



MEET THE LEADER: PROFESSOR KINGSLEY CHIEDU MOGHALU

The former Deputy Governor of the Central Bank of Nigeria, speaks with *Africa Global Funds'* Anna Lyudvig about his tenure at the CBN, his book on Africa and his consulting and advisory firm

ANNA LYUDVIG (AL): PLEASE TELL US ABOUT YOURSELF

PROFESSOR KINGSLEY MOGHALU (PKM): I am a global professional of Nigerian citizenship. I am something of a child of several worlds. I was born in Lagos in 1963 to a father who at the time was a Foreign Service Officer in Nigeria's Ministry of Foreign Affairs and a mother who was a schoolteacher but later switched careers and became a dietician.

My father, Isaac Moghalu (of blessed memory, he passed on 16 years ago) was posted abroad as a Nigerian diplomat in Geneva, Switzerland very shortly after my birth, and subsequently served in Washington DC as well. So I spent my early childhood in Geneva and Washington where my family lived in the 1960s.

We returned to Nigeria later that decade as a result of a political crisis in my country at the time, which later led to a civil war. The Eastern region where my family comes from (the Igbo ethnic group) attempted to secede from the Nigerian federation as the Republic of Biafra, ultimately without success and the conflict ended in January 1970. I then spent the next two decades in Nigeria, obtaining a law degree and working as a corporate and media attorney and journalist before leaving Nigeria for graduate studies at The Fletcher School of Law and Diplomacy at Tufts University in Massachusetts in 1991. The American Embassy in Lagos was impressed by my admission to The Fletcher School, which is one of the top-ranked interdisciplinary global schools of international affairs. The embassy awarded me a travel grant through the US Information Agency that paid my travel expenses from Lagos to Boston. I was awarded the Joan Gillespie Fellowship by The Fletcher School.

On completing my master's degree in international relations there, I

joined the United Nations Service (the UN Secretariat) in 1992 as an entry level Associate Officer. I served the UN for the next 17 years

in legal, strategic planning and senior executive management roles at UN Headquarters in New York, in field operations in Cambodia, Croatia and Tanzania, and in The Global Fund in Geneva, Switzerland. In that career I rose from entry level to the highest career bracket of Director, and also served for six months on a high ranking panel on UN management reform appointed by the UN Secretary-General Kofi Annan at the political level of Under-Secretary-General. While working in the UN I obtained a Ph.D. at the London School of Economics studying part-time as an Overseas Research Scholar. My interest began to turn to the private sector and entrepreneurship afterwards, and I obtained a professional certification in enterprise risk management, which I am passionate about. I then took a carefully calculated risk. I resigned my permanent appointment in the UN system in January 2009 and founded Sogato Strategies S.A., a risk management and strategy consulting firm, in Geneva. But I was actually listening to a very clear inner voice that told me that the time had come to move on to new and different things.

AL: YOU RECENTLY COMPLETED A FIVE YEAR TERM AS DEPUTY GOVERNOR OF THE CENTRAL BANK OF NIGERIA. TELL US ABOUT YOUR ACHIEVEMENTS THERE.

PKM: I was invited back home from my consulting firm in Switzerland in late 2009 to help lead the reform of the Nigerian financial system in the aftermath of the global financial crisis as Deputy Governor of the central bank. I had not sought the role but was approached

and recommended by Sanusi Lamido Sanusi, the Governor of the Bank at the time, to the then President of Nigeria, Umaru Yar'Adua for the position. I should first of all say that my achievements were

- Professor Kingsley Moghalu

part of the efforts of a wider leadership team, a board of governors of the central bank headed by Governor Sanusi. But at a personal

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level of responsibility, as Deputy Governor for Financial Stability I led the implementation of extensive reforms that improved risk management and corporate governance in the banking system and enhanced the strength and quality of Nigerian banks. I gave leadership to the financial stability and operations directorates of the Bank that I supervised. Several persons have told me that the transparent, evenhanded manner and strictly professional stance I brought to the role shored up confidence in the Nigerian banking system at home and abroad.

AL: DID YOUR 17 YEARS EXPERIENCE AT THE UN HELP YOU IN ANY WAY AT THE CBN?

PKM: The UN link is actually a bit of a paradox. I think that if I had not left the UN and moved into the private sector I would not have been at "the right place at the right time" to have been appointed to a leadership role at the central bank. That said, and perhaps paradoxically, the UN experience was highly relevant to the task at hand, indeed far more than I would have imagined. That professional track record appeared to have formed a large part of the factors the Nigerian president considered, although I know there were others such as my risk management expertise, my family background and a family track record in public service which suggested a value system that was seen as relevant to the task of a dispassionate clean-up of the banking sector.

My UN experience helped in three ways. First, my time in the UN gave me excellent exposure to global standards of professionalism, leadership and transparency. Secondly, with my UN career I understood the challenges of public policy and the underlying economic and societal fabric of developing countries and emerging markets from a dispassionate, global perspective. I was from Nigeria, but at the same time was a bit of an outsider in what in our domestic context we often refer to as "the system" in the sense that I developed my career outside of it at a more global level. Thirdly, the UN experience prepared me extremely well to represent the Nigerian central bank globally at international meetings and forums abroad, and to domestic stakeholder audiences at home. This was also important because our reforms at the Nigerian central bank were innovative and offered lessons to other jurisdictions. One example of this was the effort the CBN made at making senior bankers who created the mess that threatened our banking system accountable. Another one was having Nigerian banks pay most of the costs of a "bad bank" the central bank created to clean up toxic assets in the banking system. These two aspects of our reforms were well ahead of the global curve. At one global forum in Frankfurt in 2010, the governor of the central bank of a European country leaned excitedly towards me after my presentation and quipped: "you must teach us, Kingsley, how to put bankers in jail!"

Nevertheless I still had to learn a bit on the job, and very quickly too. The role of a governor or deputy governor of a central bank is very unique and has dynamics you almost certainly would never have encountered before you actually sit on the seat even if you had been

a professional banker all your life. Remember, it's a public policy role, not a market one. A lot therefore will also depend on your own innate abilities. One of the most exciting aspects of the position was my role as one of the 12 members of the Monetary Policy Committee which sets interest rates and other aspects of monetary policy. There simply is no other comparable body in any national economy.

AL: IF YOU HAD A CHANCE TO CHANGE ONE THING DURING YOUR TENURE AS DEPUTY GOVERNOR, WHAT WOULD IT BE?

PKM: There really is nothing I would rather have changed about my tenure at the CBN. I gave it my best effort and commitment. Looking back, it was fulfilling to have served my country in such a sensitive and important assignment. If at all there is anything I would rather have had differently, it would have had to do with wider external conditions in the polity, society and the economy over which I had no personal control. It was a strong institution at the time I served in it with Sanusi as the Governor. But there certainly was a lot of political tension over how independent the CBN could or should be, although that independence is guaranteed by law. Perhaps this was part of the struggle to build strong institutions in Africa and other emerging markets.

AL: WHY HAVE YOU DECIDED TO MOVE ON?

PKM: I moved on because I had completed my five year term of office. In that situation a central bank governor or deputy governor is not obliged to seek or spend an additional term in office, and on the other hand the President is under no legal obligation to reappoint such a senior official. I have always been globally professionally mobile, and towards the end of my tenure at the CBN I had begun to have a strong desire to pursue other interests in the private sector and the academe that would give me more independence and flexibility than a full time role in government service.

AL: SO WHAT ARE YOU CURRENTLY WORKING ON?

PKM: After a frenetic five years, the first thing I did was to take a break for a couple of months and spend more time with my family. I then returned to rebuild my consulting and advisory firm [Sogato Strategies](#), which is a global strategy and risk advisory firm that provides macroeconomic analysis, market opportunity and risk assessment, due diligence, and public policy and regulatory analysis for investors in African countries and some Asian countries. We provide public policy transformation strategy consulting for governments and public institutions in emerging markets, as well as corporate governance advisory and training services for emerging market corporate or public sector institutions. Sogato Strategies was originally based only in Geneva, but we have now expanded to offices in Washington DC and Nigeria. We offer bespoke and unique value to clients based on our knowledge, experience and impeccable networks around the world.

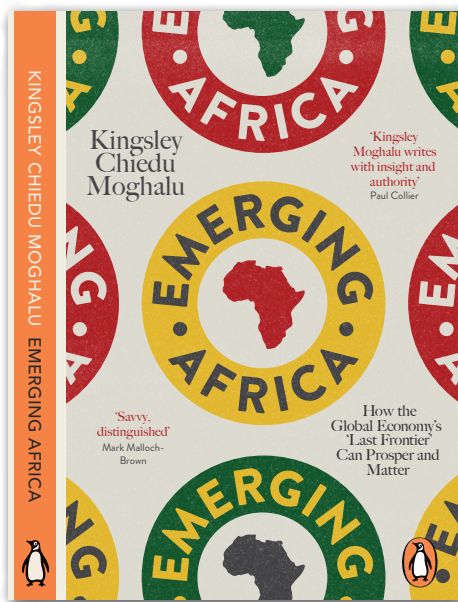
I have been appointed Professor of Practice in International Business and Public Policy at [Tufts University's Fletcher School](#), and will

teach a course on Emerging Africa in the World Economy beginning this coming fall semester. I will also support research into emerging markets at the Institute for Business in a Global Context at The Fletcher School. This is very gratifying for obvious reasons. I am an alumnus of The Fletcher School, so there is a personal connection. It is a world class institution, with an influential global network of alumni who are leaders in business corporations, politics and governments, diplomacy and security, media, and in non-profit work. We fondly refer to ourselves, and are sometimes not so fondly referred to by others, as "the Fletcher mafia". And Tufts is of course a premier university in the US.

I have also been appointed a Partner in the US law firm [Cooke](#) [Robotham LLP](#). It's a full service global law firm that is rapidly expanding in Africa, Latin America and the Caribbean as well as in the US, Canada and the UK, and I am playing an active role in the firm's global expansion and business development. And I am active on the Advisory Board of the Official Monetary Institutions Forum (OMFIF), an influential London based think tank on global monetary and financial policy to which I was appointed in December. So my hands are full! I feel like I am exactly where I want to be at this point in time.

AL: YOU ARE THE AUTHOR OF "EMERGING AFRICA". WHAT ARE THE KEY MESSAGES OF YOUR BOOK?

PKM: In my book "Emerging Africa: How the Global Economy's 'Last Frontier' Can Prosper and Matter", which was published by Penguin last year, I challenge conventional wisdom on the Africa Rising story and provide a clear, alternative roadmap to true prosperity for the continent. My principal argument is that the secret of the wealth of nations begins in the mind, that African nations need to build a real worldview of development and economic transformation based on endogenous innovation and industrial production and manufacturing. I argue that although the continent has made some progress in macroeconomic stability and a more peaceful environment and so is at a moment of opportunity, it has not "risen" so long as its fundamentals are still the same. And the fundamentals are that Africa's presumed rise is based largely on commodity-driven economic growth, which is not a transformation and is not sustain-



able. The continent needs to develop and execute a real strategy for transformation before it can truly prosper.

AL: ECONOMIC GROWTH IN AFRICA IS ONE OF THE FASTEST GROWING IN THE WORLD, BUT WHAT'S KEEPING AFRICA BEHIND, AND FROM PROSPERING?

PKM: Economic growth statistics are not necessarily the same as economic transformation and development. The fascination with growth statistics could take African countries' eyes off the ball and this shouldn't happen. The real questions are: do we have essential infrastructure for development such as adequate electric power, good schools that prepare citizens with adequate skills for industrial economic production, good hospitals that provide adequate health-care, and so on. Are our economies powered by value-added industrial production or still by exports of raw materials and raw extractive resources and commodities? The answers to these questions, to paraphrase an old popular song, are blowing in the wind. It's a combination of where we are in the manufacturing index and the human development index that matters, not just GDP growth that may not always be inclusive in its impact.

AL: IN YOUR BOOK YOU ALSO ARGUE THAT AFRICA'S QUEST FOR DEVELOPMENT HAS NOT BEEN WELL THOUGHT THROUGH. CAN YOU EXPLAIN?

PKM: Yes, we have to think it through, and thoroughly too. This requires a philosophical worldview of economic transformation that will drive real progress, which is based on effective organization of the society for economic production. That worldview needs to interrogate globalization and determine how African countries can develop competitive advantage that will enable them prosper in a globalized world. That worldview must be a comprehensive look at Africa's place under the sun and reflect on where we have come from, where we are going, and how exactly we'll get there with specific strategies, value systems and knowledge systems. African governments spend far too much time on activity that is not informed by a process of deeper reflection from end to end with a thorough mapping of possibilities, methods and capabilities. That's what I mean when I say we need to think it all through.

AL: SO WHAT OPPORTUNITIES DO YOU SEE IN AFRICA AND WHAT IS YOUR OUTLOOK FOR THE CONTINENT?

PKM: I see lots of opportunities in the areas of education and commercialization of innovation, and in the areas of energy and of small and medium scale enterprises that need affordable, patient capital.

I think Africa's outlook is positive. But that is conditional. The continent has no automatic future, only the one it creates for itself. There is a mistaken notion that Africa is on autopilot to some glorious rise. But that will happen only if governments in the continent control population growth for a while and focus on creating the true foundations of prosperity. This is quite different from being a lucrative market for opportunistic extractive investors without a win-win proposition.