3.3.3 BANKING SECTOR DEVELOPMENTS

3.3.3.1 Overview

Developments in the banking sector during 2010, showed continued growth in total assets. As at end-December 2010, total assets of the banking industry expanded by 40.7 percent, compared with the level recorded in 2009. Total deposits registered a growth of 41.6 percent over the 2009 level. Total capital surged by 25.0 percent on an annualized basis.

The industry's Capital Adequacy Ratio (CAR) increased primarily due to a 26.0 percent rise in its liquid assets. The CAR for the industry increased to 27.4 percent at end of the reporting period. All of the banks were in excess of the minimum requirement of 10 percent.

Non-performing loans (NPLs) as a ratio of total loans deteriorated to 25.1 percent at end-December, 2010. Annualized comparison shows that non-performing loans worsened by 14.2 percentage points. The fall in the ratio of non-performing loans to total loans was due to re-classification of several loan facilities.

At end-December 2010, the industry recorded gross earnings of L$3,892.0 million and operating profit of L$1,119.0 million (before loan loss provisions and taxes), which represented an improvement of 28.2 percent compared with December of 2009.

The banking industry continued to maintain strong liquidity position, recording a liquidity ratio of 48.7 percent as at end-December 2010. This is above the minimum required liquidity ratio of 15 percent. Total liquid assets of the industry as at end-December 2010 was L$13,443.0 million. Loan to deposit ratios at both the individual bank and industry levels have been below 60 percent, except for three banks, which is an indication of the comfortable liquidity position of the banking industry to meet the liquidity needs of their customers and other contingent liabilities. The relatively high loans to deposits ratio can be explained by banks' high capital position, compared with their low deposit levels. This in essence, means that a good portion of banks' loan portfolio is currently being funded by banks' capital, due to strong liquidity ratios.

The transition process from the current compliance-based supervision to risk-based supervision (RBS) that began last year remains on course. The core team on RBS continues to update the risk-based supervisory framework. The first pilot examination under the RBS framework has been concluded and the examination report is currently being reviewed by the IMF Technical Advisor. All of the banks have responded to the findings of the walk-through evaluation of the risk management system of each bank and their responses are being reviewed for adequacy.

The CBL, in collaboration with the Liberia Bankers Association (LBA) and the Liberia Institute of Certified Public Accountants, conducted IFRS training for banks. The purpose of the training was to prepare the banks for the transition to IFRS by end-December, 2012. In general, the banking sector experienced steady growth in key areas of the balance sheet. However, asset quality and earnings in the sector remain the key challenges for the sector.

3.3.3.2 Interest Rates

Average Personal, Mortgage, and Time Deposit rates at end-December 2010 declined by 0.34, 0.26 and 1.40 percentage points, respectively. On the other hand, average savings rate rose marginally by 0.01 percentage points, to 2.01 percent at end-December, 2010, from 2.00 percent at end-December, 2009. Average rate on certificate of deposits (CDs) remained stable at 3.0 percent during the period.

3.3.3.3 Monetary Policy Stance

The conduct of monetary policy during the year was geared towards containing exchange rate fluctuation and ensuring low inflation. The weekly foreign exchange auction remained the key available policy instrument used by the CBL to affect domestic monetary condition. During the latter part of the year, the CBL intensified its intervention in the foreign exchange market to help ease the enormous pressure on the exchange rate of the Liberian dollar. In addition to the weekly foreign exchange auction, the introduction of a Treasury-bill (T-bill) market is being earmarked for 2010, which will help to widen policy instruments available to the CBL for prudent monetary policy management.

3.3.3.4 Monetary Aggregates

At end-December, 2010, Liberian dollars in circulation was L$5,550.6 million, a 21.1 percent increase over the level recorded a year ago, from L$4,583.7 million at end-December, 2009. The increase was due to a 20.3 percent growth in currency outside banks and 28.7 percent rise in currency in banks, compared with December of 2009.

Money Supply (M1) grew by 37.8 percent to L$23,213 million at end-December, 2010, from L$16,848.0 million at end-December, 2009. The growth in money supply (M1) can be ascribed mainly to the 20.3 percent increase in currency outside banks.

Broad money (M2) increased by 36.1 percent, from L$22,855.4 million at end-December, 2009 to L$31,103.9 million at end-December, 2010. This is lower than the 36.7 percent growth recorded in 2009, due largely to a 150.3 percent reduction in Net Foreign Liability (NFL) on account of debt waiver by the international community following Liberia reaching the HIPC Completion Point in June of 2010. This is reflective of the 125.8 percent fall in Central Bank's foreign liability. Also, there was an 89.2 percent decrease in Net Domestic Asset (NDA) as a result of an 84.1 percent decline in net claim on Government, which was largely due to the debt waiver and ongoing repayment of domestic debt by the Government of Liberia.

Reserve money, in the 12-month period, rose by 30.7 percent to L$19,275.4 million at end-December 2010. The growth was driven by both currency outside banks and banks' reserves. The US dollar component of broad money accounted for 74.7 percent, while the Liberian-dollar component accounted for 25.3 percent at end-December 2010. This is indicative of the fact that large number of transactions taking place in the Liberian economy is carried out in US dollars.

Total credit grew by 31.9 percent to L$12,623.5 million at end-December, 2010 compared with L$9,568.7 million at end-December, 2009. The expansion in total credit was in support of the growth of the economy. Percentage distribution of total credit to the private sector indicates that Trade, Hotel & Restaurants accounted for 31.5 percent; Transportation, Storage & Communication, 22.4 percent; Construction, 9.6 percent; Agriculture, 3.2 percent; and Manufacturing, 1.3 percent. The “Others” sector accounted for 32.0 percent.

3.3.3.5 Exchange Rate Developments

The exchange rate of the Liberian dollar vis-à-vis the United States dollar remained relatively stable at L$71.00/US$1.00 for buying and L$72.00/US$1.00 for selling in 2010. The broad stability in the Liberian dollar/US dollar exchange rate can be attributed, in part, to the regular intervention in the market by the CBL to mop up excess Liberian dollar liquidity. The amount of US dollars offered by the CBL through its foreign exchange sale auction increased by US$12.8 million to US$44.6 million at end-December, 2010, compared with US$31.8 million offered in 2009.

3.3.4 - EXTERNAL SECTOR DEVELOPMENTS

During the year, there was improvement in the terms of trade, due to growing external demand and rising commodity prices in the world market resulting from the gradual recovery of the global economy, coupled with the rapid expansion of major Asian economies such as China and India. On the domestic front, improved stability in the operating environment also contributed to the growth in export earnings during the year.

3.3.4.1 Merchandise Trade

Merchandise trade rose by US$231.6 million to US$932.0 million in 2010, from US$700.4 million in 2009. The gradual recovery of industrialized nations from the global recession is a major contributing factor to this development. The net trade position widened to US$487.8

million during the year, from US$402.8 million in 2009. The expansion in the deficit is reflective of the economy large dependence on imports, especially during this period of infrastructural development.

Exports

Export receipts for 2010 increased by 49.3 percent to US$222.1 million, from US$148.8 million at the end of 2009. The significant rise in export proceeds during the year can largely be attributed to increased demand for primary commodities in response to current global economic recovery. The major commodities that contributed to the rapid increase in export proceeds were rubber, iron ore, diamond, and gold. Export earnings from rubber accounted for 70.7 percent of total export proceeds at end-December, 2010. Receipts from rubber exports registered a sharp rise of 68.7 percent to US$157.1 million in 2010, compared with US$93.1 million in 2009. Rubber is currently the major contributor to growth in the external sector. The surge in rubber proceeds during the year was mainly due to improvement in prices and increased reactivation of smallholder farms that are key suppliers to Firestone, the main exporter of rubber. Export receipts from diamond increased to US$15.3 million at end-December, 2010, from about US$7.0 million in 2009. Similarly, receipts from gold rose by 66.4 percent to US$19.8 million, from US$11.9 million recorded in 2009. Other primary commodities that accounted for the expansion in export earnings were round logs whose proceeds rose by US$1.6 million; cocoa bean, by US$1.4 million; coffee, by US$0.2 million and iron ore, by US$1.6 million (old stock pile of iron ore).

Imports

Payments for imports rose by 28.7 percent to US$709.9 million at end-December, 2010, from US$551.6 million at end December 2009. The rise was mainly on account of Food & Live Animals, Machinery & Transport Equipment and Petroleum Products. The cost of imports in the Food & Live Animals category rose to US$185.4 million in 2010, from US$161.8 million in 2009. This category comprises the country's staple food, rice. Payments for Machinery & Transport Equipment rose by 1.3 percent to US$126.7 million, which was due to the importation of capital goods, including earth-moving equipment coupled with the building of infrastructure to accommodate the reconstruction process taking place in the country. The rising oil prices during the year resulted to the more than doubling of expenditures on petroleum products, from US$68.5 million in 2009 to US$150.7 million.

3.4 NIGERIA

3.4.1 - INTRODUCTION:

Nigeria's macroeconomic performance was modest in 2010. The overall real Gross Domestic Product (GDP) expanded by 7.9 per cent in 2010 against 7.0 per cent in 2009. Inflation rate declined to 11.8 per cent from 13.9 per cent during the period. The naira exchange rate was relatively stable at N150.30/US$1, depreciating by 0.9 percentage point in 2010. However, monetary aggregate was below the target in 2010 despite monetary easing measures implemented. Broad money grew by 6.7 per cent compared with 17.5 per cent at end-December 2009 and the indicative benchmark 29.3 per cent for fiscal 2010. The fiscal outturn deteriorated with overall deficit at 4.2 per cent of GDP, exceeding the 3.7 per cent recorded in 2009. Overall balance of payments widened to a deficit of 6.0 per cent in 2010 due to pressures from the huge import bills, continued drawdown on external reserves and declining foreign direct investment. Consequently, the stock of external reserves fell by 23.7 per cent to US$32.34 billion at end-December 2010. This performance can however, support 7.2 months of import exceeding 3.0 months' minimum requirement for the WAMZ Convergence Criteria.

Prospects for economic growth in the medium term are good supported by continued improvement in agricultural output expected from favourable weather, government support and farmers' positive response as well as improvement in power supply.

3.4.2 - REAL SECTOR

The real Gross Domestic Product (GDP) grew by 7.9 per cent compared with 7.0 per cent in 2009 and exceeded the average annual growth rate of 6.7 per cent for the period 2006 - 2009. The growth rate was largely accounted for by the performance of the non-oil sector, which grew by 8.5 per cent. Sound economic management coupled with a significant increase in oil out-put and prices. Agriculture, general commerce, communication and services were the main drivers of growth.

Sectoral performance indicated that agriculture, comprising crop production, livestock, forestry and fishery, accounted for 5.7 per cent of GDP, slightly above the level in 2009. The share of the industrial sector, made up of crude petroleum, mining and quarrying, and manufacturing improved as its contribution rose to 5.3 per cent, up from 2.0 per cent in the preceding year. The shares of the building and services sector trended upward, while the general commerce sub-sector decreased marginally as they accounted for 12.2, 11.6 and 11.9 per cent, respectively.

Inflation performance reflected by the all-items composite consumer price index (CPI) for December 2010 moderated to 11.8 per cent compared with 13.9 per cent in 2009. Increased agricultural production and relative stability in the supply and prices of petroleum products largely moderated the inflationary pressures. The CPI has a base period of November 2009 based on the Nigerian Living Standard Survey (NLSS) 2003/04, which reduced the food weight in the CPI basket to 50.7 per cent from 63.8 per cent.

3.4.3 - FISCAL SECTOR

Fiscal performance weakened during 2010 and was reflected by a widened deficit of 4.2 per cent of GDP in the fiscal operations of the three tiers of government. Overall deficit of the Federal Government stood at 3.7 per cent of GDP. The consolidated expenditure of the government was N8,370.9 billion in 2010 against revenue of N7,135.8 billion. At N7,303.7 billion or 24.8 per cent of GDP, the federally-collected revenue grew by 50.8 per cent above the level recorded in 2009. The increased oil receipts were attributed to improved domestic oil production, sustained demand and favourable prices in the international market.

The fiscal operation of the Federal Government was implemented under the revised Medium-Term Fiscal Framework (MTFF), which incorporated elements of performance-based budgeting. At N3,089.2 billion, the FG retained revenue rose by 16.9 per cent, while aggregate expenditure was N4,194.6 billion. The consolidated Federal Government debt stock as December 31, 2010 was N5,241.7 billion or 17.8 per cent of GDP compared with N3,818.5 billion or 15.1 per cent of GDP in 2009. External debt rose by US$0.63 billion to US$4.6 billion following the additional disbursement of concessional loans from multilateral institutions. Domestic debt grew significantly by 41.0 per cent to N4,551.8 billion as a result of substantial borrowing to finance critical infrastructure in 2010.

3.4.4 - MONETARY DEVELOPMENTS

Monetary growth was slow in 2010 despite the monetary easing implemented by monetary authorities. The stance of monetary policy was to inject liquidity into the economy and restore confidence in the Nigerian financial system. Broad money grew by 6.7 per cent compared with 17.5 per cent at end-December 2009 and the indicative benchmark 29.3 per cent for fiscal 2010. The rather slow growth in money stock was driven by the increase in domestic credit (net) and other assets (net) of the banking system. Narrow money grew by 10.6 per cent of end-December 2010, compared with the growth of 3.0 per cent at the end of the preceding year. Aggregate bank credit to the domestic economy grew by 13.4 per cent compared with the growth of 59.6 per cent at end-December 2009. Base money, which stood at N1,803.9 billion, grew by 9.1 per cent and was lower than the indicative benchmark for the year by 25.9 percentage points.

Development in the interest rates reflected the credit and liquidity conditions in the banking system. Interest rates in all segments of the market were generally lower than their levels in 2009. The weighted average inter-bank call rate and the open-buy-back rate fell from their respective levels of 4.68 and 3.62 per cent in December 2009 to 1.50 and 1.28 per cent, respectively in March 2010 and 2.73 and 1.80 per cent respectively in June 2010. The Nigerian Interbank Offered Rate (NIBOR) for 7 and 30-day tenors averaged 5.38 and 8.13 per cent, respectively in 2010 from 13.80 and 16.40 per cent in 2009.

Yields on fixed income securities of various maturities were lower than in 2009. The implementation of the risk-based supervision continued to shape banking regulation, while the Asset Management Corporation of Nigeria (AMCON) commenced operation during year and bought off some non-performing loans of the banks to ensure stability in the banking system.

3.4.5 - EXTERNAL SECTOR

The external sector sustained severe pressures exerted by huge import bills, continued drawdown on external reserves and declining foreign direct investment in 2010. Overall balance of payments deficit widened to 6.0 per cent, while the current account surplus narrowed from 7.9 per cent of GDP in 2009 to 1.5 per cent in 2010. The contraction in the current account surplus reflected the growth in import bills, deteriorating services and income accounts and current transfers. The stock of external reserves fell by 23.7 per cent to US$32.34 billion at end-December 2010. This performance nonetheless, amounts to 7.2 months of import and exceeded the 3.0 months minimum requirement for the WAMZ Convergence Criteria.

The exchange rate of the naira to US dollar was relatively stable in 2010. The exchange rate of the naira at the w-DAS segment of the foreign exchange market in 2010 was N150.30 per US dollar, a depreciation of 0.9 per cent. External debt stock remained at a tolerable level though up by 16.0 per cent to US$4.6 billion. The External sector is still confronted by the challenge of overdependence on the oil sector and lack of competitiveness of the non-oil sector.

3.4.6 - ECONOMIC OUTLOOK

The macroeconomic environment is expected to remain favourable while the growth rate of output would edge up, supported by a strong external sector. This is based on continued improvement in agricultural output, arising from favourable weather, government support and farmers' positive response. The industrial sector is also expected to improve its performance as a result of envisaged improvement in power supply, while government initiatives for small scale businesses and micro enterprises is expected to boost the sub-sectors' activities.

The growth of the major monetary aggregates is expected to rise, anchored on the projected increase in government expenditure to address infrastructural needs, which would likely spur the growth of M_2 and reserve money. Consequently, excess liquidity will remain a major challenge of monetary management in 2011. The external sector is expected to remain robust, driven by high oil prices, sustained recovery in advanced economies as well as China and India and build-up of external reserves.

Selected Macroeconomic Indicators

Indicator	2006	2007	2008	2009	2010
Real GDP Growth (%)	6.0	6.5	6.0	7.0	7.9
Non-Oil Growth (%)	9.4	9.5	9.0	8.3	8.5
Inflation (%)	8.5	6.6	15.1	13.9	11.8
Overall Fiscal Deficit (%)	0.6	0.5	0.2	3.3	3.7
Growth in Base money (%)	22.8	22.6	58.9	6.7	9.1
Board Money (%)	43.1	44.2	57.8	17.5	6.7
Growth in Aggregate Bank Credit (%)	(69.1)	276.4	84.2	59.6	13.4
Growth in Private Sector Credit (%)	32.1	90.8	59.4	26.6	(4.1)
Overall Current Acct. Bal. (% of GDP)	9.6	5.5	0.8	(7.7)	(6.0)
External Reserves (US $ million)	42,298.0	51,333.2	53,000.4	42,382.5	32,339.3
Months of Import Equivalent (no.)	22.9	21.6	15.9	16.3	7.2
End of Period Exch. Rate (N/$1.00)	128.3	118.0	132.6	149.6	150.7
External Debt Stock (US$ million)	3,545.0	3,654.0	3,720.0	3,947.3	4,578.8
Total Debt/GDP (%)	11.8	12.5	11.6	15.4	17.8
Total External Debt/GDP (%)	2.4	2.1	2.0	2.4	2.4
Total Domestic Debt/GDP (%)	9.4	10.4	9.6	13.1	15.4

3.5 SIERRA LEONE

3.5.1 DOMESTIC OUTPUT

Estimated real GDP growth rate in 2010 was 5.0 percent, an improvement on the 3.2 percent recorded in 2009. The growth in Real GDP was led by strong growth in mining, manufacturing, construction and continued growth in agriculture, combined with improved supply of electricity and investment in basic infrastructure. However, agricultural and service sectors were the greatest contributors to this growth, with 46.6 percent and 43.4 percent, respectively.

Diamond and bauxite production rose by 9.3 and 46.6 percent respectively in 2010 relative to their levels in 2009, following increased production driven by new mining companies. Output of gold increased by 52.6 percent in 2010 spurred on by favourable international prices of gold. While rutile output declined slightly by 1.8 percent in 2010 compared to its level in 2009, ilmenite, a by-product of rutile, increased by 9.9 percent. The agricultural sector experienced a boost at the beginning of 2010, when the budgetary allocation to the sector was increased significantly from less than 2.0 percent over a decade ago to 7.7 percent in 2009 and close to 10.0 percent in 2010, thus fulfilling the requirement of the 2003 Maputo Declaration. Also, the launching of the Smallholder Farmer Commercialization Programme (SFCP) was a sure evidence of Government's commitment to revamp the agricultural sector. Despite the above developments, overall production of the country's main traditional export crops was mixed during 2010. Cocoa production recorded an increase by 1.36 percent over the year to 19.7 thousand metric tons while coffee production suffered a sharp decline by 59.18 percent to just 2.99 thousand metric tons.

Cocoa production was significantly low at 6.23 thousand metric tons in the first half of the review year but improved to 13.48 thousand metric tons in the second half of 2010. In contrast, coffee production was higher at 2.66 thousand metric tons in the first half of 2010 but reduced to 0.33 thousand metric tons in the second half of 2010. These varied movements in output were due to the differences in harvest periods of the two cash crops. Electricity generation also increased by 29.2 percent to 170.6GW/hr units in 2010 compared to 132.0GW/hr generated in 2009, following the completion of the Bumbuna Hydroelectric Power project. Although industrial consumption of electricity rose by 11.12 percent, output levels of the manufacturing sector exhibited mixed trends in the review period. Output levels of soft drinks, paint, cement and beer, stout and maltina increased in the review period. However, common soap, oxygen, acetylene and confectionery recorded decreases in their production levels during the same period. Construction activities improved as measured by the output levels of cement and paint in the review period. Banking and telecommunication services were the key drivers in the service sectors.

3.5.2 INFLATION

Inflation increased to 17.8 percent in 2010 from 12.2 percent in 2009. The composite inflation rate measured on a year-on-year basis has remained in double digits throughout the year, ranging from 14.83 percent to 18.30 percent. In January, the inflation rate was 14.83 percent, following the introduction of the Goods and Services Tax (GST) and had trended upwards to 17.80 percent in April 2010, reinforcing the pass through effects of the GST. It however declined steadily from 16.82 percent in May 2010, to 16.11 percent in August 2010. The inflation rate then experienced mixed trend thereafter, before reaching a record high of 18.30 percent in November 2010, explained by the increase in transportation and the concomitant increase in the prices of most goods and services. The inflation rate has persisted in the double digits region reflecting the continuous price build-up in the economy arising from the upward revision of the pump price of fuel as well as developments in the exchange rate market.

3.5.3 FISCAL OPERATIONS

There were huge challenges in fiscal operations during the year, with the overall deficit registering 6.9 percent (including grants) and 14.1 percent of GDP (excluding grants) by the end of the reference period. This clearly exceeded the deficit of 3.0 percent (including grants) and 10.4 percent of GDP (excluding grants) recorded in 2009. Total expenditure increased by 28 percent, from Le 1,452.2 billion (21.4 percent of GDP) in 2009 to Le 2,073 billion (24.2 percent of GDP) in 2010: and was also higher than the revised budget by 11.4 percent. This was due to higher than anticipated spending on all expenditure categories, especially wages and salaries, non-salary and non-interest expenditures and interest payments. Development expenditures were also above the revised budget, on account of higher domestic development spending and also higher foreign spending on development projects. Total domestic revenue increased form 11.6 percent of GDP in 2009 to 13.3 percent in 2010. Tax revenue as at end 2010 amounted to Le 303.1 billion (10.2 percent of GDP) exceeding its target by Le66.6 billion. On the other hand, customs and excise revenue fell short of its 2010 target by Le 19.3 billion. This was attributed mainly to a combination of factors, the extensive granting of discretionary waivers, stockpiling of over 2,000 containers at the port and the non- receipt of freight levies. In addition, there was a shortfall of Le 6.9 billion in non-tax revenue due to the shortfall in royalties from bauxite and diamonds, despite the better than expected performance of revenue from mining and exploration licenses.

3.5.4 MONETARY DEVELOPMENTS

Monetary management during 2010 was challenged by expansionary Government fiscal operations, as Government fiscal policy shift from recurrent to capital expenditure in the areas of infrastructure, health and energy supply, resulting to a huge deficit which was financed by the banking system. With no new extra budgetary expenditures allowed and revenues envisaged from privatization receipts to augment Government operations were below expectations, the Central Bank was unable to cap direct borrowing to the Government at Le150bn agreed upon under the Extended Credit Facility with the International Monetary Fund (IMF). The Central Bank continued to strengthen its monetary policy framework with the intensification of Repo activities and maintaining the Lombard facility which was set at 300 basis point above the most recent 91 days treasury bills annual yield the latter was increased to 500 basis point in March 2010. Despite these efforts by the Central Bank, the outcome in monetary aggregates was an expansion, with Reserve Money and Broad Money Supply exceeding their targets for 2010.

The growth in Reserve Money was 34.61 percent compared to a target of 7.5 percent, while Broad Money Supply grew by 28.47 percent against a target of 14.00 percent. This development, coupled with the depreciation of the Leone contributed to the rise in inflation to 17.84 percent from 12.20 per cent in 2009 and also exceeded its target of 16.00 per cent in 2010. The growth in Reserve Money was due to excessive appetite from government to borrow from the central bank to fund its expenditures and resulted in an increase in Net Claims on Government by the Central Bank of 106.41 percent. This consequently translated to a surge in Currency Issued and Bankers' Deposits. Currency issued increased by 29.82 percent and Banker's deposits by 82.10 percent. With regards to Broad Money Supply, the source of expansion was mainly Net Domestic Assets (NDA), with a minor contribution from Net Foreign Assets (NFA). Net Domestic Assets increased by 312 percent from Le 143.36bn in 2009 to Le592.02bn in 2010, while Net Foreign Assets increased by 6.66 percent from Le1541.76bn in 2009 to Le1644.51bn in 2010. This significant increase in NDA was the result of a shift in Government fiscal policy from recurrent to capital expenditure which witnessed significant acceleration in expenditure on infrastructure, health, energy and water supply. The consequence, in the face of uneven collection in revenue, was a huge fiscal deficit which was mainly financed by the banking system. This saw Net Claims on Government by the banking system almost doubling; it increased by 96.26 percent from Le444.72bn in 2009 to Le872.81bn in 2010. The Central Bank's contribution to this increase was more than the commercial banks. Net Claims on Government by BSL increased by 106.41 percent from Le278.13bn in 2009 to Le574.08bn in 2010, with direct borrowing by the utilization of Ways and Means Advances accounting for 60 percent, which translates to Le178.58bn in nominal terms. Additionally, there was a substantial drawdown in government deposits of Le 136.53bn (29.22%) mainly from Multilateral Debt Relief Initiative (MDRI) resources. Net Claims on Government by the commercial banks increased by 79.32bn from Le166.59bn in 2009 to Le298.73bn in 2010. This was mainly occasioned by increases in their holding of the 182 days tenure treasury bills, coupled with an 8.64 per cent drop in government deposits. As demand for cash increased towards the end of the year, commercial banks were unwilling to roll over all maturing 91 days treasury bills in their portfolio, resulting in a drop of their holdings.

Nonetheless, in spite of government's huge financing requirements, credit to the private sector by the commercial banks also increased by 31.89 percent compared to a target of 26.0 percent. Commerce, Finance and Services sectors were the main beneficiaries of credit, which together accounted for 53 percent of total credit by December 31, 2010. Non-performing loans excluding Other Loans Exclusively Mentioned (OLEM) however increased by 99 percent from Le68.4 billion in December 2009 to Le136.5 billion in December 2010. Correspondingly, the ratio of non-performing loans to total loans deteriorated from 10.6 percent to 15.6 percent in December 2010.

Domestic interest rates exhibited mixed trends in 2010. All the rates on government securities increased in 2010 due to government's fiscal expansion. The 91- day treasury bills and 182-day treasury bills rates increased from 13.99 percent and 12.21 percent respectively, to 24.54 percent and 28.35 percent. Similarly, the 365-day treasury bills and 365-day Treasury bond rates increased from 14.33 percent and 12.00 percent in 2009 to 28.98 percent and 22.50 percent in 2010, respectively. The time deposit rates on the 12 months and 6 months fell from 10.84 percent and 9.45 percent respectively to 10.55 percent and 9.33 percent in 2010, while the time deposit rates on the one month and three months deposits increased respectively from 8.30 percent and 8.87 percent to 8.40 percent and 8.90 percent in 2010. The rate on savings deposit declined from 6.32 percent to 6.19 percent.

Interest rate on treasury securities trended upwards since the beginning of the year but more so in the second half of 2010. The average annual yield on 3 months, 6 months and 12 months Treasury Bills increased by 1055, 1614 and 1465 basis points to 24.54 percent, 28.35 percent and 28.98 percent in 2010 from 13.99, 12.21 and 14.33 percent in 2009, respectively. The interest rate on the 12 months Treasury Bonds, also increased by 1050 basis point to 22.50 percent in 2010 from 12.00 percent in 2009. The structure of interest rate on deposits showed mixed trends in 2010, with the interest rate on savings, and the 6 months and 12 months Time Deposits declining by 13, 12 and 29 basis points to 6.19 percent, 9.33 percent and 10.55 percent respectively, while that on one month and three months Time Deposits increased by 10 and 3 basis points to 8.40 percent and 8.90 percent, respectively. The interest rate on the 9 months Time Deposits and the overdraft lending rate at the Deposits Money Banks remained constant at 9.25 percent and 21-28 percent, respectively.

3.5.5 EXTERNAL SECTOR

Following an expansion of activities in the mining sector during the review period, Sierra Leone's total merchandise (i.e exports plus imports) amounted to US$1,111.26mn, representing a significant expansion of US$360.30mn compared to US$750.97mn recorded in 2009. The merchandised trade deficit worsened further to US$428.81mn in 2010 from US$289.64mn in the previous year, reflecting a combination of an expansion in both export receipts and import payments.

Total export receipts grew significantly by US$110.57mn (47.93%) to US$341.23mn in the year ended December 2010, from US$230.66mn in the year ended December 2009. The growth in export receipts during the reporting period was largely driven by strong performances in the mineral and "other exports" sub-sectors, which together accounted for 81.73 percent of total export receipts. Receipts from diamond exports increased by US$35.14mn to US$113.51mn over the year, comprising 245.38 thousand carats of gem diamonds, valued at US$99.67mn and 192.14 thousand carats of industrial diamonds, valued at US$13.85mn. In volume terms, diamond exports increased by 37.05 thousand carats (9.25 percent). rutile and bauxite exports also increased during the period under review with rutile exports increasing to 70.13 thousand metric tons, valued at US$40.57mn in 2010 and the export of bauxite also increasing over the period to 1,254.74 thousand metric tons, valued at US$31.06mn from 680.22 thousand metric tons, valued at US$18.68mn as reported for 2009. Receipts from gold exports increased by 95.13 percent, from US$4.76mn in 2009 to US$9.30mn in 2010, indicating an increase in volume from

5,361.46 ounces in 2009 to 9,362.43 ounces in 2010. Receipts from export of ilmenite also increased by 189.36 percent, from US$0.92mn reported in 2009 to US$2.65mn in 2010. The reporting period also witnessed an export of zircom worth US$3.56mn.

Earnings from agricultural exports declined by 19.75 percent, moving from US$48.47mn in 2009 to US$38.90mn in 2010. The value of cocoa exported increased significantly by 80.35 percent from US$20.54 in 2009 to US$37.05mnin 2010.This growth in the export receipt of cocoa was largely due to an increase in the world market price of this commodity in the year. The volume of coffee exported on the other hand decreased during the period to 2,704.17 metric tons from 8,144.55 metric tons resulting in decreased earnings of US$1.70mn as compared with from US$13.12mn received in 2009. There were no significant contributions from piassava and "Fish and Shrimps" exports. Export receipts from miscellaneous products, subsumed under the “others” category showed strong growth of US$58.26mn from US$19.97mn in 2009 to US$78.23mn in 2010. The value of re-exports decreased minimally by 0.49 percent to US$23.45mn in 2010 from US$23.56mn in 2009.

Total value of imports in the review year at US$770.04mn increased by 48 percent from US$520.30mn recorded in 2009. Strong growths were recorded in import values of 'Petroleum products', 'Intermediary goods', 'Manufactured goods' and 'Machinery and transport equipments' which together constitute the bulk (more than 80%) of the total import bill. The import bill for 'consumer goods', which accounted for 17.38 percent of total imports, decreased to US$137.53mn from US$133.82mn in 2009. The decrease was due to a 22.84 percent fall in import value for 'Beverages and Tobacco' which offset a 0.37 percent and 21.53 percent increase in import payments for 'Food and Animals' and 'Vegetable Oils' respectively. Payments for imported rice dropped by US$10.59mn, mainly attributed to government's food security drive that has stimulated domestic rice production, as reflected in a 28.26 percent (103,170.71 metric tons) reduction in the volume of rice imported in 2010 from 143,814.42 metric tons in 2009. Payments for petroleum products experienced a significant increase of 35.55 percent from US$126.46mn in 2009 to US$171.41mn in 2010. The bill for fuel imported (85 percent of total bill for petroleum products) increased by 37.83 percent from US$105.29mn in 2009 to US$145.12mn in 2010. Similarly imports for 'Intermediary goods', increased to US$57.11mn, 14.61 percent higher than the level recorded in 2009. This was on account of a 30.15 percent increase in payments for chemicals, which offset the 17.81 percent drop in the payments for crude materials. Total import for manufactured goods increased by 42.73 percent to US$159.00mn during the year. There was a significant growth (161.55%) in payments for imported machinery and Transport equipment, which recorded US$248.70mn in 2010 from US$95.09mn in 2009. This growth reflects development in the mining sector and increased government's infrastructural projects.

3.5.6 EXCHANGE RATE DEVELOPMENTS

The year 2010 witnessed continued depreciation of the nominal monthly average mid-rate of the Leone against the US dollar in all channels of the foreign exchange market. The monthly average mid-rates at the Bank of Sierra Leone, commercial banks, bureaux and the parallel market depreciated by 7.70%, 7.94%, 5.60% and 6.52% respectively, from Le3884.82/US$, Le3880.03/US$, Le3968.24/US$ and Le4025.13/US$ in January 2010 to Le4184.09/US$, Le4188.06/US$, Le4190.30/US$ and Le4287.50/US$ in December 2010. The foreign exchange auction rate also depreciated by 13.14% from Le3793.24/US$ in January 2010, to Le4291.50/US$ in December 2010.

The official weekly weighted average mid-rate depreciated by 8.88% from Le3855.68/USD in as at end December 2009 to Le4198.01/USD as at end December 2010 whilst commercial banks' weekly weighted average mid-rate depreciated by 8.76% from Le3851.83/USD as at end December 2009 to Le4189.09/USD as at end December 2010. Whereas the weekly parallel mid-rate depreciated by 8.11% from Le4005.00/US$ as at end December 2009 to Le4330.00/US$ as at end December 2010, the bureaux mid-rate depreciated by 5.82% from Le3978.36/US$ as at end December 2009 to Le4209.73/US$ as at end December 2010. The weekly auction rate depreciated by 11.95% from Le3840.18/USD as at end December 2009 to Le4299.20/USD as at end December 2010.

3.5.7 INTERNATIONAL RESERVES

Gross external reserves of the Bank of Sierra Leone rose by US$8.86mn to US$345.23mn as at end December 2010, from US$336.37mn reported as at end December 2009. Cumulative inflows and outflows in 2010 amounted to US$142.11mn and US$123.69mn respectively, representing a net inflow of US$18.42mn. Significant inflows during the year were in respect of aid/Loan disbursements totaling US$118.71mn comprising mainly US$42.82mn, being disbursements of funds by the International Monetary Fund (IMF) under the new Extended Credit Facility (ECF) support programme, US$47.72mn being total disbursement from both the European Union (US$27.47mn) and UK/DFID (US$20.25mn) , being Poverty Reduction Budgetary Support, World Bank disbursement (US$16.76 mn), African Development Bank (US$7.05mn) , total export receipts (US$9.43mn) , and receipt from African Minerals being arrears of payroll tax in respect of expatriate staff (US$6.25mn). Significant outflows comprised US$47.61mn, being foreign exchange utilized under the Bank of Sierra Leone weekly foreign exchange auction, US$16.18mn, being cost of fuel for electricity support, government travel and other government expenditure amounted to (US$14.54mn), embassies/missions payments (US$11.58mn), (US$15.99mn) being expenditure on various Government Infrastructural projects and (US$14.13mn) being total debt service payments to various international creditors including the International Monetary Fund (US$2.44mn), the World Bank (US$0.98mn), African Development Bank (US$0.74mn), Other Multilateral and Bilateral Creditors (US$4.14mn), Other Commercial Creditors (US$4.00mn), and Organization for Petroleum Exporting Countries (US$1.57mn).

OVERVIEW OF ECONOMIC DEVELOPMENTS IN WEST AFRICA

The growth rate of the West African economy improved significantly from 3.0 percent in 2009 to 6.7 percent in 2010. The growth could be attributed to the significant recovery of most Africa economies from the global economic crisis as is depicted by the 2010 output growth table 4.2. The improvement in the economic growth also impacted positively on the GDP per capita income which increased from US$867 in 2009 to US$1,049 in 2010.

However the general inflation in the sub-region increased slightly from 9.7 percent in 2009 to 10.4 percent in 2010, whilst the fiscal balance relative to the GDP also worsened from -4.5 percent 2009 to -6.1 in 2010. The gross domestic investment of 23.6 percent of GDP in 2010 was an improvement over that of 2009 of 22.1 percent. On the external front, the sub-region's terms of trade improved significantly to 13.5 percent in 2010, after it had declined from 15.6 percent in 2008 to -6.3 percent in 2009. The sub-region's current account balance rose from the -2.4 percent it recorded in 2009 to 7.0 percent in 2010. The debt service obligation as a proportion of exports improved from 3.7 percent in 2009 to 4.3 percent in 2010 (Table 4.1).

4.1.1 CFA Countries

Countries among the CFA zone recorded an averagely low growth. The highest growth of 5.2 percent was recorded by Burkina Faso whilst Mali achieved an output growth of 5.0 percent. Niger had a growth rate of 4.9 percent, whilst Benin and Senegal recorded a growth rate of 3.8 and 3.6 percent respectively. The growth rate of the rest of the countries; Guinea Bissau, Togo and Cote d'Ivoire recorded a abysmal growth rates of 2.6, 2.5 and 2.0 percent respectively. The CFA countries again in 2010 experienced low inflation pressures with consumer prices ranging between 0.9 and 5.3 percent. Guinea Bissau and Senegal which had negative inflation (deflation) of -1.7 and -1.1 percent respectively in 2009, recorded 2.6 and 1.2 percent respectively in 2010. Togo's CPI rose from 2.0 percent in 2009 to 5.3 percent in 2010. Burkina Faso had the lowest CPI among the CFA countries after it had dropped from 2.6 percent in 2009 to 0.9 percent in 2010 (Table4.2).

4.1.2 Non-CFA Countries

Among the non-CFA countries, Cape Verde recorded the highest GDP growth of 7.1 percent, whilst Liberia had the second highest growth of 6.8 percent. Both Nigeria and Ghana had GDP growth rate of 6.4 percent with The Gambia recording a growth of 6.1 percent. Guinea had the lowest GDP growth of 2.4 percent however this was an improvement over the growth rate of -0.3 percent recorded in 2009.

In contrast to the situation in the CFA zone, the Non-CFA West African countries continued to face strong inflationary pressures in 2010. Sierra Leone, Guinea and Nigeria recorded double digit inflation figures of 17.8 percent, 15.8 percent and 13.7 percent respectively. Sierra Leone and Guinea which recorded a single digit CPI figures of 9.2 percent and 4.7 percent respectively in 2009, had their CPI rising sharply again in 2010 to 17.8 percent and 15.8 percent respectively. The rest of the countries witnessed a single digit inflation figures ranging from 2.1 percent (Cape Verde) to 8.0 percent (Ghana). Ghana was successful in stemming the inflationary pressures as it was able to reduce its CPI from 19.3 percent in 2009 to 8.0 percent in 2010. Inflation in Cape Verde moved up from 1.2 percent in 2009 to 2.1 percent in 2010 while that of The Gambia also rose marginally from 4.6 percent to 5.8 percent. Liberia inflation of 7.4 percent in 2009 rose by 0.3 percentage points to 7.7 percent in 2010 (Table4.2).

Table 4.1 West Africa: Macroeconomic Indicators

Indicators	2004	2005	2006	2007	2008	2009	2010
Real GDP Growth Rate (%)	5.6	5.7	6.0	6.1	5.7	3.0	6.7
GDP Per Capita (US$)	934	1,070	1,204	1,370	1,625	867	1049
Inflation (%)	7.1	7.1	6.4	7.5	11.6	9.7	10.4
Fiscal Balance (% of GDP)	0.0	2.8	5.0	1.9	2.8	-4.5	-6.1
Gross Domestic Investment (%GDP)	22.2	22.0	22.6	24.3	24.6	25.2	23.6
Gross National Saving (% of GDP)	23.5	25.4	27.2	26.2	28.4	28.1	32.9
Real Export Growth (%)	7.6	5.4	3.1	5.4	3.2	-2.1	-1.9
Trade Balance (% of GDP)	4.0	6.5	7.1	5.7	7.8	6.6	13.5
Current Account Balance (% of GDP)	1.3	3.5	4.8	2.2	3.3	0.4	7.0
Terms of trade (%)	4.0	15.0	8.4	3.0	15.6	-6.3	11.6
Total External Debt (% of GDP)	43.0	33.5	25.2	23.6	20.4	20.9	15.4
Debt Service (% of Export)	11.1	12.3	15.8	7.0	4.7	3.7	4.3

Source: ADB Statistics Department, UNCTAD and IMF

Table 4.2 West Africa: Output And Prices (percentage Changes)

Countries	Output						Consumer Prices					
CFA Countries	2005	2006	2007	2008	2009	2010	2005	2006	2007	2008	2009	2010*
Benin	2.9	3.6	4.6	5.0	2.7	3.8	5.4	3.8	1.3	8.0	2.2	2.1
Burkina Faso	7.1	5.5	3.6	5.0	3.2	5.2	6.4	2.4	-0.2	10.7	2.6	0.9
Cote d'Ivoire	1.9	0.7	1.6	2.3	3.8	2.0	3.9	2.5	1.9	6.3	1.0	2.7
Guinea Bissau	3.5	0.6	2.7	3.3	3.0	2.6	5.6	-0.1	4.6	10.4	-1.7	2.6
Mali	6.1	5.3	4.3	5.0	4.5	5.0	6.4	1.5	9.1	11.3	2.2	1.4
Niger	8.4	5.8	3.3	9.5	-0.9	4.9	7.8	0.1	0.1	11.3	4.3	3.4
Senegal	5.6	2.4	4.7	2.5	1.5	3.6	1.7	2.1	5.9	5.8	-1.1	1.2
Togo	1.2	3.9	1.9	1.	2.5	2.5	6.8	2.2	1.0	8.7	2.0	5.3
Non- CFA Countries												
Cape Verde	6.5	10.8	7.8	5.9	4.1	7.1	0.4	4.8	4.4	6.8	1.2	2.1
The Gambia	5.1	6.5	6.3	5.9	4.6	6.1	5.0	2.1	5.4	4.5	4.6	5.8
Ghana	5.9	6.4	6.1	7.2	3.5	6.4	15.1	10.2	10.7	16.5	19.3	8.0
Guinea	3.0	2.5	1.8	4.0	-0.3	2.4	31.4	34.7	22.9	18.4	4.7	15.8
Liberia	5.3	7.8	9.5	7.1	4.6	6.8	6.9	7.2	13.7	17.5	7.4	7.7
Nigeria	5.4	6.1	6.4	5.3	5.6	6.4	17.9	8.2	5.4	11.6	12.4	13.7
Sierra Leone	7.3	7.4	6.4	5.5	4.0	6.0	12.0	9.5	11.8	14.8	9.2	17.8

Source: IMF World Economic Outlook, April 2011

OVERVIEW OF ECONOMIC PERFORMANCE IN AFRICA

5.1 Macro Economic Outcomes In 2010

As a result of the economic recovery, Africa's real GDP rose from 3.1 percent in 2009 to 4.9 percent in 2010 (an increase of 1.8 percentage points). The growth in the real GDP was driven by factors such as the increased in the inflows of foreign investment, higher domestic demands and an increased in the export revenues. Africa's GDP per capita improved significantly from US$1,452 in 2009 to US$1,668 in 2010. Inflation in Africa reduced from 10.0 percent in 2009 to 7.7 percent in 2010. However Africa's inflation is projected to rise to 8.4, which may be due to expected worsening of food and fuel prices. The fiscal deficit of 5.2 percent recorded in 2009 narrowed to 3.3 percent as a result of the economic recovery and prudent fiscal discipline by most Africa countries. However, the fiscal deficit is projected to be worsening again to 3.9 percent due to expected sociopolitical environment.

The gross domestic investment declined marginally from 25.7 percent in 2009 to 24.6 percent in 2010, whilst the gross national savings increased slightly from 24.5 percent in 2009 to 25.4 percent in 2010. Both the trade balance and the current account balance witnessed an improvement to 2.8 percent and 0.4 percent respectively in 2010. The continent had favorable terms of trade of 11.3 percent in 2010. This was an improvement over the unfavorable terms of trade of 15.0 percent recorded in 2009. Total external debt and debt service declined in 2010 to 20.2 percent and 12.6 percent respectively.

5.2 Sub-regional Macroeconomic Indicators, 2010

With the exception of South Africa, all the other four regional blocks achieved a higher growth rates which averaged 4.9 percent in 2010 as against the 3.1 percent recorded in 2009. The highest real GDP growth of 6.7 percent was recorded by the West Africa block, whilst East Africa followed with a real GDP of 6.2 percent. The Northern and Southern Africa regions recorded the highest GDP per capita of US$3,421 and US$3,314 respectively in 2010. East Africa recorded the lowest figure of US$657. Western and Central Africa regions had GDP per capita figures of US$1,049 and US$777.

With the exception of the West Africa block, all the other four regions recorded single digit inflation. The CPI in West Africa increased slightly from the 10.3 percent recorded in 2009 to 10.4 percent in 2010, whilst East Africa had a CPI of 9.3 percent. North Africa, South Africa and Central Africa had CPI figures of 7.1 percent, 6.4 percent and 5.5 percent respectively. All the sub-regions recorded a deficit balance with the exception of the Central Africa which recorded a surplus balance of 0.5 percent in 2010. The overall gross domestic investment in the five regions were averagely good with the North Africa block recording the highest figure of 31.2 percent whilst South Africa had the lowest figure of 18.2 percent.

The trade balance improved among the five sub-regions. However, East Africa and North Africa still recorded an unfavorable balance of 10.8 percent and 2.5 percent respectively in 2010.

Current account position also witnessed general improvement. West Africa surplus improved from 6.4 percent 2009 to 7.0 percent in 2010, whilst North Africa had a significant improvement from 0.1 percent in 2009 to 3.2 percent in 2010. Central Africa deficit reduced from 6.0 percent in 2009 to 3.1 percent in 2010, whilst the Southern Africa region deficit also declined to 3.1 percent in 2010 from 5.7 percent recorded in 2009. East Africa had its surplus worsen from 7.4 percent in 2009 to 8.3 percent in 2010. All the regions had fairly favorable terms of trade with the highest figured of 16.4 percent recorded by Central Africa whilst Southern Africa had the lowest terms of trade figure of 6.7 percent during the period 2010 under review.

On the external debt front in 2010, East Africa had the highest figure of 35.1 percent with North Africa recording the lowest figure of 14.6 percent. Southern Africa, West Africa and Central Africa figures were 24.9 percent, 15.4 percent and 15.3 percent respectively. Debt service ratios to export were all positive among the five regions. South Africa's figure of 25.1 percent was the highest as against West Africa which had the lowest figure of 4.3 percent. The figures for the North Africa, Central Africa and East Africa were 9.7 percent, 5.1 percent and 4.9 percent respectively.

5.3 Prospects For 2011

The economic outlook for the region in the coming years appears bleak. This may emanate from the emerging socioeconomic and political unrest in some of the regional member countries. The recent political upheavals in the last quarter of 2010 which spilled over to 2011 in countries such as Egypt, Tunisia, Cote d'Ivoire and currently in Libya are likely to slow down the economic growth not only in these countries but likely to have a negative upshot in neighboring countries. Again the recent rise in food prices as a result of production losses coupled with fuel prices are likely to slowdown the economic growth in Africa.

Real GDP growth rate is projected to go down to 3.7 percent in 2011, with consumer price inflation also expected to go up from 7.7 percent in 2010 to 8.4 percent in 2011. Inspite of these unfavorable factors, the GDP per capita is expected to increase from US$1,668 in 2010 to US$1,748 in 2011.

Table 5.1 Africa: Macroeconomic Indicators, 1990-2009

Indicators	1990	2000	2005	2006	2007	2008	2009
GDP Per Capita (US$)	3.1	4.3	5.9	6.2	6.4	5.6	2.5
GDP Per Capita (US$)	746	726	1,077	1,207	1,372	1,570	1,446
Inflation (%)	14.4	9.1	7.2	6.1	7.0	10.6	9.9
Fiscal Balance (% of GDP)	-5.4	0.2	2.6	4.6	1.8	2.2	-4.4
Gross Domestic Investment (%GDP)	20.6	18.8	21.5	21.8	23.8	25.1	25.7
Gross National Saving (% of GDP)	20.7	22.2	25.5	29.6	29.12	29.7	23.0
Real Export Growth (%)	8.9	9.3	5.3	3.0	7.6	-0.1	-5.7
Trade Balance (% of GDP)	1.4	4.7	6.6	7.4	6.4	6.9	0.1
Current Account Balance (% of GDP)	-1.1	2.5	3.8	6.3	3.8	3.8	-2.9
Terms of trade (%)	8.1	11.2	4.6	5.0	2.5	11.4	-14.7
Total External Debt (% of GDP)	55.5	54.5	33.2	25.7	24.3	21.3	23.4
Debt Service (% of Export)	29.5	17.1	13.5	15.6	7.9	5.2	7.5
Net total ODA (US$ billion)	24.4	15.1	33.8	41.4	36.7	40.4	N/A
Foreign Direct Investment Inflows (US$ billion)	2.8	9.7	38.2	57.1	69.2	87.6	N/A

Source: ADB Statistics Department, UNCTAD and IMF
N/A:Not Available

Table 5.2 Subregional Macroeconomic Indicators, 2009

Indicators	East Africa	North Africa	South Africa	West Africa	Central Africa	Africa
Real GDP Growth Rate (%)	5.8	3.8	-1.1	3.0	1.7	2.5
GDP Per Capita (US$)	616	3,133	2,599	867	703	1,446
Inflation (%)	16.1	9.1	8.2	9.7	10.0	9.9
Fiscal Balance (% of GDP)	-3.3	-4.0	-6.7	-4.5	3.2	-4.4
Gross Domestic Investment (%GDP)	21.7	28.8	22.6	25.2	25.2	25.7
Gross National Saving (% of GDP)	13.1	28.8	15.3	28.1	16.3	23.0
Real Export Growth (%)	-1.2	-4.4	-9.8	-2.1	-4.5	-5.7
Trade Balance (% of GDP)	-10.0	-2.8	1.0	6.6	14.9	0.1
Current Account Balance (% of GDP)	-7.5	-0.9	-4.9	0.4	-6.7	-2.9
Terms of trade (%)	-7.2	-12.9	-18.2	-6.3	-29.3	-14.7
Total External Debt (% of GDP)	37.5	15.7	28.0	20.9	29.8	23.4
Debt Service (% of Export)	4.9	6.2	11.8	3.7	8.3	7.5

Source: ADB Statistics Department, UNCTAD and IMF

DEVELOPMENTS IN THE INTERNATIONAL ECONOMY

6.1 GLOBAL ECONOMIC DEVELOPMENTS

The global economy recovered, significantly in 2010 from the effect of the global financial crisis as world output rose by 4.2 percent compared with the negative growth of about 0.6 percent recorded a year earlier. The speed of recovery varied tepidly in many advanced economies, gaining more traction in most emerging and developing economies. The recovery has reflected the positive impact of the fiscal stimulus packages put in place by governments, robust private demand, accommodative macroeconomic policies, especially banking system reforms in most economies. Other contributory factors have included a welcome resurgence of capital flows, notably cross-border financial flows especially to some emerging economies and to some extent emergence of strong corporate balance sheets in advanced economies.

6.2 Advanced Economies

Against the negative growth rates posted by a great many advanced economies, notably United States, Euro Area, Japan etc. In 2009, these countries recorded positive growth rates in 2010 though at varying speeds. The United States grew by 3.1 percent, up from -2.4 percent in 2009 but projected to stabilise at some 3 percent in 2011. However, while output is expected to edge up to 1.6 percent in the euro area, growth in Japan has been projected to moderate to 1.4 percent in 2011 from the 1.9 it recorded a year earlier.

The stronger US recovery may reflect a variety of differences between the United States and the euro area and Japan. In the United States:

- Fiscal stimulus was larger ;
- The non financial corporate sector is less reliant on bank credit which remains constrained, whereas bond markets have staged a comeback, non-financial corporate balance sheets are stronger; and
- Rapid restructuring has boosted productivity.

In contrast, the forces at work in Japan and euro area were as follows:

- The large appreciation of the Yen may have weighed on the recovery of Japan's exports which fell sharply during the period;
- The euro's intermittent appreciation would also have curbed euro area's exports; and
- The financial and real estate crises which hit hard several euro area economies.

6.3 Emerging and Developing Economies

In the emerging and developing economies strong growth was recorded at 6.3 percent which has been projected to edge up to 6.5 in 2011. Even so, the growth performance still fell short of that recorded in the pre-crisis period, except in developing Asia where at 8.7 percent in 2010, growth exceeded those attained in 2009 and 2008, respectively, by some 2 percentage points. Tepidly optimistic forecasts were made for the varied growth rates in 2011 that virtually all regional groups will increase on average by 1 percentage point. However, reflecting downside risks, developing Asia, Middle East and western Hemisphere have been projected to post slightly reduced growth rates in 2011, with the countries of Western Hemisphere halving their growth performance relative to 2010.

Overall, the lagging recovery in a number of economies in emerging Europe and the Commonwealth of Independent States (CIS) reflected the existence of economic slack in those countries. However, some recovery from deep troughs is becoming evident in Middle Eastern economies which are benefiting from rising demand for oil and rising oil prices.

At 4.5 percent in 2010, output growth in the Middle East and North Africa region (MENA) has weathered the global crisis significantly compared with the 2.4 percent growth recorded in the previous year, although recovery is yet to reach the pre-crisis rate, averaging 5.5 percent in the 2007/2008 period. The remarkable recovery has reflected partly the impact of higher commodity prices and external demand which have boosted production and exports in many economies in the region, and partly government spending programmes which are continuing to foster recovery in many oil - exporting economies in the region.However, growth prospects are being moderated in a number of countries in the wake of political discontent, high unemployment and rising food prices. Experience in the sub-Saharan Africa is mixed. Most middle-income economies and oil exporters which experienced sharp contractions in output in 2009, are now recovering, supported by a rebound in global trade and commodity prices. In most low income economies, output growth, after slowing in 2009 is now again close to trend rates.

At 4.7 percent in 2010, GDP growth rate in Sub-Saharan Africa indicates substantial recovery from the tepid rate of 2.1 percent recorded a year earlier and is projected to climb to about 6 percent in 2011. The region's quick recovery reflects the relatively limited integration of most low-income economies into the global economy and the limited impact on their terms of trade, the rapid normalization in global trade and commodity prices, and the use of counter cyclical fiscal policies. Remittances and official aid flows have also been less affected than anticipated by the recessions in advanced economies. Banking sectors have so far proven generally resilient, and private capital inflows have resumed into the regions more integrated economies. The middle income economies in SSA were hardest hit by shocks from the global crisis, reflecting their greater openness to trade. Output in South Africa which declined by 1.8 percent in 2009 is projected to grow by 2.6 and 3.6 percent in 2010 and 2011, respectively, following a rebound in world trade. However, the growth prospects for 2011 are being moderated by the spectra of high unemployment, tight credit conditions and the recent strength of the rand.

In the region's low income economies, the slowdown in economic activity was more modest, reflecting their more limited trade and financial integration. For these economies as a whole, output is projected to grow by 4.7 percent in 2010 and 6.7 percent in 2011.Besides the limited trade and financial integration, the factors that have spurred recovery in SSA have included:

- the use of countercyclical fiscal policy during the global downturn;
- sustainability of public debt trajectories, reflecting improved fiscal positioning in a number of sub-Saharan African economies;
- increased spending on growth-enhancing priorities including infrastructure, health; and
- Enhanced private capital inflows into the region.

Annex 1: Sub-saharan Africa: Selected Macroeconomic Indicators (%GDP)

Indicators	2003	2004	2005	2006	2007	2008	2009	2010
Real GDP Growth rate (%)	5.1	7.2	6.2	6.4	6.8	5.4	1.5	3.8
GDP Per Capita (US$)	3.2	5.0	4.1	4.2	4.6	3.1	-0.6	1.6
Consumer Price Inflation (% charge)	10.9	7.6	8.8	7.3	7.2	11.6	10.5	7.1
Central Govt. Fiscal Balance	-2.4	0.1	1.9	4.9	1.0	2.1	-4.8	-3.1
Gross Domestic Investment	19.3	19.9	19.9	21.3	22.2	22.4	23.7	23.3
National Savings	19.0	21.3	22.8	24.7	23.6	24.5	17.6	18.7
Export of Goods and Services (%of GDP)	32.9	34.3	36.5	37.9	38.9	40.8	32.1	33.1
Imports of goods & Services (% of GDP)	33.2	32.7	33.6	34.4	37.3	38.5	38.0	37.6
Trade Balance (%GDP)	3.4	5.1	6.7	6.8	6.1	7.0	-1.3	0.3
External Current A/C	-3.1	-1.3	-0.3	1.4	1.6	-1.3	-7.5	-5.5
Terms of Trade (Index 2000 = 100)	98.8	101.8	111.9	122.7	128.9	144.6	122.4	130.8
Reserves (Months of Imports)	3.4	4.3	4.7	5.6	5.8	5.4	5.5	5.2
Total External Debt (% of GDP)	36.9	31.0	22.2	12.5	11.1	9.7	10.1	10.0
Office Grants (%of GDP)	1.0	0.8	0.7	0.8	0.8	0.8	1.0	0.9

Source: IMF Regional Economic Outlook, April 2010

Annex 2: Regional Output Growth Rate (%)

Regions	2007	2008	2009	2010
Sub-Saharan Africa…	6.9	5.5	2.1	4.7
Commonwealth of Independent States (CIS)	8.6	5.5	-6.6	4.0
Developing Asia	10.6	7.9	6.6	8.7
Middle East and North Africa	5.6	5.1	2.4	4.5
Western Hemisphere	5.8	4.3	-1.8	4.0

[1] IMF Projections
Georgia and Mongolia, which are not members of the Commonwealth of Independent States, are included in this group for reasons of geography and similarities in economic structures

Annex 3: Real Gdp & Consumer Prices (annual Percent Change)

	Real GDP				Consumer Prices				
	2007	2008	2009	2010	2007	2008	2009	2010	2011
Advanced Economies	2.8	0.5	-3.2	2.3	2.2	3.4	0.1	1.5	2.2
United States	2.1	0.4	-2.4	3.1	2.9	3.8	-0.3	2.1	2.2
Euro Area	2.8	0.6	-4.1	1.0	2.1	3.3	0.3	1.1	2.3
Japan	2.4	-1.2	-5.2	1.9	0.0	1.4	-1.4	-1.4	0.2
Major Advanced Economies	1.7	-0.3	-3.3	2.1	2.2	3.2	-0.1	1.4	2.0

Annex 4: Summary Of World Output (Annual Percentage Changes)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
World Output	2.8	3.6	4.9	4.4	5.0	4.9	3.0	-0.6	4.2	4.4
Advanced Economies	1.6	1.9	3.2	2.6	3.0	2.7	0.5	-3.2	2.3	2.4
United States	1.6	2.5	3.6	3.1	2.9	2.7	0.4	-2.4	3.1	2.8
Euro Area	0.9	0.8	2.1	1.6	2.8	2.6	0.6	-4.1	1.0	1.6
Japan	0.3	1.4	2.7	1.9	2.4	2.1	-1.2	-5.2	1.9	1.4
Other Advanced economies	3.2	2.5	4.1	3.2	3.8	3.9	1.7	1.6	3.7	3.9
Emerging and Developing Economies	4.7	6.2	7.5	7.1	7.8	7.9	6.1	2.4	6.3	6.5
Regional Groups										
Africa	6.1	5.3	6.5	5.7	5.9	6.2	5.5	2.1	4.7	5.5
Central and Eastern Europe	4.2	4.8	6.9	6.1	6.6	5.8	3.0	-3.7	2.8	3.7
Commonwealth of Ind. States	5.2	7.8	8.2	6.5	8.2	8.5	5.5	-6.6	4.0	5.0
Excluding Russia	6.6	9.0	10.8	6.7	10.1	9.6	5.3	-3.5	3.9	5.5
Russia	4.7	7.3	7.2	6.4	7.4	8.1	5.6	-7.9	4.0	4.8
Developing Asia	6.9	8.1	8.6	9.0	9.6	9.7	7.9	6.6	8.7	8.4
Middle East	3.9	6.9	5.9	5.7	5.8	5.8	5.1	2.4	4.5	4.1
Western Hemisphere	0.4	2.1	6.2	4.6	5.5	5.6	4.3	-1.8	4.0	2.2
Memorandum										
Output Per capita										
Advanced Economies	1.1	1.3	2.5	1.9	2.3	2.0	-0.2	-3.7	1.7	1.7
Emerging and Development Economies	3.9	4.8	5.5	5.6	6.1	6.2	5.0	1.5	3.7	5.5
Advanced Economies	0.9	1.2	2.5	1.9	2.4	2.1	1.2	-3.0	1.3	
Emerging and Developing Economies	3.4	4.9	6.2	5.8	6.5	6.6	5.0	1.5	3.7	
Africa	1.4	2.5	3.6	3.4	3.3	n.a				
Central and Eastern Europe	4.1	4.4	6.1	5.1	5.6	n.a				3.7
C.I.S.	5.6	8.2	8.7	6.8	7.9	n.a				5.0
Developing Asia	5.7	7.2	7.6	8.0	8.2	n.a				8.4
Middle Eastern	2.0	4.5	3.7	3.5	3.8	n.a				4.1
Western Hemisphere	-1.2	0.9	4.6	3.2	4.1	n.a				n.a

1 IMF projections   2 sub-Saharan Africa   3 Middle East and North Africa

Annex 5: Inflation (percentage Changes)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
GDP Deflators										
Advanced Economies	1.6	1.7	2.0	2.1	2.1	2.1	2.0	0.9	0.9	1.4
United States	1.7	2.1	2.9	3.2	3.2	2.7	2.1	1.2	1.0	1.1
Euro Area	2.6	2.2	1.9	1.9	1.9	2.2	2.3	1.1	0.8	1.2
Japan	-1.5	-1.6	-1.1	-1.2	-1.0	-0.8	-0.8	-1.0	-2.1	-1.4
Other Advanced Economies	1.7	2.1	2.2	2.0	1.9	2.3	3.1	1.0	2.3	3.4
Consumer Prices Advanced Economies	1.5	1.8	2.0	2.3	2.4	2.2	3.4	1.0	1.6	2.2
United States	1.6	2.3	2.7	3.4	3.2	2.9	3.8	-0.3	1.6	2.2
Euro Area	2.3	2.1	2.1	2.2	2.2	2.1	3.3	0.3	1.6	2.3
Japan	-0.9	-0.3	-	-0.3	0.3	-	1.4	-1.4	-0.4	0.2
Other Advanced economies	1.7	1.8	1.7	2.1	2.1	2.1	3.8	1.5	2.5	.3.3
Emerging and Developing Countries	6.7	6.6	5.9	5.7	5.4	6.4	9.2	5.2	6.2	6.9
Regional Groups Africa	9.1	8.6	6.3	7.1	6.4	6.3	11.6	10.6	7.5	7.8
Central & Eastern Europe	16.4	10.1	6.3	5.1	5.4	5.6	8.1	4.7	5.3	5.1
Commonwealth of Independent States (CIS) 3	14.0	12.3	10.4	12.1	9.5	9.7	15.6	11.2	7.2	9.6
Excluding Russia	9.2	8.6	9.1	10.6	8.8	11.6	n.a	n.a	n.a	n.a
Russia	15.8	13.7	10.9	12.7	9.7	9.0	n.a	n.a	n.a	n.a
Developing Asia	2.0	2.5	4.1	3.8	4.1	5.3	7.4	3.1	6.0	6.0
Middle East	5.3	6.1	7.0	6.2	7.0	10.4	13.5	6.6	6.9	10.0
Western Hemisphere	8.7	10.5	6.6	6.3	6.3	5.4	7.9	6.0	6.4	6.8

Source: IMF World Economic Outlook, April 2008

6.3.1 Inflation

Inflation, measured either by the percentage change in GDP deflators or in the consumer price indices, remain subdued at 0.9 or 1.6 percent, respectively in advanced economies. The rates represent a deceleration compared with those recorded in the pre-global crisis period, averaging about 2.0 percent in the quinquennium 2003-2007. The United State, by and large tracked the average inflation of about 1.3 percent in advanced economies though its successes at increasing output and well anchored inflationary expectations. Remarkably, in Japan, price dynamics turned appreciably from very low core inflation to negative inflation at -0.7 percent in 2010. These price developments reflect the impact of a number of factors including:

- inflation expectations have generally remained well-anchored, testifying to the credibility of accommodative monetary and fiscal policies as well as public support for financial reforms: and

- nominal downward rigidities become more binding at very low inflation rates.

In emerging economies the strong cyclical position of many key economies in the region has limited the decline in inflation pressure at the global level. In particular, recovering demand, especially in Asia, provided a strong boost to commodity prices. Hence prices have been higher than in advanced economies. In various Latin American, Middle Eastern and CIS countries, inflation slowed compared to pre-crisis era but remained relatively high throughout the cycle. While inflation rose strongly in India, it fell appreciably in Russia but moderated in Brazil.

6.4 World Trade

World trade rebounded significantly in all regions: advanced, emerging and developing economies, in welcome contrast to the contractions recorded world-wide in the preceding crisis year 2009. At 12.4 percent in 2010 the volume of world trade represented a quantum leap from the 10.9 percent contraction experienced in the preceding year. The same trend was evident in the exports and imports volume components in all the regions: the volume of exports expanded against the contraction syndrome of 2009. These developments reflect the substantial growth in world output in 2010, easing of the terms of trade in emerging and developing economies, and sustained world demand. The terms of trade gains from higher commodity prices are expected to improve the trade balances of emerging and developing economies by about 1.3 percent of GDP in 2011.

6.5 World Economic Prospects In 2011

The International Monetary Fund (IMF) proffered prospects of world economic recovery in 2010 (IMF, World Economic Output April 2011). Based on continued improvements in financial markets, and buoyant activity in many emerging and developing economies, economic prospects for 2011-2012 are adjudged good, despite fears about disruptions to oil supply. Global output is projected at about 4.4 percent in 2011. In terms of regional growth, real GDP is forecast to expand by reflecting a modest slow down from 2.4 percent in advanced economies the growth rates reached in 2010. In emerging anddeveloping economies, real GDP is projected to expand by 6.5 percent slightly up from the rate it achieved in 2010.

The recovery in 2011 is propelled by interplay of various factors:

- in advance economies, investment is propelled by the rebound of industrial production following low interest rates, easing financing conditions and generally healthy corporate balance sheets and profitability;
- accommodative macroeconomic policies, rising exports and commodity prices, and in several, capital inflows are boosting activity in much of Latin America and Asia and in low-income countries in sub-Saharan Africa.
- growth in sub-Saharan Africa is also projected to stay high, reflecting sustained strength in domestic demand and rising global demand for commodities.

Taking into account the above factors, GDP in the Middle East and North Africa (MENA) region is projected to grow at 4.1 percent in 2011, down from 4.5 percent in 2010. As in other regions, recovery prospects for 2011 vary substantially across MENA economies. In the group of oil exporters, growth is expected to pick up to 5 percent in 2011. The strongest performer is Qatar where output is projected to expand by 20 percent compared with 7.5 percent for Saudi Arabia. Disruption of oil production in Libya means that, given constraints on non-OPEC capacity, oil production from OPEC suppliers will increase in 2011. In the group of oil importers, Egypt's GDP growth will fall significantly below the 5.5 percent recorded in 2010. The same downward trend holds for Tunisia where growth is projected to slow to 1.3 percent in 2011, reflecting expected declined in inflows from tourism and foreign direct investment.

On inflation, joint headline inflation in advanced economies is projected to return below 2 percent in 2011, settling at about 1.4 percent, reflecting the abatement of hikes in food and energy prices. In emerging and developing economies, inflation pressure is projected to bottom out and close at 7 percent by year end, in response to stable food and energy price, modest tightening of demand management policies and enhanced private demand-driven growth.

Unemployment remains above pre-crisis levels in many economies, including the United States. Globally, unemployment is projected to average about 6 percent in 2011, with rates ranging from 4 percent in east Asia to 10 percent in the Middle East. Youth unemployment is remains high, at 25 percent in the Middle East and between 15 and 20 percent elsewhere, including Organization for Economic Cooperation and Development (OECD) countries. The high and increasing burden of unemployment on young people poses risks to social cohesion.

Financial Statements

ERNST & YOUNG

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEST AFRICAN INSTITUTE FOR FINANCIAL AND ECONOMIC MANAGEMENT

We have audited the accompanying financial statements of the West African Institute for Financial and Economic Management, which comprise the balance sheet as at December 31, 2010, the income and expenditure account, statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Governors' Responsibility for the Financial Statements
The Board of Governors is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of the West African Institute for Financial and Economic Management as at December 31, 2010, and its financial performance and cash flows for the year then ended in accordance with the Constitution of the Institute and relevant statements of accounting standards issued by the Nigerian Accounting Standards Board.

Ernst & Young

Lagos, Nigeria

July 14, 2011

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A 063004

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED DECEMBER 31, 2010

The followings are the summary of the significant accounting policies used by the Organization in the preparation of the financial statements:

BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention and are expressed in United States Dollars. (USD)

INCOME RECOGNITION

Credits to income and expenditure accounts are recognized as follows:

- Subscription is recognized on accrual basis
- Grant received from donor organization is accounted for on cash basis
- Interest and other income is recognized on cash basis and credited to the account in the period in which it is received.

FIXED ASSETS

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight-line basis to write off the cost of the assets over their expected useful lives at the following annual rates:

	%
Motor vehicles	33/1/3
Office furniture	20
Office equipments	20
Household furniture	20
Household equipments	25

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES - contd.

FOR THE YEAR ENDED DECEMBER 31, 2010

INTANGIBLE ASSETS

Intangible assets consist of computer software and cost associated with the developments of the software for internal use. Costs that are directly associated with the production of identifiable and unique software products which are controlled by the Organization and which will probably generate economic benefits exceeding cost are recognized as intangible assets. These costs are amortized on the basis of straight line rate of 50%. Cost associated with maintaining the software programs are recognized as an expense when incurred.

STOCKS

Stocks are stated at the lower of cost and net realizable value. Cost includes purchase cost and other cost incurred in bringing the stocks to present location and condition.

DEBTORS

Debtors are stated after provisions have been made for debts doubtful of recovery.

FOREIGN CURRENCY TRANSLATIONS

Transactions denominated in currencies other than the United States Dollar are recorded at the rate of exchange ruling at the date of transactions.

Monetary assets and liabilities in foreign currencies are converted to USD at the rate of exchange ruing at the balance sheet date.

Gains and loss arising there from are included in the income and expenditure account.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES - contd.

FOR THE YEAR ENDED DECEMBER 31, 2010

STAFF PROVIDENT FUND

The Institute operates a pension scheme, which is managed in house. The Institute and employee make contribution at 20% and 10% of the employee's annual total salary respectively.

TAXATION

According to Article vii (1) of The Headquarters agreement between WAIFEM and the Government of the Federal Republic of Nigeria, West African Institute of Financial and Economic Management (WAIFEM) is exempted from taxes and duties of any kind whether State, Provincial, Local and any other authority and whether such taxes and duties are now in existence or are to be imposed or issued in the future.

DEFERRED CHARGES

Deferred charges represent major reconstruction work done on the official residence of the Directors. Such charges are amortized over five years commencing from the year the cost was incurred.

BALANCE SHEET

AS AT DECEMBER 31, 2010

	Note	2010 US$	2009 US$
ASSETS			
Fixed assets	9	356,887	227,174
Library books	10	24,694	20,826
			248,000
Current assets			
Stocks	11	24,092	22,577
Debtors and prepayments	12	1,422	165,235
Amount due from member banks		-	-
Short-term deposit (Staff Provident Fund)		98,000	98,000
Cash and bank	13	583,752	907,515
		707,266	**1,193,327**
Current liabilities			
Creditors and Accruals	14	43,009	586,635
Net current assets		664,257	606,692
Total assets less current liabilities		1,045,838	854,692
Staff Provident Fund	15	(476,781)	(318,025)
NET ASSETS		**569,057**	**536,667**
FUNDED BY			
Accumulated surplus	**16**	**569,057**	**536,667**

--------------------------------) *Chairman*
)
--------------------------------) *Director General*

See notes to the financial statements.

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2010

	Note	2010 US$	2009 US$
INCOME			
Subscriptions	2	2,171,121	2,122,183
Grant	3	320,087	557,644
Interest on current account		5,631	646
Other income		286,991	121,236
		2,783,830	**2,801,709**
EXPENDTURE			
Staff cost	4	1,042,084	1,208,594
Official mission and travels		61,707	59,074
Training expenses	5	1,043,509	1,116,319
Board expenses		41,730	35,679
Motor vehicle running expenses	6	12,080	19,306
Postages and telecommunications	7	32,070	18,967
Cleaning materials and staff uniforms		10,122	6,511
Entertainment		7,154	3,746
Financial charges		28,714	22,445
Audit fees		20,000	20,000
Repairs and maintenance	8	9,544	17,354
Staff training		5,561	11,116
Printing and stationery		77,403	47,543
Upkeep of grounds and building		5,824	6,030
Journals, periodicals and newspapers		7,738	3,610
Depreciation		119,780	79,343
Medical expenses		17,180	19,610
Social programmes		24,538	438
Electricity, lighting and rates		15,076	15,596
General insurance		8,704	16,630
Website maintenance		16,332	6,931
Management Expenses		109,539	2,760
Bad debt written off		-	389,257
Amortization of deferred charges		5,051	4,182
Provision for doubful debt		0	-
Exchange rate difference		0	7,847
		2,751,440	**3,138,888**
SURPLUS FOR THE YEAR		**32,390**	**(337,179)**

See Notes to the Financial Statements.

STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED DECEMBER 31, 2010

	Note	2,010 US$	2009 US$
Cash flows from operating activities			
Subscriptions and other receipts		2,458,112	2,630,856
Payment to suppliers and employees		(2,849,180)	(2,810,057)
Net cash used in operating activities	17	154,073	(179,201)
Cash flows from investing activities			
Interest received		5,631	646
Purchase of fixed assets	9	(254,553)	(70,926)
Purchase opf Sale of Fixed assets		-	770
Purchase of library books		(3,868)	(1,342)
Net cash used in investing activities		(252,790)	(70,852)
Cash flows from financing activities			
Grants	3	320,087	557,644
Net increase in cash & cash equivalents		221,370	307,591
Cash and cash equivalents at the beginning of the financial year		907,515	599,924
Cash and cash equivalents at the end of the financial year	18	1,128,885	907,515

See notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. THE INSTITUTE

1.1 LEGAL FORM

The West African Institute for Financial and Economic Management (WAIFEM) was established in 1996 by the Central Banks of Nigeria, Gambia, Sierra Leone, Ghana and Liberia. The Institute commenced operation in January 1997.

1.2 PRINCIPAL ACTIVITIES

The principal activities of the Institute continued to be strengthening capacity building for macro-economic management in the West Africa sub-region by offering short-term customized courses to professional staff of Central banks, Ministries of finance and economic planning and other agencies involved in the formulation and implementation of macro-economic policies in the West African sub-region.

NOTES TO THE FINANCIAL STATEMENTS - contd.

		2010 US$	2009 US$
2.	**Subscription**		
	Bank of Ghana	542,800	612,317
	Bank of Sierra Leone	289,493	326,350
	Central Bank of Gambia	289,415	326,272
	Centtral Bank of Liberia	289,493	0
	Central Bank of Nigeria	759,920	857,244
		2,171,121	**2,122,183**
3.	**Grant**		
	African Capacity Building Foundation	123,973	246,681
	Development Finance International (UK)		33,225
	Debt Relief International (HIPC-CBP)		193,485
	World Bank	61,314	
	International Monetary Fund Institute	131,680	84,253
	Commonwealth Secretariat	3,120	
	United Nations Institute for Training and Research		
		320,087	**557,644**

		2010 US$	2009 US$
4.	**Staff cost**		
	Salaries and wages	771,685	715,497
	Overtime allowance	1,037	975
	Provident fund expenses	150,045	114,673
	Leave allowance, Home Leave and Ex-gratia Allowance	66,280	299,574
	Resettlement and Recruitment Costs	30,537	9,977
	Shipment of Personal Effects of De seconded Staff	0	36,399
	Utility Allowance	22,500	31,499
		1,042,084	**1,208,594**
5.	**Training expenses**		
	Programme fees	790,445	543,782
	Training materials and course administration	253,064	572,537
		1,043,509	**1,116,319**

Motor vehicle running expenses

Fuel	7,943	9,157
Repairs and maintenance	4,137	10,149
	12,080	**19,306**

Postages and telecommunications

Telephone and fax	21,869	12,241
Postages and freight	10,201	6,726
	32,070	**18,967**

Repairs and maintenance

Household equipment	16,793	9,453
Office equipment	22,751	7,901
	39,544	**17,354**

Fixed assets

	Motor Vehicles US$	Office Furniture US$	Office Equipmen US$	Household Furniture US$	Household Equipment US$	Computer Software US$	Deferred Charges US$	Tota US
Cost								
At 1 January	239,472	121,986	327,290	38,212	17,728	9,408	25,255	779,35
Additions	137,301	19,045	20,683	49,976	27,548	-		254,55
At 31 December	376,773	141,031	347,973	88,188	45,276	9,408	25,255	**1,033,90**
Depreciation								
At 1 January	222,565	88,438	199,154	24,669	3,770	9,398	4,182	552,17
Charge for the year	46,300	13,412	45,463	9,414	5,191		5,051	124,83
At 31 December	268,865	101,850	244,617	34,083	8,961	9,398	9,233	677,00
Net book value								
At 31 December 2010	**107,908**	**39,181**	**103,356**	**54,105**	**36,315**	**10**	**16,022**	**356,88**
At 31 December 2009	16,907	33,548	128,136	13,543	13,958	10	21,073	227,17

) **LIBRARY BOOKS**	2010	2009
	US$	US$
At January 1	20,826	19,483
Addition during the year	3867.7	1,343
	24693.7	20.826

	2010	2009
	US$	US$
11 Stocks		
Stationery, training and cleaning materials	10,598	7,504
Publication (WAIFEM)	11,733	12,378
Souvenir	1,761	2,695
	24,092	**22,577**

13 Debtors and prepayments		
Sundry debtors	23,922	187,735
Provision for doubful balances	-22,500	-22,500
	1,422	**165,235**

Included in sundry debtors is the sum of $22,500 for consulting services carried out by the Institute outstanding for over 3 years. Management is of the view that the recoverability is not in doubt and no provision is considered necessary.

13. Cash and bank balances		
CBN/UBA (SPF Dom. Account)- dollars	385,428	226,471
First Bank Naira account 3964	11,829	4,023
First City Monument Bank Plc - (Naira account 2)	228	228
Central bank of Nigeria Operational (UBA New York) - dollars	32,829	345,212
Central bank of Nigeria/UBA (Special Project account)-dollars	3,363	2,363
Fidelity Bank Pc - ACBF Naira account	282	8,336
Fidelity Bank Plc - ACBF domiciliary account	1,007	113,782
Fidelity Bank Plc - COMSEC domiciliary account	1,653	1,623
Fidelity Bank Plc - DRI domiciliary account	3,208	9,147
Fidelity Bank Plc - Operationaldomiciliary account	26,439	12,050
Fidelity Bank Pc - Operational Naira account	1,321	1,337
First Bank Plc- Dom. Account	98,096	-
First City Monument Bank Plc - (Naira account 1)	45	45
Cash at hand - dollars	18,025	182,898
	583,752	**907,515**

	2,010	2,009
	US$	US$
14. Creditors and Accruals		
Accruals	40,097	461,569
Grant received in advance- ACBF	1,288	123,443
Grant received in advance- COMSEC	1,623	1,623
	43,009	**586,635**
15. Staff Provident Fund		
Balance at 1 January	318,025	301,119
Contributions by Staff (10% of total salary)	125,288	52,914
Contributions by the Institute (20% of total salary)	150,045	114,673
Investment in US Treasury bills	98,000	
Interest on investment	748	781
	692,106	469,487
Withdrawals by staff	(215,325)	(151,462)
Balance at 31 December	**476,781**	**318,025**

	2,010	2,009
	US$	US$
16. Accumulated Funds		
Balance at 1 January	536,667	873,846
Surplus for the year	32,390	(337,179)
Balance at 31 December	**569,057**	**536,667**

		2,010	2,009
		US$	US$
17.	**Reconciliation of (deficit)/surplus for the year to net cash used in operating activities**		
	Surplus/Deficit for the year	32,390	-337,179
	Adjustment for non cash items:		
	Depreciation	119,780	79342
	Amortization of deferred expenditure	5,051	4,182
		157,221	-253,655
	Grant	(320,087)	(557,644)
	Interest on current account	(5,631)	(646)
	Changes in assets and liabilities		
	Decrease in debtors and prepayments	163,813	(92,652)
	Increase/(decrease) in stocks	-	35,830
	(Decrease)/Increase in creditors and Accruals	-	228,403
	Decrease in due from member banks	-	444,257
	Increase in staff provident fund	158,756	16,906
	Net cash used in operating activities	**154,073**	**(179,201)**
18.	**Cash and cash equivalents**		
	Cash	583,752	599,924
	Bank overdraft	-	-
		583,752	**599,924**

19. Contingent liabilities

There was no contingent liability at 31 December 2010 (2009 - Nil).

20. Capital Commitments

There was no capital expenditure contracted but not provided for in these financial statements at 31 December 2010(2009- Nil).

	2010 US$	%	2009 US$	%
Gross income	2,783,830		2,801,709	
Operating expenses	(1,566,835)		(1,820,225)	
Value added	**1,216,995**	**100**	**981,484**	**100**
Applied as follows:				
To pay employees:				
Salaries and other benefits	1,064,825	87	1,239,320	126
Retained for maintainance and expansion:				
- Depreciation	119,780		79,343	8
- Retained in business	32,390	3	(337,179)	(34)
	1,216,995	**100**	**981,484**	**100**

The value added represents the additional wealth which the Institute has been able to create by its own and its employees efforts. This statement shows the allocations of that wealth among employees, to pay government, capital providers and for replacement of assets and that retained for the future creation of wealth.

31 DECEMBER,2010	2010	2009	2008	2007	2006
		US$	US$	US$	US$
ASSETS					
Fixed assets	356,887	227,174	240,543	211,780	181,939
Library books	24,694	20,826	19,483	17,382	16,788
	381,581	248,000	260,026	229,162	198,727
Current assets					
Stocks	24,092	22,577	58,407	26,040	12,401
Debtors and prepayments	1,422	165,235	72,583	174,082	78,305
Amount due from member banks	-	-	444,257	504,257	564,258
Short-term deposit (Staff Provident Fund)	98,000	98,000	98,000	98,000	98,000
Bank and cash	583,752	907,515	599,924	985,693	########
	707,266	########	########	########	########
Current liabilities					
Credotors and Accruals	43,009	586,635	358,232	438,323	537,221
Net current assets	664,257	606,692	914,939	########	########
Total assets less current liabilities	########	854,692	########	########	########
Staff Provident Fund	(476,781	(318,025)	(301,119)	(713,650)	(589,498)
NET ASSETS	**569,057**	**536,667**	**873,846**	**865,261**	**849,818**
FUNDED BY					
Accumulated surplus	**569,057**	**536,667**	**873,846**	**865,261**	**849,818**
Income	########	########	########	########	########
Surplus for the year	**32,390**	**(337,179)**	**8,585**	**15,443**	**13,370**

Appendix I:
Statistics of WAIFEM Activities

Table 1

PARTICIPATION AT WAIFEM CAPACITY BUILDING ACTIVITIES (1997 - 2010)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Number of Programmes executed	6	9	11	12	22	24	29	29	36	37	51	31	31
Number of Paricipants	168	241	328	327	518	633	754	1052	847	961	1583	819	801

Distribution by Country

Country	1997		1998		1999		2000		2001		2002		2003		2004		2005		2006		2007		2008		2009	
	Absolute	%	Absolute	%	Absolute	%	Absolute	%	Absolute	%	Absolute	%	Absolute	%	Absolute	%	Absolute	%	Absolute	%	Absolute	%	Absolute	%	Absolute	%
The Gambia	14	8.3	34	14.1	36	11.0	45	13.8	53	10.2	140	22.1	123	16.3	54	5.1	190	22.4	64	6.7	140	8.8	126	15.4	162	20.2
Ghana	48	28.6	53	22.0	96	29.3	85	26.0	80	15.4	150	23.7	158	21.0	95	9.0	140	16.5	172	17.9	181	11.4	109	13.3	127	15.9
Liberia	7	4.2	8	3.3	4	1.2	16	4.9	16	3.1	1	0.2	1	0.1	7	0.7	22	2.6	73	7.6	149	9.4	78	9.5	106	13.2
Nigeria	87	51.8	130	53.9	178	54.3	156	47.7	183	35.3	234	37.0	298	39.5	639	60.7	355	41.9	568	59.1	917	57.9	371	45.3	235	29.3
Sierra Leone	12	7.1	16	6.6	14	4.3	17	5.2	183	35.3	104	16.4	161	21.4	138	13.1	135	15.9	80	8.3	168	10.6	99	12.1	171	21.3
Others	0	0	0	0.0	0	0.0	8	2.4	3	0.6	4	0.6	13	1.7	119	11.3	5	0.6	4	0.4	28	1.8	36	4.4	0	0.0
Total	168		241		328		327		518		633		754		1052		847		961		1583		819		801	

Distribution by User Institution

User Institution	1997		1998		1999		2000		2001		2002		2003		2004		2005		2006		2007		2008		2009	
	Absolute	%	Absolute	%	Absolute	%	Absolute	%	Absolute	%	Absolute	%	Absolute	%	Absolute	%	Absolute	%	Absolute	%	Absolute	%	Absolute	%	Absolute	%
Central Banks	117	69.6	144	59.8	162	49.4	165	50.5	206	39.8	242	38.2	282	37.4	369	35.1	297	35.1	285	29.7	777	49.1	308	37.6	312	39.0
Ministries of Finance and Planning	17	10.1	32	13.3	43	13.1	39	11.9	99	19.1	115	18.2	175	23.2	143	13.6	161	19.0	247	25.7	278	17.6	198	24.2	208	26.0
Others (Public & Private Sector)	34	20.2	65	27.0	123	37.5	123	37.6	213	41.1	276	43.6	297	39.4	540	51.3	389	45.9	429	44.6	528	33.4	313	38.2	281	35.1
Total	168		241		328		327		518		633		754		1052		847		961		1583		819		801	

Table 2

WAIFEM 2010 PROGRAMME ACTIVITIES AND PARTICIPATION RATE

S/N	Programme	Programme Activities By Type		Total	Distribution of Participants By Country				
		National	Regional		The Gambia	Ghana	Liberia	Nigeria	Sierra Leone
1	Debt Management Programme	6	4	10	78	43	10	84	43
2	Financial Sector Management Programme	8	1	9	61	52	26	89	48
3	Macroeconomic Management	3	9	12	54	66	25	119	34
	Total	**17**	**14**	**31**	**193**	**161**	**61**	192	**125**

DEBT MANAGEMENT DEPARTMENT

CAPACITY BUILDING ACTIVITIES FROM JANUARY - DECEMBER 2010

Activity Title	Venue	Duration / Date	Distribution Of Participants By Country									Central Banks	Minist. of Finance & Planning
			The Gambia	Ghana	Liberia	Nigeria	S/Leone	Others	Total	Gender			
										Male	Female		
WAIFEM/World Bank Debt Management Performance Assessment Tool,	Banjul The Gambia	Jan11 -20 2010	35				2		35	25	10	6	
WAIFEM/World Bank Medium Term Debt Strategy (MTDS) Workshop	Abuja Nigeria	Feb 8 - 18, 2010				25			25	21	4	7	
Regional Workshop on sub-national Debt & Management of Contingent Labilites	Lagos Nigeria	May 3 - 7, 2010	2	1		44	1		48	40	8	11	
WAIFEM/Worl Bank Regional Training for Trainers Workshop on DSF LIC	Lagos Nigeria	June 14-18, 2010	4	3	4	2	3	2	18	15	3	12	
WAIFEM/World Bank Reform Plan Mission on DEMPA Tool	Freetown, Sierra Leone	June 27- July 4, 2010					32		32	26	6	5	
WAIFEM/World Bank/IMF and COMSEC Medium Term Debt Strategy (MTDS) Workshop for Ghana	Accra Ghana	August 30 - Sept. 3,2010		29					29	21	8	4	
WAIFEM/COMSEC Regional Workshop on Developing a Public Debt Bulletin	Freetown, Sierra Leone	Oct. 11-15, 2010	3	4	3	3	5	2	20	18	2	8	
WAIFEM/Gbenga Oyewole & Associates Workshop on Sub-National Debt Management Course for Ondo State	Lagos Nigeria	Oct. 19-23, 2010				6			6	3	3		
Regional Workshop on Loan Administration for New System Users of CS-DRMS	Lagos Nigeria	Nov. 22 - 26, 2010	2	6	3	4	2		17	12	5	4	
WAIFEM/World Bank Reform Plan Mission to the Gambia	Banjul The Gambia	Nov. 28- Dec. 9, 2010	32						32	28	4	5	
TOTAL			78	43	10	84	43	4	262	209	53	62	
PERCENTAGE TO TOTAL			**29.8**	**16.4**	**3.8**	**32.1**	**16.4**	**1.5**	**100.0**	**79.8**	**20.2**	**23.7**	

FINANCIAL SECTOR MANAGEMENT DEPARTMENT

CAPACITY BUILDING ACTIVITIES FROM JANUARY - DECEMBER 2010

S/N Activity Title	Venue	Duration / Date	Nature of Prog.	Distribution Of Participants By Country						Gender Distribution			CBN			
				The Gambia	Ghana	Liberia	Nigeria	S/Leone	Others	Total	Male	Female				
Regional Course on Combating Money Laundering and Other Financial Crimes	Freetown, S/Leone	1 week March 22 - 26, 2010	Regional	7	4	2	13	10	1	37	29	8	15			
Regional Course on Payment System and Money Market Operations	Lagos, Nigeria	1 week April 19 - 23, 2010	Regional	3	7	3	10	6	1	30	22	8	13			
Regional Course on Capital Market Development including Bond Issuance	Abuja, Nigeria	1 week May 17 - 21, 2010	Regional	1	5	3	9	2	-	20	18	2	8			
Regional Course on Implementation of Effective Risk Management and Good Corporate Governance Practices	Banjul, The Gambia	1 week June 14 - 18, 2010	Regional	22	8	2	13	5	-	50	41	9	20			
Regional Course on Specialised Report Writing Skills and Presentation Techniques	Accra, Ghana	7 days July 12 - 20, 2010	Regional	9	12	3	5	10	-	39	24	15	10			
Regional Course on Microfinance Operations and Regulation	Monrovia, Liberia	August 23 - 27, 2010	Regional	7	6	9	3	11	-	36	31	5	13			
Regional Course on Advanced Banking Supervisoin and Financial Stability	Lagos, Nigeria	Sept. 13 - 17, 2010	Regional	7	6	4	7	3	-	27	20	7	13			
Advanced Course on Reserve Management for Staff of CBN	Minna, Niger State	Oct. 18 - 22, 2010	In-Plant	-	-	-	24	-	-	24	20	4	24			
Course on Rudiments of Islamic Banking	Lagos, Nigeria	Nov., 8 - 12, 2010	Regional	5	4	-	5	1	-	15	13	2	7			
Total Duration (Days)		0	TOTAL	61	52	26	89	48	2	278	218	60	123			
Average Duration (Days)		0.0	%	**21.9%**	**18.7%**	**9.4%**	**32.0%**	**17.3%**	**0.7%**	**100.0%**	**78.4%**	**21.6%**	**44.2%**			

CAPACITY BUILDING ACTIVITIES FROM JANUARY - DECEMBER 2010

Activity Title	Venue	Duration / Date	Nature of Programs	Distribution Of Participants By Country							Gender Distribution		C/			
				The Gambia	Ghana	Liberia	Nigeria	S/ Leone	Others	Total	Male	Female	Banks			
Regional Workshop on Financial and Economic Analysis for Journalists	Lagos Nigeria	1 week February 15 - 19 - 2010	Regional	8	4	4	11	7	-	34	27	7	1			
Regional Course on Macroecnomic Management and Regional Integration	Accra Ghana	2 weeks March 8 - 19, 2010	Regional	5	11	1	6	3	-	26	20	6	10			
National Course on Reform on Budget Preparation for Bauchi State World Bank - Assisted Project	Lagos Nigeria	2 weeks March 29 - April 9, 2010	National	-	-	-	19	-	-	19	18	1	-			
Regional Workshop on Balance of Payments and IIP Statistics	Banjul The Gambia	2 weeks April 19 - 30, 2010	Regional	8	8	4	8	4	-	32	24	8	18			
Regional Course on Expenditure and Revenue Programming for Poverty Alleviation	Lagos Nigeria	1 Week May 10 - 18 2010	Regional	7	13	4	9	4	-	37	32	5	9			
National Course on Accounting, Expenditure Control & Financial Reporting for Kaduna State	Lagos Nigeria	2 Weeks May 31 - June 11, 2010	National	-	-	-	25	-	-	25	24	1	-			
High Level Regional Course on West Africa's International Trade, Taxes and Negotiations	Lagos Nigeria	1 Week June 28 - July 2, 2010	Regional	4	6	1	10	3		24	19	5	6			
Course on Financial Programming and Policies for National Coordinating Committees of the ECOWAS Multilateral Surveillance Mechanism	Lagos Nigeria	2 Week July 5 - 16 2010	Regional	2 .	2	2	7	2	19	34	29	5	1			
Regional Course on Liquidity Forecasting for Fiscal and Monetary Management	Banjul The Gambia	August 2 - 6, 2010	Regional	9	7	3	7	4	-	30	25	5	15			
IMF/WAIFEM Regional Course on Macroeconomic Management & Financial Sector Issues	Accra Ghana	August 23 - Sep-03 2010	Regional	4	9	5	5	5	0	28	22	6	9			
Regional Course on Econometric Modeling and Forecasting for Policy Analysis	Lagos Nigeria	Oct. 11 - 22 2010	Regional	7	6	1	5	2	0	21	19	2	7			
Course on Training the Trainers on Linkages Between Budget and Economic Planning -	Lagos Nigeria	Nov. 8-19 2010	National	0	0	0	7	0	0	7	7	0	0			
TOTAL % PARTICIPATION				**54 17.0%**	**66 20.8%**	**25 7.9%**	**119 37.5%**	**34 10.7%**	**19 6.0%**	**317 100.0%**	**266 83.9%**	**51 16.1%**	**76 24.0%**			

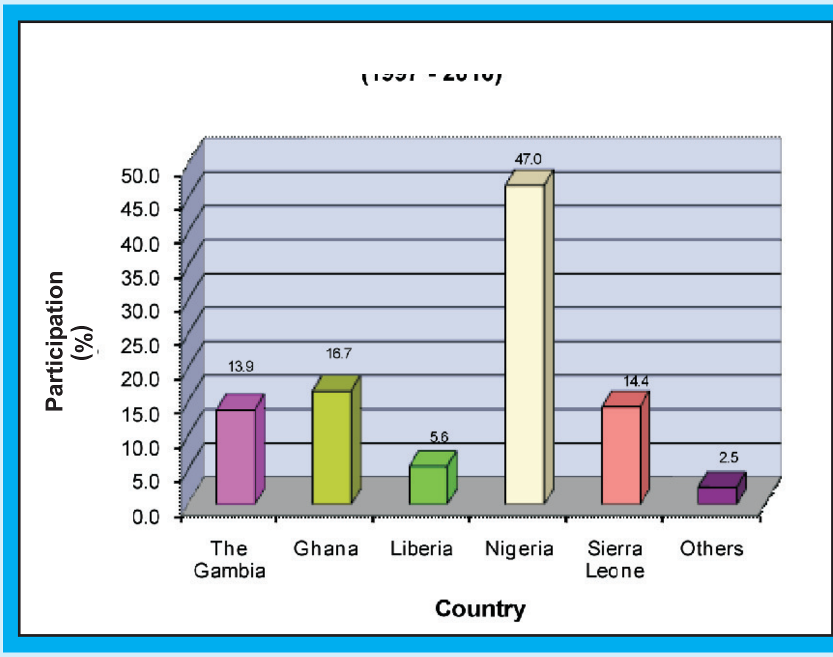
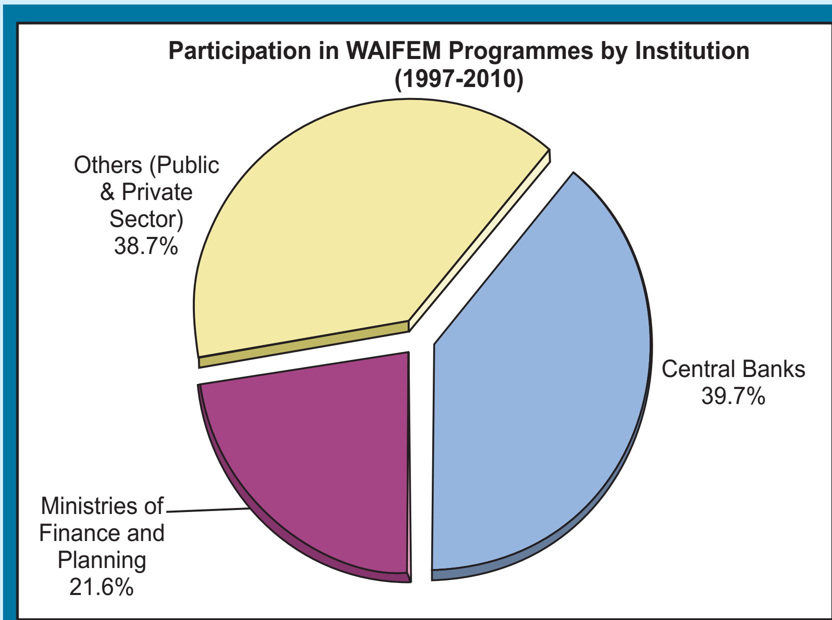

Participation (%)
50.0
45.0
40.0
35.0
30.0
25.0
20.0
15.0
10.0
5.0
0.0
13.9
16.7
5.6
47.0
14.4
2.5
The Gambia
Ghana
Liberia
Nigeria
Sierra Leone
Others
Country

Chart 1b


Participation in WAIFEM Programmes by Institution (1997-2010)
Others (Public & Private Sector) 38.7%
Central Banks 39.7%
Ministries of Finance and Planning 21.6%

Appendix II
WAIFEM Country Data

i) At Current Prices	17,972.05	19,262.70	19,569.41	20,999.41
ii) At Current Factor Cost	21,298.15	22,590.42	21,312.10	22,845.54
iii) At Constant Factor Cost				
iv) GDP Growth Rate (%)	6.3	6.1	5.0	6.1
v) Agricultural Growth Rates(%)	4.0	30.2	5.5	12.1
vi) Industrial Growth rates (%))	6.6	0.7	3.5	5.1
vii) Services (%)	10.4	-0.6	5.7	2.4
2. Price Indices and Inflation Rates				
i) Consumer Price Index	112.26	119.93	123.19	130.32
ii) Inflation Rates (End of Period)	6.03	6.83	2.72	5.79
iii) Inflation Rates (Annual Average)	5.4	4.5	4.6	5
3. Central Government Operations (GMD'millions)				
i) Domestic Revenue (excluding grants)	3,468.10	3,463.60	3,904.89	3,910.90
ii) Current Expenditure	2,586.30	3,093.70	3,625.12	3,963.80
iii) Basic Balance	904.20	465.10	-426.93	-391
iv) Capital Expenditure	972.80	1,016.60	1,889.13	1,215.50
v) Deficit (including grants)	27.70	-509.00	738.99	-834.6
vi) Deficit (excluding grants)	-166.70	-753.50	-1,730	-1,236
vii) Deficit (including grants)/GDP (%)	0.20	-2.80	3.36	2.9
viii) Deficit (excluding grants)/GDP (%)	-1.20	4.20	7.90	4.30
ix) Bank Financing	-390.20	994.30		
x) Non-Bank Financing	-266.40	-856.50		-150.3
xi) Other (external Financing)			121.00	250.30
4. Balance of Payments (US $)				
i) Exports	137.02	105.09	168.68	114.77
ii) Re-Exports	125.00	92.77	105.23	69.36
iii) Trade Balance	-169.15	-122.08	-88.99	-53.57
iv) Services	46.99	28.23	27.19	12.49
a) Factor				
b) Non- Factor				
c) Private Transfers	89.58	62.32	91.90	85.92
d) Official Transfers	5.86	5.11	29.70	23.44
v) Current Account Balance	-65.79	-41.36	55.91	-39.73
vi) Capital Account	1.93	0.91	-	34.49
a) Official Loans	-3.62	0.61	19.56	5.56
- Programme Loans				
- Net Foreign Direct Investment	85.52	57.99	39.08	27.51
- (Net) Commercial Loans				
b) Suppliers' Credit(Trade Credit)	-39.42	-52.47	-87.68	-43.42
- Short-term Capital				
vii) Overall Balance	-33.35	28.60	63.30	74.23
viii) Overall Balance/GDP (%)t	0.23	0.16	0.80	-
xi) Reserves build-up/draw down	6.67	7.15	-70.11	7.93

i)Total Intra-regional Services				
6. Exchange Rates				
i) Per US$	22.54	26.54	26.94	28.3
ii) Per Pound £	44.46	40.14	43.04	42.8
iii) Per SDR				43.7
iv) Per WAUM				43.7
7. Total External Debt	$793.77	$348.11	$381.05*	$410.99*
i) Paris Club				
ii) London Club				
iii) Multilateral Institutions	$669.42	$225.18	$256.51*	$294.67*
iv) Others (Bilateral)	$124.36	$122.92	$124.54*	$116.32*
8. Monetary Survey (GMD'Millions)				
i) Net Foreign Assets	4,042.29	3,476.30	3,309.80	4,020.9
a) Foreign Assets	3,069.25	2,714.50	3,231.52	2,665.0
- Monetary Authority	3,211.57	3,041.54	4937.2	4615.8
- Banks	973.04	761.80	670.85	1355.95
b) Foreign Liabilities	-142.32	-327.04	-1,705.68	-1,950.8
ii) Net Domestic Assets	4,231.61	6,320.07	7,792.63	9,271.2
a) Net Ccredit to Government	1,188.62	2,660.79	3,033.02	4,953.0
b) Loans to Private Sector	2,599.98	3,163.92	3,693.56	4,240.3
c) Loans to Para-Public Sector	228.57	428.34	764.60	870.3
d) Other Loans	183.29	183.29	-	-
e) Other items Net	31.15	-116.27	289.445	-802.1
iii) Money Supply (M1+M2)	8,273.90	9,796.37	11,695.00	13,292.2
a) Currency outside Banks	1,689.21	1,832.91	2,004.81	2,064.6
b) Demand Deposits	2,519.30	3,286.70	3,594.96	3,957.3
c) Savings Deposits	2,612.30	2,737.86	3,281.02	3,864.8
d) Time Deposits	1,453.09	1,938.90	2,814.21	3,405.4
e) Others				
9. Composition of Domestic Debt				
i) Treasury Bills	4,296.82	4,321.46	5,184.87	5,378.4
ii) Sukuk-AL-Salam	0.00	0.00	160.20	210.1
iii) Government Bonds	250.00	250.00	250.00	250.0
iv) Others (NIB Notes)	-	-	546.67	
v) 3-yr Gov't Bond				2
vi) 30-yr Gov't Bond				182
vii) Bridge Loan to Gov't				208.4

	2007	2008	2009*	2010
0. Breakdown of Domestic Debt by Holder				
) Treasury Bills				
a) Banks	2,605.58	1,691.24	3,623.31	4,249.43
b) Non-Banks	2,999.66	1,321.80	1,561.56	785.58
c) Of which: Public Enterprises	854.01	663.69	750.63	343.48
i) Sukuk-AL-Salam	nil	nil		
a) Banks			154.0	201.2
b) Non-Banks			6.2	7
c) Of which: Public Enterprises			-	-
ii) Government bonds	250.00	250.00	250.00	250.00
a) Banks			-	-
b) Non-Banks			-	-
c) Of which: Public Enterprises				
1. Interest Rates				
Treasury Bills Rates	13.70	13.50	13.7	13.1
i) Central Bank Discount Rate	10.00	11.00	9.0	10.0
i) Central Bank Rediscount Rate	15.00	16.00	14.0	15.0
/) Commercial Banks' Lending Rates	18.0-27.0	18.0-27.0	18.0-27.0	18.0-27.0
a) Shor-term < 1 year				
b) Medium term > 1 year < 3 years				
c) Long-term 3 years				
d) Agriculture	18.0-27.0	18.0-27.0	18.0-27.0	18.0-27.0
e) Industry	18.0-27.0	18.0-27.0	18.0-27.0	18.0-27.0
f) Trade	18.0-27.0	18.0-27.0	18.0-27.0	18.0-27.0
/) Commercial Banks' Deposit Rates				
a) Demand Deposits				
b) Savings Deposits - 3months and less			4.0-8.0	5.0-15.5
c) Time Deposits	5.0-12.9	5.0-15.3	3.5-15.5	5.0-15.5
d) Others(shrort term deposits)			0.5-5.5	5.0-15.5
) Inter-Bank Lending Rtaes				
a) Overnight			10.2	9.66
b) Others (specify)				

GHANA:

Summary Of Major Macro-Economic Data

Monetary Survey (Millions of Ghana Cedis)

	2007 Dec	2008 Dec	2009 Dec	2010 Mar	2010 Jun	2010 Sep	2010 Dec	2011 Jan	2011 Feb
oreign Assets									
	2,466.50	1,926.20	3,260.70	3,495.76	3,530.14	3,291.11	5,292.53	5,648.63	5,686.04
;	62.40	254.80	664.07	559.42	479.25	543.32	513.05	479.48	876.79
omestic Assets									
s on Gov't	3,517.40	4,795.20	4,853.98	5,063.82	5,371.66	5,790.20	6,480.43	6,404.18	6,514.51
Deposits	2,413.50	2,397.47	1,684.76	1,367.04	1,786.17	1,637.31	2,217.87	2,439.28	3,049.63
s on private sector	4,170.70	6,007.90	7,045.94	6,879.72	7,286.07	7,536.50	8,739.32	8,971.89	8,421.75
Items (net)	-2,052.76	-2,525.45	-3,906.81	-3,954.83	-3,800.00	-4,059.51	-5,032.00	-5,313.68	-4,641.37
Assets	5,750.60	8,061.20	10,233.08	10,676.85	11,080.95	11,464.31	13,775.46	13,751.22	13,808.09
y Supply M2+									
ncy outside banks	1,302.20	1,663.80	2,084.44	1,841.21	1,841.81	2,061.94	2,925.85	2,745.83	2,583.21
nd deposits	1,628.90	2,137.80	2,075.18	2,518.81	2,535.04	2,843.19	3,513.42	3,495.62	3,498.32
gs & Time deposits	1,826.60	2,442.70	3,409.28	3,821.64	4,164.46	3,920.96	4,587.21	4,505.30	4,545.48
gn currency deposits	992.90	1,816.80	2,664.17	2,495.18	2,539.64	2,638.22	2,748.97	3,004.48	3,181.09
Liabilities	5,750.60	8,061.20	10,233.08	10,676.85	11,080.95	11,464.31	13,775.46	13,751.22	13,808.09
orandum Items									
ve Money	1,788.20	2,226.80	3,031.70	3,135.30	2,779.40	3,129.83	4,413.70	3,967.65	4,053.13
ncy / Deposit Ratio	0.29	0.26	0.26	0.21	0.20	0.22	0.27	0.25	0.23
ncy / M2+ Ratio	0.23	0.21	0.20	0.17	0.17	0.18	0.21	0.20	0.19

Interest Rates - Ranges-(%)

	2007	2008	2009	2010				201	
	Dec.	Dec.	Dec.	Mar	Jun	Sep	Dec	Jan	Feb
ITRAL BANK (END PERIOD RATES)									
Rediscount Rate (Bank Rate)									
Prime Rate	13.50	17.00	18.00	16.00	15.00	13.50	13.50	13.50	13.50
(OF GHANA BILLS									
14-Day Discount Rates	12.15	18.50	18.37	16.14	13.57	12.10	11.70	11.70	11.70
14-Day Interest Rate Equivalent	12.21	18.63	18.50	16.24	13.64	12.16	11.75	11.75	11.75
28-Day Discount Rates	12.47	19.40	18.50	15.93	13.71	12.10	11.97	11.75	11.75
28-Day Interest Rate Equivalent	12.59	19.69	18.77	16.13	13.85	12.21	12.08	11.86	11.86
56-Day Discount Rates	12.50	15.25	15.25	16.38	13.79	12.40	12.00	11.77	11.77
56-Day Interest Rate Equivalent	12.75	15.62	15.62	16.59	13.93	12.52	12.23	11.99	11.99
SURY BILLS, NOTES & BONDS									
91-Day Discount Rate	10.33	23.24	22.38	15.54	15.24	12.19	11.91	11.80	11.77
91-Day Interest Rate Equivalent	10.61	24.67	23.70	16.16	15.84	12.57	12.28	12.16	12.12
2-year Fixed Rate Note	12.80	21.00	24.75	21.15	16.00	13.28	12.70	12.55	12.52
3-year Fixed Rate Note	12.08	16.00	16.00	19.00	16.65	14.25	13.30	13.30	13.45
5-year Fixed Rate Note	13.67	13.67	13.67	13.67	13.67	13.67	13.67	13.67	13.67
R-BANK MARKET									
Inter-bank weighted average	11.98	19.03	16.51	15.11	13.36	12.25	11.65	11.65	11.65
MMERCIAL BANKS									
rrowing Rates. (%)									
Demand Deposits	0.25-14.00	0.25-7.50	0.25-7.00	0.25-6.50	1.00-6.75	0.25-7.00	0.25-7.00	0.25-6.75	0.25-6.75
Savings Deposits	0.10-9.00	2.00-16.00	2.00-18.00	2.00-18.00	2.00-11.50	1.00-12.50	2.00-18.00	1.00-11.0	1.00-12.50
Time Deposits									
1 month	1.00-11.00	4.50-23.50	5.25-30.50	5.25-19.00	5.25-19.00	4.00-12.50	5.25-23.00	5.00-13.50	5.00-13.50
3 months	3.00-15.00	6.25-26.50	10.00-28.00	10.00-24.75	6.00-17.50	4.00-15.00	10.00-25.75	4.00-17.50	4.00-17.50
6 months	3.00-15.00	6.25-27.50	11.00-30.00	10.00-25.00	6.00-18.00	4.00-18.80	10.00-27.00	4.00-18.80	4.00-15.25
2 months	3.50-18.00	3.50-24.50	9.50-27.50	9.50-24.00	9.00-23.75	4.50-18.50	9.50-26.00	4.50-18.50	4.50-15.50
4 months	9.00-12.00	10.00-21.50	10.00-22.00	10.00-22.00	3.50-16.00	3.50-13.50	10.00-22.00	3.50-13.00	3.50-13.00
6 months	n.a	11.00-22.00	11.00-18.00	14.00-18.00	13.50-16.00	3.50-12.50	14.00-18.00	3.50-13.00	3.50-13.00
Certificates of Deposit	7.00-8.00	12.00-16.00	15.00-26.00	11.00-16.00	8.00-11.91	10.00-11.91	13.00-26.00	5.75-12.50	5.75-12.50
Bearer Bonds									
Call Money	1.00-9.50	1.00-16.00	4.50-23.00	4.20-18.00	1.50-13.00	2.00-13.00	4.50-19.00	2.00-13.00	2.00-13.00
Any other	2.50-10.50	2.50-22.59	8.00-23.84	10.00-12.50	7.00-12.50	5.00-12.50	10.00-15.42	4.00-12.50	4.00-12.50
nding Rates.(%)									
Agriculture, Forestry & Fishing	14.00-33.50	19.50-44.00	25.75-40.00	23.55-39.90	23..55-37.50	19.00-36.25	24.75-40.00	19.0-36.25	19.0-34.9
Export Trade	15.00-33.50	19.50-44.00	25.75-40.00	24.50-39.90	23..55-37.50	19.00-36.25	25.00-40.00	19.0-36.25	19.0-35.15
Manufacturing	15.00-33.50	19.50-44.00	25.75-40.00	24.50-39.90	23..55-37.50	19.00-36.25	25.00-40.00	19.0-36.25	19.0-35.53
Mining & Quarrying	15.00-33.50	19.50-44.00	25.75-40.00	24.50-39.90	23..55-37.50	19.00-36.25	25.00-40.00	19.0-36.25	19.0-36.25
onstruction	15.00-33.50	19.50-44.00	25.75-40.00	24.50-39.90	23..55-37.50	19.00-36.25	25.00-40.00	19.0-36.25	19.0-36.25
Others	15.00-33.50	19.50-44.00	25.75-40.00	24.50-39.90	23..55-37.50	19.00-36.25	25.00-40.00	19.0-36.25	19.0-36.25

Central Government Budget (Revenue) [Broad Budget Coverage]

(In millions of Ghana Cedis)

	2007	2008	2009					2010			
			Q1	Q2	Q3	Q4	Q1-Q4	Q1	Q2	Q3	(
X REVENUE	3,312.66	4,368.50	1,066.76	1,140.95	1,152.95	1,434.06	4,803.65	1,296.13	1,566.40	1,688.97	1,953.(
ome and Property	940.37	1,253.21	313.83	396.87	428.86	577.35	1,716.91	463.06	622.17	569.37	799.
rsonal (PAYE)	401.53	526.52	150.02	170.47	191.54	257.98	773.47	218.79	249.80	245.26	300.
lf-Employed	51.88	68.41	15.41	18.99	18.04	19.32	72.79	21.84	23.83	24.40	30.
mparies	399.81	539.08	121.95	167.06	164.33	214.53	661.89	163.83	264.51	209.47	349.
hers	87.15	119.20	26.45	40.36	54.95	85.52	208.76	58.61	84.03	90.24	118.
)ther Direct Taxes	75.87	107.24	22.00	35.31	48.20	51.94	156.61	33.58	54.97	59.67	74.
\RL- Financial Institutions	3.54	0.59	0.05	0.03	0.04	0.19	0.31	5.37	1.44	0.38	0.
SL	0.00	0.00	0.00	0.00	1.86	27.44	29.85	13.74	15.14	21.63	34.
\irport Tax	7.06	11.22	4.40	5.02	4.84	5.96	21.99	5.93	12.48	8.57	9.
mestic Goods & Services	473.05	444.91	106.47	77.87	68.80	76.21	330.18	78.94	100.72	95.16	99.
:cise Duty	69.79	58.67	9.78	15.26	11.44	14.14	51.45	22.15	32.92	29.74	33.
:troleum Tax	403.26	386.24	96.70	62.61	57.36	62.07	278.73	56.79	67.80	65.42	66.
o/w Debt Recovery Levy	94.36	81.23	40.56	16.30	11.03	12.30	80.19	12.06	12.38	11.03	0.
ernational Trade	576.64	719.37	191.20	177.35	174.53	219.60	762.67	228.61	245.80	349.09	322.
ıports	543.12	679.37	184.44	177.35	174.53	209.60	745.91	228.61	245.80	349.09	312.
mport Duty	361.21	679.37	184.44	177.35	174.53	209.60	745.91	223.61	240.80	274.44	312.
ort	0.00	40.00	6.76	0.00	0.00	10.00	16.76	0.00	0.00	0.00	10.(
ɔcoa Duty	61.75	40.00	6.76	0.00	0.00	10.00	16.76	0.00	0.00	0.00	0.
T	834.23	1,087.96	265.54	299.95	310.84	384.01	1,268.43	325.01	406.61	442.84	443.
ɔmestic	337.27	417.20	72.46	107.02	125.36	159.57	472.50	122.51	180.08	186.56	159.
ternal	496.95	670.77	193.08	192.93	185.48	224.44	795.92	202.50	226.53	256.28	284.
ɔort Exceptions	230.72	475.68	112.20	67.99	72.14	66.14	318.46	96.81	77.31	90.63	121.6
:ional Health Insurance Levy (NHIL)	0.00	318.32	60.19	93.10	76.28	89.42	319.00	79.17	74.49	112.73	121.
N-TAX REVENUE	336.12	433.93	121.59	142.75	88.35	426.46	870.33	139.26	244.04	226.66	616.
HER REVENUE MEASURES	257.66	69.02	17.35	27.83	21.51	21.33	88.01	24.54	39.31	29.17	44.
RANTS	857.22	817.29	384.56	251.23	169.43	189.90	1,101.18	510.74	215.89	219.27	134.
Project Grants	348.25	398.02	161.13	160.70	103.30	12.83	543.91	237.71	133.42	101.14	119.
Programme Grants	196.30	257.23	182.91	61.46	8.32	146.17	398.85	154.38	53.55	80.34	0.
HIPC Assistance	141.97	95.18	23.68	12.08	39.50	20.97	96.23	78.81	18.71	29.39	6.
Multilateral Debt Relief Initiative (MDRI)	170.71	66.87	16.85	17.00	18.32	9.93	62.19	39.83	10.21	19.24	8.
L REVENUE & GRANTS	4,508.22	5,619.70	1,572.91	1,534.94	1,410.74	2,050.42	6,775.17	1,946.13	2,026.33	2,134.90	2,703.

Central Government Budget (Expenditure) [Broad Budget Coverage]

(In millions of Ghana Cedis)

	2007	2008	2009					2010			
			Q1	Q2	Q3	Q4	Q1-Q4	Q1	Q2	Q3	Q4
URRENT	3,607.30	5,259.64	1,209.08	1,348.38	1,430.76	1,699.78	5,631.80	1,821.51	1,889.68	2,239.64	2,094.98
ı-Interest Expenditure	3,167.29	4,580.47	1,017.82	1,066.83	1,214.41	1,356.62	4,599.48	1,484.53	1,505.36	1,899.34	1,714.22
rsonal Emoluments	1,418.78	1,987.65	513.52	586.17	626.96	770.41	2,478.70	659.63	695.04	933.69	894.18
ıds & Services	564.97	647.93	70.54	148.12	197.58	203.46	621.18	185.39	251.10	326.05	199.23
ms 2-5 [1)]	0.00	647.93	70.54	148.12	197.58	203.46	621.18	185.39	251.10	326.05	199.23
ısfers	1,035.24	1,477.27	401.98	299.46	304.50	351.20	1,331.33	485.43	414.35	508.52	583.07
rsions	109.60	149.00	45.06	41.47	46.38	53.30	186.21	49.73	48.94	59.35	57.63
atuities	45.48	52.89	15.37	15.52	18.97	15.60	65.47	21.91	26.31	18.66	21.81
cial Security	133.05	159.64	27.74	41.86	30.66	56.60	156.86	55.75	56.42	20.93	0.00
tional Health Fund	291.82	256.50	80.00	36.68		58.00	153.48	72.41	63.41	102.46	113.00
ıer Transfers	451.60	839.38	233.81	163.92	123.70	167.70	769.31	214.61	201.36	264.94	390.62
osidies to Utility Companies	3.69	19.85	0.00	0.00	0.00	0.00	0.00	71.02	17.92	42.19	0.00
o/w TOR for under recovery	3.69	19.85	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
serve Fund	148.30	467.63	31.79	33.08	85.37	31.55	168.27	154.08	144.88	131.09	40.75
rest Payments	440.01	679.18	191.26	281.55	216.35	343.16	1,032.32	336.98	384.32	340.30	377.76
erest Domestic	322.19	481.93	144.51	198.05	172.10	258.84	773.50	258.63	287.12	305.67	272.91
erest External	117.82	197.25	46.75	83.50	44.25	84.32	258.82	78.35	97.20	34.64	104.85
ITAL	1,630.22	2,471.31	453.58	586.06	554.72	659.33	2,425.73	849.48	852.05	921.73	545.37
ITAL(Domestic Financed)	903.80	1,564.77	64.43	269.30	230.83	300.57	799.11	220.60	287.30	357.37	270.70
velopment	902.84	1,564.77	64.43	269.30	230.83	300.57	799.11	220.60	287.30	357.37	270.70
ducational Trust Fund	143.42	204.09	20.11	70.47	39.86	75.01	139.02	73.03	57.62	113.15	0.00
oad Fund	102.64	102.92	30.31	29.06	28.11	31.58	119.06	30.79	35.26	34.46	23.10
etroleum Related Fund	2.69	2.76	1.73	0.80	0.72	0.58	3.84	0.78	0.89	0.88	0.77
istrict Assembly Common Fund	143.00	252.08	0.00	85.29	68.21	0.00	153.50	75.35	96.40	84.03	154.50
ther Cash Expenditure	511.10	1,002.92	12.28	83.68	93.94	193.39	383.70	40.64	97.13	124.86	92.33
ITAL(Foreign Financed)	726.42	906.54	389.15	316.76	323.89	358.76	1,626.62	628.88	564.75	564.37	274.67
C Financed Expenditure	203.20	185.24	26.62	65.42	49.67	63.29	205.00	86.41	94.81	30.96	31.12
RI Financed Expenditure	183.81	93.64	12.72	22.72	20.93	26.62	82.99	27.45	14.46	6.03	26.53
AL EXPENDITURE & NET LENDING	**5,624.53**	**8,009.82**	**1,702.00**	**2,022.57**	**2,056.08**	**2,449.02**	**8,345.52**	**2,784.85**	**2,851.00**	**3,198.37**	**2,697.99**

Central Government Fiscal Position (Financing)

(In millions of Ghana Cedis)

	2007	2008	2009					2010			
			Q1	Q2	Q3	Q4	Q1-Q4	Q1	Q2	Q3	Q4
ENUE & GRANTS	4,508.22	5,619.70	1,572.91	1,534.94	1,410.74	2,050.42	6,775.17	1,946.13	2,026.33	2,134.90	2,703.50
NDITURE & NET LENDING	5,624.53	8,009.82	1,702.00	2,022.57	2,056.08	2,351.75	8,248.25	2,784.85	2,851.00	3,198.37	2,697.99
RALL BALANCE (COMMITMENT BASIS)	**-1,116.30**	**-2,390.13**	**-129.09**	**-487.64**	**-645.35**	**-301.33**	**-1,473.08**	**-838.73**	**-824.67**	**-1,063.47**	**5.50**
GDP	-7.95	-13.89	-0.75	-2.83	-3.75	-1.39	-6.81	-1.89	-1.86	-2.40	0.01
D ARREARS	-15.99	-46.91	-32.38	4.96	0.00	-33.92	-75.91	-144.45	-0.69	0.00	-42.37
-ROAD ARREARS	-60.56	-95.36	-107.36	-92.47	0.00	-158.25	-550.58	-56.36	-93.22	0.00	-304.54
REFUND	-23.42	-26.13	-6.50	-7.15	-8.74	-8.39	-31.18	-10.11	-11.78	-10.67	-12.93
RALL BALANCE (CASH BASIS)	**-1,216.28**	**-2,558.53**	**-275.33**	**-582.30**	**-654.09**	**-501.89**	**-2,130.75**	**-1,049.65**	**-930.36**	**-1,074.13**	**-354.33**
GDP	-8.66	-14.87	-1.60	-3.38	-3.80	-2.32	-9.85	-2.37	-2.10	-2.42	-0.80
STITURE RECEIPTS	115.18	998.39	5.50	0.00	0.00	0.00	5.50	0.00	0.00	0.00	0.00
STITURE LIABILTIES	0.00	-291.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
REPANCY	-31.09	-125.35	-55.54	51.86	133.18	-45.48	69.04	93.85	310.93	38.57	-34.74
RALL BALANCE (INCL. DIVESTITURE)	**-1,132.19**	**-1,976.49**	**-325.37**	**-530.44**	**-520.90**	**-547.36**	**-2,056.22**	**-955.80**	**-619.43**	**-1,035.57**	**-389.07**
GDP	-8.06	-11.48	-1.89	-3.08	-3.03	-2.53	-9.51	-2.16	-1.40	-2.34	-0.88
NCING	1,132.18	1,976.49	325.37	530.44	520.90	547.36	2,056.22	955.80	619.43	1,035.57	389.07
IESTIC (NET)	713.05	1,152.68	170.78	430.59	224.96	215.71	1,042.06	1,074.41	80.52	646.61	339.20
NKING SECTOR	209.25	673.21	39.61	406.74	107.98	252.67	766.69	418.09	-111.28	567.41	98.72
ank of Ghana	363.61	572.34	54.82	391.27	-95.33	-443.66	-92.89	-149.91	-57.99	237.83	-212.54
ommercial Banks	-154.36	100.87	-15.21	15.47	203.31	696.34	859.58	568.01	-53.29	329.58	311.26
ON-BANK	503.80	245.23	131.17	23.85	116.98	-36.97	275.37	656.32	191.80	81.01	240.48
THERS	168.53	234.24	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ER DOMESTIC FINANCING	0.00	581.87	70.00	0.00	0.00	0.00	0.00	-445.00	0.00	0.00	0.00
wback from TOR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-445.00	0.00	0.00	0.00
EIGN (NET)	158.83	241.94	154.58	99.85	295.95	331.66	1,014.16	326.39	538.90	387.15	49.87
FLOWS	480.04	661.81	268.71	156.06	441.44	414.84	1,413.17	435.52	634.52	463.23	177.87
Project Loans	378.17	508.52	228.02	156.06	220.59	345.93	1,082.71	391.17	431.33	463.23	155.56
Program Loans	101.87	153.30	40.69	0.00	220.85	68.92	330.46	44.35	203.19	0.00	22.31
IORTIZATION	-321.22	-497.41	-135.47	-70.44	-159.72	-92.08	-457.71	-141.31	-102.73	-86.92	-171.35
PTIONAL FINANCING	91.78	77.54	21.35	14.23	14.23	8.89	58.70	32.18	7.12	10.84	43.35
HIPC Relief (Cologne terms)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	32.18	7.12	10.84	43.35
IESTIC REVENUE	3,651.00	4,802.41	1,188.35	1,283.70	1,241.30	1,860.52	5,673.98	1,435.39	1,810.45	1,959.63	2,569.16
IESTIC EXPENDITURE	4,512.61	6,575.59	1,183.63	1,379.56	1,391.40	1,703.70	5,551.45	1,735.26	1,602.78	2,265.80	2,093.23
IARY BALANCE	**-861.61**	**-1,773.18**	**4.72**	**-95.86**	**-150.10**	**156.82**	**122.53**	**-299.87**	**207.66**	**-350.17**	**475.93**
IARY BALANCE as % of GDP	-6.13	-10.30	0.02	-0.44	-0.69	0.73	0.57	-0.68	0.47	-0.79	1.07
at Current Prices	**14,046.10**	**17,211.70**	**21,630.00**	**21,630.00**	**21,630.00**	**21,630.00**	**21,630.00**	**44,342.00**	**44,342.00**	**44,342.00**	**44,342.00**

Fiscal Position - Narrow Coverage

(In millions of Ghana Cedis)

	2007 Dec	2008 Dec	2009 Dec	2010 Mar	2010 Jun	2010 Sep	2010 Dec	2010 Annual	2011 Jan	2011 Feb
TOTAL RECEIPTS	**469.10**	**518.37**	**779.60**	**607.83**	**604.99**	**674.05**	**1,124.3**	**7,545.04**	**708.71**	**783.70**
CEPS	134.40	179.08	192.75	178.31	192.23	204.28	234.94	2,277.67	127.93	368.67
IRS	102.30	144.45	216.66	146.23	235.46	188.31	380.57	2,453.95	131.52	211.65
VAT	36.70	90.65	99.33	75.72	114.04	127.71	183.01	1,017.50	28.58	94.04
COCOA	10.00	10.00	0.00	0.00	0.00	69.66	62.0	156.65	5.00	0.00
GRANTS	15.50	16.76	71.00	136.47	0.00	0.00	0.00	288.26	83.61	0.00
HIPC ASSISTANCE	6.70	14.59	12.91	31.93	18.53	17.16	0.00	205.25	0.00	0.73
MDRI ASSISTANCE	8.20	3.59	2.26	1.54	4.24	7.59	8.69	77.98	0.00	0.00
DIVESTITURE	110.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NON-TAX RECEIPTS	2.10	32.95	153.61	9.80	23.16	22.92	36.48	479.02	319.90	11.14
Other Revenue Measures (NHIL)	31.60	26.08	22.71	8.95	0.00	0.00	25.59	72.47	0.00	9.65
OTHER RECEIPTS	11.00	0.22	8.38	18.88	17.33	36.43	193.01	1,124.33	12.18	87.82
TOTAL PAYMENTS	**539.50**	**803.16**	**916.11**	**720.42**	**587.76**	**824.98**	**965.17**	**3,543.99**	**600.93**	**1,068.96**
INTEREST (DOMESTIC)	72.00	93.63	122.42	98.79	124.34	107.14	142.19	1,124.33	97.17	61.39
INTEREST (EXTERNAL)	4.10	7.84	10.63	7.28	10.47	11.55	13.55	256.05	15.27	3.09
OTHERS	463.40	701.69	783.06	614.35	452.95	706.29	809.43	7,831.06	488.49	1,004.48
SUMMARY										
RECEIPTS	469.10	518.37	779.60	607.83	604.99	674.05	1,124.30	7,545.04	708.71	783.70
PAYMENTS	539.50	803.16	916.11	720.42	587.76	824.98	965.17	9,211.44	600.93	1,068.96
SURPLUS/DEFICIT (-)	**-70.40**	**-284.79**	**-136.50**	**-112.58**	**17.23**	**-150.93**	**159.12 -**	**1,666.40**	**107.79**	**-285.26**
FINANCING	70.40	284.79	136.50	112.58	-17.23	150.93	-159.12	1,666.40	-107.79	285.26
DOMESTIC (NET)	87.10	249.70	90.01	577.02	-199.43	167.16	-141.82	2,142.55	-88.89	-15.65
BANKING	-5.70	245.20	94.28	176.16	-316.37	106.16	-43.72	972.94	-297.67	-500.02
BANK OF GHANA	-9.90	149.03	-176.33	-27.08	-256.56	5.93	-51.05	-182.61	-200.46	-470.48
DEPOSIT MONEY BANKS	4.20	96.18	270.61	203.24	-59.81	100.24	7.33	1,155.55	-97.21	-29.54
NONBANK	92.80	4.49	-4.27	400.86	116.94	61.50	-98.10	1,169.61	208.78	484.37
FOREIGN (NET)	-16.80	35.09	46.50	-19.43	182.20	-16.23	-17.30	-31.15	-18.89	300.91
INFLOWS	0.00	54.60	68.92	0.00	203.19	0.00	0.00	269.86	0.00	326.99
EXCEPTIONAL FINANCING	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LOAN REPAYMENT	-16.80	-19.51	-22.42	-19.43	-20.99	-16.23	-17.30	-301.01	-18.89	-26.08
Other Domestic Financing	0.00	0.00	0.00	-445.00	0.00	0.00	0.00	-445.00	0.00	0.00
MEMORANDUM ITEMS										
GDP AT CURRENT PRICES	13,976.70	16,295.84	21,630.00	25,934.00	25,934.00	25,934.00	25,934.00	25,934.00	53,411.00	53,411.00
DOMESTIC PRIM. BALANCE	-127.00	-218.26	-89.62	-105.57	129.29	-56.95	310.20	-485.20	136.62	-218.45
(In Percent of GDP)	-0.91	-1.34	-0.41	-0.41	0.50	-0.22	1.20	-1.87	0.30	-0.40
BUDGET BALANCE	-70.40	-284.79	136.50	-112.58	17.23	-150.93	159.12 -	1,666.40	107.79	-285.26
(In Percent of GDP)	-0.50	-1.75	-0.62	-0.43	0.07	-0.58	0.60	-6.43	0.20	-0.50
Domestic Revenue	336.40	483.43	693.44	437.89	582.23	649.30	1,115.60	6,973.54	625.11	782.97
Domestic Expenditure	463.40	701.69	783.06	543.46	452.94	706.26	805.40	7,458.74	488.49	1,001.41
Net Domestic Financing	87.10	249.70	90.01	577.02	-199.43	167.16	-141.82	2,142.55	-88.89	-15.65
Net Changes in Road Arrears	0.00	0.00	0.00	12.90	11.20	0.00	0.00	165.14	0.00	0.00
Net Changes in Non-Road Arrears	0.00	0.00	0.00	57.99	0.00	0.00	4.03	207.18	0.00	3.07

Holders and Structure of Domestic Debt

(In millions of Ghana Cedis)

	2007	2008	2009	2010				201		
	Dec	Dec	Dec	Mar	Jun	Sep	Dec	Jan	Feb	M
ERS										
king system	**2,522.10**	**3,250.45**	**4,247.59**	**4,700.93**	**4,577.81**	**4,827.66**	**5,289.07**	**5,210.47**	**5,154.61**	
k of Ghana	1,371.00	1,872.07	1,754.31	1,624.46	1,576.57	1,564.64	1,533.33	1,542.89	1,558.46	
mercial Bank	1,151.10	1,378.38	2,493.27	3,076.48	3,001.24	3,263.02	3,755.74	3,667.58	3,596.15	
-Bank Sector	**1,186.10**	**1,549.78**	**1,855.40**	**2,509.48**	**2,683.91**	**2,763.27**	**2,991.05**	**3,205.04**	**3,685.03**	
IT	178.50	255.59	246.71	288.66	253.80	220.26	201.43	216.36	196.47	
rance Companies	21.70	39.94	52.87	57.16	60.34	39.39	38.63	52.29	42.72	
er Holders	985.90	1,254.25	1,555.83	2,163.66	2,369.77	2,503.63	2,750.99	2,936.39	3,445.84	
(A+B)	**3,708.20**	**4,800.23**	**6,102.99**	**7,210.41**	**7,261.71**	**7,590.93**	**8,280.12**	**8,415.51**	**8,839.65**	
TURE										
rt-Term Instruments	**880.20**	**2,022.62**	**2,643.12**	**3,022.92**	**2,858.93**	**3,063.59**	**3,214.45**	**3,329.35**	**3,353.47**	
ay Treasury Bill	245.50	843.02	649.55	821.60	819.49	808.04	641.00	807.43	811.84	
-Day Treasury Bill	134.00	665.32	1,766.98	1,601.54	1,196.47	1,176.81	1,334.62	1,311.98	1,387.43	
ar Treasury Note	500.70	280.04	122.35	495.54	738.73	974.50	1,134.60	1,105.70	1,049.96	
rt-Term Advance	-	234.24	104.24	104.24	104.24	104.24	104.24	104.24	104.24	
dium-Term Instruments	**1,823.80**	**1,752.54**	**2,107.54**	**2,835.16**	**3,125.45**	**3,251.01**	**3,788.34**	**3,808.83**	**4,208.85**	
ear Floating Treasury Note	40.80	7.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
ear Fixed Treasury Note	675.90	534.13	1,001.38	1,316.96	1,582.49	1,622.69	1,647.01	1,647.23	1,645.72	
ear GGILBS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
ear Floating Treasury Note	2.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
ear Fixed Treasury Note	646.30	752.62	627.57	1,039.61	1,064.37	1,149.73	1,653.11	1,673.01	2,074.21	
ar GOG Bond	268.80	268.77	268.77	268.77	268.77	268.77	268.77	268.77	268.77	
ar Golden Jubilee Bond			19.80	19.80	19.80	19.80	29.42	29.79	30.12	
Petroleum Finance Bond	80.00	80.02	80.02	80.02	80.00	80.02	80.02	80.02	80.02	
Bonds	110.00	110.00	110.00	110.00	110.00	110.00	110.00	110.00	110.00	
g-Term Instruments	**1,004.20**	**1,025.07**	**1,352.33**	**1,352.33**	**1,277.33**	**1,277.33**	**1,277.33**	**1,277.33**	**1,277.33**	
-Term Government Stocks	421.60	421.60	748.84	748.84	673.84	673.84	673.84	673.84	673.84	
kom Malasia Stock	87.40	109.46	109.46	109.46	109.46	109.46	109.46	109.46	109.46	
aluation Stock	493.10	493.10	493.05	493.05	493.05	493.05	493.05	493.05	493.05	
r Government Stocks	2.20	1.00	0.98	0.98	0.98	0.98	0.98	0.98	0.98	
(C+D+E)	**3,708.20**	**4,800.23**	**6,102.99**	**7,210.41**	**7,261.71**	**7,591.93**	**8,280.12**	**8,415.51**	**8,839.65**	

Domestic Debt includes the following:

International Reserves of Bank of Ghana

(In millions of U.S. Dollars)

	2007	2008	2009	2010				2011*		
	Dec	Dec	Dec	Mar	Jun	Sep	Dec	Jan	Feb	Mar
t Foreign Assets	2,570.03	1,606.91	2,833.68	2,433.09	2,482.79	2,311.05	3,656.54	3,766.51	3,811.03	3,492.5
t International Reserves	2,241.32	1,300.59	2,459.37	2,614.22	2,659.86	2,561.06	3,924.87	4,039.85	4,082.92	3,738.2
ıss Reserves	2,808.35	2,032.16	3,164.81	3,304.21	3,451.15	3,306.23	4,724.89	4,767.82	4,825.52	4,503.6
ɔrt-Term Assets	2,785.08	2,027.92	3,160.83	3,300.18	3,447.12	3,302.17	4,720.91	4,763.92	4,821.59	4,479.1
Gold	178.06	245.18	309.18	310.37	309.63	309.64	396.95	395.69	395.71	395.6
Holdings of SDRs	0.23	1.44	453.11	441.39	429.86	452.29	450.11	451.38	458.54	455.9
Others	2,606.79	1,781.30	2,398.54	2,548.42	2,707.63	2,540.24	3,873.85	3,916.85	3,967.34	3,627.5
g-Term Assets	32.03	4.24	3.55	3.59	3.57	3.57	3.47	3.39	3.41	23.!
eign Liabilities	23.27	28.58	46.12	685.96	1,309.27	1,290.44	1,342.82	1,277.40	1,300.88	1,299.9
ɔrt-Term	262.50	425.17	326.17	329.44	449.63	449.24	524.93	451.37	454.00	453.8
IMF	154.48	157.94	260.28	260.67	380.52	380.49	381.7	376.37	376.46	376.4
Others	108.02	267.23	65.89	68.77	69.11	68.75	143.23	75.00	77.54	77.3
ıer Liabilities to Int. Institutions	53.89	7.87	8.87	7.73	0.49	0.49	0.49	0.49	0.49	0.4
reign Currency Deposits	227.37	294.29	366.42	348.79	337.14	291.38	270.62	272.21	284.18	286.6
t Payment Agreements	4.64	3.73	3.91	3.77	3.77	3.88	3.85	3.88	2.21	2.:
:hers	19.54	4.06	0.43	0.44	0.46	0.49	0.51	0.51	0.52	0.!
·R Allocation	-	-	551.93	537.72	522.01	549.33	546.78	553.33	562.21	559.(

e computation of NIR from August 2005 onwards exclude collaterised L/Cs

Balance of Payments

(In millions of U.S. Dollars)

			2009					2010			
	2007	2008	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	
nt Account	**-2,121.82**	**-3,543.14**	**-601.79**	**-352.68**	**-486.38**	**-159.90**	**-1,600.75**	**-566.45**	**-623.72**	**-523.35**	**-93**
rchandise Trade Balance	-3,866.60	-4,998.79	-662.08	-325.12	-774.23	-445.12	-2,206.55	-584.22	-653.22	-803.42	-92
Exports (f.o.b)	4,194.72	5,269.73	1,450.21	1,578.82	1,145.14	1,665.54	5,839.71	1,865.11	2,070.13	1,909.96	2,11
Cocoa beans & Products	1,103.25	1,487.00	548.10	516.71	223.61	577.61	1,866.03	682.45	640.22	342.15	55
Gold	1,733.78	2,246.25	581.95	681.48	557.41	730.52	2,551.36	787.00	957.84	1,018.30	1,04
Timber & Timber Products	250.13	316.79	39.21	44.78	50.28	45.57	179.84	43.69	46.56	45.85	5
Other Exports	1,107.56	1,219.69	280.95	335.85	313.84	311.84	1,242.48	351.97	425.51	503.66	46
Imports (f.o.b)	-8,061.32	-10,268.51	-2,112.29	-1,903.94	-1,919.37	-2,110.66	-8,046.26	-2,449.33	-2,723.35	-2,713.38	-3,03
Non-oil	-5,971.12	-7,911.76	-1,834.87	-1,599.79	-1,505.00	-1,617.62	-6,557.28	-1,955.84	-2,114.85	-2,208.73	-2,40
Oil	-2,090.20	-2,356.75	-277.42	-304.15	-414.37	-493.04	-1,488.98	-493.49	-608.50	-504.65	-62
ce on Services, Income and Transfers	**1,744.78**	**1,455.65**	**60.29**	**-27.56**	**287.85**	**285.22**	**605.80**	**17.77**	**29.50**	**280.07**	**-1**
Services (net)	-159.78	-497.18	-406.97	-430.13	-125.18	-211.15	-1,173.43	-455.00	-389.94	-323.45	-30
Credit	1,861.86	1,800.89	365.54	355.54	534.30	514.30	1,769.68	361.28	332.05	382.04	45
Debit	-2,021.64	-2,298.07	-772.51	-785.67	-659.48	-725.45	-2,943.11	-816.28	-721.99	-705.49	-75
Income (net)	-138.62	-258.67	-70.76	-65.82	-61.60	-100.59	-298.77	-87.06	-118.61	-90.36	-23
Credit	83.99	85.57	24.73	24.73	25.83	25.83	101.12	13.23	13.23	15.23	1
Debit	-222.61	-344.24	-95.49	-90.55	-87.43	-126.42	-399.89	-100.29	-131.84	-105.59	-25
Transfers (net)	2,043.18	2,211.50	538.02	468.39	474.63	596.96	2,078.00	559.83	538.05	693.88	53
Private (net)	1,833.81	1,970.39	400.83	424.22	468.91	494.42	1,788.38	449.92	500.22	641.88	53
Official (net)	209.37	241.11	137.19	44.17	5.72	102.54	289.62	109.91	37.83	52.00	(
ial and Capital Account	**2,652.30**	**2,806.41**	**320.77**	**239.43**	**915.29**	**1,591.57**	**3,067.06**	**980.95**	**849.03**	**417.55**	**2,03**
al Transfers	188.14	463.31	149.24	166.57	121.00	127.08	563.89	147.41	85.50	15.60	8
: investments	855.38	2,111.59	426.00	477.45	359.95	414.44	1,677.84	551.43	840.14	619.69	51
investments	1,608.78	231.51	-254.47	-404.59	434.34	1,050.05	825.33	282.11	-76.61	-217.74	1,43
Errors and Omissions	**-117.37**	**-204.02**	**-123.25**	**-108.46**	**167.61**	**-243.43**	**-307.53**	**-262.48**	**-180.48**	**7.78**	**25**
rall Balance	**413.11**	**-940.75**	**-404.27**	**-221.71**	**596.52**	**1,188.24**	**1,158.78**	**152.02**	**44.83**	**-98.02**	**1,36**
es and Related Items	**-413.11**	**940.75**	**404.27**	**221.71**	**-596.52**	**-1,188.24**	**-1,158.78**	**-152.02**	**-44.83**	**98.02**	**-1,36**
s in International Reserves	-413.11	940.75	404.27	221.71	-596.52	-1,188.24	-1,158.78	-152.02	-44.83	98.02	-1,36
Position (net)	0.00	0.00	0.00	0.00	105.55	0.00	105.55	0.00	0.00	0.00	(
dings of SDR	0.00	0.00	0.00	0.00	-455.27	0.00	-455.27	0.00	0.00	0.00	(
er Reserve Changes	-413.11	940.75	404.27	221.71	-246.80	-1,188.24	-809.06	-152.02	-44.83	98.02	-1,36
ional Financing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(

Mar	1,011.00	655.22	32.08	26.33	22.98	62.36
Apr	1,025.38	678.84	32.59	26.39	n.a	67.49
May	1,053.52	667.59	41.53	26.42	56.00	67.92
Jun	1,057.62	655.42	33.89	26.35	32.28	70.60
Jul	1,085.23	665.66	37.58	26.55	29.03	75.84
Aug	966.35	665.99	33.96	26.55	43.06	71.17
Sep	974.60	713.00	33.29	26.55	28.85	77.00
Oct	946.22	754.58	30.27	25.97	29.14	82.47
Nov	949.00	806.04	29.09	25.97	29.17	92.06
Dec	1,056.00	807.20	32.77	25.97	29.77	91.51
2008						
Jan	1,128.00	890.98	33.29	27.63	29.03	91.92
Feb	1,297.00	925.03	31.48	27.63	35.37	94.49
Mar	1,377.00	965.90	35.78	27.63	57.20	103.00
Apr	1,427.55	909.76	35.18	28.50	57.82	110.43
May	1,437.27	889.92	31.37	28.49	56.82	124.61
Jun	1,607.38	891.77	29.56	28.50	56.65	133.47
Jul	1,542.09	938.55	33.60	28.82	57.45	134.79
Aug	1,531.81	835.93	33.16	29.11	n.a	115.22
Sep	1,523.27	829.22	31.63	34.22	n.a	100.75
Oct	1,361.09	803.91	34.57	30.99	57.04	73.60
Nov	1,371.70	760.76	29.91	28.67	57.07	55.05
Dec	1,657.10	821.49	22.32	28.67	56.76	43.29
2009						
Jan	1,847.67	860.05	n.a	23.66	57.52	45.62
Feb	1,869.80	942.58	11.81	23.66	58.00	43.73
Mar	1,853.36	924.41	11.81	23.66	53.48	47.32
Apr	1,779.00	891.43	20.15	21.14	58.97	51.23
May	1,646.00	926.48	19.54	21.14	64.40	58.57
Jun	1,685.00	903.79	26.15	21.14	65.32	69.34
Jul	1,740.43	934.42	28.65	21.51	65.87	65.76
Aug	1,833.96	949.35	22.26	n.a	66.95	73.07
Sep	1,966.55	995.25	17.16	21.51	66.33	68.19
Oct	2,145.00	1,044.57	15.86	22.48	65.32	73.87
Nov	2,132.00	1,127.94	24.71	n.a	65.04	77.50
Dec	2,248.00	1,126.83	27.45	24.67	n.a	75.24
2010						
Jan	2,286.90	1,116.95	31.32	24.80	65.86	76.92
Feb	2,233.60	1,095.49	25.90	30.00	65.71	74.75
Mar	2,203.35	1,113.77	29.29	30.00	65.71	79.90
Apr	2,248.00	1,147.91	36.38	30.00	n.a	85.68
May	2,318.00	1,202.81	36.02	30.00	65.52	76.99
Jun	2,378.00	1,233.20	43.31	30.00	66.04	75.66
Jul	2,353.00	1,193.68	32.30	30.00	57.77	75.49
Aug	2,061.00	1,215.53	37.35	30.00	66.47	77.11
Sep	1,897.00	1,271.10	43.83	30.00	65.55	78.21
Oct	1,903.95	1,342.96	32.54	n.a	66.65	83.49
Nov	1,867.73	1,369.69	44.43	30.00	n.a	86.11
Dec	1,994.48	1,391.16	44.31	n.a	65.66	92.34
2011						
Jan	2,046.00	1,359.46	40.71	30.00	65.45	96.82
Feb	2,228.00	1,372.35	45.67	30.00	65.90	104.09
Mar	2,162.00	1,422.50	59.54	30.00	66.09	114.62
Apr	1,935.00	1,481.10	58.12	30.00	66.32	123.13
May	1,878.00	1,515.22	61.76	30.00	65.09	114.53

n.a = Data not available
Source: Reuters & The Mining Companies
LIFFE =London International Futures and Funds Exchange.

Ghana: Public and Publicly Guaranteed External Debt

(In millions of US dollars, unless otherwise specified)

:RNAL DEBT STOCK BY CREDITOR CATEGORY (in millions of US$)

	2006	2007	2008	2009	2010			
tal External Debt	**2,177.24**	**3,590.37**	**4,035.07**	**5,007.88**	**5,362.21**	**5,619.90**	**5,998.33**	**6,118**
ıltilateral Creditors	1,326.86	1,667.92	2,028.31	2,461.77	2,690.40	2,786.61	2,916.19	2,994
Of which:								
IMF	158.17	166.64	163.07	269.98	262.59	375.60	394.59	388
ateral Creditors	732.03	992.64	1,168.22	1,687.24	1,816.46	1,846.42	2,031.78	2,096
Of which:								
Paris Club	480.99	680.59	774.95	1,138.83	1,177.20	1,111.28	1,243.51	1,294
Non-Paris Club	251.04	312.06	393.27	548.41	639.25	735.14	788.27	801
mmercial Creditors	118.35	929.80	838.54	858.87	855.35	986.87	1,050.36	1,028
Of which:								
ernational Capital Market		750.00	750.00	750.00	750.00	750.00	750.00	750

National Consumer Price Index and Inflation Rates. Monthly Changes by COICOP group (2002 Average = 100)

	2007	2008	2009	2010				2011		
	Dec	Dec	Dec	Mar	Jun	Sep	Dec	Jan	Feb	Mar
ll Index	**229.80**	**271.46**	**314.83**	**328.35**	**344.52**	**339.66**	**341.83**	348.87	354.41	358.34
d and Beverages	211.30	246.68	274.98	287.11	305.43	290.57	288.33	293.02	297.00	300.61
hol and Tobacco	195.84	240.88	294.38	311.66	341.08	345.10	354.43	354.69	360.58	366.19
hing and Footwear	173.20	202.43	239.89	254.14	265.87	267.21	273.80	274.25	279.48	284.3
ısing and Utilities	351.78	386.11	392.64	399.39	409.22	447.01	451.87	451.99	457.35	461.39
ısehold Goods, Operations & Services	174.40	213.13	275.01	285.64	297.51	299.52	305.63	305.46	311.73	314.67
dical Care and Health Expenses	308.80	385.85	513.91	544.84	599.90	561.96	571.21	571.51	582.34	584.37
nsport	397.29	441.11	487.20	489.52	494.72	496.68	499.75	582.45	591.31	593.67
nmunications	257.03	261.20	273.00	272.95	272.95	272.95	272.95	272.95	272.95	272.95
r, Enter, & Cultural Services	227.35	266.51	498.26	508.89	526.71	526.26	533.51	533.50	535.57	539.05
cation	234.24	271.67	279.81	280.38	280.93	281.45	282.51	282.42	287.12	287.12
els, Cafés and Restaurants	294.10	395.43	465.29	505.81	525.49	523.80	534.92	537.71	547.16	555.25
cellaneous Goods and Services	208.67	244.32	260.67	268.08	282.12	283.79	289.32	291.88	302.16	306.22
BINED										
nthly Change (%)	1.80	2.42	1.59	1.14	1.57	-1.51	1.13	2.06	1.59	**1.11**
r-on-Year	12.70	18.13	15.97	13.32	9.52	9.38	8.58	9.08	9.16	9.13
ual Average (%)	10.70	16.52	19.25	17.66	15.09	12.58	10.71	10.26	9.86	9.53
num Daily Wage (GH¢)	1.90	2.25	2.65	3.11	3.11	3.11	3.11	3.11	3.73	3.73

(Millions of Ghana Cedis)

	2006	2007	2008	2009	2010*
AGRICULTURE	**5,415.0**	**5,322.0**	**5,716.1**	**6,129.0**	**6,453.0**
Crops	3,793.7	3,742.6	4,064.5	4,479.0	4,703.0
of which Cocoa	537.2	493.2	509.1	535.0	535.0
Livestock	437.1	457.8	481.1	502.0	526.0
Forestry and Logging	736.0	705.9	682.4	687.0	757.0
Fishing	448.3	415.8	488.0	460.0	467.0
INDUSTRY	**3,704.3**	**3,929.6**	**4,521.9**	**4,725.0**	**4,988.0**
Mining and Quarrying	497.4	531.6	544.4	581.0	626.0
Manufacturing	1,823.5	1,801.3	1,868.0	1,844.0	1,984.0
Electricity	142.7	118.2	141.1	152.0	170.0
Water and Sewerage	224.4	227.0	228.9	246.0	259.0
Construction	1,016.3	1,251.6	1,739.5	1,902.0	1,949.0
SERVICES	**8,690.4**	**9,358.3**	**10,106.0**	**10,667.0**	**11,714.0**
Trade; Repair of Vehicles, Household Goods	1,140.7	1,202.6	1,316.9	1,388.0	1,573.0
Hotels and Restaurants	894.1	916.6	999.8	962.0	988.0
Transport and Storage	2,357.2	2,573.4	2,671.9	2,790.0	3,014.0
Information and Communication	483.0	502.8	600.9	624.0	777.0
Banking and Insurance	472.9	559.8	620.1	678.0	791.0
Real Estate Services	391.4	400.8	410.4	420.0	430.0
Business and Other Services	522.5	542.7	532.8	525.0	646.0
Public Administration & Defence: Social Security	862.1	959.6	1,081.8	1,208.0	1,249.0
Education	655.0	720.5	814.3	915.0	963.0
Health and Social Work	249.8	259.3	270.8	312.0	347.0
Other Community, Social & Personal Service Activities	661.6	720.3	786.3	845.0	936.0
Gross Domestic Product at Basic Prices	**17,809.7**	**18,609.9**	**20,343.9**	**21,521.0**	**23,155.0**
Net Indirect Taxes	895.4	1,303.4	1,248.3	934.0	1,032.0
EQUALS : G.D.P. in Purchasers' Values	**18,705.1**	**19,913.4**	**21,592.2**	**22,454.0**	**24,187.0**

*Provisional
source: Ghana Statistical Service

(Millions of Ghana Cedis)

	2006	2007	2008	2009	2010*
AGRICULTURE	**5,415.0**	**6,320.0**	**8,875.0**	**11,343.0**	**12,910.0**
Crops	3,793.7	4,409.0	6,435.0	8,425.0	9,422.0
of which Cocoa	537.2	581.0	706.0	874.0	1,099.0
Livestock	437.1	501.0	606.0	729.0	873.0
Forestry and Logging	736.0	910.0	1,072.0	1,314.0	1,614.0
Fishing	448.3	500.0	762.0	874.0	1,001.0
INDUSTRY	**3,704.3**	**4,513.0**	**5,855.0**	**6,776.0**	**8,039.0**
Mining and Quarrying	497.4	602.0	693.0	740.0	757.0
Manufacturing	1,823.5	1,990.0	2,277.0	2,478.0	2,941.0
Electricity	142.7	130.0	155.0	167.0	266.0
Water and Sewerage	224.4	227.0	229.0	246.0	368.0
Construction	1,016.3	1,564.0	2,500.0	3,144.0	3,706.0
SERVICES	**8,690.4**	**10,922.0**	**13,935.0**	**17,543.0**	**22,184.0**
Trade; Repair of Vehicles, Household Goods	1,140.7	1,335.0	1,710.0	2,109.0	2,701.0
Hotels and Restaurants	894.1	1,210.0	1,716.0	2,196.0	2,593.0
Transport and Storage	2,357.2	2,849.0	3,262.0	3,758.0	4,578.0
Information and Communication	483.0	511.0	622.0	657.0	831.0
Banking and Insurance	472.9	739.0	1,089.0	1,547.0	22,400.0
Real Estate Services	391.4	415.0	493.0	665.0	797.0
Business and Other Services	522.5	602.0	692.0	797.0	1,148.0
Public Administration & Defence: Social Security	862.1	1,289.0	1,799.0	2,479.0	3,024.0
Education	655.0	8,556.0	1,132.0	1,506.0	1,877.0
Health and Social Work	249.8	308.0	381.0	513.0	674.0
Other Community, Social & Personal Service Activities	661.6	807.0	1,039.0	1,318.0	1,722.0
Gross Domestic Product at Basic Prices	**17,809.7**	**21,755.0**	**28,664.0**	**35,662.0**	**43,132.0**
Net Indirect Taxes	895.4	1,400.0	1,514.0	936.0	3,100.0
EQUALS : G.D.P. in Purchasers' Values	**18,705.1**	**23,154.0**	**30,179.0**	**36,598.0**	**46,232.0**

*Provisional
source: Ghana Statistical Service