Central Bank of Nigeria

Curriculum Vitae

Dr O.J. Nnanna

Dr O.J. Nnanna is currently the Director of Research of the Central Bank of Nigeria. He was the Special Assistant to the Governor from 1994 to 1999. Before then, he was a staff economist and desk officer in the African Department of the IMF, Washington DC (USA).

He graduated from the William Paterson University (New Jersey) and the University of Houston in Houston, Texas (USA). Dr Nnanna holds BA, MA and PhD degrees, majoring in public policy and economics. His research interests and publications are in the field of the monetary and exchange rate policies of emerging and developing economies.

E-mail: OJNnanna@hotmail.com

MONETARY POLICY FRAMEWORK IN AFRICA: THE NIGERIAN EXPERIENCE

DR O. J. Nnanna

Central Bank of Nigeria
P.M.B 0187
Garki, Abuja

July 2001

Abstract

This paper discusses the evolution of monetary policy in Nigeria in the past four decades. Overall, the socio-economic and political milieu, including the legal framework under which the Central Bank of Nigeria has operated, was found to be the critical factor that influenced the outcome of monetary policy. Specifically, the existence of fiscal dominance, a persistent liquidity overhang, an oligopolistic banking system and dualistic financial markets are major systemic factors that have undermined the efficacy of monetary policy in Nigeria. The paper, however, observes that monetary management has been largely more successful under monetary targeting and indirect monetary control introduced since the early 1990s, than during the regime of direct control.

The author is the Director of Research at the Central Bank of Nigeria. The views expressed in this paper are entirely those of the author and do not necessarily represent the views of the organisation with which he is affiliated. He gratefully acknowledges the research assistance of Mr E.A. Essien in the preparation of this paper.

1. INTRODUCTION

Permit me to start this presentation by expressing deep appreciation to the South African Reserve Bank for giving me the opportunity to participate and share my thoughts with the distinguished participants at this important conference. The theme of the conference is very significant. Monetary policy plays an important role in the achievement of macroeconomic and financial sector stability, while an integrated financial market is essential for the rapid development of the African continent.

Africa faces a plethora of development challenges. For instance, despite the various economic reforms undertaken by most countries in the last decade, Africa entered the 21st century with an average per capita income which is lower than the level attained at the end of the 1960s and the lowest per capita savings rate in the world. Even though it is apparent that Africa's performance has been largely influenced by its history and geography (Soludo, 2001), the pursuit of sound monetary and fiscal policies and strong institutions can exert a strong moderating influence on the exogenous factors that have militated against its development.

In general terms, monetary policy refers to a combination of measures designed to regulate the value, supply and cost of money in an economy, in consonance with the expected level of economic activity. For most economies, the objectives of monetary policy include price stability, maintenance of balance of payments equilibrium, promotion of employment and output growth, and sustainable development. These objectives are necessary for the attainment of internal and external balance, and the promotion of long-run economic growth.

The importance of price stability derives from the harmful effects of price volatility, which undermines the ability of policy makers to achieve other laudable macroeconomic objectives. There is indeed a general consensus that domestic price fluctuation undermines the role of money as a store of value, and frustrates investments and growth. Empirical studies (Ajayi and Ojo, 1981; Fischer, 1993) on inflation, growth and productivity have confirmed the long-term inverse relationship between inflation and growth. When decomposed into its components, that is, growth due to capital accumulation, productivity growth, and the growth rate of the labour force, the negative association between inflation and growth has been traced to the strong negative relationships between it and capital accumulation as well as productivity growth, respectively. The import of these empirical findings is that stable prices are essential for growth.

The success of monetary policy depends on the operating economic environment, the institutional framework adopted, and the choice and mix of the instruments used. In Nigeria, the design and implementation of monetary policy is the responsibility of the Central Bank of Nigeria (CBN). The mandates of the CBN as specified in the CBN Act of 1958 include:

- Issuing of legal tender currency.
- Maintaining external reserves to safeguard the international value of the currency.
- Promoting monetary stability and a sound financial system.
- Acting as banker and financial adviser to the Federal Government.

However, the current monetary policy framework focuses on the maintenance of price stability while the promotion of growth and employment are the secondary goals of monetary policy. This paper focuses on the framework and strategies that have been adopted by the monetary authorities in achieving the goal of price stability. We hope that the Nigerian experience will be beneficial in our efforts to evolve a regional framework, which will enhance the rapid integration of the financial markets on the continent.

The rest of the paper is organised as follows: Section II which follows examines the evolution of monetary policy in Nigeria and discusses the current monetary policy framework, the instruments used, as well as the operational procedures. An appraisal of the performance of the current framework is the focus of Section III. In Section IV, the lingering problems that constrain the efficiency of the monetary policy framework are discussed, while Section VI contains some concluding remarks.

2. Evolution of the monetary policy framework In Nigeria

Generally, central bankers and economists are less divided in their perceptions of the objectives of monetary policy than in their views about what role the central bank should play in accomplishing these objectives. Consistent with its legal mandates, the objectives of monetary policy of the CBN since its inception, have been the following:

- Achievement of domestic price and exchange rate stability.
- Maintenance of a healthy balance of payments position.
- Development of a sound financial system.
- Promotion of rapid and sustainable rate of economic growth and development.

Against this background, this section focuses on the evolution of Nigeria's monetary policy in the past 40 years. Accordingly it discusses the various regimes and the rationale for adopting them, and appraises their relative successes and failures.

2.1 The Exchange Rate Targeting Regime, 1959-1973

The conduct of monetary policy in Nigeria under the colonial government was largely dictated by the prevailing economic conditions in Britain. The instrument of monetary policy at that time was the exchange rate, which was fixed at par between the Nigerian pound and the British pound. This was very convenient, as fixing the exchange rate provided a more effective mechanism for the maintenance of balance of payments viability and for control over inflation in the Nigerian economy. This fixed parity lasted until 1967 when the British pound was devalued.

Owing to the civil war in the later part of this period, the monetary authorities did not consider it expedient to devalue the Nigerian pound in sympathy with the British pound. Two major reasons accounted for this. First, a considerable proportion of the country's resources was being diverted to finance the war. Second, there was the apprehension that the devaluation of the Nigerian pound would only raise the domestic price of imports without any appreciable impact on exports, which were largely primary products. Rather than devalue, the monetary authorities decided to peg the Nigerian currency to the US dollar, but imposed severe restrictions on imports via strict administrative controls on foreign exchange.

Following the international financial crisis of the early 1970s, which led to the devaluation of the US dollar, Nigeria abandoned the dollar peg and once again kept faith with the pound until 1973, when the Nigerian currency was once again pegged to the US dollar.

With these developments, the severe drawbacks in pegging the Nigerian currency (naira) to a single currency became obvious. A clear case was that the naira had to undergo a de facto devaluation in sympathy with the dollar when the economic fundamentals dictated otherwise, in 1973 and 1975 respectively. It was against this backdrop that the need to independently manage the exchange rate of the naira was firmly established. Hence, in 1978 Nigeria pegged her currency to a basket of 12 currencies of her major trading partners.

2.2 Monetary Targeting Regime, 1974 to date

From 1970, the economy witnessed a major structural change that affected the conduct of monetary policy. Oil dominated the export basket, constituting 57.6 per cent of total export in 1970 and over 96 per cent from 1980. While non-oil exports (mostly agriculture) declined rapidly from 42.4 per cent in 1970 to 16.9 per cent in 1973. As a result of the increased revenue accruing to government from oil, the imbalance in the balance of payments and low external reserves became things of the past. Indeed, Nigeria's external reserves rose rapidly by over 1 000 per cent in 1975 from about N100 million in the late sixties to approximately N3.4 billion in 1975. The need to finance post-war developments also led to a considerable growth in public expenditure, thus intensifying inflationary pressures. Under the circumstances, the monetary authorities adopted a new monetary policy framework. This development marked the beginning of monetary targeting in Nigeria, which involved the use of market (indirect) and non-market (direct) instruments. Consequently, the major

focus of monetary policy was predicated on controlling the monetary aggregates, a policy stance which was largely based on the belief that inflation is essentially a monetary phenomenon.

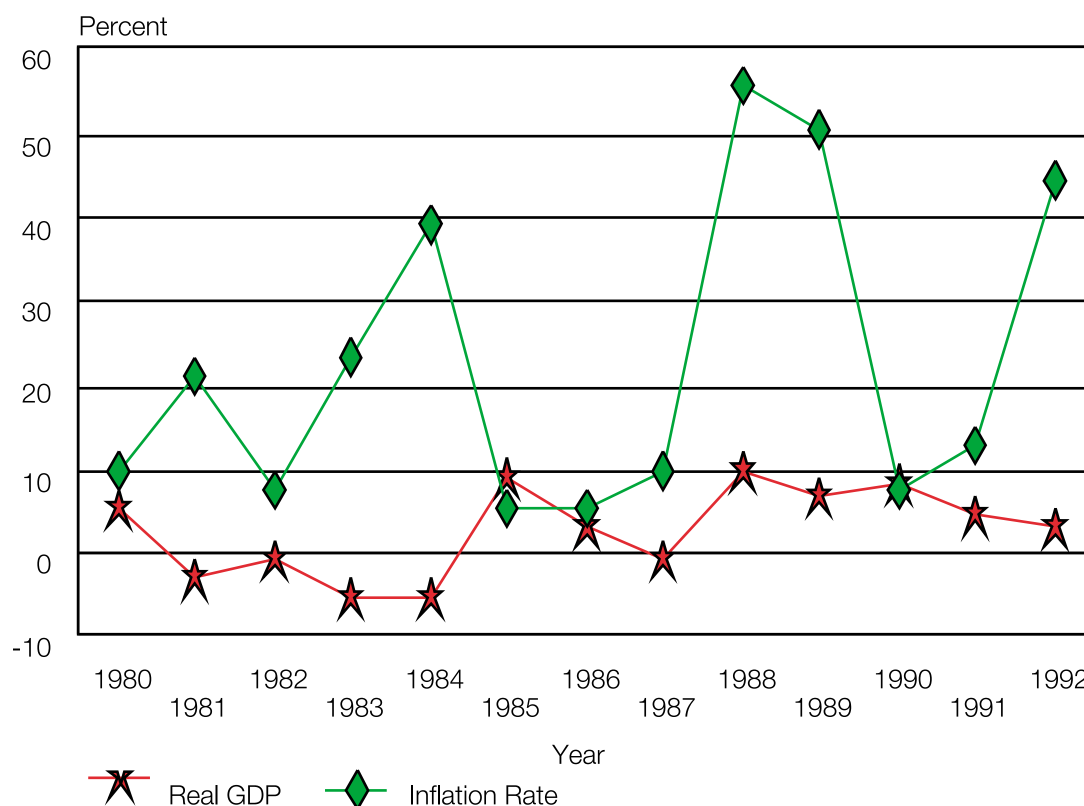
2.2.1 Direct Control, 1974-1992

The major objective of monetary policy during this period was to promote rapid and sustainable economic growth. Consequently, the monetary authority imposed quantitative interest rate and credit ceilings on the deposit money of banks, and prescribed sectoral credit allocation to the various sectors of the economy. Overall, the "preferred" sectors, such as agriculture, manufacturing and construction, were singled out for the most favoured treatment, in terms of generous credit allocation and a below-market lending rate.

The most important instrument of monetary control the CBN relied upon was the setting of targets for aggregate credit to the domestic economy and the prescription of low interest rates. With these instruments, the monetary authority hoped to direct the flow of loanable funds with a view to promoting rapid development through the provision of finance to the preferred sectors of the economy.

The level and structure of interest rates were administratively determined by the CBN. Both deposit and lending rates were fixed in order to achieve by fiat, the social optimum in resource allocation, promote the orderly growth of the financial market, contain inflation and lessen the burden of internal debt servicing on the government. In implementing the policy, the sectors were classified into three categories: (1) "preferred" (agriculture, manufacturing, and residential housing; (2) "less preferred" (imports and general commerce); and (3) "others". This classification enabled the monetary authorities to direct financial resources at concessionary rates to sectors considered as priority areas. These rates were typically below the CBN-determined minimum rediscount rate (MRR) which itself was low and not determined by market forces.

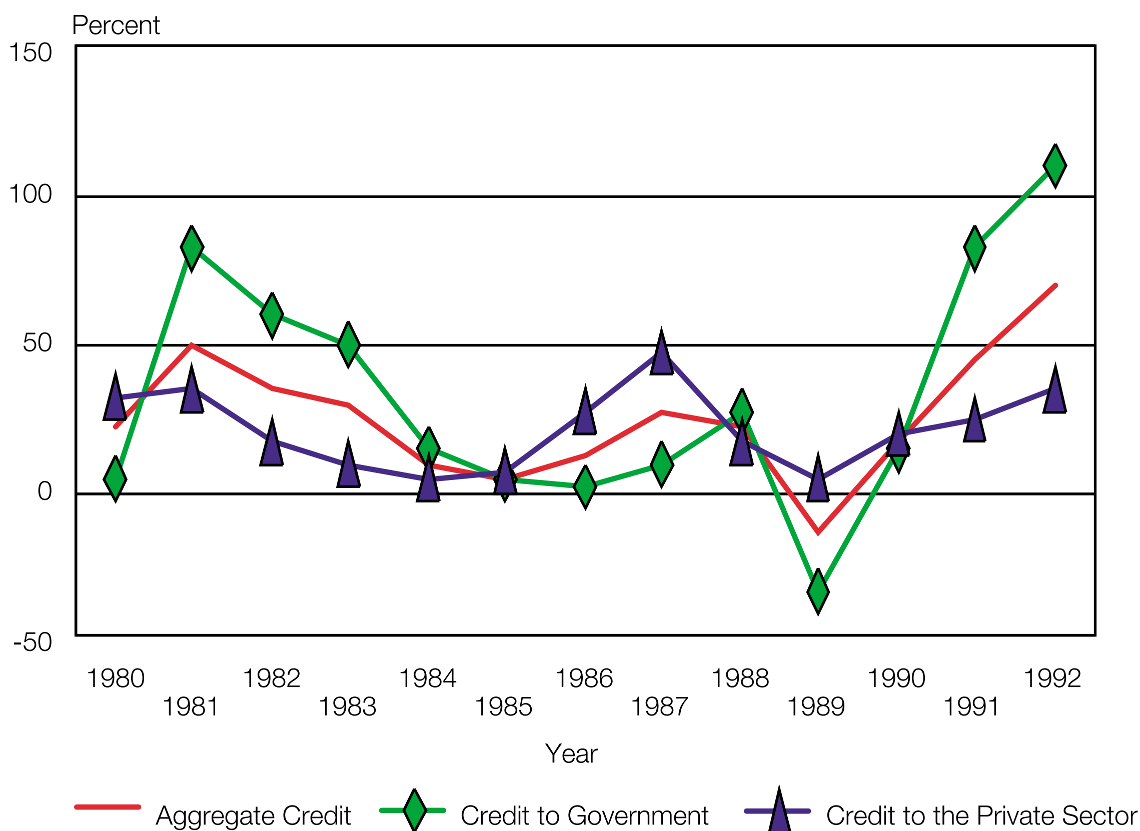
Fig. 1 Output and Price Level (%)
1980-1992



The imposition of special deposits compelled banks to deposit, at the CBN, any shortfall in the allocation of credit to the designated preferred sectors of the economy.

Empirical evidence during the control regime era revealed that the flow of credit to the priority sectors did not meet the prescribed targets and failed to impact positively on investment, output and domestic price level. Overall, banks tended to practise adverse selection in their credit allocation.

Fig. 2 Credit to the Domestic Economy (%)
1980-1992



For instance between 1972 and 1985, banks' aggregate loans to the productive sector averaged 40.7 per cent of total credit, about 8.7 percentage points lower than the stipulated target of 49.4 per cent. A major factor, which impaired the effectiveness of monetary policy during the era of control regime, was the lack of instrument autonomy by the Central Bank. During this period, monetary policies were dictated by the Ministry of Finance and as such, were influenced by short-term political considerations.

Beginning from mid-1981, crude oil prices took a downturn as prices fell from the peak of US$40 per barrel to US$14.85 in 1986. This led to severe external sector imbalance. The emerging economic development made Nigeria adopt the Structural Adjustment Programme (SAP), as a policy option to put the economy back on the path of sustainable growth.

In broad terms, the SAP strategy involved both structural and sectoral policy reforms. The reforms included the deregulation of the financial system to accomplish a market-oriented financial system that would support efficient financial intermediation. The programme, thus, entailed reforming and dismantling the control regime which was characterised by a system of fixed credit allocations, a subsidised and regulated interest rate regime, exchange controls and import licensing. Overall, the emergence of SAP ushered in a regime of financial sector reforms characterised by the free entry and free exit of banks and the use of indirect instruments for monetary controls.

The strategy therefore was to introduce measures that would increase competition, strengthen the supervisory and regulatory capacity of the CBN, improve the financial structure and redress the financial repression already identified (Oke, 1995). This led to the introduction of the regime of indirect monetary control, which forms the current framework of Nigeria's monetary policy as discussed hereunder. Nevertheless, owing to the exigencies of emerging economic developments, some direct control measures were maintained and new ones introduced to contain excess liquidity during the period of indirect control. For instance, Stabilisation Securities were introduced in 1990 as a temporary measure and later abolished in the last quarter of 1998. Similarly, Special Treasury Bills (STBs) were also introduced in April 1999 and discontinued before the end of 2000.

2.2.2 Indirect monetary control, 1993 to date. Objectives and operational framework

Beginning from September 1993, the CBN embarked on a selective removal of all credit ceilings for banks that met some pre-set criteria under the Basel Committee's prescribed prudential guidelines.

While the Ministry of Finance continued to exert an influence on the conduct of monetary policy, efforts were made by the political leadership to strengthen the Central Bank's Act, in order to render the Bank less dependent on the Ministry of Finance. The first of such laws was the CBN Decree 24 of 1991 and the Banks and Other Financial Institutions Decree (BOFID) 25, also of 1991. This was followed by the CBN (Amendment) Decree Number 37 of 1998 and the Banks and Other Financial Institutions, BOFI (Amendment) Decree Number 38 of 1998. Overall, the CBN's amended Act granted the Bank more discretion and autonomy in the conduct of monetary policy. Consequently, the focus of monetary policy during this period shifted significantly from growth and developmental objectives to price stability.

The operational framework for indirect monetary policy management involved the use of market (indirect) instruments to regulate the growth of major monetary aggregates. Under this framework, only the operating variables, the monetary base or its components are targeted, while the market is left to determine the interest rates and allocate credit. Essentially, the regime involves an econometric exercise, which estimates (ex ante) the optimal monetary stock, which is deemed consistent with the assumed targets for GDP growth, the inflation rate and external reserves. Thereafter, market instruments are used to limit banks' reserve balances as well as their credit creating capacity.

Instruments of monetary policy under the regime

The major instrument of indirect monetary control in Nigeria is the Open Market Operations (OMO). To date this instrument has been complemented by reserve requirements, CBN securities, as well as moral suasion.

Open Market Operations

The OMO was introduced at the end of June 1993 and is conducted wholly on Nigerian Treasury Bills (NTBs), including repurchase agreements (repos). The OMO entails the sale or purchase of eligible bills or securities in the open market by the CBN for the purpose of influencing deposit money, banks' reserve balances, the level of base money and consequently the overall level of monetary and financial conditions. In this transaction, banks subscribing to the offer, through the discount houses, draw on their reserve balances at the CBN thereby reducing the overall liquidity of the banking system and the banks' ability to create money via credit.

In implementing the OMO, the Research Department of the CBN advises the trading desk at the Banking Operations Department, also of the CBN, on the level of excess or shortfall in bank reserves. Thereafter, the trading desk decides on the type, rate and tenor of the securities to be offered and notifies the discount houses 48 hours ahead of the bid date. The highest bid price (lowest discount rate quoted) for sales and the lowest price offered (highest discount offer) for purchases, with the desired size or volume, is then accepted by the CBN. The amount of securities sold at the OMO weekly sessions since the inception of the indirect monetary policy in 1993 has risen over a hundred-fold to N0.2 billion in 1994. Even though a slump in sales was recorded in

1995, statistics for 1996 show an increase of 45.5 per cent in the amount sold at OMO over the 1995 sales. Activities at the OMO have been on the increase ever since, with average OMO sales increasing by over 300 percentage points to N7.73 billion in 2000.

Reserve requirement

The CBN complements the use of OMO with a reserve requirement. In this connection, the reserve requirement is an instrument for liquidity management and for prudential regulation. The reserve requirements are the Cash Reserve Ratio (CRR) and the Liquidity Ratio (LR). While the former is defined as a proportion of the total demand, savings and time deposits which banks are expected to keep as deposits with the CBN, the latter refers to the proportion of banks' liquid assets to their total deposit liabilities. The CRR has been progressively increased from 6 per cent in 1995 to 8 per cent in 1997 and then to 12.5 per cent in April 2001. Similarly, the liquidity ratio has been increased from 30 per cent in 1998 to 40 per cent in April 2001.

Discount window operations

The CBN discount window facilities were established strictly in line with the "lender of last resort" role, that the Bank is expected to play. Accordingly, it has continued to provide loans of a short-term nature (overnight) to banks in need of liquidity. The facilities are collateralised by the borrowing institution's holding of government debt instruments and any other instrument approved by the CBN and subject to a maximum quota. The Minimum Rediscount Rate (MRR) is the nominal anchor, which influences the level and direction of other interest rates in the domestic money market. Its movements are generally intended to signal to market operators the monetary policy stance of the CBN. It was recently reviewed upwards from 16.5 per cent to 18.5 per cent in June 2001 in order to contain the rapid monetary expansion arising from an expansionary fiscal policy.

Moral suasion

The CBN adopts this approach as a means of establishing two-way communication with the banks, thereby creating a better environment for the effectiveness of monetary policy. The main avenue of contact is the Bankers' Committee, which meets two-monthly. This dialogue with banks was further expanded in November 2000 to include other stakeholders comprising key government officials, financial market operators, academics, etc, under the umbrella of the Monetary Policy Forum. The objective of the Forum is to enhance the transparency of the Bank's monetary policy-making process.

3. Performance assessment of the current monetary policy framework:

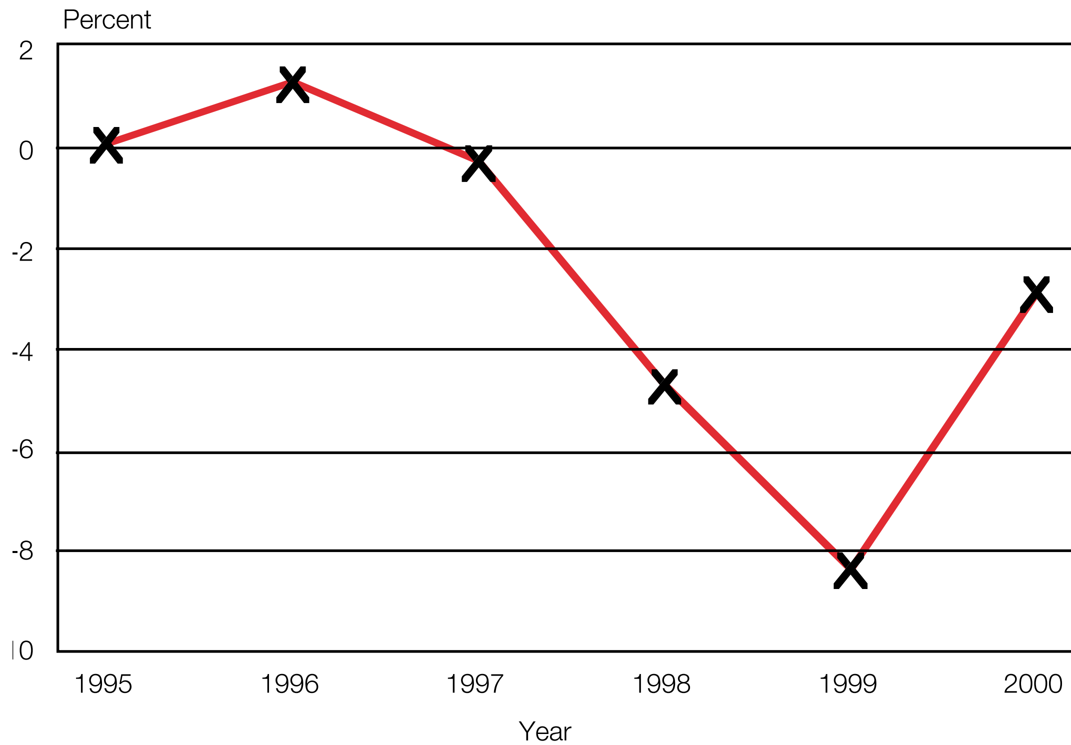
The performance of Nigeria's monetary policy framework under the post-reform regime can be assessed according to the extent to which the actual growth in monetary aggregates, GDP growth rate and inflation, approximate the ex ante policy targets as shown in Table 1.

Money and credit

Growth in money supply was substantial during the review period. Money supply, M1 and M2 grew rapidly from 16.3 and 19.4 per cent in 1995 to 48.1 and 62.2 per cent in 2000, respectively. These rates were consistently above their projected targets.

The growth in monetary aggregates was due to factors such as: rapid monetisation of oil inflows, minimum wage adjustments, and the financing of government's fiscal deficits through the banking system. Credit to the private sector, by contrast, declined sharply from 48.0 per cent in 1995 to 23.9 per cent in 1997 and thereafter increased gradually to 30.9 per cent in 2000. However, it stayed within the prescribed limits in only three (3) out of the six-year (1995-2000) time frame of the post-control regime analysis. Overall, the major source of liquidity was growth in credit to government in most of the years. Generally, fiscal dominance has been the major factor which has consistently undermined the efficacy of monetary policy in Nigeria, even under the reform system.

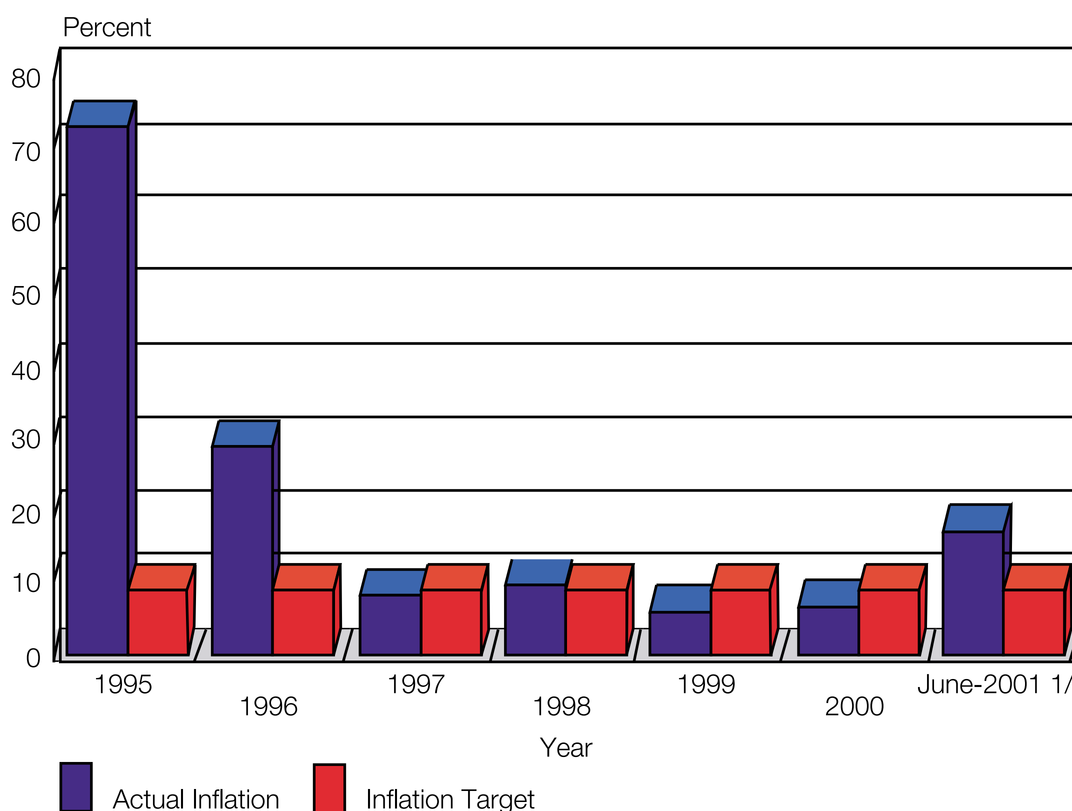
Fig. 3 Budget Deficit(% of GDP)



Prices

It will be recalled that the major objective of Nigeria's monetary policy is the maintenance of macroeconomic and price stability. Using this yardstick, the outcome of monetary policy in Nigeria has been generally mixed. By definition, price stability in Nigeria refers to the achievement of a single-digit inflation rate on an annual basis. Indeed, this objective has not been achieved on a sustained basis. For example, in 1995 the rate of inflation was 72.8 per cent while the target of single digit inflation was achieved in only three (3) years out of six (6), between 1995 and 2000. In fact, the single-digit inflation rate that materialised was attributable to a favourable agricultural harvest – as the weight of food accounts for 70 per cent in the computation of Nigeria's consumer price index.

Fig. 4 Movements in Domestic Prices



Domestic output

Similarly, output performance has not been impressive. Growth in domestic output declined considerably in the review period, indicating that monetary policy did not impact positively on output even in the face of increased income from oil exports. For instance, from 2.2 per cent in 1995, domestic output rose sluggishly to 3.8 per cent in 2000. These growth rates were far below the projected targets, especially in 1996 and 1997.

4. Constraints on monetary policy management in Nigeria: the transmission mechanism

Despite efforts in the past few years to evolve a monetary policy framework that would enhance the achievement of macroeconomic and price stability in Nigeria, there have been constraints militating against the attainment of these objectives. These include:

Fiscal dominance

Fiscal expansion and the concomitant large fiscal deficits averaging about 3.0 per cent of GDP, have militated against the efficacy of monetary policy in Nigeria. In 1999, the level of fiscal deficit was a record 8.4 per cent of GDP. Government fiscal operations, especially, the inflationary financing of large budgetary deficits and the monetisation of deficits, have continued to pose serious challenges to monetary management. The setting of strict limits on the financing of government deficits by the CBN has not been successful despite the Bank's operational autonomy. A comprehensive review of the public debt management programme, suggested in Alexander et al. (1995) would facilitate the observance of the borrowing limits currently set in Nigeria at 12.5 per cent of the estimated current revenue efforts of the government. It would be worthwhile to review this option in Nigeria.

Liquidity overhang

The sources of liquidity in the economy are varied. However, the growth of credit to government predominated. Other sources include the monetisation of enhanced oil export receipts, particularly in 2000; the minimum wage adjustment in 2000; and the fiscal operation of the states and local governments in Nigeria. The political federalism which Nigeria practises, is a serious constraint on the Bank's ability to control the money supply in the economy.

Oligopolistic banking system

The oligopolistic structure of the Nigerian banking system is another constraint on the efficient transmission of the monetary policy instruments. Very few large banks control the preponderance of the liquidity in the banking system. Thus, they dictate the interest rates in the market irrespective of the CBN's manipulation of the nominal anchor discount rate – the MRR.

Data

The poor quality of data is a major constraint in the formulation of monetary policy in Nigeria. The lack of high frequency and reliable data renders econometric analysis difficult. Similarly, fiscal shocks give rise to parameter uncertainty, which also undermines the setting of accurate targets. It is hoped that this problem will be ameliorated with the computerisation of the financial system and the introduction of a transparent fiscal regime.

Dualistic financial and products market

The informal sector in Nigeria accounts for about 30 per cent of GDP. The existence of a large informal credit market and exchange rate markets in Nigeria has many implications for the transmission mechanism of monetary policy. For instance, a divergence between the official and parallel market exchange rates induces, in the short run, a chain of speculative activities, which invariably undermine the efficiency of monetary policy instruments.

Inefficient payments system

The payments system is a vital link between the financial system and the real sector of the economy. The payment instrument in Nigeria is predominantly cash. The prominence of cash for transaction purposes increases the volume of currency in circulation or high-powered money, which renders monetary control difficult, if not impossible. There is general consensus in the literature that an inefficient payments system distorts the transmission mechanism of monetary policies, even when the design and objectives are laudable (Nnanna, 1999).

5. Concluding remarks

I hope that the paper has shed some light on the conduct of monetary policy in Nigeria. The broad conclusions from the paper can be summarised as follows:

- Monetary management in Nigeria has been relatively more successful during the period of financial sector reform, a period characterised by the use of indirect monetary policy instruments, than under the control regime.

- The efficiency of monetary policy in Nigeria has been undermined by the combined influence of fiscal dominance and political interference.

- The granting of instrument autonomy to the CBN has enhanced its operational efficiency, in terms of its ability to achieve its key objective of monetary policy, namely price stability.

- Finally, the Nigerian experience confirms that the political and legal environment in which a central bank operates is crucial to the success or otherwise of its monetary policy regime.

TABLE 1

SELECTED MONETARY INDICATORS

	1995	1996	1997	1998	1999	2000	June-2001[1]
(1) Domestic Prices (%)							
(i) Inflation Rate (CPI)							
(Moving Averages)	72.8	29.3	8.5	10.0	6.6	6.9	17.6
(ii) AFEM Exchange Rates							
(Averages)(NUS $)	81.2	81.2	82.0	84.4	96.1	101.7	112.47
(iii) Interest Rates							
(Averages)							
(a) Call Rates							
(Inter-bank)	20.5	12.5	18.2	15.02	16.1	12.18	18.86
(b) CBN Treasury							
Bill Discount Rate	12.5	12	12	13	19	13	21
(c) CBN MRR	13.5	13.5	13.5	13.5	18	14	18.5
(d) Savings Deposit							
Rate(CBs)	12.6	10.1	6.12	5.22	5.3	4.9	4.8
(e) Prime Lending							
Rates(CBs)	20.2	19.1	18.4	18.26	21.3	21.25	22.6
(Maximum Lending							
Rates (CBs)	20.8	20.8	20.9	21.84	27.2	26.6	28.4
(2) Money and Credit (%)	19.4(10.1)	16.8(16.8)	16.9 (15.0)	23.3(15.6)	31.0(10.0)	48.1(14.6)	28.03(12.2)
(i) Money Supply (M2)	16.3(9.4)	14.5(14.5)	18.2(13.1)	20.5(10.2)	18.0(4.1)	62.2(9.8)	26.08
(ii) Money Supply (MI)							
(iii) Credit							
(a) Aggregate Credit (net)	7.4(11.3)	-23.4(12.0)	-2.8(24.8)	46.8(24.5)	30.1(18.3)	-23.1(27.8)	32.4
(b) Credit (net) to Govt.	-9.5(5.6)	-55.6(0.0)	-53.5(0.0)	144.9(0.0)	32.0(10.2)	-162.3(37.8)	-17.21
(c) Credit to the Private Sector	48.0(21.7)	23.9(29.5)	23.9(45.4)	27.4(33.9)	29.2(19.9)	30.9(21.9)	26.22
(vi) Fiscal Deficit (% GDP)	0.1	1.3	-0.2	-4.7	-8.4	-2.9	
(v) Average OMO Sales	0.16	0.23	1.9	1.5	7.92	7.73	7.88
(vi) Average OMO Bids	0.18	0.25	2	1.6	7.92	7.55	8.45
(3) Domestic Output (%)							
(a) Real GDP Growth	2.2(4.2)	3.3(5.0)	3.2(5.5)	2.4(4.0)	2.8(3.0)	3.8(3.0)	-
(b) Agriculture	3.38	3.69	4.1	3.5	3.3	3.1	-
(c) Industrial Production	-0.31	2.87	0.8	1.6	1.4	-0.8	-
(d) Capacity Utilisation	29.3	36.8	34	34.9	36	34.5	-

1. Estimate

REFERENCES

Abdessatar, O. and Subhash, T. 1997. Macroeconomic accounting and analysis in transition economies. Washington: IMF

Ajayi, S. I. and Ojo, O. O. 1981. Monetary and banking analysis and policy in the Nigerian context. London: George Allen and Union Ltd.

Alexander, W.E. et al. 1995. The adoption of indirect instruments of monetary policy. Occasional Paper 126. Washington: International Monetary Fund.

Central Bank of Nigeria, 1979. Twenty years of central banking in Nigeria, 1959-1979. Nigeria.CBN.

1998. CBN Briefs. Research Department. Nigeria: CBN.

1998. The dynamics of managing the Nigerian financial system in the 21st Century, in: Nnanna, O. J. (ed.). Nigeria: CBN.

Essien, E. A. and Onwioduokit, E. A. 1997. Economic development in a deregulated economy: the Nigerian experience. *Journal of Economic Management*, Vol. 4, No. 1, p. 72-80.

Fischer, S, 1994. Modern Central Banking, in: The Future of Central Banking, the Tercentenary Symposium of the Bank of England. Cambridge University Press.

Genevesi, O. O. 1996. Exchange Rate Policy, Trade Reform and the Balance of Payments, in: Obadan, M.I. and Iyoha, M.A. (eds), Macroeconomic policy analysis: tools, techniques and Applications to Nigeria. NCEMA.

Khatkhate, D.R. 1992. The Deregulatory Impediments to Private Industrial Sector Development in Asia: A Comparative Study. World Bank Discussion Papers. Washington, D.C: The World Bank.

Moore, T. G. 1993. Regulatory Reform in Transport, in: Carbago (eds.).

Nnanna, O. J. 2001. Monetary Management: Objectives, Tools and the Role of Central Banks in the Region. Regional Forum on Economic and Financial Management for Parliamentarians. Nigeria: WAIFEM.

Odozi, V. A. 1995. The Conduct of Monetary and Banking Policies by the Central Bank of Nigeria. *Central Bank of Nigeria Economic and Financial Review*, Vol. 33. No. 1, p. 9-10.

Ogwuma, P. 1994. The Control of the Monetary and Banking System by the Central Bank of Nigeria. *Central Bank of Nigeria Economic and Financial Review*, Vol. 32. No. 1, p. 5.
1997. An Effective Monetary Policy for Nation Building. *Bullion, Vol. 21. No. 3, p. 4*.

Oke, B. A. 1995. The Conduct of Monetary Policy by the Central Bank of Nigeria, 1959-1995. *Central Bank of Nigeria Economic and Financial Review*, Vol. 33. No. 4, p. 289-294.

Ojo, M. O. 1992. Monetary Policy in Nigeria in the 1980's and Prospects in the 1990's. *Central Bank of Nigeria Economic and Financial Review*, Vol. 30. No. 1, p. 17.

2000. The Role of Autonomy of the Central Bank of Nigeria (CBN) in Promoting Macroeconomic Stability.

Soludo, C, 2001. Debt, Poverty and Inequality: Towards an Exit Strategy for Nigeria and Africa. *Proceedings, International Conference on Sustainable Debt Strategy*. Abuja. Nigeria. Processed.

The World Bank, 2000. Can Africa claim the 21st century? Washington, DC.

Uchendu, O. A, 1996. The Transmission of Monetary Policy in Nigeria. *Central Bank of Nigeria Economic and Financial Review*, Vol. 34. No. 2, p. 608.