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## **Illicit financial flow and underdevelopment in Nigeria**

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### **Abstract**

Illicit Financial Flow is a global phenomenon that effect both developing and developed nations. Its adverse effect is devastating to the economy of developing nations or third world countries. The work adopted dependency theory and structuralist theory of development as its theoretical framework and made use of secondary data and content analysis for its discussion. The study identified the factors responsible for high illicit financial flows in and out of Nigeria which include poor policy formulation and implementation, lack of political will, poor institutional framework and our legal system. The channels of illicit financial flows were listed. The impacts of illicit financial flow were discussed, its leads to financial drains, low revenue on foreign reserve, destruction of natural environment, leads to inflation, unemployment, dependency, etc. The relationship between illicit financial flow and underdevelopment ex-rayed, it was revealed that there is a nexus between the two concepts. If the huge sum of money lost through illicit financial flow are invested in Nigerian development could have been achieved considering the resources available in the nation. The study made recommendations on how illicit financial flow can be drastically reduced which include, proper and restructured institutional framework, [ legal, financial and administrative framework,] strong anti-graft agency, collaboration with neighboring states, sensitization and orientation, confiscation of illicit wealth by government, persecution of culprits.

**Keywords:** illicit financial flow, underdevelopment and Nigeria

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### **1. Introduction**

Nigeria is blessed with both human and materials resources that can make her great in the comity of nations, but sad to note that despite all these the nation still wallows in poverty, illiteracy, low per capita income, poor infrastructural facilities.

Illicit Financial Flows {IFFs} out of Africa and Nigeria in particular is worrisome considering the billions that leaves Nigeria yearly illegally. The rate at which money and other resources are transferred out of Nigeria portends great danger to the nation. It appears that the nation is heading for endemic underdevelopment. Illicit Financial Flows {IFFs} has been in existence prior to political independence and has increased on geometric progression in recent years. It is another form of imperialism orchestrated and masterminded by Nigerians in collaboration with multinational corporations, Non-Governmental Organizations [99NGO], Banks and foreigners. The recent increase in technological advancement and globalization has helped to worsen the issue of illicit financial flow. The fund lost through IFFs channels namely; money laundry, tax evasion, price misgiving, safe heaven, trade mispricing, counterfeiting, human trafficking, Illegal arms deals, smuggling of contraband goods and items, bribes, fraud in financial sector, bunkering, Illegal mining of gold and other resources racketeering, illegal activities of multinational corporations, wildlife and terrorism and agriculture produce, corruption and other conduits should have been used to develop Nigeria and moved the nation forward.

### **1.2 Statement of Problem**

Global anti-corruption watchdog Transparency International [2019] in Corruption Perception Index [CPI] ranked Nigeria number 148 out of 180 countries with people living in extreme poverty. This is sad considering the natural resources the nation is endowed with. IFFS has been on national and international discourse for over 50 years. The escalating rate of IFFs is against development and may render a nation perpetually underdeveloped if not controlled. The natural resources exported to other nations from Nigeria are capable of transforming and catapulting her from developing to developed nation if properly utilized. The question is what happens to all the revenue gotten from exploration and exporting of raw materials to other nations. It is puzzling to see Nigeria tagged developing nation despite all her tapped and exported resources.

Underdevelopment is a condition that was created by man and can be solved by man. The financial resources to fight underdevelopment abound in Nigerian but there is little or nothing to show considering our natural resources. Illicit financial flow from Nigeria is a major problem that has stagnated Nigerian economy for over 50 years of her political independence.

This paper focuses on the problems of illicit financial flow in Nigerian and underdevelopment. How to reduced IFFs and ensure that the Nigerian move from developing nation to developed nation is the focused of this paper.

### 1.3 Research Questions

1. What are the impacts of IFFs on Nigerian economy?
2. Is there any relationship between IFFs and underdevelopment of our economy?
3. What are the possible solutions to combat IFFs?

### 1.4 Objectives of the Study

The broad objective of this study is to interrogate the link between illicit financial flow and underdevelopment. Specifically, the study is aimed at,

1. examining illicit financial flow and its impact on Nigeria economy.
2. establishing the link between IFF and underdevelopment
3. proffering solutions on how IFFS can be reduced.

### 1.5 Significance of the Study

The significant of this study cannot be overemphasized; it will be beneficial to both developing and developed nations as the findings will be used to check the high menace of IFFs. Also, it will lead to better policy formulation and implementation that will contribute to development in developing nations like Nigeria.

Policy makers will find the study useful as it will help them to come up with good policies on how to combat the problems of underdevelopment and IFFs. This will enable bureaucrats in formulations and implementation of policies for optimal benefits. Furthermore, the findings from the study will help Multinational Corporations, companies, central and local banks in Nigeria to come up with new strategies, policies and programmes on how to combat IFFs.

In this vein, the study will educate and sensitize people on the dangers of illicit financial flow. Students on the other hand, will use this work as reference for further study on the subject matter. It will add to other relevant literature on illicit financial flow.

## Chapter 2 Literature Review and Methodology

### 2.1. Illicit Financial Flow

There are so many definitions on the above subject matter depending on how scholars looked at it. Organization for Economic Cooperation and Development (OECD 2010.56) <sup>[33]</sup> defined illicit financial flow to mean cross border movement of money that is illegally obtained, transferred or used. Illicit financial Flow range from something as simple as a private individual transfer of funds into private accounts abroad without having paid tax to highly complex schemes involving criminal networks that set up multi-layered, multi-jurisdictional structure to hide ownership.

Baker (2005) <sup>[4]</sup> averred that illicit financial flows are dirty money. He defined dirty money as any money illegally acquired or earned. Kar and Frettas (2012.87) posited that IFF are funds that are illegally earned, transferred or utilized, and cover all unrecorded private financial assets by a resident in contravention of applicable laws and regulatory framework. Reutter and Truman (2004) <sup>[36]</sup> further viewed dirty money as the conversion of criminal income into assets that cannot be traced back to its underlying crime. Council for International Development (2014) defined illicit financial flow as the transfer of illegally earned assets or the hiding of legally earned assets to facilitate illegal tax evasion

Global Financial Integrity (GFI) (2014) defined IFF as all unrecorded financial flowing involving capital that is illegally earned, transferred or utilized generally used by resident to accumulate foreign assets in contravention of applicable capital controls and regulatory framework, even the funds earned are legitimate, such as the profits of a legitimate business, their transfer abroad in violation of exchange control regulation or corporate tax laws would render the capital illicit. Global Financial Integrity (GFI 2013) Research Institute viewed IFFs in respect to illegal activities, cross-border transfer of funds that are illegally earned, transferred, utilized. This definition inspires the various datasets that measure IFFs quantitatively. Basically, it is financial flow that are unregistered in the country of origin, the transfer in question take place via unregistered channels, because their background or purpose is illegal. GFI {2013} in her estimate about IFFs, Shows that illicit financial flow from developing countries fluctuate in recent times, but it escalated enormously from 2000-2010, as the overall volume grew from USD 370 million GFI {2011} to USA \$860 billion in (2012).

According to GFI {2014} IFF includes the following:

1. Capital that is legally earned but illegally transferred
2. Capital that is illegally earned but legally transferred
3. Capital that is illegally earned and illegally transferred.

United Nation (2016) reiterated that “there is no agreed definition of the concept of Illicit Financial Flow, but it is generally used to convey three different sources of IFFs; the proceeds of commercial tax evasion, revenue from criminal activities and public corruption.

The Global Financial integrity Report [2014] estimates that Nigeria was ranked 7<sup>th</sup> biggest loser globally and first in African continent. The GFI stated that between the year 2000 to 2014, Nigeria lost a minimum of \$140 billion to illicit financial flow. The biggest, was in the oil sector (crude oil and commercial activities mispricing followed by corruption and over invoicing of services and contract fee

Ndikumana (2015) <sup>[27]</sup> posited that the enormous capital outflows from African continent can hardly be explained any longer by insufficient investment opportunities in the countries of origin or as a reaction to political risk. He mentioned that the main reasons for continuing Capital flight are illicit motives, such as tax evasion and the concealment of corruptions.

I define IFFs as money earned and other resources transferred that are against the acceptable standard of transaction, which affects the country of its origin negatively. From the above definitions it is apparent that IFFs involves dirty money, unrecorded transaction, money earned in contrary to a nation established rules and regulations. It covers all illegal, personal, cooperate and NGOS transactions that goes against the law of any nation. It goes beyond that, it covers human trafficking, bunkering, and other natural resources that are sold out form a nation that are against the law of the land. The following factors are responsible for high illicit financial flow from Nigeria, poor policy formulation and implementation, lack of political will, poor institutional framework, weak judiciary, poverty, unemployment, bad government, corruption and greed.

### Underdevelopment

United Nations (2013.114) posited that an underdeveloped nation

is one in which per capita real income is low when compared with the per capital real income of the United States, Canada, Australia and Western Europe. Poverty is not the only characteristics of underdevelopment, there are other features which include unutilized or under-utilized natural resources, low standard of living and unemployment, to mention but few.

Viner (1950)<sup>[46]</sup> averred that an underdeveloped country is one which has good potentials\ prospect for using more capital or more labour or more available natural resources or all these to support its present population on a higher level of living or if its per capita income level is already fairly high to support a large population on a not lower level of living. According to Viner { 1950}<sup>[46]</sup> for a nation to be tagged underdeveloped that nation must have natural resources untapped, underutilized and have outstanding noticeable features and potentials of been developed. Underdevelopment is not the opposite of development but a special condition that has raised in the post-colonial third world countries that create a hindrance to development. He concluded that the effects of colonialism and neo- colonialism gave birth to that particular phenomenon or condition tagged underdevelopment. Smith (2013.99) posited that underdevelopment refers to a continuing relationship of exploitation where, at any one level in the chain, the full economic surplus is not available for reinvestment. Engene (1954.108) postulated that underdeveloped country is a country characterized by the following; mass poverty which is chronic and not the result of temporary misfortune, obsolete method of production and social organization. Todaro {1998} is of the opinion that underdeveloped economy is that economy in which there are low level of living, absolute poverty, low per capita income, low consumption levels, poor health, sources, high death rate, high birth rate and dependency on foreign countries. Kuznet (1955)<sup>[38]</sup> viewed underdeveloped countries as nations that have been unable to utilize the opportunities afforded by modern material and social technology and have failed to supply minimum subsistence and material comfort to their population. Rodney (1972:7)<sup>[37]</sup> posited that underdeveloped are as a result of unequal interaction between two societies. The more this unbalance (unequal relationship last the more backwardness of the less privilege ones. This means that development is a sign that developed and underdeveloped societies are in a close contact when they were in different stages. He further posited that underprivileged society cannot develop or be privilege because of their relationship as their situation will get worst if they continue in their unbalance relationship/interaction. Rodney stated that underdevelopment of African (Nigeria inclusive) is as a result of its long contact with capitalism, he pointed out that the national bourgeoisie contributes a lot to the underdevelopment of Africa through their connivance with international bourgeoisie by applying wrong policies programme.

Gunnar Myrdal (1955) averred that “An underdeveloped country is that country in which there is a constellation of numerous undesirable conditions of work and life, output, income and levels of living are low; many modes of production, altitude and behavior pattern are disadvantageous and there are unfavourable institutions and there is a general causal relationship among all these conditions”

Underdevelopment can be defined as a situation and condition where a nation cannot effectively and efficiently tap all her natural resources thereby leading to low per capita income, mass

poverty, lack of technology, unemployment and such nation produce what they don't consume and consume what they don't produce.

## 2.2. Theoretical framework

### Dependency Theory

The Dependency theory of underdevelopment was developed and popularized by the following authors Ander Gunder Frank (1961 & 1976)<sup>[14]</sup> Samir Amin (1974, 1976), Theutonio Santos (1970)<sup>[39]</sup>. It is a fact that developing nation economy is tied to western European capitalist expansion and imperialism replaced by capitalism. Eme (2013) the capitalist world economic system is organized to ensure a perpetual domination of the periphery by the core and dependence of the periphery or satellite/periphery to the metropolis. Frank (1976)<sup>[14]</sup> divided the world capitalist economy into two major components; they are the metropole and the satellite, in the same vain with Immanuel Wallerstein (1976) typology of classification of centre and periphery. Developing nations are underdeveloped and poor because their economies were fused \ tied to the cent re capitalist economy. Ake (2002) posited that “*the contradiction of capitalism not only transform it, they also transplant it. The transplanting of capitalism arises from those contradictions which reduce the rate of profit and arrest the capitalization of surplus value. Confronted with these effect. It was inevitable that the capitalist forever bent on profit maximization would look for a new environment in which the process of accumulation could proceed a pace. Capitalist tuned to foreign hands attack and subjugated them and integrated their economics to those of western Europe. To date, the experience of Western imperialism, particularly colonialization, remains the most decisive event in the history of Africa*’. Ake [2002] identified the integration of African economics to the metropolies as responsible for underdevelopment and made suggestions on to how to disengage from such forceful economic union. Nigeria's economy was controlled and dominated by the British. British government ensured that Nigeria's valuable resources are transferred to Britain through their own companies and made legislations in favour of export and import in Nigeria then. These companies owned by British and their allies' monopolies trade at the detriment of local merchants, which on the long run ushered in perpetual underdevelopment in Nigeria right from 18<sup>th</sup> century. Nnolin (1981)<sup>[31]</sup> averred that the policy of the integration of pre-colonial Nigeria into the global capitalist economic system as a peripheral member by the colonialist caused the destruction of the society's rich and varied political system, and social structure, and the creation of new productive economic activities based on the need of foreign capitalist countries. It diverted attention from local creative potential and resources by focusing on production of primary goods needed by Europeans.

Dependency theory explains the institutional structures by which advanced nations continue to exploit, dominate and dictate the economic system of developing nations through various mechanisms of capital exploitation and surplus accumulation, Illicit financial flow as one of the major channels.

Developed nation controls, suppress and surreptitiously subjugate the economics of third world countries, to their betterment and to the detriment of the developing nations, thereby keeping them in perpetual underdeveloped state and stage. In this study IFFS is one of the conduits for continuous exploitation and siphoning of both natural and human resources.

## **Structuralist Theory of Development**

This theory came up in the 1950s 1960s and is associated with contributions from Latin American scholars like Raul Prebisch, Celso Furtado, Anibal Pinto, Osvaldo Sunkel and Dudley Seers are major proponents of structuralist theory of development. They worked with the Economic Commission for Latin America and Caribbean (ECLAC). They pointed out the huge gap between the developed and developing nations [the inequalities among nations] in terms of development and underdevelopment and came up with a position that there is an imperative need for structural changes in government policies, legislations and in business if developing nations if must develop.

This theory focused on structural aspects that hinder the economic development and growth of developing nations. The structuralist theory of development posits that for any nation to develop that nation must overhaul, amend and review critically her economic system, policies and programmes in a way to achieve her developmental goals. The government of developing nations must do the needful through protection of infant industries, correct unfavourable balance of trade within her power to eradicate poverty and ensure growth and development. Structuralist argues that developing nations should take action to push for industrialization and reduce their dependency on trade with developed nations. They further posited that transformation of nation's economy from subsistence agriculture to modern manufacturing and servicing economy through policy prescription via structural thinking and intervention of the state. That unless this is done a developing nation cannot be developed. Nigeria's underdevelopment is tied to poor institutional framework, judicial and legal lapses, poor policy formulations and implementation, corruption and lack of political will coupled with leadership incompetence, foreign influence and domination. The two theories discussed above explains the current situation of Nigeria as an example of underdeveloped nation hence the theories are relevant to this study. The theories will help the nation to understand why development has been illusive despite the natural resources and how development can be achieved through control of illicit financial flow.

## **2.3 Methodology**

This paper adopted the secondary method of data collection, which includes the use of textbooks, journals, periodic publications, gazettes, government publications, newspapers, magazine, World Bank reports and content analysis were used.

## **Chapter three Presentation and analysis of data**

### **3.1 Impact of Illicit Financial Flow in Nigeria**

World Bank (2019:97) posited that IFFs reduce domestic resources and tax revenue needed to fund poverty reducing program and infrastructure in developing countries. In addition, World Bank report (2017) averred that (IFF) act as a constraint to poverty reductions weakens transparency and accountability in developing nations Nigeria inclusive.

(IFFs) has a negative influence on the political and economic security in Nigeria. Corruption and illegal exploitation of natural resources, fraud in international trade and tax evasion are harmful as the diversion of money from public priorities illegal logging, fishing and mineral extraction are strongly connected with deforestation, deflection of fishing stock and environmental degradation and impoverishment of individual and communities

who rely on those resources for to sustain their existence. Destruction of natural inhabitant and destruction of masses means of livelihood as a result of oil bunkering and illegal refinery and mining of crude oil exported illegally at the high sea. The destruction of Nigerian natural inhabitant by the activities of illicit financial flow in the Niger delta area is of great danger to the people and the world in general.

Illicit financial flow has some negative consequences according to Unger [2016:34] noted that the consequences of money laundry include, distortion on consumption, distortion on investment and saving, artificial increase in prices, change in import and export, negative and positive effect on growth rate, effect on output, income and unemployment among others. Developing nations with the above effect as a result of IFFs cannot develop. United Nations [2012:21] reported that 60 billion flows illegally out of Africa higher than the amount they received as development assistance. Illegal money ends up in United States, United Kingdom, Switzerland, France and Canada. These monies are use for developmental projects and investments in those countries leaving Nigeria underdeveloped.

Amah and Okezie {2017:30} stated that illicit financial flow drains capital and tax revenue from developing nations. Movements of capital out from its countries of origin enable tax evaders, corrupt officials, business people and criminals to leave their illegal wealth abroad which affect the Nigeria negatively. This capital drains leads to reduction in foreign exchange reserve and revenue generation as many people evade tax payment. In addition Saheed and Ayodeji {2012} quoting GFI {2010} said that impacts of IFFs is indeed staggering especially for Africa and Nigeria in particular as it drains foreign resources, heightens inflation, reduces tax collection, cancels investment and undermines free trade.

Illicit financial flow leads to reduction in domestic expenditure and investment in Nigeria. Economic and Financial Crime Commission [EFCC 2015] posited that Africa loses over \$ 50 billion to illegal acquired assess annually. It stagnate Gross Domestic Product. {GDP} and reduces capital stock.

Illicit Financial Flow [IFF] leads to consumption of fake dangerous harmful product. Illicit financial flow opens up avenue for illegal shipment of substandard goods across borders. Those goods are dangerous and harmful to the people of state. The issue of illicit drugs, counterfeiting and its abuse has adverse effect on the people. There are many sub-standard drugs imported illegally to the country. These drugs have killed so many persons. Illicit Financial Flow (IFF) leads to lose of confidence of leaders by the citizens, including public institutions. Terrorism and crime are financed by money from IFFs. The negative impact of (IFFs) to Nigeria cannot be overemphasized. Ndikumana and Boyce, [2003,] [28] Boja, [2006] More [2012] asserted that there is close connection between illicit financial flow and the public debt ratio. IFF can make the government resort to external borrowing as foreign loan which is another form of colonialism through capital accumulation and formation. IFF increases a government indebtedness therefore making the nation to depend on other nations for everything.

Illicit financial flow is a threat to development considering its impact in the nation. From the above discussion development will be impossible for any developing nation unless this menace is control and reduced.

### 3.2 Analysis of Illicit Financial Flow in Nigeria From 2010-2018.

GFI [2013:67] in her estimate about IFFs, Shows that illicit financial flow from developing countries fluctuate in recent times, but it escalated enormously from 2000-2010.

The report of high-level panel on Illicit Financial Flow which was set up by United Nation Economic Commission for African [2015] with South African President, Thabo Mbeki as chairperson revealed that African was losing \$50 billion yearly to IFF which Nigeria contributes 30 percent of it and has now risen to \$80 billion dollars. Thabo Mbeki reported that between 1970-2008, 38 years Nigeria lost \$217 billion to (IFFs) which is about 5 million per year. Nigeria is losing \$15-\$18 billion dollars every year.

The organization for Economic Cooperation and Development countries [2015] posited that between 2010-2012 \$147 million was relined to countries where the money was transferred from, while \$14 billion was frozen. It will be difficult to transfer such money without collaboration with both central and commercial banks Punch [2019]

Averting Illicit Financial Flow in Nigeria extractive industry released by Nigeria Extractive Industries Transparency Initiative (NEITI, 2019) states that oil bunkering constitute 35% while commercial transaction in form of tax evasion, money laundry and transfer pricing by multinationals that dominates the sector account for more than 60 percent in Nigeria Illicit Financial Flow from 2000-2018.

Nigerian political actors and gladiators, the rulings elites has looted billions from our common wealth base on kleptocracy and prebendalism, example of such people are General Abacha Sani of Nigeria, and James Ibori formal governor of Delta state. The two leaders looted the nation through direct control from the Central and commercial banks.

Organization for Economic Cooperation and Development (OECD, 2013) [33] stated that every year huge sum of money are transferred out of developing countries illegally. These illicit financial flows ship resources from developing countries that could be used to finance much needed public services such as health and education, weakening their financial system and economic potential. While such practices occur in all countries is more severe given their smaller resource base market OECD (2013) [33].

Ndikumana (2015) [28] in the same vain posited that the enormous capital outflows from African continent can hardly be explained any longer by insufficient investment opportunities in the countries of origin or as a reaction to political risk. He mentioned that the main reasons for continuing Capital flight are illicit motives, such as tax evasion and the concealment of corruptions. Nigeria has lost over \$19.8 billion USA dollars to IFF from 2010-2018, GFI [2014). These monies could have been used for developmental programes and projects that will lead to development leveraging Nigeria from her state of underdevelopment.

Report published by Nigerian Extractive Industries Transparency Initiatives [NEITI] and Trust Africa [2019] that Nigeria loses between 15 billion and 18 billion yearly to IFFs. From the figure above one can approximately say that from 2010 to 2018 Nigeria has lost 135 billion in nine years.

### 3.2 The Relationship Between Illicit Financial Flows and Underdevelopment

Global anti-corruption watchdog Transparency International, Corruption Perception Index {CPI 2019} ranked Nigeria 148 out of 180 countries. In 2018 Nigerian overtake India as the country with the largest number of extremely poor people. International Monetary Fund {2018} posited that Nigerians are getting poor every day, that there is an imperative need for coherent and comprehensive economic reforms. This is alarming considering our resources that are flown abroad illegally.

Organization for Economic Cooperation and Development [OECD 2013:86] [33] averred that every year huge sum of money are transferred out of developing countries illegally. These illicit financial flows strip resources from developing countries that could be used to finance much needed public services, from security and justice to basic social services such as health and education, weakening their financial system and economic potentials. Thabo Mbeki report [2015] reveled that Nigeria is first in Africa losing more than 2.2 billion every year. This amount can be used for other developmental project to reduce poverty. The money formal governor of Delta state James Ibori transferred illicitly to abroad where he was prosecuted and jailed for money laundry could have been used to affect lives of people in Delta state positively. Money seen in General Sani Abacha account abroad after his death is more than Nigeria national budget for three years.

The nexus between illicit financial flow and underdevelopment is that resources both human and materials lost to IFFs if used in Nigerian will usher in development and growth. The nation Nigeria is conditioned to produce what we don't consume and consumed what we don't produced leading to over dependency. This mode of production does not enhance development neither does it improves on the standard of living of the people. The fact is that developed nation benefits from IFFs while developing nation suffers. It is another form of imperialism through capital accumulation.

Human and material resources in Nigeria are illegally transferred to foreign nations, corruption and money laundry has greatly affected the development of Nigeria. (Punch 2017). Nigeria Extractive Industries Transparency Initiative [ NEITI] and Trust African (2019) indicated that Nigerian loses between \$ 15 billion \$ 18 billion annually to illicit financial flow, this huge sum of money could have impacted positively to the development of the nation if judiciously used.

There is a link between illicit financial flow and underdevelopment so long as IFF continues to escalate on geometric rate Nigeria will continue to wallow on underdevelopment. As major sources of corruption in Nigeria uses IFF as a channel for transfer of illegal wealth.

## Chapter four Summary, conclusion and recommendation

### 4.1 Summary

This study discussed the concept of illicit financial flow and underdevelopment in Nigeria, pointing out the relationship between illicit financial flow and underdevelopment. Dependency theory and structuralist development theory were used as theoretical framework. The negative impacts of illicit financial flow were discussed and the relationship between IFF and underdevelopment established. Recommendations made on how illicit financial flow can be checked.

## 4.2 Conclusion

It is obvious that there is a link between IFF and underdevelopment; unless these ties are untied development will be illusive in Nigeria. The dependency theory explained that Nigerian economy is tied to the advanced nations of the world. In as much as the unbalance relationship exists, Nigeria will continue to grope on poverty, unemployment, low capita income and other features of underdevelopment. Considering the channels of illicit financial flow of human and material resources coupled with its impacts, it is clear that development is far from Nigerian. If resources illicitly transferred abroad are invested in Nigeria the nation will develop faster within a possible space of time. Nigeria will be transformed from developing to developed world considering all our available resources. Imagine a report from [PASGR 2019] quoting Global Financial Integrity {2014} posited that Nigeria lost 157 billion to IFFs between 2003-2012. If these resources are judiciously used underdevelopment will disappear.

## 4.3 Recommendations

Illicit Financial Flows has done great harm to Nigeria and is still doing, considering its adverse effect in all sectors of human endeavour. I make the following recommendations on how it can be reduced drastically. IFFs in Nigeria is major problem to economic growth and development, there is imperative need for a radical and pragmatic approach to come up with good policies and programs that will reduce IFFs. The government of Nigeria should focuses on the transformation of the economy from subsistence agriculture to modern manufacturing and industrialize nation, diversification of the economy and protecting infant industries and local content. This can be achieved through rationale structuralist thinking, policy formulations, and implantations, programs and strategies. Government should determine trade relations within and outside Nigeria. When these are done development and growth will be achieved and underdevelopment will disappear, IFF will be reduced

1. IFFs as a cross border crime; it needs a cross boarder proactive approach both developing and developed nation to handle concertedly. It calls for international legislation and understanding on how best to handle this ugly menace.
2. Nigeria should overhaul her import and export duties. Direct and indirect tax system renewed. Cross border investigation and monitoring of business transactions.
3. There is need for sensitization reorientation and education of the masses on the adverse effect of (IFFs),
4. Nigeria should overhaul her custom services, immigrations and ensure that cross boarder exchange of tax information on personal and business accounts (Ogbonaya and Ogechukwu (2017).
5. Corruption should be fought with vehemence and corrupt offenders persecuted.
6. Recovery and confiscation of illicit wealth by government.
7. GFI [2019] posited that the task of curtailing IFFs requires staunch political leadership, steadfast international cooperation and detailed national and regional strategies.
8. Anti graft agencies and institution should be strengthened.
9. The activities of multinational cooperation should be monitored to ensure that tax evasion and mispricing coupled with other vices are curtailed.

10. Central Bank of Nigeria should ensure that the activities of commercial Banks, individuals, Non-Governmental Organizations (NGOs) are checkmated in compliance to rules and regulations of Nigeria.
11. Good governance, transparency and accountability by those in leadership position will help to reduce this ugly sage. Whistle blowing be encouraged, made practical and more rewarding. If the above points are taken seriously, the issue of IFFs will be reduced if not completely eradicated.

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