Critical Appraisal of the Central Bank of Nigeria (Amendment) Act, 2007: A Panacea for Stronger Central Banking in Africa

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Abstract: **This study critically appraised the Central Bank of Nigeria (CBN) (Amendment) Act of 2007 with a view of preferring suggestions for stronger central banking in Africa. The Act was critically reviewed and compared with major central banks in the World. Findings revealed amongst others that independence of the CBN is the greatest innovation brought about by the Act, but the independency has not influenced the development of the country's economy. Secondly, the Act did not include other developmental functions of modern central banking, but retained monetary policy as a key role of the bank. Thirdly, the Act provides that the qualifications of the would-be governor or deputy governor of CBN shall be persons of only financial experience. On these, some recommendations were proffered which include amongst others that the independence of central banks in Africa should be enshrined in African Union Charter; that Central banking should be insulated from partisan politics; that central bank governors, and their deputies should be elected, and not appointed; that there is need for proper coordination between the fiscal and monetary authorities in an economy; that merit rather than any other considerations should be the basis of appointment of central bank governors; that economists should govern central banks in Africa; that central banking roles in Africa should go beyond monetary stability to include other developmental functions like job creation; that Central banks in Africa should bring down both lending and inflation rates to single digits and also maintain a competitive exchange rate system .**

I. INTRODUCTION

The central bank is usually a government-owned bank that helps to control and supervise the entire monetary and financial system of a country. The central banks are known by distinct names in different countries of the world. For instance, "there is the Federal Reserve System for the United States of America, the Bank of England, the European Central Bank, the Bank of Japan, the Peoples Bank of China, the Australian Government Bank, the Reserve Bank of India, the Central Bank of Nigeria amongst others. The Risk Bank of Sweden is the oldest central bank in the world, and came into existence in 1668 when a private-owned bank was converted into a state bank. But, the Bank of England established in 1694 was considered as an ideal apex bank at inception, and by the middle of the 19th century, it was performing practically all the characteristics functions of modern central bank" (Cauvery et al, 2013).

From the end of the 19th century up to the beginning of the 20th century, there were very few central banks concentrated within the European countries. The Federal Reserve System of the United States established under the Federal Reserve Act of 1913, and it started full operation in 1914, marking the beginning of a major central bank in the world today. Within the Eurozone, individual central banks survived, but the European Central Bank, established by the 1998 Treaty of Amsterdam, with its headquarters in Frankfurt Germany is in charge of the single monetary policy.

Before the establishment of central banks in English-speaking countries of West Africa, the West Africa Currency Board (WACB) was in operation in these countries. 'WACB was established by the British colonial government in 1912 to serve the four British territories of Nigeria, Gold Coast (now Ghana), Sierra Leone, and Gambia. The head office was in London, and it performed some of the functions of a central bank for those British colonies. Its major function was to issue and operate a uniform currency in British West Africa. It was a money-changer, and merely changed the British pound to the West African pound, and vice versa. The West Africa Currency Board was not a real central bank since it performed a limited role' (Anyanwuocha, 2010). However, with the dawn of independence in West Africa, most West African countries started to establish their central banks to help in managing their economies. 'Central bank started operations in Ghana in 1957, in Nigeria in 1959, in Sierra Leone in 1964, and the Gambia in 1971' (ibid). At present, there is practically no country in the world that does not have a central bank. Cauvery et al (2013) maintained that "it was the International Financial Conference held at Brazil in 1929 which passed a resolution that all countries which did not have a central bank then should do so". Today, every country of any size has a central bank, as governments through their apex banks placed more emphasis on monetary policy.

The major objective of this paper is to critically review and appraise the CBN Act 2007 which serves as a proxy to other central banks in Africa, as to identify the strengths and weaknesses of the legal instruments establishing the apex bank. These, when identified would be legally and critically analysed in comparison with the major central banks in the world like the Federal Reserve System, European Central Bank, and Bank of England amongst others. The comparative analysis would make use of related conceptual and empirical literature as regards to what an ideal central bank should be in other to contribute meaningfully to the economic growth and development of its nation. From the identified lacunas of the extant law establishing the CBN, and the identified gaps from its comparison with the major central banks in the world, many recommendations would be proffered on how to make central banks in Africa, active, superlative and competitive amongst the central banks of the developed countries of the world.

Following this introduction, section 11 x-trayed the overview of the central bank of Nigeria since inception, section III reviewed the amendments of CBN Act so far, section iv appraised the Central Bank of Nigeria Act 2007, section v concludes the appraisal , while section vi proffers solutions for stronger central banking in Africa.

II. THE OVERVIEW OF CENTRAL BANKING IN NIGERIA.

Following the defects of the West African Currency Board which include amongst others that rather than being a monetary authority, it was merely an exchange mechanism which had nothing to do with money supply, banking supervision, monetary management, and the development of financial market; the Federal Government of Nigeria then invited several financial experts to study and deliberate on the possibility of setting up a central bank in Nigeria. According to Ebiefie (2016), "some of the experts bluntly rejected the idea of establishing the central bank for no other reason than lack of effective infrastructure for the operations of the bank. It was only the report of J.B Loynes submitted in August, 1957 that recommended the establishment of the Central Bank for a rapid growth of the Nigerian economy".

'The bill establishing the Central Bank of Nigeria (CBN) was passed in the Nigerian Federal House of Representatives in 1958 based on the report of J.B Loynes. However, real banking operations did not start until July, 1959' (Anyanwu, 1997). It was also a symbol of independence to have a Central Bank. The CBN was therefore established on the eve of Nigeria's independence which came on 1st October, 1960.

The principal stated objectives of the Bank are to issue currency, maintain external reserves, safeguard the international value of the currency, promote monetary stability and a sound financial structure, and act as a banker and financial adviser to the Federal Government. The CBN has the sole right to currency issues in the country. Ebiefie (2016) opined that 'before the establishment of the Central Banks in the former British West Africa colonies, the West Africa Currency Board was the sole authority for the issue of legal tender in the area. When Ghana became independent, she withdrew from the arrangement. So, when the CBN was established, the then Minister of Finance, Chief Festus Okotie-Eboh explained that the first and foremost responsibility of the Bank was to issue currency in Nigeria. The Bank issued its first currency, the Nigerian pound in July, 1959. The first exchange was in 1965-68 and the latest was in 1973 when the decimal currency (Naira) was introduced'.

The first Governor of the Bank was Mr, Roy. P Fenton who was seconded to the Central Bank of Nigeria by the Bank of England. Mr Fenton laid the groundwork for the growth of the Bank but returned to the Bank of England in 1963. The first Indigenous Governor was Malam Mai Bornu, who retired in 1967 and was seconded by another indigenous Governor, Dr, Clement.N.Isong. Dr, Isong was replaced in 1975 by Malam Adamu Ciroma. Mr, Ola Vincent replaced Malam Ciroma in 1977, while Malam Abdulkadir Ahmed replaced Ola Vincent in 1982. Mr, Paul Ogwuma became the CBN Governor in 1993 and was replaced by Mr, Joseph Sanusi in 1999. Professor Charles Soludo became the Governor of the Central Bank of Nigeria in 2004 and was replaced by Malam Sanusi Lamido in 2009. Godwin Emefiele is the present Governor, and has been the Governor of the Central Bank of Nigeria since July, 2014.

The responsibility for policy and general administration of the affairs of the CBN rests with the Board of Directors. Section 6 of the CBN Act 2007 established the Board of Directors which shall be responsible for the policy and general administration of the affairs and the business of the Bank. Section 6(2) of the said Act provides for the composition of the Board to include: "a Governor who shall be the chairman, four deputy Governors, the Permanent Secretary Federal Ministry of Finance, five Directors, and the Accountant General of the Federation".

III: AMENDMENTS OF CENTRAL BANK OF NIGERIA (CBN) ACT

The Central Bank Act has undergone a series of amendments. Each of the amendments to the CBN landmark Act of 1958 has defined and re-defined who controls the monetary policy and the operations of the CBN. Just three years after its establishment in 1962, the CBN Act was slightly amended. According to Ebiefie (2016), "the 1962 amendment was made to increase the effectiveness of the controlling powers of the central bank over the commercial banks. The amendment also gave the bank power to fix the parity of the Nigerian currency independently and notify the International Monetary Fund. Other alterations to the original Act include the reduction of the ratio of the foreign exchange reserves to demand liabilities from 60 to 40 percent; the widening of assets; giving of more power to the bank to control financial institutions by introducing more monetary policy instruments; permitting increases in long-term Government securities which the bank could hold".

With economic liberalization and deregulation, following the Structural Adjustment Programme of 1986 in Nigeria, the CBN Act No 24 of 1991, which was enacted to repeal the CBN Act 1958 conferred on the CBN instrument autonomy for the effective discharge of its core mandate and expanded its powers to oversee the increased number of players in the banking and other financial institutions sectors among others.

A major relief was brought about by the CBN Decree 1991, and that was when the CBN was freed from the supervision of the Federal Ministry of Finance. This major amendment came forth in 1991. The said Decree was explicit regarding who controls the monetary and banking policies in Nigeria. Specifically, section 8(1) of the CBN Decree 24 provides that '*the governor of CBN shall keep the President informed of the monetary and banking policy pursued or intended to be pursued by the bank*'. While section 8(2) of the said Decree confirmed the president's veto power as it states that '*the president after due consideration may in writing direct the bank as to the monetary and banking policy pursed or intended to be pursued and the directive shall be binding on the board which shall forthwith take all steps necessary or expedient to give effect thereto*'. "As the central bank operated under the said decree and while the oppressive decree lasted, Nigerian economy witnessed unprecedented episode of inflationary pressure, low growth in gross domestic product (GDP), dwindling external reserves, huge domestic and foreign debt, high unemployment, banking sector distress and bank failures amongst others" (Nnanna & Nnanna, 2012).

Consequently, the CBN Act 1991 subsequently witnessed a number of amendments some of which related to the essence of the establishment of the bank. For instance, the amendment of 1997 brought the bank back under the supervision of the ministry of finance reversing the autonomy granted to the bank under the 1991 CBN Act. A year after, another CBN (Amendment) Act No 37 of the 1998 enacted under the same military government of General Sani Abacha reversed most of the amendments of 1997 and restored the operational autonomy of the bank. The Act expanded the membership of the Board of Directors of the bank and made the Board the final authority of the bank with clearly defined functions.

The CBN (Amendment) Act No. 41 of 1999 further strengthened the Bank's autonomy. The amendment gave the Board of the bank the power to consider and approve the annual budget of the bank and to "*make and alter rules and regulation for the good order and management of the bank*". This is an affirmation of the autonomy of the CBN. The then Nigerian Head of State, General Abdusalam Abubakar played a significant role in nurturing the modern independent CBN. General Abubakar clearly appreciated the technical nature of central banking especially, and allows the technocrats in the central bank to perform the bank's statutory functions without interference. Thus, the passage of Decree 41 of 1999 granted the CBN limited autonomy and represented a step in the right direction. In practical terms, it meant that the CBN will no longer be directed by either the presidency or the Federal Ministry of Finance on monetary policy. More importantly, it also meant that government borrowing and demand for the printing of money can be legally restricted by the CBN, and CBN Governor now has the legal power to say no to either the minister of Finance or the President.

Following demand by stakeholders in the Nigerian financial system, the Central Bank of Nigeria (CBN) Act 2007 came into being on 25th May, 2007 to repeal the Central Bank of Nigeria Act 1991, and to re-enact the CBN Act. The most remarkable of the changes to the CBN's legal instrument came forth in 2007, which fully established both the instrument and operational autonomy of the bank. In the words of Soludo (2007), 'the Bank's legal and regulatory framework was strengthened with the enactment of the new Central Bank of Nigeria act (CBN) Act in 2007'.

IV: CENTRAL BANK OF NIGERIA (CBN) ACT, 2007.

The Central Bank of Nigeria Act 2007 did not come easily. The struggle for it was protracted and involved the combined influence of Nigeria's development partners, especially the Bretton Wood Institutions and domestic progressive stakeholders such as the Bankers' Association, the Labour Union, and the academia represented by the Nigerian Economic Society to convince the then democratically elected government of President Olusegun Obasanjo that it was in its enlightened interest to grant CBN autonomy.

Before the 2007 CBN Act, the landmark 1958 CBN Act which led to the establishment of Central Bank of Nigeria in 1959 has witnessed four major amendments. This was because while the CBN Act institutionalized banking supervision, there were still gaps in the administrative arrangements as the Federal Ministry of Finance shared the responsibility for banking supervision with the CBN. Under the arrangement, the examination department of the ministry of finance conducted an on-sited examination while the scrutiny and supervision of the CBN were carried out off-site supervision. However, each of the four amendments to the CBN original Act tends to define and re-defined who controls the monetary policy and operations of the CBN. Some of the major innovations in the new Act are as follows:

Firstly, section 1 (3) of the CBN Act 2007 provides that "*in order to facilitate the achievement of its mandate under the Act and the Banks and other Financial Institution Act, and in line with the objective of promoting stability and continuity in economic management, the Bank shall be an independent body in the discharge of its function"*. By definition, an independent central bank is one that operates under an act or rules designed to protect it from political interference. The Independence of the Central Bank of Nigeria is the greatest innovation brought about by the CBN Act of 2007. The Act insulates the apex bank from political influences and positions it to effectively achieve its mandates.

It has been a life time debate, and a critical question in mind is whether central bank laws or constitution should give the president of the country authority over policies of the central bank or would central banks make decisions free from political influence. For Samuelson & Nordhaus (2011), 'with the Federal Reserve (Fed) Act of 1913 of United States of America, the Fed governors once appointed cannot be recalled even if the President is unhappy with their decisions. This is because the Fed is an independence agency'. For instance, Mankiw (1997), reported that "Alesina and Summers (1993) empirically examined the correlation between central bank independence and macroeconomic performance in some developed countries. The result of the study was striking, as the finding revealed that 'more independent central banks are strongly associated with lower and more stable inflation. Countries with an independent central bank such as Germany, Switzerland and the United States tend to have low average inflation; while countries whose central banks are not independent such as New Zealand and Spain, tend to have higher average inflation'. That finding has led some countries, such as New Zealand, to rewrite their laws in order to give their central banks greater independence". Consequently, in the words of Samuelson & Nordhaus (2011), "the defenders of the central banks' independence respond that an independent Central Bank is the guarantee of a nation's currency and the best protection against rampant inflation, as it ensures that monetary policy is not subverted for partisan political objectives, as sometimes happens in countries where the executive branch controls the central bank".

Further empirical studies, Maxfield (1997) and Mishkin (2000) have confirmed that an independent central bank can indeed, prevent the economic cycles of boom and bursts which often arise from the interference of political authorities who are very often interested in pursuing short-term political objectives. Consequently, allowing the technocrats in the central bank to perform the bank's statutory functions without interference. Given the nature of partisan politics practiced in Nigeria, there is no gain saying that the security of tenure of the governors has been assured under the Act. CBN Act 2007 also granted the bank the power to exercise full discretion to choose the appropriate mix of monetary policy to achieve its aim. It can set its own policy goals without seeking approval from the government.

Nnanna & Nnanna (2012) observed that "the Nigerian economy has recorded an impressive average real GDP growth rate of 6.9 percent since CBN was granted independence in 2007. Between 2007-2011, most macroeconomic indicators improved substantially: the GDP growth rate was relatively impressive at 5.6 percent and 9.4 percent respectively; inflation rate stood at a lower double digit rate 12.0 and 11.5 percent respectively; while external reserves increased sharply to US 15.97 billion and USS 42.32 billion respectively".

However, the independence granted by the CBN under the Act does not amount to absolute power; it is subject to checks and balances. By Section 8(3), of the same Act, "*the salaries, fees, wages or other remuneration or allowances including pension and other allowances payable to the Governor and the Deputy Governors shall be as stipulated from time to time by the Board subject to the approval of the president"*. Furthermore, by Section 8(4) *"the Governor shall appear before the National Assembly at semi-annual hearings regarding (a) efforts, activities, objectives and plans of the Board with monetary policy; and (b), economic development and prospects for the future"*. Again, section 8(5) provides that *'the governor shall from time to time, (a) keep the president informed of the affairs of the Bank including a report on its budget, and make a formal report and presentation on the activities of the Bank and the performance of the economy to the relevant Committee of the National Assembly'*

Thus, the Act put in place appropriate measures to monitors and checkmates the excesses of the management of the CBN. The Act furthermore, in section 11 provides for disqualification and cessation of appointment of any erring member of the management team of the CBN. This drama unfolded between former president Goodluck Jonathan and Sanusi Lamido during the time of the later as the CBN governor. Sanusi, the then CBN governor was penciled as working against the interest of the government of Goodluck Jonathan. For instance, "Sanusi claimed that total revenue from the sale of crude oil was $67.8 billion while records of remittance to the federation account by the Nigeria National Petroleum Corporation (NNPC) indicated $47.8 billion, with the short fall of $20 billion. At the end of the reconciliation meeting between the CBN, NNPC, and finance minister, Sanusi reversed the missing figure to $12 billion. Again, Sanusi doled out ₦15 billion to four educational institutions in unexplained circumstances. ₦500 million to University of Benin, ₦10 billion to Usman Dan-Fodio University, Sokoto, ₦4billion to Bayero University, Kano and ₦500 million to Lisabi Grammer School Abeokuta"(Atojoko, 2014). Sanusi was then perceived to be working against the government. As the conflict aroused, Sanusi was quoted to have boasted that even President Jonathan cannot sack him without two-third majority of the senate, the upper chamber of the Nigerian parliament. Specifically, section 11(2)(f) of the Act opined that the Governor, Deputy Governor or Director shall cease to hold office in the Bank if he *"is removed by the president provided that the removal of the Governor shall be supported by two – thirds majority of the Senate praying that he so removes"*. Sanusi was later suspended on February 20, 2014 by President Goodluck Jonathan who claimed that the CBN Governor's utterances actions could rock the nation's economic system if allowed to continue.

Secondly, Section 2 of the Act maintain that the principal objects of the bank shall be to:*"(a) ensure monetary and price stability, (b) issue legal tender in Nigeria, (c) maintain external reserves to safeguard the international value of the legal tender currency, (d), promote a sound financial system in Nigeria, and (e) act as banker and provide economic and financial advice to the federal government"*.

In a developing country like Nigeria, the role of the central bank should go beyond mere monetary policy to providing stewardship to the entire economy. Thus, the CBN should not only target to maintain price stability, it must have development functions in other to grow the real sector, stimulate the investment and thus generate employment, and indirectly reduce poverty. Given the stage of African development, the Central banks in the continent must have development function as well. For instance, the Fed had to include the reduction of unemployment as part of its role. When Emeifele was appointment, he included job creation as one of the bank objectives. Hence, the development function of the central bank is crucial if the continent must reverse the trend of underdevelopment. In an open economy, the exchange rate should also be a central part of the monetary policy.

Thirdly, section 7 of the Act which provides for the management of the bank maintains that the Governor or in his absence, one of the Deputy Governors nominated by him shall be in charge of the day-to-day management of the Bank and shall be answerable to the Board for his acts and decisions. But, in USA, at the pinnacle of the entire Federal Reserve System is the Chairman of the Board of Governors. The Chairman is nominated by the President and confirmed by Senate for renewable four-year terms. The Chairman presides over the Board of Governors and the FOMC, acts as the public spokesperson of the Fed and exercise enormous power over monetary policy.

Fifthly, section 8 of the Act provides of the appointment, qualification and remuneration of the Governor and Deputy Governors. Section 8(1) of the Act provides that '*the Governor and the Deputy Governors shall be the persons of recognized financial experience and shall be appointed by the president subject to confirmation by the senate on such terms and conditions as may be set out in their respective letters of appointments'*.

Following section 8 of the CBN Act, that the Governor must be experienced in the financial sector. Aliyu Mai Borno (1963), Ola Vincent and Abdulkadir Ahmed were all former Deputy Governors before appointed CBN Governors in Nigeria. Sanusi Lamido was the Managing Director of First Bank Nigeria Limited before he was appointed to replace Chukwuma Soludo as the CBN governor in 2009. Godwin Emeifele the current CBN governor has over 26 years experience in banking sector. He holds B.Sc and MBA in finance at University of Nigeria Nsukka (UNN). He became CBN Governor on July 3, 2014.

For CBN Governor & Deputy Governor; there are no other specialized and professional qualities other than that he/she shall be a person of recognize financial experience, but Directors in CBN have. For instance, section 10 of the Act provides for appointment of Directors. By section 10(1) *"the five Directors of the Bank shall be appointed by the President subject to confirmation by the Senate. In appointing the five external Directors of the Bank, the President shall have due regard to the fair representation of the financial, agricultural, industrial and commercial interests and the principle of the Federal character"*. By section 10(2), "*a Director appointed subject to this section shall be a person of recognized standing and experience in any of economic, law, public administration, business administration, accounting, banking and finance*". The directors appointed shall hold office for four years and shall be eligible for re-appointment for another term of four years.

Thus, Section 8 of the Act is at variance with the trends in advanced and other economies, where economists are favored to head the central bank. In Ghana, for instance, economist has consistently headed the Bank of Ghana since 1980s. The Bank of England, United Kingdom also in recent years been headed by economists. Its former governor, Mark Carney who was also the chairman of the G-20's financial stability Board, is a distinguished Canadian economist who was once Governor at the Bank of Canada, and the first non-British to head the more than three century old Bank of England. Zhou Xiao Chuan, an economist appointed in 2002, served as the governor of the people's bank of China. In the United States, Jerome Powell, a lawyer and former investment banker was appointed by President Donald Trump in February 2018 to succeed Janeth Yellen as the 16th chairman of the Fed. Powell's appointment was perceived as unusual as he is the first Fed chairman in 40 years, since 1981 without a graduate education in economics. However, Joe Biden on November 22, 2021 announced his intention to nominate Powell for a second term, but Lael Brainard, a Ph.D economist to serve as the vice chairman.

Merit rather than gender, ethnic or geographical considerations should be the basis of appointment of CBN Governor. In 1967, Clement Isong, an adviser to IMF, and in 2004, Charles Soludo, an economist and consultant to World Bank were appointed based on merit. But when President Yar'Adua appointed Sanusi Lamido to replace Soludo in 2009. Sanusi appointment was alleged to have more to do with politics than professional considerations.

As **Section 8(2)** provides that the tenure of the governor & Deputy Governors "*shall be in the first instance a term of five years and shall each be eligible for reappointment for another term not exceeding five years".* Thus, many expected Professor Charles Soludo to go for a second tenure considering his achievements, more especially on banking consolidation, and efforts on the coming of the CBN Act 2007. In the United States, Alan Greenspan Chaired the Fed for almost 20 years, serving four United States Presidents. Greenspan, a conservative business economist was appointed by Ronald Reagan in 1987, and was replaced by Ben Bernanke in 2006 during the time of George Bush II. Even recently in the United States, failure of Donald Trump to re-nominate Janeth Yellen for a second term was perceived to be more political than merit. Yellen, succeeded Ben Bernanke in 2014 as the 15th chairman of the Federal Reserve Bank of USA, and the first woman to mount the saddle of the over 100 years old institution. She is a renowned economist and a co-winner with his husband George Akerlof of the 2001 Noble price in economics.

V. CONCLUSION

The establishment of the Bank of England and the English National Debt in 1697 made England the workshop of the Europe. Before the introduction of the central banking which influenced longer terms loans to the state, the governments of Europe were in continual default. The Engine of the industrial revolution which made England so rich and powerful was moved by the oil of finance; and at the heart of the English financial system stood the Bank. Today, every modern country has a central bank.

The independence of Central Banks globally is of paramount importance in the pursuit of the long term economic performance and sustainability. Empirical evidence gathered in Nigeria from 1980-2011 highlights a superior economic performance when the Central Bank was granted semi-autonomy under the CBN Act of 1999 and full autonomy under CBN Act of 2007. Like the judiciary, the Central Bank can only perform optimally, if it is insulated from partisan politics. For instance, the CBN monetary policy committee scheduled to hold on Monday and tuesday 22 and 23 January, 2018 could not take place due to the non-confirmation of the MPC nominees by the senate. The CBN Governor, Godwin Emeifele said that the MPC meeting would not hold in January 2018 as a result of the bank's inability to form a quorum as stipulated by the CBN Act, as the MPC meeting is a statutory meeting.

This raised the question of qualifying the CBN as truly an independent agency as the president's actions and inactions still affect its smooth operations. This is critical since it is only an independent central bank that can assist the government to define and implement a realistic and an inclusive developmental agenda for the country.

VI: PANACEA FOR A STRONGER CENTRAL BANKING IN AFRICA.

1. Independence of Central Banks should be enshrined in African Union Charter. This will make it mandatory for any member country that has not granted their Central Bank autonomy to do that immediately, and also make it irreversible at short notice by any member country's government that has already granted their apex bank autonomy.
2. Central bank autonomy should be part of the criteria given to aspiring member nations toward monetary union in Africa. This is because the central bank actions enhance transparency in the policymaking process, which in turn, reinforces the credibility of goals.
3. Like the Judiciary arm of government, the Central bank can only perform optimally if it is insulated from partisan politics. Thus, the operational and financial autonomy of the central bank should be enshrined in the individual country's Constitution. True financial and operational independence is a sine qua non for the credibility of monetary policy.
4. Central bank Governors, deputy Governors and other Board members should be elected in a very free and transparent manner and not be appointed by the Presidency. This is because once appointed by the president, they can never be free from the political interference from the executive arm of the government. In practice, the most central banks set their targets in consultation with the governments that appointed them. Again, one of the observed issues with a very independent central bank like the Federal Reserve Bank of the United States is that from time to time, critics argue that the Fed is too independence, and that it is undemocratic for small group of unelected people to govern the nation's financial markets.
5. There is need for Proper coordination between the fiscal and monetary authorities. Whenever the central bank does its bit, what is required is a complementary and accommodating fiscal policy to ensure sustained growth and inclusive development of the economy. Fiscal policy is a complement, and not a substitute to central bank and every economy needs both.
6. In Africa, the functions of the central banks should go beyond the lender of the last resort and price stability to include other development functions. Macroeconomics has three major goals connected to it: which include, increase in national output, price stability and employment generation. The fourth one has been added, which is favorable balance of payments. African central banks should come up with policies that should face these goals squarely. Hence, the central bank has to maintain sustained macroeconomic policies that should create a stable macroeconomic environment. There is need for the various central banks to invigorate the issues of investment climates as well as the welfare of the citizens' vis-à-vis the economic and demographic settings as well as the foundations laid for economic reforms in the various countries in the continent.
7. Africa should embrace international best practice and always shop for outstanding economists as their central banks' governors. Most economists agree that predictable and gently rising price level provides the best climate for healthy economic growth. But to forecast prices and output in micro and macro markets, you must first master the analysis of the demand and supply, that fall within economics as a course of study. Thus, an economist governor would go beyond financial services sector and implement monetary and financial policies that will engender real growth in the economy and save the continent from jobless growth and over 70 percent poverty rate. The discovery and appreciation of proper application of macroeconomic policies reduced business cycle volatility and led to the great moderation.
8. Central banks in Africa must think outside the box to bring down the lending rates. African central banks

should as a matter of policy maintain single digit interest rate. According to Ekpo (2014), “the real sector of the economy in Africa is dead, as the lending rate hover around 25 percent. Thus, the central banks need to address the issue of investment climate as well as the issue of the welfare of the citizens, vis-a-vis the economic and demographic settings as well as the foundation that was laid for economic reform in the various countries. The high lending rate does not favor the real sector, and this may be responsible for the paradox of Africa’s economy: Growth without development; disparity between economic growth and standard of living of the people etc”. For instance, Manuaka (2014) opined that “foreigners are taking over Nigeria’s agricultural sector, and the reason being that of excessive interest rate being demanded by the Nigeria’s deposit money banks, as these banks demand up to 25-30 percent interest rate. In comparison, India demands between 3 to 4% agro loans, while for Europe, it lies between 2 and 3 %. The only way you can compete with others is for you to have cheap funds that will reduce your cost of production. Denmark with population of about five million and less land mass than Nigeria has a net agro-export worth over 80 billion Euros”. Consequently, Adesina (2017) reported “that Africa spends far too much on food imports approximately US S35 billion in 2016. Left unchecked, the figure is expected to surge to US S110 by 2025”. The central banks in Africa should focus on bringing down the lending rates to a single digit, and one way to do this is to dismantle the oligopolistic structure of the banking and financial sub-sector in the continent by making it more competitive. The economy is overly dependent on banks, thus the banks need some serious supervision.

9. Central banks in Africa should maintain single digit inflation. One of the mandates of every central bank is price stability, but in Africa inflation is the order of the day. Inflation is as old as market economies and in England as early as 13th century. There is no single source of inflation. Like illness, inflation occurs for many reasons. Some inflation comes from the demand side; others from the supply side. In USA, policy makers try to make the inflation and unemployment results come out just right at the time of election. In USA, opinion polls often find that inflation is the economy’s enemy number one. Economic growth is strongest in countries with low inflation, while countries with high inflation or deflation tend to grow more slowly. Most economists agree that predictable and gently rising price level provides the best climate for healthy economic growth. The cost of extremely high inflation is easy to see, as the money lubricates the economy. Money is a lubricant that facilitates exchange, when everyone trusts and accepts money as payment for goods and debts, trade is facilitated. Money is a match maker between buyers and sellers. Like other lubricants, money can get overheated and damage the economic engine. It can grow out of control and cause a hyper-inflation, in which prices increases very rapidly. Central bank uses monetary policy to achieve price stability. Price stability is crucial for many reasons. It results in macroeconomic stability, which in turn is better for the entire economy. Thus, Africa’s monetary authorities are under statutory obligations to tame the tides of inflation ravaging her economy.
10. Central banks in Africa have to maintain a competitive exchange rate. In practice, a market-determined exchange rate does not exist more especially for the developing countries. Markets are like weather sometimes stormy, sometimes calm, but always changing; apparently in random movements. Even though markets have worked miracles in some countries, but market need well crafted legal and political structures along with the social overhead capital that promotes trade and ensure a stable financial system. But, almost all these fundamentals are lacking in Africa. Moreover, before the rise of the market economy, going back to medieval times, aristocracies and town guilds directed much of the economic activity in Europe and Asia. For instance, in 2011, the Bi-partisan Financial Crisis Inquiry Commission found amongst others that Alan Greenspan advocacy of deregulation of financial industry had contributed to the global financial crisis of 2008. This, Greenspan later admitted in a congressional hearing that he made mistake in pushing that financial firms could regulate themselves. Thus, the government through the central bank has a duty to protect its currency and economy, especially when the currency is not convertible. Again, African governments should trade with caution on the advice of the Bretton Wood institutions and more developed countries to adopt a flexible exchange rate policy that allows the market forces of demand and supply to determine the exchange rates of their national currencies.
11. Merit rather than gender, ethnic or geographical considerations should be the basis of appointment of CBN Governor. The Bank of England’s former governor, Mark Carney is a Canadian, while Stanley Fischer was the Governor was the Governor of the Bank of Israel. Apex bank Governors all over the world should conduct its affairs with greater professionalism, prudence and properly to restore domestic and international confidence in system.

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