

CENTRAL BANK INTERVENTION SCHEMES AND INCLUSIVE GROWTH IN SUB-SAHARAN AFRICA: EMPIRICAL EVIDENCE FROM NIGERIA

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Abstract

Sub-Saharan African economies are confronted with serious macroeconomic problems of extreme poverty and stag inflation (high unemployment, slow growth rate and rising price). The region, no doubts needs urgent and special interventions to drive economic growth and development. In order to achieve inclusive growth, the monetary authorities in this region embarked on various initiatives aimed at stimulating growth through the development of the real sector, generate employment and industrialization. The study investigates one of the largest intervention programs in the region- Central Bank of Nigeria's intervention programs- its relationship with inclusive growth, achievements, impacts and challenges. A combination of primary and secondary data were analyzed using chi square and rank correlation coefficient. The results revealed a positive relationship between central bank intervention and inclusive growth but showed insignificant impact on Nigeria's economy. The study recommends- enhanced monitoring, evaluation and strengthen the capacity of the Development Finance Institutions (DFIs). Develop and implement risk management framework; recovery strategy as over 50% of the intervention funds are already showing signs of distress.

Keywords: Intervention Funds, Development Finance, Stag-Inflation and Inclusive Growth

JEL Classifications: D53; C58; C61

1. INTRODUCTION

The dominant thinking regarding central banking in earlier years was that of price stability that would result in economic growth, increase employment opportunities and reduce poverty. However, recent evidence of central banking, particularly following the global financial crisis of 2008/2009, demonstrated that supporting various sectors of the economy, especially real sectors through direct interventions had become an important role of central bank. In this regard, central banks worldwide are increasingly recognized as agents of developments financing.

More so, price stability, a primary goal of most central banks, is not an end in itself, but a means to achieving the ultimate goal of improvement in the quality of life.

According to Epstein (2005), most central banks including the Bank of England (BOE) and the U.S Federal Reserve have employed direct methods at different instances to support various sectors of the economy and this has not been a deviation from their core mandates. The importance of the role of central banks in financing development is further understood by the need to complement the financing efforts of the government. Financing Development, particularly in sub-Saharan Africa requires huge financial resources, which often put pressure on the government budgets, thus necessitating complementary efforts by Central banks to bridge funding gaps. This is even more imperative in the face of development challenges such as low agricultural productivity, inadequate infrastructure, underdeveloped financial system, among others plaguing many Sub-Saharan Africa countries.

In recognition of the importance of this multiple mandate of central banks, the Central Bank of Nigeria (CBN) has over the years pursued both price and financial system stability as well as provided complementary developmental assistance. The development functions of CBN are principally in the area of development financing, which dates back to the 1960's with the financing of Commodity Boards. This has spread to other sectors of the economy such as aviation, power, energy etc., while the initiatives focus on areas such as agricultural development, entrepreneurship training, rural development and micro, small and medium enterprises. Financing Development by the CBN involves the formulation and implementation of relevant policies, product innovations as well as creating an enabling environment for financial institutions to operate and deliver services in a proficient and sustainable manner. The mandate is to promote financial inclusion, real sector growth and entrepreneurial development, using a wide range of strategic initiatives. Most of the development financing activities are carried out by the Development Finance Department (DFD) of the CBN, in collaboration with other relevant authorities and agencies.

Some of the initiatives carried out by the CBN include:

- ✓ Nigeria Incentive Risk Sharing System for Agricultural Lending (NISRAL)
- ✓ Commercial Agricultural Credit Guaranty Scheme Fund (ACSS)
- ✓ Interest Drawback Programme (IDP)
- ✓ Power and Airline Intervention Fund (PAIF)
- ✓ Small and Medium Enterprises Credit Guaranty Scheme (SMECGS)
- ✓ SME Restructuring/Refinancing Fund (RRF)

The initiatives were intended to enhance private sector contribution to the growth process, mobilize savings, fund good business initiatives and facilitate production and trade as well as other commercial activities that boost the economy. It is imperative to state that CBN has initiated several development projects through Intervention mechanism, but their impacts are yet to manifest significantly on the

economy of Nigeria. Therefore, this study examine the relationship between CBN interventions and inclusive growth, achievements and impacts on Nigeria's economy.

Statement of Problem

The central bank of Nigeria, in a bid to drive growth and economic development has initiated different development programs to help stimulates the private sectors. According to the financial stability report of (2017), the Central bank of Nigeria has disbursed total sum of N1.18 trillion so as to pull the economy from the wood. It is important to state in spite of this humongous amount, the economy has not witnessed significant improvement in term of employment and inclusive growth. Unemployment, stagflation and poverty are on the increase. In fact, Nigeria has been tagged the headquarters of poverty. It is in this light that this study intend to critically examine the various intervention programmes of the Central bank of Nigeria- achievements and its impacts on inclusive growth in Nigeria.

Objective of the Study

- To determine the relationship between Central Bank intervention mechanism and inclusive growth.
- The achievement of the various programs
- To investigate the impacts of CBN intervention programs on inclusive growth in Nigeria
- To ascertain how real sector growth responds to central bank intervention mechanism

Research Hypotheses

The following hypothetical statements have been made in the course of this study. The hypotheses were stated in the null form:

- HO₁: There is no significant relationship between intervention funds and inclusive growth in Nigeria.
- HO₂ The intervention funds have no significant impact on inclusive growth
- HO₃ The intervention initiatives do not enhance the performance of Small and Medium Enterprises

2. LITERATURE REVIEW

Difference authorities have written on the topic of development finance and have referred to a number of concepts and terms. This section examines some of the historical, theoretical and empirical reviews, thereby providing deeper insight into the subject matter.

2.1. CONCEPTUAL FRAMEWORK

Development Financing

Development financing involves the provision of finance to support economic activities in various sectors of an economy with a view to improving financial and social conditions, thus making growth more inclusive. It is a leveraging mechanism that facilitates the enhanced flow of credit and other financial services to the needy sectors of the economy and segments of the population to improve livelihood and contribute to national development. Development financing can be regarded as a key requirement for achieving inclusive growth since it speeds up the development process by bridging funding gaps. In a nutshell, development financing explains the entire concepts of intervention mechanism of the central bank.

Stag inflation

Stag inflation is a period of high unemployment, slow economic activities and persistent rise in the price of goods and services. An economy characterized by high inflation, high unemployment and slow growth.

Inclusive Growth

Inclusive growth implies that everyone is included in growth irrespective of their economic class, gender, sex, disability and religion. The European commission (2012) described inclusive growth as “a high employment economy delivering economic, social and territorial. It means raising employment rate more and better jobs especially for women, young people and older workers helping people of all ages anticipate and manage change through investment in skill and training modernizing labour markets and welfare systems ensuring the benefits of growth reach all parts of the society”.

2.2. HISTORICAL INTERVENTION OF CBN

The key mandate of the Central Bank of Nigeria (CBN) is the maintenance of price stability. The developmental role of the bank is well recognized. Section 31 of the CBN Act (2007) states that; “The bank may subscribe to, hold and sell shares of any corporation or company or debentures thereof set up with approval of or under the authority of the federal government for the purpose of promoting the development of money or capital market in Nigeria or of stimulating financial or economic development so however, in any such case, the total value of the holding of shares or as the case may be, debentures to which this section applies shall not at any time exceed ten times the aggregate of the bank’s paid up capital and the general reserve fund of the bank”

One important function of The CBN is development finance. It has acted as a financial catalyst to various sectors of the economy, particularly the real sector, due to its potentials of stimulating growth and creating employment. Since inception, the bank has implemented development financing initiatives in sectors such as agriculture, aviation, power and the micro, small and medium enterprise as well as

rural development. These inventions have recorded modest achievements exemplified by agricultural value chain development, increased capacity utilization, credit flow, income growth and job creation. They have principally complemented government efforts of funding development.

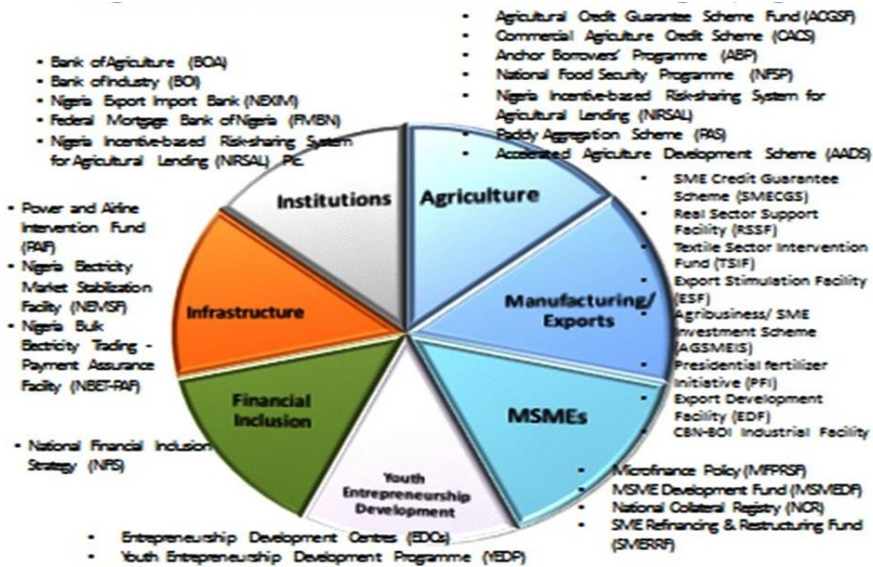


Figure 1: Overview of interventions – functional grouping
Source : CBN

In order to facilitate the implementation of the development finance initiatives, the CBN commenced the establishment of Agricultural Finance Department in 1977, to manage the Agricultural Credit Guaranty Scheme (ACGS) and finance operations of the commodity boards. By 1985, the department expanded its scope of operations to include rural credit, in line with a recommendation of the National Agricultural Credit Study. The department was restructured and renamed Development Finance Department in 2000. The function of the DFD includes the development and implementation of various policies, programs and schemes toward the effective, efficient and sustainable delivery of financial services to the real sector of the economy. As part of its development efforts, the department represents the bank in international commodity organizations (coffee, cocoa, groundnut and natural rubber) and the African Rural Agricultural Credit Association (AFRACA), among others.

Below are some selected key development finance initiatives embarked upon by the CBN over period of time, particularly in agriculture, small and medium scale enterprises and rural development. .:

- The N300 Billion Power and Aviation Intervention Fund (PAIF) :

The PAIF was established in September, 2010 to motivate and stimulate private sector investments in the power and aviation sectors. The scheme is operated

with a N 300 billion fund raised via debentures issued by the Bank of Industry in accordance with section 31 of the CBN Act (2007) disbursed by the Bank of industry to the Deposit Money Banks (DMBs) as a maximum interest rate of 1 %. The DMBs further lend the funds to the private sector at a concessionary interest rate of not more than 7% and a tenor of 10-15 years.

- The N200 Billion Small and Medium Enterprises Credit Guarantee Scheme (SMECGS):.

It was established by the CBN in 2010, with the aim of facilitating the development of the SME/manufacturing sector, set the pace for industrialization and increase access to credit by promoters of SMEs and manufacturers. The cumulative number of projects guaranteed under the scheme since its inception in 2010 is valued at N1.93 billion and function by a DMBs and a DFI. An evaluation of the guarantees indicates that a total of 40 projects have been guaranteed. The services sector accounted for 32 projects while 7 projects were guaranteed in the manufacturing sector and a project in the health sectors.

The Nigeria Electricity Market Stabilization Facility (NEMSF): The CBN has established the Nigerian Electricity Market Stabilization Facility to the tune of N213 billion which is aimed at upsetting certain outstanding debts in the Nigerian Electricity Supply Industry (NESI) and guaranteed this take off of the Transitional Electricity Market (TEM). Specifically, the facility covers legacy gas debts and the short face in revenue during the Interim Rule Period (IRP). As at December, 2014 a total sum of N57.78 billion has been disbursed to eleven (11) market participants that fulfilled all the conditions precedent to the disbursement in two (2) batches.

Refinancing and Restructuring Facility (RRF): The N200 billion Refinancing and Restructure Facility (RRF) was approved in March, 2010 to assist manufacturing SMEs to refinance and restructure their non-performing loans at a single digit interest rate and to longer tenors. The RRF as at October 2018 was deemed to have achieved its intended objectives of warding off the potential negative consequences of the 2007/2008 financial crisis. In that regard, the RRF has been discontinued and in its place, a N300 billion real Sector Support Facility (RSSF) was established to, among other objectives; address the funding gaps for these SMEs/manufacturing firms, increase productivity and capacity utilization, Create jobs and ensure inclusive growth and overall growth of the economy. The facility is intended to support project with funding needs from a minimum of N500 million to a maximum of N10 billion. It has a 15-year tenor, covering activities of SMEs in the manufacturing sector. Agricultural SMEs (non-primary production) and service SMEs limited to hospitals, schools and hotels. It is a term loan for working capital with an interest charge of 9%, managed by the CBN

The Micro, Small and Medium Enterprises Development Fund (MSMEDF): The MSME development fund is an initiative of the CBN designed to enhance access to credit by micro, small and medium enterprises. The CBN established the fund with a seed amount of ₦220 billion in 2014. The disbursement under the MSME was

flagged off by Nigeria's president in August, 2014. It has as one of its objectives, the channeling of affordable funds to the MSME sub-sector of the economy through Participating Financial Institutions (PFIS) which include Deposit Money Banks (DMBs) Development Finance Institutions (DFIs), Microfinance Banks (MFBs), Non-Governmental Micro Finance Institution (NGO_MFIS), Finance Cooperative and finance companies. A maximum of ₦2 billion of the fund is reserved for state governments to be made entrepreneurs governments to be made entrepreneurs located in specific states and will be disbursed through participating financial institutions such as the MFBs, MFIs, cooperative societies and finance companies. Individuals can also access the fund through the PFIs closer to them. The fund is available to enterprises that focus on projects in agricultural value chains, services (artisanship, hotels, laundry, restaurants and schools) cottage industries, trade and general commerce.

2.3. EMPIRICAL REVIEW

Olaitan (2015) stated that central bank of Nigeria plays key roles in the socio- economic development of the country through various interventions. He stated historically that, the Bank had been involved in development financing since 1962 and had far- reaching impact on the various sectors in Nigeria. .

Abili, Genibo and Dumoteini (2018) studied development finance intervention of the CBN and its impact on agriculture. The study revealed that the initiatives recorded notable achievement and had positive impacts on agriculture.

Also, Adamgbe, E. T., Belonwu, M. C., Ochu, E. R. & Okafor, I. I. (2020) investigated the impact of CBN intervention on the agriculture sector with an economy –wide framework of general equilibrium modelling. The study adopted a dynamic (recursive), two-sector general equilibrium model of the Nigerian economy with some modifications. The study pointed out that intervention contributed positively (although marginally) to GDP and impacted positively on the income and utility of the rich farm owners.

Esenwah, Patrick I. (2011) in his work, Financing Inclusive Growth in Nigeria: challenges and prospects, have discussed the concept of inclusive growth and highlighted the functional sectors necessary for inclusive growth as agriculture, and small and medium scale enterprises. It further discusses the financing of inclusive growth identifying the different sources of finance.

Importantly, Olughu, K. C. Umar, I. S. and Ajayi, O. J. (2018) reviewed the effect of anchor borrower programme on the livelihood of Smallholder rice farmers in Nigeria. They argued that as part of the effort to solve the problems of agricultural development, improve the livelihood status and productivity level of Smallholder Farmers in Nigeria, the Federal Government of Nigeria through Central Bank of Nigeria (CBN) initiated Anchor Borrowers Programme (ABP) in 2015. The study revealed that the anchor borrower programme had positive effects on the

productivity level and live hold status of the participants but was unable to actualize set goals.

Another study by Olusola Ayinde Taofeek, Ganiyu Yinusa Olumuyiwa (2016) investigated the relationship between financial development and inclusive growth in Nigeria for the period 1980 – 2013. The study found that either a low level or high level of openness on trade and capital investment were desirable for inclusive growth in Nigeria. The results also revealed that government involvement in the workings of the Nigeria economy and financial openness were sensitive to the pattern of financial development. With financial deepening, both are negatively related to inclusive growth but positively related to inclusive growth when financial widening is considered.

The West Africa monetary zone WAMZ (2018) carried –out, an elaborate study that examined the developmental functions of the central banks in WAMZ countries. The study revealed that there had been increased recognition of many central banks to embrace developmental function as a way of addressing the huge challenges confronting the real sector of their economies.

It is imperative to state, in contributing to this discuss, this study examines the Central banking intervention mechanism and inclusive growth – empirical evidence from Nigeria. The study used both primary and secondary data from 2010 -2020 and employed statistical tools of chi-square and rank correlation coefficient to examine the relationship and impacts on the Nigeria’s economy and by extension sub-Saharan Africa.

3. RESEARCH METHODOLOGY

This outlines the research methods and procedures used in this study namely - sample design, research instruments, method of data collection, sources of data, method of data administration and method of data analysis.

3.1. SAMPLE DESIGN/PROCEDURE

Some selected members of farmers’ cooperative societies and other active players in the agricultural sector who were beneficiaries of any of the CBN intervention schemes as well as members of staff of the Development Finance Department (DFD) of the CBN were used to conduct the research. In addition, individual beneficiaries of CBN initiatives on Small and Medium Scale Enterprises (SMEs) as well as manufacturers helped in providing information for the research. DMBs, MFBs, DFIs, and other players in the financial system were randomly consulted in the course of the research. The sample consists of one hundred and ten (110) enlightened stakeholders of the initiatives were distributed and returned. The questionnaires were broken down in various formats to draw responses from the various stakeholders as follows:

Table 1: Sector Represented by Stakeholder

S/N	Sector Represented by Stakeholder
1.	Agricultural Sectors based Schemes
2.	Small and Medium Enterprises Initiatives
3.	Staff of CBN/DFD
4.	Manufactures based scheme
5.	Power and Energy/Aviation Intervention
6.	DMBs, MFBs, DFIs etc.

3.2. RESEARCH INSTRUMENT

One hundred and ten (110) copies of questionnaire were used as instrument. Oral interviews were also conducted to test the opinions of some stakeholders who could not express their opinions in writing. The aim was to compare and relate their opinions with the questionnaire. The construction of the instrument was done after a detailed and critical survey of the literature relating to the matter under investigation and the research questions. The questionnaire was made up of two sections- A and B. Section A highlights the Bio-data information of the respondents while section B contained the detailed questions designed to cover the various research questions outlined above

3.3. SOURCES OF DATA

Data were collected from primary and secondary sources. The primary sources were data gotten from stakeholders through the use of questionnaire and oral interview. The information obtained from reference sources like textbooks, magazine, journals, newspapers, CBN and NBS among others were grouped under the secondary sources.

3.4. METHODS OF DATA ADMINISTRATION

The researcher personally went to administer the hundred and ten (110) copies questionnaire to the respondents in their respective offices/homes/farmland. This was made possible by initially calling or visiting to establish appointment, detailing the purpose and subject matter of the study to the respondents.

3.5. METHOD OF DATA COLLECTION

There were two basic methods employed in collecting data for the study. The questionnaires were personally administered to the respondents to enhance validity of their responses.

Agreed (A), Disagreed (D) and Indifferent (ID) were the terms used for the study in the questionnaire in order to determine the opinion of the respondents on each question. The oral interview involved ten (10) respondents. Five (5), three (3) and two (2) each from Agricultural Cooperative Society, Bank of Agriculture, and The Bank of Industry (BOI), respectively. The researcher randomly selected some

of the items in the questionnaire and presented them to the respondents in a common language (where necessary) in order to establish affirmation on the responses in the questionnaire. The oral interviews also helped to clear some ambiguities in the questionnaire, as the respondents were free to express more facts which aided the study.

3.6. METHOD OF DATA ANALYSIS

The information derived was organized accordingly to test the various research questions and hypotheses formulated for the study. The methods of data analysis in this research work were chi-square statistic formula, which was used to test the research questions, while Spearman’s Correlation Coefficient was adopted to test the relationships in the hypotheses. This was as a result of the appreciation of the concrete and reliable interpretations the two formula present on data, which enables a valid decision to be made.

This session discuss the result of data collected. Both the primary and secondary data were presented and analyzed. The primary data - the information gathered through the use of questionnaire were matched to provide answers to the research questions formulated for this study. The responses to each question were analyzed using chi-square statistical tool. Also, the secondary data, which was sourced from documents reviewed in the course of developing the literature of the work were presented to test the hypotheses designed for the research. The secondary data was analyzed with Spearman’s Correlation Coefficient.

4. PRESENTATION AND ANALYSIS OF DATA

4.1. ANALYSIS OF PRIMARY DATA

The following tables highlight the analysis of the research questions:

Research Question One

Does the injection of intervention funds into the real sector of the economy enhance growth in the affected sectors?

Table 2: Research Question One

S/N	ITEMS	A	D	R-TOTAL
1.	The Micro Credit Fund (MCF) increased the output in trade and commerce	16 (12.36)	3 (6.65)	19
2.	The Commercial Agriculture Credit Scheme(CACS) has encouraged higher number of farmers to participate in agricultural activities	15 (13.65)	6 (3.35)	21
3.	Private Sector increased their production in agriculture a well as other SMEs as a result of available fund accessed through the CBN intervention schemes	14 (11.7)	4 (6.3)	18
4.	The supply of power to industrial clusters increased after the release of Power Intervention Fund	16 (13)	6 (7)	20

5.	There is a significant increase in liquidity of the fund injected through CBN intervention imitation	16 (13)	4 (7)	20
	COLUMN TOTAL	77	23	100

Source: Researcher's computation

The above table clearly shows that the injection of intervention fund influenced the growth of the real sectors. The responses in item 1 shows that out of 19 respondents who were randomly selected from Bank of Agriculture 16 agreed that the MCF increased output in trade and commerce. Also, 15 respondents from a farmers' cooperative society who were beneficiaries of CACS agreed that more farmers have participated in agricultural activities as a result of the initiatives. Only 6 disagreed. Our of 18 respondents, 14 affirmed that production in agriculture and SMEs has increased due to available fund accessed through the various CBN intervention schemes. Majority of the respondents agreed that industrial clusters witnessed an improved power supply due to the release of power intervention fund. Accordingly, 16 out of 20 respondents affirmed that there is an increase in liquidity in the banking sector due to the fund injected sector by the CBN intervention initiatives.

The result obtained on the value of (x0 OBS = 23.1) is greater than the value of (XO Crit =18.18) at 0.05 significant level at 9 degree of freedom. This indicates that the injection of fund into the real sectors of the economy significantly enhanced the growth of the real sectors' GDP.

Research Question Two

To what extent does the intervention mechanism address the financial crisis in the economy?

Table 3: Research Question Two

S/N	ITEMS	A	D	R-TOTAL
1.	The purchasing of the non-performing loans of the distressed banks through AMCON bonds helped in stabilizing the banking industry	13 (9.18)	4 (7.82)	17
2.	The ₦620 billion injected into the banking system by CBN during the 2008/2009 global financial crisis enhanced liquidity in the economy	16 (11.88)	6 (10.12)	22
3.	The Assets Purchase Facility fund (APF) of the CBN was not a reliable measure to fend off the economic crisis	3 (10.80)	17 (9.20)	20
4.	The ₦500 billion infrastructure facility for on-lending by the Bank of Industry (BOI) helped to ease the crisis	15 (8.74)	4 (10.12)	19
5.	The Power and Aviation Intervention Fund scheme enhanced ease of doing business and attracted more foreign investors	18 (11.88)	4 (10.12)	22
	COLUMN TOTAL	65	35	100

Source : Researcher's computation

From the table above, on item one, most of the respondents agreed that the banking sector was stabilized by the purchasing of the non-performing loans of the distressed banks through AMCON. Only (4), out of (17) respondents disagreed. (16) Respondents above agreed that the ₦620 billion injected into the banking system by CBN during the 2008/2009 financial crisis enhanced liquidity in the economy. (6) Respondents disagreed. The response to the third item shows that Assets Purchase Facility Fund (APF) of the CBN was a reliable measure to combat the economic crisis. This is indicated with (17) disagreed as against who (3) agreed to the assertion. Note that this is a negative item, hence the interpretation is reversed. This means that those who disagreed are on the positive. On item four, which posits that the N500 billion infrastructure facility for on-lending by the Bank of Industry (BOI) helped to ease the crisis, most respondents (15) agreed while only (4) disagreed. Similarly, (18) of the 22 respondents agreed that the injection of Power and Aviation Intervention Fund (PAIF) attracted more foreign investors.

The interpretation of the data, therefore, is that the CBN intervention mechanism significantly addressed the impact of the global recession in the economy. The chi-obs and chi-table value show the significant perception of the impact. The result shows that $XO\text{ Obs} = 33.96$ is greater than the value of $XO\text{ Crit} = 18.81$ at 9 degree of freedom. This indicates that intervention fund mechanism has a significant impact on addressing the financial crisis in Nigeria.

Research Question Three

Is there any significant relationship between the various intervention initiatives and the performances of the economy with reference to small and medium Scale Enterprises?

Table 4: Research Question Three

S/N	ITEMS	A	D	R-TOTAL
1.	There is annual increase in the number of participants of SMEs on the CBN intervention schemes	19 (15.33)	2 (5.67)	21
2.	The number of projects on the SMECGS have been on the increase annually since inception	18 (14.6)	2 (5.4)	20
3.	The stringent condition of accessing the loan facilities have discouraged most SMEs from participating on the programs	4 (13.87)	15 (5.13)	19
4.	Numerous business start-ups have been stimulated by the CBN intervention schemes	19 (16.06)	3 (5.94)	22
5.	A significant amount of the ₦200 billion SMECGS fund has been accessed by the SMEs	13 (13.14)	5 (4.86)	18
	COLUMN TOTAL	73	25	100

Source: Researcher's computation

Respondents massively agreed that SMEs participants of the CBN intervention programs increased annually with (19) agreeing and only (2) disagreed.

Also (18) agreed that the number of projects on the SMECGS increased annually since inception as against only (2) who disagreed. (4) respondents agreed that stringent condition on accessing loan facilities discouraged participation, while (15) disagreed. On whether CBN intervention schemes stimulated the start-up of new businesses, (19) agreed while (3) disagreed. (13) respondents agreed that a significant amount of the ₦200 billion SMECGs fund has been accessed by SMEs.

The overall result in the table 4 above shows that $XO\text{ Obs} = 34.19$ is greater than the value of $XO\text{ Crit} = 18.81$ at 0.05 significant levels and at 9 degree freedom. This means that there is a significant relationship between intervention initiative and the performance of the economy with reference to small and medium enterprises. This is in line with studies that show that small and medium scale industries are the bedrocks of economic development.

4.2. CHI-SQUARE ANALYSIS

Table 5.1: Research Question One

O	E	O-E	(O-E) ²	(O-E) ² /E
16	12.35	3.65	13.3225	1.0787
3	6.65	3.65	13.3225	2.0033
15	13.65	1.35	1.8225	0.1335
6	7.35	1.35	1.8225	0.2479
14	11.7	2.3	5.29	0.4521
4	6.3	-2.3	5.29	0.8396
16	14.3	1.7	2.89	0.2020
6	7.7	-1.7	2.89	0.2020
4	13	9	81	6.2307
16	7	9	81	11.5714
				23.1345

($\chi^2 = 23.1$, $\chi^2 N - 1 = 18.81$, $DF = 9$, $p = 0.05$)

Table 5.2: Research Question Two

O	E	O-E	(O-E) ²	(O-E) ² /E
13	9.18	3.82	14.5924	1.5895
4	7.82	-3.82	14.5924	1.8660
16	11.88	4.12	16.9744	1.4288
6	10.12	-4.12	16.9744	1.6773
3	10.8	-7.8	60.82	5.6333
17	9.2	7.8	60.82	6.6130
4	10.26	-6.26	39.1870	3.8194
15	8.74	6.26	39.1870	4.4837
18	11.88	6.12	37.4544	3.1527
4	10.12	-6.12	37.4544	3.7010
				33.9647

($\chi^2 = 33.9$, $\chi^2 N - 1 = 18.81$, $DF = 9$, $p = 0.05$)

Table 5.3: Research Question Three

O	E	O-E	(O-E) ²	(O-E) ² /E
19	15.33	3.67	13.47	0.8786
2	5.67	-3.67	13.47	2.3756
4	13.87	-9.87	97.42	7.0237
15	5.13	-3.67	13.47	2.3756
18	14.6	3.4	11.56	0.7917
2	5.4	-3.4	11.56	2.1407
19	16.06	2.94	8.64	0.5379
3	5.94	-2.94	8.64	1/5379
13	13.14	-0.14	0.02	0.0015
5	4.86	0.14	0.02	0.041
				34.1985

($\chi^2=34.19, \chi^2N-1=18.81, DF=9, p=0.05$)

4.3. ANALYSIS OF SECONDARY DATA

This sub-section analyzed the Correlation Coefficient of the statistical data generated. This is to enable the researcher to test some of the hypotheses designed for the research work. $P=1 - \frac{6ED^2}{n(n^2-1)}$ formula was used to test the level of association of the data.

Table 6: Analysis of secondary data

Year	Intervention Fund (Billion)	Number of Employment (Million)	Real Sector GDP	Income Per Capital
2008	39.80	53.66	39,157,884.39	2234
2009	42.08	54.03	44,285,560.50	1,959
2010	276.81	52.73	54,612,264.18	2,365
2011	264.52	51.18	62,980,397.22	2,583
2012	86.44	51.20	71,713,935.06	2,798
2013	87.06	65.80	80,092,563.38	3,042
2014	63.13	68.20	89,043,615.26	3,268
2015	281.66	68.40	94,144,960.45	2,763
2016	193.73	68.72	101,489,492.20	2,208
2017	472.98	69.09	113,711,634.61	1,995
2018	596.4	69.54	127,762,545.58	2,049

Source: CBN

H01: There is not significantly relationship between intervention fund and economic growth

To test this hypotheses, we consider the table below

Table 7: Rank order correlation

A	B	RANK A	RANK B	D	D ²
39.80	39.16	11	11	0	0
42.08	44.29	10	10	0	0
276.81	54.612	4	9	5	25
264.52	62.98	5	7	1	1

86.44	71.71	8	7	1	1
87.03	80.09	7	6	1	1
63.13	89.04	9	5	4	16
281.66	94.14	3	4	1	1
193.74	101.49	6	3	3	9
472.98	113.71	2	2	0	0
596.44	127.76	1	1	0	0
					62

Source : Researcher's computation

$$P = 1 - \frac{6\sum D^2}{n(n^2-1)} = 1 - \frac{6 \cdot 62}{11(11^2-1)} = 1 - \frac{372}{1320} = 1 - 0.2818 = 0.72$$

This indicates a strong positive relationship between intervention fund and the real sector GDP. That is, the higher the value of intervention fund, the higher the GDP and vice versa.

Table 8: Rank order correlation

Intervention (A)	Employment (C)	Rank A	Rank C	D	d ²
39.80	53.66	11	8	3	9
42.08	54.03	10	7	3	9
276.81	52.73	4	9	5	25
264.52	51.18	5	11	6	36
86.44	51.20	8	10	2	4
87.03	65.80	7	6	1	1
63.13	68.20	9	5	5	25
281.66	68.40	3	4	1	1
193.74	68.72	6	3	3	9
472.98	69.09	2	2	0	0
596.44	69.54	1	1	0	0
					119

Source : Researcher's computation

$$P = 1 - \frac{6\sum D^2}{n(n^2-1)} = 1 - \frac{6 \cdot 119}{11(11^2-1)} = 1 - \frac{714}{1320} = 1 - 0.54$$

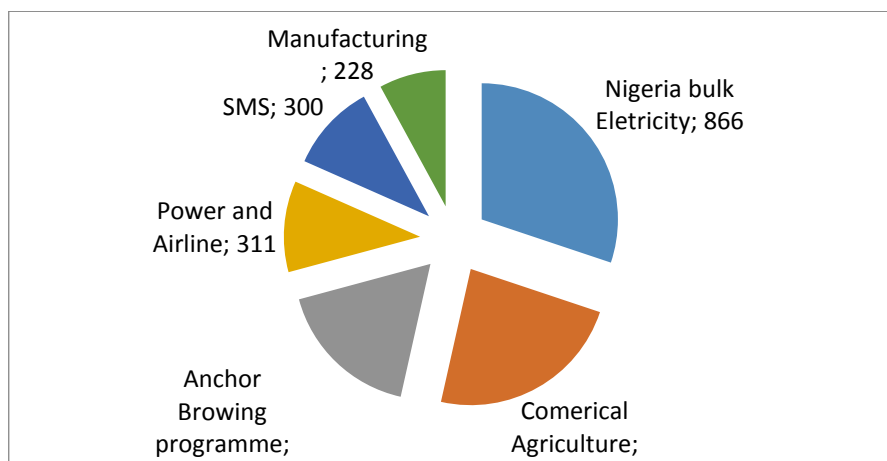
$$P = 0.46$$

The analysis shows a positive correlation between intervention fund and the growth of employment. Using this statistic to analyze **H03** and **H04**, it is right to conclude that the injection of intervention fund influenced the increase in employment due to increase in number of small and medium enterprises who participate in the various programs

Table 9: Current data on CBN Intervention in Nigeria - 2020 economic report of the Central bank's inventory programs

CBN Direct Intervention/Initiative	Cumulative Projects	Disbursements (Nbillion)	Repayments (Nbillion)	Outstanding	Outstaning Ration (%)
(CACS) - Commercial Agricultural Credit Scheme	636	672,900,000,000	443,900,000,000	N229,000,000,000	34.00%
(PAS) - Paddy Aggregation Facility	21	95,500,000,000	93,500,000,000	2,000,000,000	2.1
(RDF) - Rice Distribution Facility	1	1,000,000,000	118,700,000,000	1,000,000,000	100
(ABP) - Anchor Borrowers Programme	2,504,690	497,200,000,000		378,500,000,000	76.1
(AADS) - Accelerated Agricultural Development Scheme	9,983	14,900,000,000	34,700,000,000	14,900,000,000	100
(MSMEDF) - Micro, Small and Medium Enterprises	216,704	83,900,000,000	640,000,000	49,200,000,000	58.6
(SANEF) - Shared Agents Network Expansion Facility	13	5,500,000,000	151,100,000,000	4,860,000,000	88.4
(SMERRF) - SME/Rediscount & refinancing Facility	604	300,900,000,000	22,500,000,000	149,800,000,000	49.8
(RSSF) - Real Sector Support Facility	25	166,200,000,000		143,700,000,000	86.5
(CIMS) - Covid-19 Intervention for Manufacturing Sector	111	228,200,000,000	3,100,000,000	228,200,000,000	100
(TSIF) - Textile Sector Intervention facility	41	78,000,000,000		74,900,000,000	96
(CBIF) - CBN-BOI Industrial Facility	60	100,000,000,000	194,000,000,000	100,000,000,000	100
(PAIF) - Power and Airtime Intervention Fund	74	311,200,000,000	70,300,000,000	117,200,000,000	37.7
(NEMSF) - Nigerian Electricity Market Stabilization Facility	37	189,200,000,000		118,900,000,000	62.8
(NBET-PAF) - Nigerian Bulk Electricity Trading Payment Programme	1	866,000,000,000	11,400,000,000	866,000,000,000	100
(NFSP) - National Food Security Programme	4	59,100,000,000	10,800,000,000	47,700,000,000	80.7
(PFI) - Presidential Fertilizer Initiative	18	35,000,000,000		24,200,000,000	69.1
(EDF) - Export Development Fund	1	50,000,000,000	210,000,000	50,000,000,000	100
(AGSMEIS) - AgriBusiness/SME Investment Scheme	22,057	83,500,000,000		83,290,000,000	99.7
(TCF) - Targetted Credit Facility	317,949	149,200,000,000	6,000,000,000	149,200,000,000	100
(MAS) - Maize Aggregation Scheme	7	6,000,000,000		0	0
(HSIF) - Healthcare Sector Intervention Facility	62	60,700,000,000	780,000,000	59,920,000,000	98.7
(YEDP) - Youth Entreprenuership Development Programme	67	173,400,000,000	510,000,000	172,890,000,000	99.7
Total	3,073,166	4,227,500,000,000	1,162,140,000,000	3,065,360,000,000	72.50%

Source: CBN/Naira metrics



Source: CBN/Naira metrics

The above table 9 reveals that CBN has intervened in various critical sectors of the Nigerian economy – Agriculture, Health , Small and Medium scale enterprises, Power and aviation sector and Youth empowerment programs. A total sum of **N4. 2 trillion** was disbursed in intervention funds to finance over **3 million project**, with five schemes/sectors accounting for more than 50percent of the total sum : **Nigeria bulk Electricity – 866billion, Commercial agriculture ---672billion, Anchor borrowing progremmes ---497billion, Power and airline - ----N311billion , SMS -----N300billion and Manufacturing ---N228billion.**

Also, the CBN interventions are concentrated on a few projects. Specifically, of the N4.2 trillion in CBN interventions -.

- N3.1 trillion (**73% of the total funds**) were disbursed to only 1,116 projects (**0.04%** of projects).
- N1.1trillion (**27% of the funds**) were disbursed to 3million projects (**99.96%** of projects).

The interpretation of this data indicates the CBN’s approach to intervention appears to be too fragmented to yield any expected reduction in unemployment nor lead to sustained GDP growth rates. This is despite all key sectors being targeted by the bank.

Repayments - Repayment reveals a worrisome trend with less than 30% of the total sum recovered leaving a huge sum of N3.1 trillion about 70% of the total sum unpaid. This, no doubt portends great danger for the program and the Nigeria’s economy.

Specific Sector Impacts

Agriculture: Agricultural activities increased during the period particularly the Anchor borrowers programme (ABP) , increases in rice yields from 2 – 3 tons/ ha to 5 - 7 tons/ ha and wheat yields from 1.0 – 1.3 tons/ ha to 2.5 – 3.0 tons/ ha have been recorded. 67%, 33% and 83% declines in import bills of rice, wheat and fish respectively in 2017; and Improvements in milling capacities of Umza, Labana, Mikap and Coscharis; and establishment of new mills by WACOT and Crown Mills . ABP led to accumulative projects of 2.53million as shown in the table above.

For example, he Presidential Fertilizer Initiative, over 18 of the 28 fertilizer plants in the country have been resuscitated. This resurgence has led to the availability of affordable fertilizer for farmers.

Power Supply: Through PAIF, a total 1,374 megawatts (MW) of electricity have been generated; These include 478MW on-grid, 895.8MW off-grid (captive and Independent Power Plants) and 2.4MW from renewable energy.(CBN report 2020)

Manufacturing: Under this over 100 manufacturing projects were funded with 220 billion directly by CBN. This created a lot of activities; thus, both capacity utilization and increased output have been achieved.

It must be stated that the intervention program have some sectorial impact but has not significantly impacted the Nigeria’s economy as most key macroeconomic variables are in **the red** as the latest data from the National Bureau of Statistics shown. For example - Nigeria’s inflation rate stood at 17.33% (4 years high) and food inflation at 21.79% (highest since 2005). One can argue that the intervention funds are for now failing to deliver on their core objectives.:

Intervention funds	Poverty	Inflation	Unemployment	Economic growth
N4.1 trillion	34.5%	17.3%	33.5%	2.5%

According to CBN (2020), *“improved credit delivery and intervention programmes are expected to stimulate output, thereby easing inflationary pressure, particularly, food inflation.”*

However, as at the end of 2020, inflation was peaking at 17.3% particularly food inflation that was supposed to fall as a result of over N600 billion intervention funds in that sector. Unemployment rate is increasing at an alarmingly rate with youth unemployment in Nigeria about the highest in Sub Saharan Africa in spite of over N300 billion released by CBN. Most worrisome is the poverty level in Nigeria that is presently the highest in the world about 40%.despite the intervention in every sectors of the economy.

4.4. SUMMARY OF FINDINGS

1. The intervention mechanism of the CBN influences the growth of Nigerian economy particularly the real sectors but not statistically significant to positively impact key macroeconomic variables like inflation, unemployment and poverty. As at 2020, intervention funds peaked at N4.1trillion, inflation, unemployment and poverty hit the roof top contrary to economic theory.
2. That the relative growth of employment was occasioned by the increase in number of private sector participation and the increased performances of small and medium scale enterprises who turned up to embrace the CBN intervention programs
3. A total sum of **N4. 2 trillion** was disbursed in intervention funds to finance over **3 million project**, with five schemes/sectors accounting for more than 50% of the total sum.
4. Also, the CBN interventions are concentrated on a few projects. Specifically, of the N4.2 trillion in CBN interventions -.N3.1 trillion (73% of the total funds) were disbursed to only 1,116 projects (0.04% of projects).N1.1trillion (27% of the funds) were disbursed to 3million projects (99.96% of projects).

5. That the intervention initiatives were significantly relevant in addressing financial crisis in the economy. Within the period, the Nigeria's economy was relatively liquid which help the country to exit recession.
6. Repayment reveals a worrisome trend with less than 30% of the total sum recovered leaving a huge sum of N3.1 trillion about 70% of the total sum unpaid. This, no doubt portends great danger for the program and the Nigeria's economy.

5. SUMMARY, CONCLUSION AND RECOMMENDATIONS

While the major focus of this study is an attempt to examine the impact of CBN intervention mechanism on the growth of Nigerian economy, specific issues such as employment opportunities, private sector and SME participation, addressing financial and economic crisis were equally examined. Within a span of eighteen (18) years (2000-2018), CBN intervention programmes have significantly influenced real sector growth of the Nigerian economy, especially post 2008/2009 global financial crisis era. Awareness of the various schemes has grown over time and private sector participation has blossomed.

As a result of the huge involvement of the small and medium scale enterprises, jobs were created, and more businesses were set-up. Although unemployment seems to equally be on the rise, this is basically a function of poor implementation of various schemes. Also, this study shows that the increase in employment and the Gross Domestic Product has not translated into wealth, as poverty has continued to ravage the country. This could be attributed to insecurity, lack of infrastructure and recently Covid 19 pandemic.

This research work shows that the various intervention initiatives played significant roles in addressing crisis in the economy. Agriculture, trade and commerce, banking, manufacturing industry, infrastructure, small and medium scale enterprises were the sectors that benefitted most from the programme, but these did not translate into inclusive growth due to poor and uncoordinated implementation of the various initiatives, insecurity and ravaging effects of COVID 19.

5.1. CONCLUSION

This study highlighted CBN's development finance initiatives in various sectors of the economy. The main aim of this work is to provide information and educate the populace on various development finance initiatives of the CBN. The Bank has built and developed capacity in this regard over the years. This is evidenced by the regular formulation of programmes and design of programmes including the recent introduction of non-interest financial products that address the socio-cultural concern of many Nigerians. In addition, all the interventions have exit strategies which fall into one of the three broad categories - reviews, cede out or wind down. Efforts are on-going to carry out periodic assessment of the interventions to enable a proper evaluation of their effectiveness.

In this research work, there are evidence that since inception, CBN has engaged in several initiatives intended at stimulating economic growth and development, particularly through real sector. The initiatives have recorded some achievements and have contributed to deepening banking habits among the Nigerian populace, facilitating inclusive growth and developing the real sector. The agriculture sector has the capacity to boost distributive trade and commerce through the production of raw materials for industries.

In view of the achievements recorded so far, it is important to sustain these measures alongside efficient implementation strategies. This has the capacity to enhance the efficiency of the transmission mechanism of monetary policy. It will further facilitate CBN's ability to deliver effectively on the mandate of low inflation which would usher in growth, as well as reduction of unemployment and poverty levels.

5.2.. RECOMMENDATIONS

- i. CBN should intervene more on key sectors like Agriculture, Power and Education. This will help to address the problems of unemployment and high rate of inflation..
- ii. Detailed feasibility study and impact assessment of key sectors of the economy; proper identification of real farmers, manufacturers, owners of small and medium enterprises to avoid giving money to political farmers and rent seekers.
- iii. Enhanced monitoring and evaluation. In the same vein, Ministries, Departments and Agencies of government overseeing target sectors must exercise ownership and greater commitment to the success to the interventions.
- iv. Build capacity of the Development Finance unit of CBN to actively play their role particularly in managing the risk inherent in this open –ended or unguided disbursement of taxpayers' money tagged CBN intervention funds.
- v. Develop and implement risk management framework and recovery strategy as over 50% of the intervention funds are already showing signs of distress.
- vi. CBN should focus on her primary functions of stabilizing the economy and creating the enabling environment for development finance institutes to function effectively.

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