"MONEY ANSWERETH ALL THINGS": ISSUES IN THE FINANCING OF DEVELOPMENT

By
PROFESSOR NDUBISI IFEANYI NWOKOMA
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By

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Protocol:
The Vice Chancellor
Deputy Vice Chancellor (Academics and Research)
Deputy Vice Chancellor (Management Services)
The Registrar
The Bursar
The Librarian
The Provost, College of Medicine,
The Dean, Faculty of Social Sciences
Deans of Faculty, here present
Members of Senate, here present
Heads of Department, here present
Distinguished Academic colleagues
Distinguished Ladies and Gentlemen

A. PREAMBLE
My Vice Chancellor Sir, I stand here before you and this great audience to deliver this inaugural lecture with immense gratitude to God Almighty. I wish to state here that, as far as the records indicate, this is the 3rd Inaugural Lecture to be delivered by a Professor from the Department of Economics of this great University.

My journey through life has been quite eventful – right from birth. I was born at a time my family was going through some “money” challenges and that largely informed my being named Ndubisi (Life, surpasses all other things) and Ifeanyi (No burden is too heavy for God). By the grace of God, with time, “money answered” to the family and the next child, after me, was named Chukwuemeka (God has done so great). I had my primary school education between Lagos and Azumini-Ndoki, my hometown and my secondary school education at the prestigious Government Secondary School, Afikpo in present-day Ebonyi State (briefly renamed “Afikpo High School”, after the civil war).

It was at Afikpo, as a core Science student, that I had my first contact with the subject Economics, in 1973, just before we completed registration for WASC and after I had selected 8 subjects, as required. I registered for Economics as my ninth
subject, given the perception that it is a cheap source of A in
the final result, which eventually, was not so, in my own case.
After graduating from secondary school, I later gained
admission to the University of Ibadan (UI) in 1976 to study
Geology with a subject combination of Mathematics, Physics
and Chemistry for my Prelim (inary) year all of which I passed
creditably. Then suddenly, from nowhere, so I thought, the
idea of studying Economics was muted by my elder brother,
who was also a student in UI, reeling out all the advantages
and future benefits of the subject. After being convinced, I
applied for Faculty transfer from Science to Social Sciences in
1977, to study Economics. Mr. Vice Chancellor Sir, that is how
I came about to study economics.

After my first degree, I secured job offers such as Inspector of
Taxes Grade 8 in the Federal Public Service Commission as
well as others. During my NYSC at Ilaro, Ogun State, given
that I had the third best result in the 1980 graduating class of
over 100 students, I received a letter from my Department in
UI inviting me back as a University Scholar, to undertake a
postgraduate programme, which I accepted and commenced,
and obtained the higher degrees of M.Sc. and PhD in quick
succession, in 1982 and 1984 respectively. A job offer from
the Department followed, which, on the advice of my
Supervisor and mentor Professor Sam Olofin. I declined,
having had all my degrees in UI and thus in need of
experience elsewhere. In the course of my academic career
and my stint in the banking and finance sector, as well as my
professional qualification in capital markets, my area of
research has relatively broadened from core public sector and
macro-econometric analysis to capital markets and issues of
financing for development which was also my core assignment
at the United Nations Economic Commission for Africa,
(UNECA). It is thus in this field that I have undertaken the bulk
of my research and thus chosen a theme for today’s lecture. I
thus present to you Sir, “MONEY ANSWERETH ALL
THINGS”: ISSUES IN THE FINANCING OF DEVELOPMENT.
B. BACKGROUND

Mr Vice Chancellor Sir, the Holy Bible, in Ecclesiastes 10:19 says that: “A feast is made for laughter, and wine maketh merry: but money answereth all things”. The message in the verse is that a party gives laughter, wine gives happiness and money gives everything, that is, all earthly things. Therefore, issues about money as well as sourcing and using money (financing) to achieve different things including development would continue to occupy the quest for knowledge in economics. This is an attestation to the fact that in all human endeavours, money plays some critical role in determining the eventual state of affairs of the human condition.

In all cultures and generations, the overbearing influence of money and finance has been widely acknowledged that many even go to undesirable extents to seek for money. This has been the underlying factor driving the pervasive trend of corruption in many societies. Money has been “answering for all things” in this regard. Positively, money and capital flows into nations have transformed the affected countries by enhancing their living standards. Families have been tremendously transformed when money is properly applied in enhancing the welfare of its members. In fact, the Igbo say “Anagh agba aka esi Ofe-Owerre” (You do not make Owerre soup empty handed); in local parlance, in Nigeria, it is said that “Soup wey sweet, na money kill am”; for the Yorubas, it is “Obe to dun, owo lo paa” (“you require good money to make a good soup”). These are very instructive sayings that attest to the usefulness of money in enhancing quality of life for the individual, society or nation.

Money has been called different things by different peoples or societies. In my local Azumini-Ndoki dialect, it is “ikpei”; for the general Igbo, it is “ego”; Yorubas call it “owo” while the Hausas call it “kudi”, among others. In fact, someone said that your money can be equated to your life – given that you exchange your time (life) for salary or wage with your employer. The mismanagement of it has ruined nations and societies while the proper use of it have led to immense prosperity and enhanced living standards. Mr. Vice Chancellor Sir, in
discussing how this concept “answereth all things” in the financing of development, we need to understand some basic definitions on money and finance relating to the financing for development.

C. CONCEPTUAL ISSUES AND THEORETICAL PERSPECTIVES

Money
Money is said to be anything that is generally acceptable as a means of settling debt. There is hardly anyone that does not use money. Money is used for making payments for goods and services (commodities). Money is also used to store wealth and this requires that the domestic general price level must be stable. According to Pierce and Shaw, (1974), it has two distinctive meanings. The first is abstract: a unit of account or the measure of exchange value while the second refers to money in its tangible or concrete form which makes it capable of changing hands. Therefore, money is a medium of exchange. This definition of money is particularly relevant to monetary theory and policy (Ajayi and Ojo, 2006). In present-day economics, money consists of claims held by individuals on banks and the government, these claims being generally acceptable as a means of payment.

Finance
Money and finance are closely related. They are like husband and wife. The husband is incomplete without his wife and vice versa. **Finance is thus the provision of money when and where required.** Finance is a branch of economics concerned with resource allocation as well as resource management, acquisition and investment. Simply put, finance deals with matters related to money and the markets. Finance may be short term (usually up to one year), medium term (usually over one year and up to five to seven years) and long term. It is broken down into public finance (for government), corporate finance (for firms) and personal finance (for households). Finance may be required for consumption or for investment. If for investment, it becomes capital.
Public finance is the branch of economics (or finance) concerned with the identification and appraisal of the effects of government financial policies. It attempts to analyse the effects of government taxation and expenditure on the economic situations of individuals and institutions and to examine their impact on the economy as a whole. It is also concerned with examining the effectiveness of policy measures directed at certain objectives and with developing techniques and procedures by which that effectiveness can be increased – the budget.

Corporate finance deals with the sources of funding and the capital structure of corporations and the actions that managers take to increase the value of the firm to the shareholders, as well as the tools and analysis used to allocate financial resources. Corporate finance generally involves balancing risk and profitability, while attempting to maximise an entity's assets, net incoming cash flow and the value of its stock. Corporate finance also includes within its scope business valuation, stock investing, or investment management.

Personal finance is the financial management which an individual or a family unit performs to budget, save, and spend monetary resources over time, taking into account various financial risks and future life events.

Financial system
A financial system consists of institutional units and markets that interact, typically in a complex manner, for the purpose of mobilising funds for investment and providing facilities, including payment systems, for the financing of commercial activity. The role of financial institutions within the system is primarily to intermediate between those that provide funds and those that need funds, and typically involves transforming and managing risk.

A financial market can be defined as a market in which entities can trade financial claims under some established rules of conduct. There are various types of financial markets, depending on the nature of the claims being traded. They
include money markets, bond markets, equity markets, derivatives markets, commodity markets, and the foreign exchange market. Largely, the market for short-term funds (usually less than twelve months) is referred to as the money market while that for long-term funds is the capital market. Figure 1 shows the inter-relationships between these participants in the Nigerian market.

As stated earlier, financial markets provide the mechanism whereby economic activities are enhanced through the bringing together of the savings surplus units of the economy and the borrowing deficit units. Figure 2 further illustrates this flow of funds in the market.
The lenders or savers provide funds for the market since they spend less than their earnings while the borrowers spend more than their earnings.

By the direct route, borrowers issue securities or financial instruments (which are claims on the borrower's income or future assets) and sell to the lenders in exchange for cash. These securities are assets to the lenders (who buy them) but liabilities or an IOU or debt to the borrower or whoever issues them. The borrowers and the lenders only get to transact in this business through the instrumentality of the securities market or market for debt and equity. The economy grows by this arrangement since those that usually have business investment or opportunities or are actively involved in entrepreneurial activities are not usually the savers in the economy. Thus, funds flow from those who do not have investment opportunities to those that have. The other way of borrowing directly is by the issue of equities or common stock, which are claims to partake in the profits (after tax) as well as the assets of the borrowing firm or entity. Common stocks have no maturity dates and are hence long-term securities.

There are two basic arms of the securities market – namely the primary market and the secondary market. In the primary market, new issues of a security are sold to initial buyers by the borrowing firm. The secondary market is the market where previously issued securities can be traded. They thus grant
liquidity to the holders who may want to dispose of their holdings for cash, as well as help in determining on a regular basis, the price of the securities. The stock exchanges are examples of the secondary arm of the capital market.

By the Indirect route, a middlemen or financial intermediary is involved in the flow of funds between the surplus units and the deficit units of the economy. The financial intermediary borrows funds from the lenders or savers and then lends to the borrowers or spenders at a cost or interest, to make a profit thereby. This is the process of financial intermediation. Banks, insurance companies, finance houses and pension funds, among others are all involved here. This indirect method of funding in the economy, through an intermediary is more critical with wider far-reaching effects than the direct route (or securities market), since small savers and borrowers are better served here. The securities market or direct route of financing in the economy is better suited for large borrowers and lenders who deal directly with each other. The financial intermediaries or indirect route of financing is thus a more important source of funding the economy than the securities market.

The Nigerian Capital Market:
The origin of the Nigerian Capital Market can be traced to the year 1959 when the Central Bank of Nigeria floated the first Nigeria Development Loan on behalf of the Federal Government of Nigeria. This was followed by the formation of the Lagos Stock Exchange in 1960, a company limited by guarantee. The exchange commenced business in 1961 and granted quotation to government and industrial securities. In its first year, the Exchange admitted three equities and five government securities into its listing. It later became The Nigerian Stock Exchange in 1977. Presently, the Exchange has 280 listed securities, an all-share index of about 25,277 and a market capitalisation of about N8. 50 trillion.

The key elements, which make up the structure of the Nigerian capital market, are namely: the institutions, investors, and users of funds, the instrument and the sub-division into
primary and secondary markets. The various institutions that operate in the market could be categorised into regulators, facilitators, issuers and investors. The two regulatory bodies in the market are the Securities and Exchange Commission, (SEC) which is the Apex Regulatory Body or Organisation (ARO), with regulatory and developmental functions and the Nigerian Stock Exchange, (NSE) which is a Self-Regulatory Organisation (SRO). By providing a secondary market in securities, the NSE creates liquidity in the system as it makes it possible for investors to buy and sell securities. The facilitators are comprised of Issuing Houses, Stockbrokers, and Registrars etc. while the issuers and investors are government institutions, insurance companies, and pension/provident funds, among others.

The instruments or financial assets in the capital market could be classified into debts, equities and derivatives. Debts represent creditor's claims, which have priority in case of financial difficulties and bankruptcies. On the other hand, equities represent ownership claims, which by their very nature have no maturity date, as they can be outstanding as long as the company continues to operate. Derivatives are securities whose values are derived from changes in the prices of underlying stocks, bonds, or commodities, etc. The popular derivatives in the market are options, swaps and future contracts.

According to Demirgue-Kunt and Levine (1995), capital market development is characterised in three distinct ways namely, traditional characteristics, institutional characteristics and assets-pricing characteristics. Further elaboration of these and their application to African Capital Markets are provided in Emenuga (1999).

Traditional characteristics measure the basic growth indices, such as number of listed companies, liquidity and market capitalisation. Institutional characteristics encompass the regulatory and legal rules in the market, as well as its information disclosure and transparency requirements, market
barriers and trading costs while asset pricing characteristics relate to the efficiency of a market in pricing risk.

Stock market liquidity by which is meant the ease to buy and sell shares is an important index of economic performance. *It has been demonstrated that the link between stock markets and economic growth is through liquidity of the stock market.*

**Monterrey Consensus**

Internationally, the importance of money and finance (*answering all things*) in enhancing development has been well orchestrated in the Monterrey Consensus of the International Conference on Financing for Development held in Monterrey, Mexico, between 18 and 22 March 2002.

It was adopted by Heads of State and Government on 22 March 2002. Over fifty Heads of State and two hundred Ministers of Finance, Foreign Affairs, Development and Trade participated in the event. Governments were joined by the Heads of the United Nations, the International Monetary Fund (IMF), the World Bank and the World Trade Organisation (WTO), prominent business and civil society leaders and other stakeholders. New development aid commitments from the United States and the European Union and other countries were made at the conference. Countries also reached agreements on other issues, including debt relief, fighting corruption, and policy coherence.

The goal of the Monterrey Consensus on Financing for Development is to eradicate poverty, achieve sustained economic growth, promote sustainable development and enhance a fully inclusive and equitable global economic system. This demands a new partnership between developed and developing countries. In the increasingly globalising interdependent world economy, a holistic approach to the interconnected national, international and systemic challenges of financing for development is essential. It achieved consensus in six key areas, namely:
1. Mobilising domestic financial resources for development.
2. Mobilising international resources for development: foreign direct investment and other private flows.
3. International trade as an engine for development.
4. Increasing international financial and technical cooperation for development.
5. External debt.
6. Addressing systemic issues: enhancing the coherence and consistency of the international monetary, financial and trading systems in support of development.

The active support of the regional economic commissions and the regional development banks were canvassed in order to keep the financing for development process on the agenda of the intergovernmental bodies of all main stakeholders, including all United Nations funds, programmes and agencies, including the United Nations Conference on Trade and Development.

**Doha Declaration**

In order to review the implementation of the Monterrey Consensus, a follow-up International Conference on Financing for Development was held in Doha, Qatar between 28 November and 2 December 2008. It was attended by some 40 Heads of State or Government, 9 Deputy Heads of State or Government, 50 ministers and 17 vice-ministers of foreign affairs, finance, development cooperation and trade, as well as other high-level officials of 170 States and major institutional stakeholders. Following intense intergovernmental negotiations, the Conference concluded with the adoption of the Doha Declaration on Financing for Development. The two key messages included in the document were a strong commitment by developed countries to maintain their Official Development Assistance (ODA) targets irrespective of the current financial crisis, and a decision to hold a UN Conference at the highest level on the impact of the current financial and economic crisis on development. Other main highlights of the Doha Declaration are:
Domestic resource mobilisation: the importance of national ownership of development strategies and of an inclusive financial sector, as well as the need for strong policies on good governance, accountability, gender equality and human development.

Mobilising international resources for development: the need to improve the enabling environment and to expand the reach of private flows to a greater number of developing countries.

International trade as an engine for development: the importance of concluding the Doha round of multilateral trade negotiations as soon as possible.

External debt: the need to strengthen crisis prevention mechanisms and to consider enhanced approaches for debt restructuring mechanisms.

Addressing systemic issues: the need to review existing global economic governance arrangements, with a view to comprehensive reforms of the international financial system and institutions.

D. CONTRIBUTIONS TO THE VISION, MISSION AND MANDATE OF THE UNIVERSITY

(I) CONTRIBUTION TO RESEARCH AND SCHOLARSHIP

Mr. Vice Chancellor Sir, I will categorise my research efforts, past and present into four different groups, namely:

1. Monterrey consensus on financing for development
   Domestic resource mobilisation (Nwokoma 2006a, 2006b, 2012); international capital flows (Nwokoma 2004f, 2013, Eregha and Nwokoma 2014); role of international trade (Nwokoma 2003a, 2004d, 2007a, 2009a)

2. Stock Market Development
   Human capacity development (Nwokoma 2004a, 2006d, 2007b, 2010b); Market trading and operations (Nwokoma


4. **Macroeconomic policy and industrialisation**

(II) **CONTRIBUTION TO ECONOMIC POLICY MAKING AND ADVOCACY**

D1. **CONTRIBUTION TO RESEARCH AND SCHOLARSHIP**

**Monterrey consensus on financing for development**
Mr Vice Chancellor Sir, my research efforts covered the first five areas of the Monterrey Consensus (or first four areas of the Doha Declaration) on the financing for development.

**Consensus on Domestic Resource Mobilisation in Nigeria**
Mr Vice Chancellor Sir, my work on domestic resource mobilisation, as expressed in the first Monterrey consensus, focused on the structure and reforms of Nigeria’s financial sector, in relation to the structure of bank and non-bank financial intermediaries and the reforms of consumer payments in Nigeria. The non-bank financial intermediaries which can either be depository institutions, contractual savings institutions or investment intermediaries are identified in Nigeria as:

1. Primary Mortgage Institutions, PMIs.
2. Insurance Companies
3. Finance Companies
4. Pension Funds
5. Discount Houses
6. Development Finance Institutions
For them to play their savings, loans and risk bearing functions, we observed that their operating environment must be conducive, since they complement the role of commercial banks, filling gaps in their range of services as well as competing with them by forcing them to be more efficient and responsive to the needs of their customers. Our study (Nwokoma, 2006a) indicates that some of the factors that will help to shape the growth and functioning of NBFIs in the Nigerian economy include the state of the economy, economic reforms, growth of democracy, globalisation and information and communications technology, ICT.

Regarding the banks, my research on the banking sector consolidation in Nigeria (Nwokoma 2006b) shows clearly how banking reforms can enhance the financing of the country’s real sector in line with the requirements of the Monterrey consensus. The study clearly indicates that the issue of unresolved banking crises has negative impacts on the country’s gross domestic product GDP. A number of countries that faced banking and financial crises, and the costs of resolving them are shown in Table 1 below.

**Table 1: Costs of Resolving Banking Sector Crises Amounting to More than 10% of GDP (Non-Performing Loans as a Percent of GDP in Brackets)**

<table>
<thead>
<tr>
<th>Country and Time Periods of Crises</th>
<th>Direct Costs of Banking Crises (% of GDP)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LATIN AMERICA</strong></td>
<td></td>
</tr>
<tr>
<td>Argentina 1980-82</td>
<td>55</td>
</tr>
<tr>
<td>Chile 1981-83</td>
<td>41</td>
</tr>
<tr>
<td>Uruguay 1981-84</td>
<td>31</td>
</tr>
<tr>
<td>Venezuela 1994-95</td>
<td>18</td>
</tr>
<tr>
<td>Mexico 1995</td>
<td>15</td>
</tr>
<tr>
<td>Brazil 1994-96</td>
<td>10</td>
</tr>
<tr>
<td><strong>AFRICA</strong></td>
<td></td>
</tr>
<tr>
<td>Cote d'Ivoire 1988-91</td>
<td>25</td>
</tr>
</tbody>
</table>
The Table reveals the enormity of the costs of bank crises. The direct cost of resolving the crises as a percentage of GDP ranged from 10 percent in the cases of Hungary, Tanzania and Brazil to over 50 percent for Argentina. For most of the countries, interest rates exceeded 20 percent, a number of “bad” debts and waves of bank failures and other bankruptcies ensued, along with extreme asset volatility such that their financial systems almost collapsed. As a result, the real sectors of the affected economies entered severe and prolonged recessions. For Nigeria, the crisis in the banking sector is manifested in Table 2 below:

**Table 2: Structure of Nigerian Banking, 2004**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Top 10 Banks</th>
<th>Top 20 Banks</th>
<th>Top 30 Banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of Total Assets (%)</td>
<td>71</td>
<td>88</td>
<td>97</td>
</tr>
<tr>
<td>Share of Deposit Liabilities (%)</td>
<td>62.3</td>
<td>81</td>
<td>90.3</td>
</tr>
<tr>
<td>Share of Savings Deposits (%)</td>
<td>86</td>
<td>92</td>
<td>93</td>
</tr>
<tr>
<td>Share of Total Foreign Exchange (%)</td>
<td>54.2</td>
<td>74</td>
<td>85</td>
</tr>
<tr>
<td>Share of Gross Earnings (%)</td>
<td>58</td>
<td>75</td>
<td>84</td>
</tr>
<tr>
<td>Share of Risk Assets (%)</td>
<td>49</td>
<td>68</td>
<td>78</td>
</tr>
</tbody>
</table>

**Source:** Soludo (2004)
From the Table, it was obvious that of the officially acknowledged 89 registered banks in the industry, only 30 controlled 97% of total industry assets and about 90% of deposit liabilities, implying that 59 of the 89 banks accounted for a mere 3% of total industry assets and less than 10% of total deposit liabilities. Our study indicated that issues such as distress resolution, macroeconomic stability, real sector financing and the deepening of the Capital Market were attained in that reform, in line with the Monterrey consensus.

Consensus on the international capital flows for Africa's development

Mr Vice Chancellor Sir, the issue of the determinants of FDI flows all over the world has generated some limited consensus amongst economists and policy makers. Studies on the determinants of FDI flows include Wheeler and Mody (1992), Singh and Jun (1995), UNCTAD (1998), Salako and Adebusuyi (2001) and the work of Morisset (2001) on FDI in Africa, among others. In all these studies, it is generally accepted that market size and access to natural resources are critical determinants in private capital flows and/or location decisions of transnational corporations. The issue of market size or market demand has been variously explored. Studies by Dunning (1973), Root and Ahmed (1978) and Schneider and Frey (1973) established a direct relationship between market demand and FDI flow in some developing countries. This is strengthened by the fact that for most countries, using the gross domestic product GDP as a proxy for market size, there is found to be a strong positive correlation between FDI flows and GDP. This strengthens the position of market size in the determination of foreign capital flows. Other variables that were established as influencing foreign capital flow include inflation, interest rate, exchange rate volatility and macroeconomic policies (Pfeffermann and Madarassy, 1992).

From earlier works by Basi (1963) and Aharoni (1963), it was found that aside from market size, political stability is a very critical variable in this regard. In evaluating the inflow of FDI into the ECOWAS sub region, my study (Nwokoma, 2004f) evaluated the impact of the business climate in ECOWAS. By
identifying key domestic variables that would enhance a conducive business climate for foreign capital, such as trade openness, infrastructural development, urbanisation, illiteracy and rate of growth of domestic output and determining their possible impact on the creation of the desired investment climate, the study utilised an econometric technique to study the state of affairs of the four major economies in the sub region, namely, Nigeria, Cote d'Ivoire, Ghana and Senegal. Two different sets of regression models were run, taking into account the order of integration of the time series data in the first set of equations – based on a stationarity test conducted using the Phillip-Perron test. The time series data which covered the 1980-2001 periods, and obtained from the African Development Bank for these countries, provided information on the strength of the primary and secondary sectors of these economies vis-à-vis the volume of financial flows to them, and confirmed a strong relationship in this regard. The regression results generally indicate that the business or investment climate is not determined significantly by the aforementioned variables, implying that, in the main, the inflow of these FDIs are primarily due to the conventional factors of market or GDP size and availability of natural resources- usually agriculture and mining. This thus calls for the formulation and implementation of investment-friendly policies in the sub region that would enhance FDI inflow with or without the presence of a large market or the availability of abundant natural resources.

My research on the theoretical considerations on the relationship between capital flows and the macro economy (Nwokoma, 2013) while reviewing the nature and types of capital flows to Africa as well as their significance in the various recipient countries, made effort to identify the other side of capital flows – i.e. the outflows through illicit channels, focused largely on the inflows and their effects on macroeconomic stability. The illicit capital flows include tax evasion, over invoicing by multinational corporations, trade mispricing, money laundering and proceeds from corruption. The nature and volume of capital outflows from Africa has become large and of greater magnitudes than the inflows. In
real terms, three African regions - West and Central Africa at US$494.0 billion (37 percent), North Africa at US$415.6 billion (31 percent), and Southern Africa at US$370.0 billion (27 percent) - account for 95 percent of total cumulative illicit outflows from Africa over the 30-year period of 1980-2009. There is an urgent need for attention to be re-directed to these illicit financial outflows from Africa, which are reported to be very huge. If efforts in addressing this issue are sustained, Africa will be better off in obtaining the needed financial resources to promote macroeconomic stability and economic development.

Consensus on role of trade in financing development in Nigeria

Mr. Vice Chancellor Sir, my research on the role of international trade in financing development (Nwokoma 2003a, 2004d) focused on the impact of the socio-political turbulence of the annulment of the June 12, 1993 presidential elections and the events that followed thereafter impacted on Nigeria’s balance of payments and its consequent impact on the financing of the economy over the period. By the use of empirical regression and co-integration analysis, the degree of impact of external and internal factors on the balance of payments were determined with the findings showing that the management of domestic monetary and fiscal policies were critical to the balance of payments position, given the oil-exporting nation status of the country. With demand for Nigeria’s oil still present during the era, what became critical for the nation’s external trade relations was the maintenance of adequate internal economic balance. The results show that the balance of payments position reacted more to developments within the domestic economy than without, as reflected by the statistical significance of the estimates of the proxies for domestic fiscal and monetary policies as against the exchange rate, which explained the developments externally. This can be readily explained by the fact that Nigeria’s major export, being petroleum, was then sought after worldwide in spite of the pariah status of the country during that era. Also, the import dependence of the country was not diminished despite the changes or otherwise in the exchange
rate. Thus, given the oil exporting nation status of Nigeria, her international trade relations and her pattern of receipts and payments for international transaction were not adversely affected by the political and social imbroglio that ensued in the 1990s. Instead, the management of the domestic monetary and fiscal policies had greater impact.

The other research here (Nwokoma, 2009a), attempted to undertake an appraisal of intra-regional trade in the Economic Community of West African States ECOWAS for the thirty-year period of 1975-2005 covering the life of the regional organisation. In assessing the state of intra-regional trade, the study observed that the level of trade was very low and that only three countries namely Nigeria, Cote d'Ivoire and Ghana substantially traded with each other. The major achievements in ECOWAS trade however, were the launching of programmes of trade liberalisation scheme, common external tariff and second monetary zone. However, the slowness in implementation and achievement of convergence by the various countries are issues that needed to be addressed. It is believed that as issues of conflicts are resolved in the sub-region and tariff, currency, payments and other non-tariff barriers removed, intra-regional trade in the ECOWAS sub-region will receive a boost – growing beyond a rudimentary level. This was expected to enhance the capacity of the countries to gain from trade and thus generate resources to finance development.

Stock Market Development
Mr. Vice Chancellor Sir, the second major area of my research contribution is on the operation of the secondary arm of the capital market – namely the stock market, which provides liquidity for the enhancement of raising money to finance development.

Capacity development
Some of my research (Nwokoma, 2004a, 2006d, 2007b and 2010b) focused primarily on the development of the human capacity to enhance the financing of long term development in Nigeria. From the work of Adenikinju and Oyeranti (2001) on
factor markets in Africa, it was evident that the peculiar labour
or human resource situation of the continent did not promote
growth due to its inefficiency and imperfection. For the stock
market, the Chartered Institute of Stockbrokers, as the
institution established by Decree 105 of 1992 to train
professionals in the market, had been doing that since
inception. The professionals include securities dealers, sub-
brokers, jobbers, share transfer agents, bankers to an issue,
trustees of a trust deed, registrars to issues, merchant
bankers, issuing houses, underwriters, portfolio managers,
investment advisers and such other capital market
intermediaries as may be licensed by SEC. There was a need
to maintain an appropriate number of these personnel
categories in the market with each of these groups of
professionals in need of training and acquisition of new
knowledge.

Nwokoma (2006d) attempted an appraisal of the
interrelationship between human resource development and
the growth in market activity in Nigeria for most of the period
of the existence of the Nigerian Stock Exchange. The study
identified the need for human capacity building in Nigeria’s
capital market as well as other emerging (capital) markets.
The trend of the growth of production of stockbrokers was
highlighted. The study did an assessment of both the annual
and cumulative stockbrokers produced in Nigeria since 1964
and observed that both the annual and cumulative number
stockbrokers produced followed a deterministic trend. In
addition, the study indicated a positive correlation between
market value traded and both cumulative number and annual
number of stockbrokers produced. The correlation with the
cumulative number of stockbrokers produced was found to be
relatively strong, showing that the utilisation of all trained
stockbrokers in enhancing the growth of the market is critically
desirable. Continuous management development thus
becomes critical to ensure that stockbrokers are conversant
with new developments in the industry – both locally and
internationally. This implies that the Chartered Institute of
Stockbrokers should strengthen its mandatory continuous
professional development programmes for existing
stockbrokers, to enhance the rapid growth of relevant skills in the industry and thereby accelerate the tempo of market trading and general growth.

*Stock Market Trading*
Mr. Vice Chancellor Sir, a number of my research contribution have been in the area of secondary capital market trading in the provision of liquidity for the raising of long-term capital for financing development as well as their relationship to the macro economy. The Nigerian stock market is quite prominent in Africa. A UNDP (2003) report on the performance of stock markets in Africa affirms that, over a three-year period up to 2002, the cumulative stock market returns (in US currency), in Sub Saharan Africa is highest in Nigeria with a rate of 100.5 %, followed by Botswana which has 89 %, and then the BRVM of the French speaking West Africa with a distant third of 38.1 %. Hence, the Nigerian stock market has been on the upward swing though it has manifested significant volatility in prices ever since. My work in this area includes Nwokoma (2002), (2003b), (2004b), (2005d), (2006c), (2006d), (2006e) and (2009b), Nwokoma and Olofin (2004). These papers have focused on the stock market in three broad areas, namely
(i) the reforms and automation of the Nigerian stock market;
(ii) the effect of the stock market on monetary policy and the macro economy; and
(iii) the operation of the Nigerian stock market in the context of the global economy.

*Stock market and Democracy*
On the reforms in the market, Mr. Vice Chancellor Sir, my investigation into the performance of the market relative to the political environment (Nwokoma 2007b) involved a comparative analysis of the performance of Nigeria's capital market in the pre- and post-1999 democratic era with the evaluation of market indicators such as market capitalisation ratios, turnover ratios and trends in market index, among others over the period, relative to the values in the immediate past military era, using ratio analysis. Findings indicate that the market experienced relative prosperity and improvements in the post- May 1999 democratic era relative to the years of
military rule. Hence, the capital market is recorded to have performed better under a democratic environment in Nigeria.

**Market automation and volatility**

The other reform in the market, Mr. Vice Chancellor Sir, is the automation of the market. The Nigerian stock market had undergone tremendous changes since inception – particularly since the late 1990s when central securities clearing was introduced in 1997 and automated trading came on stream in 1999. The market then recorded increases in its key operating characteristics such that the market all-share index which was benchmarked at 100 in 1984, had hit the 10,000 mark in 2001, implying great increases in the market price of stocks and consequently capital appreciation of the various securities. The question thus arises, "Did automation make the market more volatile or not?" In Nwokoma (2006c), my research in this regard which was first presented at the American Economic Association ASSA Annual Meeting in Philadelphia, USA in January 2005 elicited great interest from an international audience at the meeting, particularly since studies on volatility of stock markets appear to have been focused more on developed financial markets than otherwise. This is largely due to the vibrancy of these markets as well as the well-developed structure of the economies in which they operate. The issue of volatility in financial markets has always been a key element in investment decisions and the understanding of the workings of the stock and other financial markets. Studies in this regard include those of Shiller (1989), Scott (1991), Peters (1994), Schwert (1989a) and Balaban (1995), among others. In these studies, the degree of volatility varied across countries showing differing characteristics in different markets. In a number of previous studies, stock return volatility was usually determined using the method of Schwert (1989) or the Generalised Autoregressive Conditional Heteroskedasticity (GARCH) model of Bollerslev (1986). However, in other studies on stock return volatility, French et al (1987) tried several other variations to the standard deviation formula and found that the effect on results was negligible. Hence, the adoption of this approach in the study, which invariably measured the differentials in the term
structure of volatility over two distinct (pre and post automation) era in the relatively new stock market in Nigeria. Among other findings, the results indicate that the level of volatility of stock returns in the automation era is higher than that in the preceding period which has implications for the riskiness of investments in the post-automation era.

Stock Market and the macro economy
On the relationship between happenings in the stock market and the macro economy, my work in this area (Nwokoma 2002) was an attempt to analyse the long-term equilibrium relationships between a group of macroeconomic variables such as industrial production index, the consumer price index, money supply (as narrowly defined), and the interest rate and the Nigerian Stock Exchange All-share Index, using quarterly data spanning 1988-2002. The VAR model which was used in the study is considered to be the best method when shock transmissions among variables are being investigated. Zellner (1979), and Palm (1983) show that any linear structural model can be written as a VAR model. The model for the study is stated below.

\[
\text{LNSE}_t = \alpha_1 + \sum \beta_{1j} \text{LNSE}_{t-j} + \sum \beta_{2j} \text{LY}_{t-j} + \sum \beta_{3j} \text{LR}_{t-j} + \sum \beta_{4j} \text{LP}_{t-j} + \sum \beta_{5j} \text{LM}_{t-j} + \mu_{1t} \quad (j = 1, \ldots, m)
\]

\[
\text{LY}_t = \alpha_2 + \sum \lambda_{1j} \text{LNSE}_{t-j} + \sum \lambda_{2j} \text{LY}_{t-j} + \sum \lambda_{3j} \text{LR}_{t-j} + \sum \lambda_{4j} \text{LP}_{t-j} + \sum \lambda_{5j} \text{LM}_{t-j} + \mu_{2t} \quad (j = 1, \ldots, m)
\]

\[
\text{LR}_t = \alpha_3 + \sum \gamma_{1j} \text{LNSE}_{t-j} + \sum \gamma_{2j} \text{LY}_{t-j} + \sum \gamma_{3j} \text{LR}_{t-j} + \sum \gamma_{4j} \text{LP}_{t-j} + \sum \gamma_{5j} \text{LM}_{t-j} + \mu_{3t} \quad (j = 1, \ldots, m)
\]

\[
\text{LP}_t = \alpha_4 + \sum \pi_{1j} \text{LNSE}_{t-j} + \sum \pi_{2j} \text{LY}_{t-j} + \sum \pi_{3j} \text{LR}_{t-j} + \sum \pi_{4j} \text{LP}_{t-j} + \sum \pi_{5j} \text{LM}_{t-j} + \mu_{4t} \quad (j = 1, \ldots, m)
\]

\[
\text{LM}_t = \alpha_5 + \sum \theta_{1j} \text{LNSE}_{t-j} + \sum \theta_{2j} \text{LY}_{t-j} + \sum \theta_{3j} \text{LR}_{t-j} + \sum \theta_{4j} \text{LP}_{t-j} + \sum \theta_{5j} \text{LM}_{t-j} + \mu_{5t} \quad (j = 1, \ldots, m)
\]

Where \text{NSE}=\text{All-share Index of the NSE}; \text{Y}=\text{Output (Industrial Production Index)}; \text{P}=\text{Inflation (Consumer Price Index)}; \text{M}=\text{Money supply (Narrow definition)}; \text{R}=\text{Interest rate (3-month commercial bank deposit rate)}; \text{LNSE}=\text{Logged Stock market index}; \text{LY}=\text{Logged Output}; \text{LP}=\text{Logged Inflation}; \text{LM}=\text{Logged
Effort was made to explore the necessary relationships ensuring that the minimum Akaike Information Criterion AIC is applied to choose the appropriate VAR lag length and thus minimise potential misspecification biases. The findings indicate that there exist a long-run relationship between interest rates and stock prices (or the stock index); implying that interest rate is the major driving force of stock prices. This long-run relationship indicates that there exist a transmission channel for interest rate changes in the money market to returns in the stock market, which appears positive for growth. The impulse response analysis that was subsequently conducted showed that the stock market responds more to developments within it than to the changes in the macroeconomic variables.

**Stock market and economic growth**

My other work regarding the effect of the Nigerian stock market on output (Nwokoma 2006e) started with the identification of two possible channels of transmission of stock market boom or slump on the economy, reflected in two different VAR models showing (1) through the impact of market capitalisation on investment and GDP growth and (2) through the impact of the value traded ratio (ratio of stock value traded to GDP) on investment productivity and then GDP growth. The results obtained imply that the channel of capital market boom appears to be investment (model 1), similar to results in a similar study (using the Wald tests with a VAR model) for four countries of Chile, Korea, Malaysia and Philippines where the channel of transmission of stock market development was found to be investment productivity in all four countries and through total investment in only Korea and Malaysia (Caporale et al, 2003).

**Stock market, budget deficit and monetary policy**

My study on the effect of the growing government budget deficit on stock prices in Nigeria, (Nwokoma, 2003b) using impulse response analysis of a VAR, as well as Granger
causality tests, showed that the impact is negative, though very minimal particularly in the immediate run, with the longer-term effect greater, further strengthening the weak-form efficiency status of the Nigerian market (Olowe, 1999; Ayadi, 1983; Samuels and Yacout, 1981). On monetary policy and the stock market, monetary policy is generally known to be aimed at ensuring price stability, adequate employment and the consequent macroeconomic stability of the country. In Nigeria, it is known to be transmitted through the liquidity, credit and exchange rate channels (Uchendu, 1996). Following the Radcliffe Report (1988), regarding the US economy, which asserts that the structure of interest rates rather than the money supply should be the centre-piece of monetary action, the interest rate channel has become quite prominent. An appraisal of the relationship of the capital market and monetary policy in Nigeria indicate that a monetary policy regime of increased money supply and interest rate management enhanced the growth of the Nigerian stock market over time. The role of money was seen to have grown in the economy, given the increase in financial deepening, with a consequent growth in stock market capital.

Stock market and globalisation
Mr Vice Chancellor Sir, the advent of enhanced globalisation has also influenced the Nigerian stock market. I did evaluate this phenomenon first, within the ECOWAS sub region, second, within selected African stock exchanges and finally, across other main world stock exchanges. According to an OECD Report (2003), a key feature of globalisation consists of the reduction of market segmentation and an increasing interdependence of national markets. According to Fischer (1999), the globalisation of capital markets has accelerated at an extraordinary pace in the 1990s. Since most countries will want to be part of the global move, they would have to deal with the risks posed by this trend through the strengthening of their domestic economies to absorb the shocks from the international system. This is because the integration and perfection of financial markets will bring money market interest rates in different financial centres closer and closer together (Tobin, 1998). The rapid spread of the currency and stock
market crisis from one country to another has been due to *contagion effects*. In the Economic Community of West African States, ECOWAS, three different stock exchanges exist, namely the Nigerian Stock Exchange NSE, in Lagos, Nigeria, the Ghana Stock Exchange in Accra, Ghana and the Bourse Regionale des Valeurs Mobilieres, BRVM in Abidjan, Cote d'Ivoire. Currently, there is no direct dependence between these three sub-regional stock exchanges operationally, and they do not treat international or even intra-regional capital investments uniformly. In evaluating the integration of these markets, the study involved the use of daily stock index series for 2002, for the NSE and the BRVM covering 239 observations, with the All-share Index of the Nigerian Stock Exchange NSE, used for Nigeria and the 'Indice BRVM composite' used for the Abidjan market. With the Johansen test conducted for co-integration, the results show that for the period under consideration, the returns in the BRVM showed co-integration with the returns in the NSE, implying some uniformity in returns in the sub region, thus indicating that portfolio diversification seeking investors would have to look outside the region for their speculative and other investment activities. This also implied that the sub region appear capable of presenting a common front in dealing with investments elsewhere, possibly jointly designing legislations that would enhance investments in their sub region and thus better cope with the vagaries of globalisation.

Mr. Vice Chancellor Sir, an attempt was also made to empirically investigate the stability of the trend of returns in the selected Sub-Saharan African Stock Exchanges of Nigeria, South Africa and Kenya, given the relatively high stock returns currently experienced in most African Stock Exchanges. Using a quarterly data series over 1992-2002, the CUSUM, CUSUMSQR and the Chow stability test, it was observed that different breaks occurred in the trend equation for the various countries' indices. The best case of stability was recorded for South Africa, whose break appeared minor and insignificant. The Nigerian market also showed some measure of relative stability. However, overall, the nature of stock returns in Sub-Saharan Africa appears to have some inherent elements of
instability with the worst case recorded for Kenya. Effort is thus necessary, through reforms both within the various stock markets and the economies generally, to enhance the stability of the markets and hence their attractiveness to the international investing community.

Finally, in Nwokoma and Olofin (2004), an attempt was made to evaluate the various implications of globalisation as it affects the extent to which the Nigerian stock market is integrated into the global financial system. The issue of financial market integration has received considerable attention in the literature after portfolio managers realised that emerging financial markets offer diversification potentials not offered by more mature markets. The data for the study covered monthly stock index series between the first month of 1997 and the last month of 2002 for the US, the German and the UK stock markets as available in the various stock exchanges, representing a total of seventy-two observations. For the USA, we have the Standard & Poor's Laspeyres-type index; for Germany, the CDAX share price index of the Deutsche Borse A. G. (Frankfurt Stock Exchange); for the UK, the FTSE (London Stock Exchange) while for Nigeria, the All-Share Index of the Nigerian Stock Exchange. For all the indices, stock returns were calculated as the percentage change in the index value. Results showed that over the post-1997 (or post-automation) era, the Nigerian stock market showed signs of integration, with the world markets. The impulse response analysis tended to suggest that the Nigerian market showed some response to the US market relative to the others – with the least effect emanating from Germany. The results suggested the need for a greater focus by the authorities on strengthening domestic macroeconomic management, to ensure a stable macro environment as a buffer against any negative effects that may result from the ever growing trend of globalisation. A related area of challenge to which the results might serve as a pointer, is the need to embrace the concept of open regionalism by encouraging greater integration of the ECOWAS sub-region, to increase the country's buffer against any undesirable shocks from the global capital market.
Public sector Financing and Reforms

Mr. Vice Chancellor Sir, the financing and reforms of the public sector also attracted my attention as to how “money answereth all things” (Ekeoku, 1988, Nwokoma, 2005b, 2008, 2010a). The critical nature of public sector financing and reforms was further brought out by President Mohammadu Buhari who was quoted as lamenting why he came into office at a time when there’s no money. It can be recalled, Mr. Vice Chancellor Sir, that President Buhari contested the Presidential elections in 2003, when there was money in government, but he lost; he came back in 2007, there was still money and he lost again; he came again in 2011, there was money and he lost. He then gave up. On persuasion from well-wishers, he contested again in 2015, when there was “no money” and he finally won. This can be quite destabilising. Mr. Vice Chancellor Sir, the availability of public finance or “money” and sound fiscal and other macroeconomic policies are critical requirements for the financing of development in any society. It can be recalled, Mr. Vice Chancellor Sir, that this is the same country that was so rich that a former Head of State reportedly boasted that our problem was not money but how to spend it!

Public sector reforms

In line with the economic and corporate governance initiative of the NEPAD framework, Nwokoma (2010a) attempted an assessment of the various public sector reforms in Nigeria, as set out in the National Economic Empowerment and Development Strategy, NEEDS document, with particular focus on public financial management and service among others with effort made to evaluate their progress and implementation. The research appraised the specific core reforms embarked upon in Nigeria since the inception of the New Partnership for African Development Initiative – incidentally carried out by the Obasanjo administration. These are:

A. Public Expenditure and Public Service Reforms
   • Public Expenditure/Budget Reforms
   • Pensions Reforms
   • Monetisation
   • Public Revenue Tax Reforms
B. Fighting Corruption, Improving Transparency and Accountability
• Extractive Industries Transparency
• Support to Economic and Financial Crimes Commission, EFCC
• Strengthen Independent Corrupt Practices Commission, ICPC
• Legal and Judicial Reforms
• Police Reforms
• Reform of Government Procurement and Enhancement of Due Process Mechanism

C. Governance and Institutional Strengthening
• Local Government Reforms
• NNPC Reforms
• Policy and Program Monitoring
• Reform of National Statistics and Data Gathering

D. Accelerated Privatisation and Liberalisation
• Liberalisation, Deregulation of Petroleum Sector
• Industry and Manufacturing
• Infrastructure and Electricity Networks

E. Macroeconomic Stability
• Maintain Macroeconomic Stability
• Banking Sector Reforms
• Domestic Debt Management

Among these five key reforms, the first four appear directly relevant to the conditions stipulated in the NEPAD framework for sustainable development. Reforms A, B and C relate to the political and economic governance initiatives while Reform D relate more to the institution of effective corporate governance in the economy through a well-articulated privatisation and liberalisation programme. In appraising these broad groups of reforms, it is observed that government had made effort to
cover a broad spectrum of national life, in line with the general provisions of the NEEDS document. It was found that, over the years, due to the cumbersomeness of government operations, bottlenecks have always been created in the implementation stage of government programmes. At the centre of all this is the working of government bureaucracy, which in most cases, appear to hinder the implementation of government policies and programmes.

**Commercialisation policy**
In Nwokoma (2005b) an attempt was made to appraise the genesis and progress of the public policy on commercialisation in Nigeria, with an observation of the comparative nature of the policy in the regimes of Ibrahim Babangida and Olusegun Obasanjo respectively and the shift away from commercialisation to privatisation, whether fully or partly. The findings indicate that though the shift appears to conform with experiences locally and internationally, effort would still be necessary by the authorities to allay the fears of the antagonists of the policy shift, by ensuring that where a public enterprise earlier scheduled for commercialisation is reclassified for privatisation, transparency and accountability accompany the process to be used in actualising the programme. For those enterprises that are still slated for commercialisation, effort should be made to ensure that, in the long run, they approach a situation of operating at a level where their prices or tariffs approach marginal cost, while national interest is preserved by the retention of government holdings in the affected enterprises. To that extent, the corporate structure will develop a mechanism to influence other variables that impinge on its success.

**Privatisation policy**
On public sector reforms, finally, Nwokoma (2008) attempted to appraise the privatisation programme of the Federal Government of Nigeria as well as the role of the capital market within the context of democratic governance in the country. Using a comparative pattern of privatisation programmes carried out during the first phase of 1988 – 1993 and second phase that began in 1999, the study appraised the divestment
options used and the extent of involvement of the capital market in the process to ensure that the impact of the programme is both transparent and widespread.

In the review of the impact of the market on the privatisation programme, the study observed a not too significant role for the capital market in the post-democracy privatisation programme given the adoption of the core-investor option in the exercise, unlike the first phase when the public-offer option was prominent. However, the role for the capital market is found to be potentially significant, and expected to be enhanced if the privatisation programme were accelerated and transparency ensured to pave way for enhanced private sector-led growth of the economy, particularly when the shares of privatised enterprises were anticipated to be listed on the Exchange.

**Macroeconomic policy and industrialisation**

Mr. Vice Chancellor Sir, the formulation of good macroeconomic and industrial policies are very critical for the enhancement of the positive effects of money in financing development in the economy. In Olofin and Ekeoku (1982), we conducted an econometric simulation of oil policy in the Nigerian economy, using a highly aggregative econometric model with Keynesian macro features, (of 25 stochastic equations and 4 identities – i.e. 29 endogenous and 16 exogenous variables) following the work of Olayide et al (1981). The research results indicated that the growth of the petroleum sector in the post 1975 era had a depressing effect on the agricultural sector. Unfortunately, this was seemingly, not heeded by policy makers. In Ekeoku (1986a, 1986b), using a more disaggregated multi-equation macroeconometric simulation model, (Olofin and Ekeoku, 1984), the CEAR-FNMP MAC III model of the Nigerian economy, we evaluated the effects of components of fiscal policy on the economy. Adjustments were made in the sectoral configuration of the model, and policy simulation analysis carried out with the computation of dynamic multipliers for various macro variables. The model was made up of 97 endogenous variables (42 behavioural equations and 55 definitional...
equations or identities). The results indicate that the total capital expenditure was found to be the most effective policy instrument in the system relative to the tax rates. Other results also indicated that there was an "almost immediate consumption" of external borrowing with the consequence of the overvaluing of the price of government services and projects. Mr. Vice Chancellor Sir, this suggested that within the Nigerian context, external indebtedness should be incurred with caution. Other studies in this regard, (Olofin and Ekeoku (1985), Nwokoma (2005) and Nwokoma (2015) emphasise the need for well-articulated policies in the growth of the economy. The research on industrialisation (Nwokoma, 2016, 2004c, 2005c, 2006f, Nwokoma N. I, and Nwokoma N.A., 2010), all point to the fact that the financing of industrialisation and the provision of adequate incentives by government maximise the impact of "money" in the growth of the industrial sector and the economy at large.

Mr. Vice Chancellor Sir, in the course of making these contributions to knowledge, I attended numerous Conferences (and made presentations) both in Nigeria and abroad namely in Stellenbosch, Cape Town and Pretoria (Republic of South Africa), Philadelphia, Boston, Chicago, San Francisco and Las Vegas (United States of America), London (United Kingdom), Dakar (Senegal) and Nairobi (Kenya).

With Professor Johansen at African Econometric Conference in Cape Town, South Africa
Mr. Vice Chancellor Sir, in the course of my career, I have made contributions as leader or part of a team of experts, at different times to provide advice and advocacy on various economic and finance issues, both locally and abroad.

(a) Contribution at the Centre for Econometric and Allied Research, University of Ibadan
I participated actively in the construction and maintenance of econometric models for the Federal Government of Nigeria under the auspices of the Centre for Econometric and Allied Research CEAR of the University of Ibadan. The models were used over time by the Federal Government in planning the economy.
(b) Contribution at The Nigerian Stock Exchange, NSE
Mr. Vice Chancellor Sir, as an economist, associate member of the Chartered Institute of Stockbrokers, an authorised dealing clerk of the NSE (and then later as a Fellow of the Institute), I was offered a Sabbatical Leave position at The Nigerian Stock Exchange in 2008, the first time the Exchange ever offered any academic such opportunity. At the NSE, I was part of a select team which included Captains of Industry such as Aliko Dangote, Oba Otudeko, Erastus Akingbola, Ndi Okereke-Onyiuke and the Council of the Exchange as well as a few others that travelled to Johannesburg, South Africa for a Retreat, together with Accenture (Consultants) to chart a way forward for the Demutualisation of the Exchange. The proceedings of that outing have formed a backbone of the demutualisation programme of the Exchange which is ongoing.

(c) Contribution at the United Nations Economic Commission for Africa (UNECA)
Mr. Chancellor Sir, my leave of absence at UNECA was quite fruitful and rewarding to me as well as to the University of Lagos. At UNECA, I was the Chief of Financing, Industry and Investments in the Economic Development and NEPAD Division. I had the honour of bringing many University of Lagos staff to Ethiopia for our various programmes.

At UNECA, I had the opportunity to make useful contributions in various areas of economic policy and advocacy to African member states. I coordinated the production of UNECA Policy Research Papers on:

- Reform of the International Financial Architecture and the Policy Implications for Africa
- Industrial Policies for the Structural Transformation of African Economies: Options and Best Practices
- Enhancing Growth and Employment in Africa through South-South Cooperation

I was also part of the team that produced various issues of the UNECA and African Union Commission (AUC) flagship
Economic Report on Africa 2010, 2011 and 2012 which respectively focused on:

- Promoting high-level sustainable growth to reduce unemployment in Africa (2010),
- Governing Development in Africa – the role of the state in economic transformation (2011) and

Mr Vice Chancellor Sir, aside from publications, at UNECA, I attended several international meetings and economic missions to many countries in Africa, including the United Nations General Assembly in New York, either as member or leader of the UNECA Team/delegation, representative of UNECA or coordinator of programme. This involved extensive travel to at least ten countries. My international policy engagements or economic missions as a United Nations Economist over the period are listed hereunder.


3. **Coordinated** Expert Group Meeting on “Enhancing Growth and Employment in Africa through South-South Cooperation” organised by UN Economic Commission for Africa (UNECA) EDND and the East Africa Regional Office, Kigali, Rwanda, 22-23 September 2011.


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At Conference of African Ministers of Industry in Algiers, Algeria, as UNECA delegation

At Fourth High Level Forum on Development and Aid Effectiveness, Busan, South Korea, as UNECA delegation
6. **Represented the UNECA** at the Official Launch Ceremony of the Global Board of Trade Limited (GBOT) and Hosting of “African Echoes” organised by Financial Technology Group / Global Board of Trade Limited, Mauritius at Inter-Continental Mauritius Resort, Balaclava Fort, Mauritius, 15-16 October 2010.


8. **Represented the UNECA** at the Second Regional Meeting on Aid Effectiveness, South-South Cooperation and Capacity Development organised by African Development Bank AfDB and NEPAD Planning and Coordinating Agency at Sheraton Hotel, Tunis, Tunisia, 4-5 November 2010.


10. **Leader of the UNECA delegation** to the Peer Review Meeting of Case Studies on South-South Cooperation, Protea Hotel, Balalaika, Sandton, Johannesburg, South Africa – organised by the NEPAD Planning and Coordinating Agency (NPCA), 5-7 June 2011.

11. **Member of the UNECA delegation** to the Fourth High Level Forum on Development and Aid Effectiveness, Busan, South Korea, November 29 – December 1 2011.
12. Member of the UNECA delegation to the Fifth High-Level Dialogue on Financing for Development, United Nations Secretariat, New York, USA, December 7-8, 2011


Mr. Vice Chancellor Sir, these trips were quite rewarding professionally and they did broaden my scope of articulation of economic policies from a global perspective.

E. RECOMMENDATIONS
Mr. Vice Chancellor Sir, in view of the foregoing, the following recommendations may be of interest to authorities in the financial markets as well as government policy makers to enhance the capacity of the economy to finance development.

1. Enhance Non-Bank Financial Intermediaries (NBFIs). Some of the factors that will help to shape the growth and functioning of non-bank financial intermediaries, NBFIs in the Nigerian economy include the following:
(i) State of the economy (Nature of Banking and regulations, Extent of Privatisation and Commercialisation of Public enterprises and Economic Reform)
(ii) Growth of Democracy
(iii) Globalisation and Information Technology

The state of the Nigerian economy is very critical to the future growth of NBFIs. An economy with a greater room created for the functioning of the private sector will of course increase the tempo of private enterprise and general economic activities. This creates business for finance houses, insurance and general need for small-scale business credit.
2. **Strengthen the Banks.** The recent consolidation of the banking sector in Nigeria had benefits such as enhanced real sector financing, bank distress resolution and improved corporate governance among others. However, numerous challenges and costs still exist such as the gap in addressing the need of the micro economic units in the economy as well as concerns on the promotion of enhanced customer service. It is hoped that with a proper focus on these challenges, the benefits of the programme will be fully maximised in the promotion of the country's economic growth and development.

3. **Improve Business Climate for more FDI.** Governments in the ECOWAS sub region need to formulate and implement policies that would improve their business climate in order to attract foreign capital into their economies. Issues of creating a vibrant and literate urban market, while not exacerbating rural-urban drift is quite appropriate. The degree of openness of these economies does not appear favourable enough for FDI inflow while the poor state of basic infrastructures should be addressed, despite the fact that work has progressed significantly along these lines in a number of countries, to create an investment-friendly environment that would attract more FDIs into the sub region and thus enhance the financing of development and economic growth.

4. **Address Illicit Capital Flows.** Illicit financial outflows, which occur through tax evasion, over invoicing by multinational corporations and trade mispricing by extractive industries, among others, were estimated at $200 billion annually, dwarfing development aid inflows to the continent. According to Oxfam, reports *Business Day*, Africa’s oil, gas and mineral exports amounted to $333 billion in 2010. Given this large and worrisome outflows of capital, there is an urgent need for attention to be re-directed to these illicit financial outflows from Africa, which are reported to be huge and of greater magnitudes than the inflows. A joint report by the African Development Bank and the Global Financial Integrity

5. **Enhance Intra-regional trade in ECOWAS.** The level of intra-regional trade in ECOWAS is very low with only Nigeria, Cote d'Ivoire and Ghana being the key players in trade in the sub-region. Though, the launching of programmes of trade liberalisation scheme, common external tariff and second monetary zone were considered major achievements, the slowness in implementation and achievement of convergence by the various countries are issues that need to be addressed. It is believed that as issues of conflicts are resolved in the sub-region and tariff, currency, payments and other non-tariff barriers are removed, intra-regional trade in the ECOWAS sub-region will receive a boost.

6. **Enhance ICT investments in Stock market trading and training.** Adequate investments in information technology and other automation facilities are necessary in Nigeria's stock market to ensure that gaps in human capacity building, particularly for stockbrokers, do not pose as setback for the development of the capital market. In view of this, the authorities need to ensure that the seemingly 'managed' number of new professionals keep pace with the growth of the market size which is currently following a stochastic process.

7. The existence of post-automation market volatility has increased riskiness in the stock market and has implications for investor confidence or market participation. Hence, there's the need for increased skills enhancement of current market operators as well as substantial investment in information technology. Also, the professional body should maintain its standards in producing more stockbrokers.

8. Given that interest rate is the major driving force of stock prices, monetary policy should be focused in the
enhancement of financing for development in the country.

9. **Enhance online payments and cashless economy.**
   On consumer payments, the use of ATM, integrated banking and payments system and other debit card products are expected to grow. However, internet-based credit cards are largely poorly developed in Nigeria. With the continual opening and growing international acceptance of the Nigerian banking and payments system for genuine transactions, it is expected that progress will be made in enhancing payments through the internet.

10. **Encourage raising of new capital in Capital market.**
    Given that the channel of transmission of stock market development on the economy was found to be through investment productivity, the economic environment should be enhanced to promote the activity of the primary segment of the capital market, to enhance the raising of new capital for industry as well as expand industrial output and job creation.

11. **Work for integration of capital markets in ECOWAS –to contend with globalisation.** To contend with the vagaries of globalisation, there's the need to work toward the enhanced integration of the three stock exchanges in the ECOWAS sub region, to protect local investors as well as enhance risk diversification for international investors in the sub regional capital markets. This is more so that the Nigerian market responds to developments in other international global financial markets indices of Standard and Poor and the FTSE.

12. **Pursue public sector reforms.** Public sector reforms should be an on-going programme, to address the issues of corruption, project harmonisation and minimisation of wastages in government business. Government macroeconomic policy should be largely market-based, with periodic government interventions, as necessary.
The “command and control” approach in managing the economy should be discarded.

F. CONCLUDING REMARKS
Mr Vice Chancellor Sir, the role of money and finance in the economy are overwhelming, whether for public finance, corporate finance or personal finance. Whether in terms of the functioning of the financial markets of banks and non-bank financial intermediaries that provide funds for the financing and support of the real sector or the raising of money in the primary segment of the capital market for development or the providing of liquidity by trading in the issued securities on the floor of the stock exchanges, money indeed “answers all things” by ensuring that development is financed in the enhancement of the human condition, all in line with the requirements of the Monterrey consensus. Reforming the public sector, Mr Vice Chancellor Sir, fighting corruption and ensuring a healthy balance of payments position for the country, in addition to the afore-mentioned, also ensure that money “answers” to the financing of development.

G. APPRECIATION
Mr. Vice Chancellor Sir, I want to use this opportunity to thank all those who have assisted me along my academic journey. First, I want to thank God for my parents, Late Chief Shedrach Ekeke Ekeoku and Late Mrs. Felicia Yayakenta Ekeoku who brought me to this world and did all within their power to make sure I succeeded in life by giving me a good education and love all round. Incidentally, my father passed on in November 2009 barely three month after his wife (my mother) passed on in August 2009, having been happily married and living together for over sixty years. May their souls rest in perfect peace. Amen.
I also appreciate the role of my immediate brothers and sisters (and their spouses) who have always been there for me. My elder brother Alozie (now late) was the one that encouraged me to study Economics, while we were together at the University of Ibadan. My elder sister Nnenna, who has been a strong support for me, particularly in my days of grief; my brother, Chukwuemeka (now late), the strongman of the house, Nwabueze, the family doctor (Port-Harcourt-based Consultant Paediatrician), Nnamdi (Unilag trained economist), Ebere (staff of NNPC Enugu Depot) and the last born, Nwaobiara, currently in New York, USA with her husband and children. To the entire families of Ekeoku and Ukatta, the Amanta compound and the entire Azumini town, I say “thank you” for all your support in various ways.

I want to thank my teachers at the University of Ibadan UI, particularly Professor Sam Oladapo Olofin, who took me on when I was studying for my postgraduate programme at the University and incorporated me into his research team as one of the two pioneer Graduate Assistants at the Centre for Econometric and Allied Research (CEAR), exposing me to extensive macro-econometric modelling and policy work for the Federal Ministry of National Planning. He was my Supervisor for both the MSc and PhD degree programmes. That relationship has lasted over the years, even to family, spiritual and non-academic issues. I can conveniently say that Professor Sam Olofin is my mentor. In fact, some people joking call me “Omo Olofin”. I say, thank you Sir, and Remain Blessed.
Other lecturers that greatly impacted my life in UI include Professor Eyitayo Lambo (former Minister of Health), who kindled my interest in Operations Research, Professor Gini Mbanefoh and Professor Dotun Phillips (experts in public finance), Professor Akin Iwayemi (who introduced me to econometrics), Professor Ibi Ajayi (financial institutions), Dr. Razak Olopoenia (my fantastic teacher), Late Professor Bade Onimode, Emeritus Professor Ademola Oyejide, Professor Edozien, Professor Teriba, Professors Ademola Ariyo, Doyin Soyibo, and others. They were quite wonderful. These are the people that considered me worthy of a University Scholarship for my postgraduate programme. My schooling in UI had a tremendous positive impact in my career, having exposed me to the best crop of world class economists that Nigeria has had. I thank them all.

I want to thank my colleagues here at the University of Lagos. After my sojourn in the banking sector and my desired return to academics, I just walked into the University of Lagos, not knowing anybody, and met Dr. Kayode Familoni by the corridor, who, having known my mission and gone through my CV, immediately took me to the then Ag. Head of Economics Department, Mr. Toluwase, and presented my case to him. That was it. The rest, they say, is history. In about a month, I was offered a temporary appointment by the University. That appointment was later regularised, confirmed and today I am Professor and current Head of the Department. Thanks, Dr Familoni and Mr. Toluwase.

I thank also, Professor Michael Adejugbe, the then Dean of Faculty and the then elders of the Department, namely Professors Siyanbola Tomori and Folayan Ojo, who ensured I was brought on board and supported immensely. I was humbled when Professor Tomori, on one occasion, in expression of his confidence in me, told me that I have a part to play in the future development of the Department. I thank you all. To my other colleagues in the Department (past and present), I say “thanks” to you all. I have received tremendous support from you all, particularly since I assumed the Office of Head of Department in 2012. I thank Drs. Isola, Nwaogwugwu,
Omojolaibi, Oke and Ogunniyi whose contribution and comments on this work added real value.

My former Deans, Professor Lai Olurode, Professor Olatunde Makanju and Professor Omololu Soyombo were very wonderful. I received promotion in my career here under each of them. I thank you all. To my current Dean, Professor Iyiola Oni, I thank you for your friendship and support. All the other Professors in the Faculty (Oyekanmi, Ninalowo, Babawale, Akinboye, Omojola, Agiobu-Kemmer and Onuoha) have been quite supportive. I thank you all.

Outside the Faculty, I thank others who have expressed their love and support to me such as Professor Ben Oghojafor (Big Ben), Professor W. Iyiegbuniwe, Professor S. Owualah and many others across the faculties; my former student and friend and University Bursar, Dr. Lateef Odekunle, Professor Smith Jaja and a host of others too numerous to mention.

Outside the University, I have these appreciations to give. I thank Professor Ndi Okereke-Onyiuke, the former Director-General of The Nigerian Stock Exchange, who gave me the opportunity to serve my Sabbatical Leave at the Exchange, as her Special Assistant, thus exposing me to the inner operational workings of the Nigerian stock market at a very high level, particularly the Quotations Committee. She afforded me the opportunity to be part of the team that worked on the demutualisation and restructuring of the Exchange. I say "Thank you, Madam". Late Mr. Henry Onyekuru and Mr. Kene Okafor, very senior Management Staff of the Exchange, were very supportive in the course of my Sabbatical Leave there. I am grateful to them.

In the course of my Leave of Absence at the United Nations Economic Commission for Africa (UNECA), I received the support of many persons. Within the University, I thank the then Vice Chancellor, Late Professor A. Sofoluwe who graciously approved my leave and travel to Addis Ababa, Ethiopia. He also graciously accepted my invitation to Addis Ababa to participate in the African Economic Conference,
which I anchored, on behalf of my organisation, UNECA and the other collaborating institutions, the African Development Bank AfDB and the United Nations Development Programme (UNDP). I recall Professor Sofoluwe told me after one of the sessions to “come home and get your Chair”. Incidentally, he passed on about the time I returned to University.

My Director at UNECA, Professor Emmanuel Nnadozie and other colleague Chiefs of Section, namely Patrick Osakwe (currently Director at UNCTAD, Geneva), Adams Elhiraika (currently Director, Macroeconomic Policy Division), Barth Armah and Late Kwabia Boateng were very supportive. I thank you all. It was at UNECA, that I was exposed to international issues relating to the financing for development, particularly the Monterrey Consensus and Doha Declarations in this regard, as well as the implementation of these to African member states.

In the economics profession, I want to acknowledge the friendship and support of past Presidents of the Nigerian Economic Society, NES, under whom I served at various times in the National Executive Council of the Society, namely Professor Akpan Ekpo (current DG of WAIFEM), Professor K. Adeyemi and Professor Olu Ajakaiye. I had served (and still serving) as the Editor of the Society’s academic journal, the Nigerian Journal of Economic and Social Studies (NJESS).

In the stockbroking profession, of which I am currently a Fellow, I thank Dr. Remilekun Bakare, a former Registrar of the Chartered Institute of Stockbrokers, who, at a critical time, encouraged me to complete the professional examinations and thus enhance my relevance in the field, both academically and professionally. I thank my friend, Mr. Kayode Falowo, under whose firm, Greenwich Trust Limited, I trained and was presented to the Nigerian Stock Exchange for certification as an Authorised Dealing Clerk. I also thank my other fellow stockbrokers who have been quite supportive in the profession.
In the course of my work, I supervised (and co-supervised) and graduated some very brilliant PhD students, Dr. Emeka Osuji (of Pan-Atlantic University, LBS), Dr. Eze Osuagwu (of Covenant University, Ota), Dr. Taiwo Ojapinwa, whose thesis was adjudged by the Nigerian Economic Society as the best PhD (Economics) thesis in Nigerian Universities in 2014, Dr. Lateef Odekunle, the University Bursar, Dr. Oladipo Bashorun and Dr. Timothy Obiwuru. I encourage you to show the light to others and continue the chain of mentoring. I salute you all.

I must appreciate here the love and companionship of my late wife, Chituru (nee Ogbonnaya) who, passed on to the great beyond quite early in the marriage after having three wonderful children, Uchechukwu (medical doctor, now in the United States), Chukwudinma (architect) and Onyinyechi (economist), all graduates of the University of Lagos. To my wife, Olubusola Ibironke Susan, I am grateful for your love, companionship and support. To my in-laws, the Benjamin family of Lafiaji, Lagos Island, Lagos State, particularly my mother-in-law, Mrs. Adekunbi Benjamin, I say a big thank you, for standing by me and providing the much needed support. I also appreciate Oseremen, Obehiaghe and Ehizoje for their love.

Mr. Vice Chancellor Sir, I am very grateful to you for it is under your watch that I was elevated to the enviable position of Professor of Economics of this great university. I am indeed grateful. The expertise which you have demonstrated, in conjunction with members of the University management, in piloting the affairs of the university to its current enviable position, is there for all to see.

I want to thank my spiritual parents (in the Lord), Bishop Mike and Bishop Peace Okonkwo for support and spiritual guidance and also all pastors and members of The Redeemed Evangelical Mission, (TREM) for being there for me over the years. Big Daddy Sir, your cliché that “what the Word of God cannot give you, you don’t need it and it does not exist” has been very illuminating in my life. To my friend, Engr. Christian Ononogbo, who has fulfilled the scripture of being a “friend that sticketh closer than a brother”, I say, you shall not lose
your reward. My God will surely meet you at the point of your need.

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Mr. Vice Chancellor Sir, this is my Inaugural Lecture. To God be the glory!
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