

Assessment of COVID-19 Central Bank of Nigeria (CBN) Targeted Credit Facility on Sustainable Community Development in Enugu State

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Abstract

The study assessed COVID-19 Central Bank of Nigeria (CBN) Targeted Credit Facility (TCF) on sustainable community development in Enugu State. Specifically the study identified cooperative groups that were captured by COVID-19 CBN targeted credit facility; examined its impact on the economic activities of its members; and the pattern of social economic activities engaged in by members in Nsukka Local Government Area of Enugu State. The study adopted a descriptive survey research design. Three research questions and one hypothesis guided the study. The population comprised all members of cooperative societies in Nsukka Local Government Area of Enugu State. A sample size of 521 cooperative members was selected for the study. Data were collected through questionnaire and analyzed using percentages, mean and ANOVA. The results showed that cooperative societies that were captured for the COVID-19 CBN targeted credit facility (TCF) were agriculturally inclined. The study found out that COVID-19 targeted credit facility to members of the cooperative societies had significant impact on their economic activities. The study also discovered that livelihood was restored in the communities, even if not totally. The paper recommends that monitoring apparatus should be set up to ensure that funds given out are properly utilised.

Keywords: COVID-19, sustainable, community, development, loan

Introduction

COVID-19 Pandemic is a novel strain of coronavirus disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) (Mayo Clinic, 2020). COVID-19 broke out in Wuhan, China on December 30, 2019. Owing to the fact that it happened in 2019, the World Health Organization (WHO) gave it the name, COVID-19 (WHO, 2020). Before COVID-19 outbreak, the impoverishment rate in Nigeria was expected to extend by about 0.1 percentage points from 40.1 percent in 2019 to 40.2 percent in 2020, implying that, the number of poor Nigerians would rise by 2.3 million, most of whom rely on the informal economy or on granger farming (World Bank, 2020).

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At the micro level, the partial lockdown in the country impacted negatively on economic activities, while social activities halted. Restrictions in movements and social distancing resulted in the shortage in supply and distribution of agricultural inputs to rural farming communities. As a result of this, linkages between major metropolises in the various states in Nigeria became very difficult. This discouraged farmers from crop cultivation leading to less production and increased scarcity of food. Market prices of food crops went very high. For instance, cassava roots which were sold for ₦18,000/ton at factory gate before the pandemic was sold for an average of ₦35,000/ton during the pandemic; 50kg of garri usually ₦18,000 was ₦25,000 and continued to increase; a basin of garri usually sold for ₦2000-2500 depending on its quality went for ₦6000 and above during the pandemic; tomatoes usually 5-8 fruits for ₦200 became 3-4 fruits for ₦200; plantain usually about six fingers for ₦400 was 3-4 fingers for ₦400; a bag of onions sold at the rate ₦18,000 before the pandemic changed to ₦58,000 during the pandemic (Ajibola, 2020). At the household level, 61% at the rural areas are worst hit than household (39%) in the urban areas (Obioma et al., 2020).

This call for concern knowing that majority (75%) of Nigeria's food production comes from the rural area, and knowing how susceptible rural farmers can be to sudden shocks. In response to this, Majee and Hoyt (2018) submitted that cooperatives have always been an effective participatory approach to alleviate low-income populace, most especially among the rural dwellers whose socio-economic activities are negatively impacted in times of natural disaster. Of course, cooperative societies has proven to be a handy tool in supporting rural dwellers owing to the fact that cooperative societies are present in many countries and in almost all the sectors, including agriculture, food, finance, health care, marketing, insurance and credit (Anigbogu et al., 2016).

The International Cooperative Alliance (ICA, 2010) outlined a cooperative as “an autonomous association of persons united voluntarily to fulfill their common economic, social and cultural needs and aspirations through a conjointly owned and democratically controlled enterprise”. The definition of cooperative societies is typically supplemented with the characteristic options of seven cooperative principles adopted by ICA. These are: voluntary and open membership, democratic member management, member economic participation, autonomy and independence, education, training and information, cooperation among cooperatives, and concern for community. Cooperative societies are principal agents of economic development of every society (Ademu et al., 2018). They are device for social and economic change such as self-help, social participation, education, training and empowerment, ownership among others, aimed primarily to improve the rural dwellers' economic status and quality of life.

Farmers Multipurpose Cooperative Society (FMCS) is one of the types of cooperatives that help realize a better economic, social and cultural well-being of its members. The idea of FMCS stems from the understanding that the main livelihood of rural dwellers is agriculture (Anigbogu et al., 2016). Farmers are the largest users and managers of land, water, and other ecological resources throughout the world (Yamusa & Adefila, 2014). So in order to accelerate significant rural resource productivity, an organization has to be formed that will champion this course.

According to Anigbogu et al. (2016), FMCS is a cooperative society organized by farmers with the objective of providing several services to themselves. That is, it supports the integration of economic activities such as mobilizing capital to provide credit and inputs for agricultural production to members. FMCS also help members with storage, processing and marketing of farm produce. The cardinal objectives of FMCS also include creating awareness and contributing to sustainable community development (ILO, 2003). Sustainable community development is a development process whereby the efforts of people of participating communities are integrated with those of governmental authorities, Non-Governmental Organisations (NGOs), Corporate Organisations (COs) among others to improve the living conditions of people of present generation without jeopardizing the abilities of future generations to take care of their own needs (Aruma & Uzoaga, 2018).

Clegg (2006) stressed the provision of information on the use of appropriate technology, innovative ideas, and sound technical advice not only to increase their agricultural productivity and incomes but also to make rural life meaningful and sustainable for them at their immediate community. Aside getting the quality information, access to capital is also an important ingredient for a sustainable community development to be achieved.

Recognizing the significant role the rural dwellers play in promoting sustainable community development and how COVID-19 has crippled their efforts, and in order to keep rural persons afloat with their agricultural production and business, the Federal Government of Nigeria through the CBN/NIRSAL Bank, made available credit facilities to cushion the effects of COVID-19 pandemic on the masses and businesses throughout the federation (Gbemisola et al., 2020).

The Central Bank of Nigeria (CBN) introduced the ₦50 billion Targeted Credit Facility (TCF) as a stimulant package to support households and micro, small and medium enterprises (MSMEs) laid low with the COVID-19 pandemic. Among the economic activities covered by the credit scheme were agricultural price chain activities, manufacturing/value addition, commerce and so on, involving households, existing enterprises and cooperative societies. More so, the loan amount was to be determined based on the activity, cash flow and industry size of beneficiary subject to a maximum of ₦25m for SMEs. Households could access a maximum of ₦3m while working capital would be a maximum of 25 per cent of the average of the previous three years' annual turnover (Central Bank of Nigeria [CBN], 2020).

Credit is an important response which ensures adequate working capital as well as the acquisition of new technology and better services by people in rural settings. Therefore, adequate and timely credit provision will significantly increase the economic development of the farmers, boost their income as well as enable them to diversify into other forms of small scale businesses. The impact of credit facilities in the past, on agricultural production, household welfare and human capital has attracted significant attention from researchers (Ekwere & Edem, 2014; Abiola, 2019; Ugwuanyi, 2012; Nwankwo et al., 2013; Okon et al., 2012). Indeed, there is very little, if any, evidence-based research on whether this move made by the government at this particular period will yield result or not. Therefore, this study is set out to assess the COVID-19 CBN

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targeted credit facility on sustainable community development in Nsukka Local Government Area of Enugu State.

Purpose of the study

The main purpose of this study is to assess COVID-19 CBN targeted credit facility on sustainable community development in Enugu State. Specifically, the study:

1. Identified the cooperative groups that were captured by COVID-19 CBN credit facility in Nsukka Local Government Area of Enugu State.
2. Examined the impact COVID-19 CBN credit facility had on the economic activities of members of the cooperative societies in Nsukka Local Government Area of Enugu State.
3. Examined the pattern of social economic activities engaged in by members of the cooperative societies in Nsukka Local Government Area of Enugu State.

Research questions

1. Which of the cooperative societies were captured by COVID-19 CBN targeted credit facility in Nsukka Local Government Area of Enugu State?
2. What are the impacts of COVID-19 CBN targeted credit facility on the economic activities of the members of the cooperative groups in Nsukka Local Government Area of Enugu State?
3. What are the pattern of social economic activities engaged in by members of cooperative groups in Nsukka Local Government Area of Enugu State?

Hypothesis

Ho1: There is no significant difference in the mean responses of members of cooperative societies in Nsukka metropolis, Eha-Alumona and Ibegwa-Ani on the impacts of COVID-19 CBN targeted credit facility on the economic activities of the members of the cooperative groups in Nsukka Local Government Area of Enugu State.

Methodology

The study adopted the descriptive survey design. The study was carried out in Nsukka Local Government Area of Enugu State. The population for the study comprised all members of 256 registered FMCS in Nsukka Local Government Area of Enugu State. Three autonomous communities (Nsukka, Eha-Alumona and Ibagwa-Ani) were randomly selected out of fourteen (14) autonomous communities. Out of the selected communities, 521 cooperative members were selected using snow-ball sampling technique.

A structured questionnaire designed by the researchers was the instrument used for data collection. The questionnaire consisted of two sections: I and II. Section I provided personal information of the respondents while section II was made up of three clusters addressing the three specific objectives/research questions. Responses to the items in the questionnaire were based on a four-point Likert type rating scale, ranging from To a Great extent (GE) (4 points), Somewhat (S) (3 points), Very Little Extent (VLE) (2 points) to Not at all (NA) (1 point) for research question two. While for research question one and three, they were opened-ended questions. The instrument was duly validated by three experts; two from Department of Continuing Education and Development Studies,

University of Calabar, and one from Measurement and Evaluation unit of the Department of Educational Foundations, University of Calabar, Calabar. The instrument was subjected to a reliability analysis using Cronbach Alpha reliability method. A reliability coefficient of 0.76 was established, which signified that the instrument was highly reliable.

Direct method was used by the researchers with the aid of two research assistants in distributing and collection of the questionnaire from the respondents for the study. The research assistants were briefed on the modalities for distributing and collecting the questionnaire from the respondents.

Both descriptive and inferential statistics were used for data analysis. Descriptive statistics (frequency, percentages, mean and standard deviation) were used to answer the research questions. A mean of 2.50 was used as the benchmark for decision making for each item, since a four-point rating scale was used for the study. Thus any item with a mean of 2.50 and above was considered as accepted by the respondents, while any item with a mean below 2.50 was considered as unaccepted by the respondents. Inferential statistics, Analysis of variance, was used to test the differences among the mean responses of the members of the cooperative societies across the three autonomous communities at 0.05 level of significance. All computations were carried out using the Statistical Package for Social Science (SPSS) version 22.0.

Presentation of results

Five hundred and twenty one respondents completed the questionnaire. The responses of the respondents on each of the items in the questionnaire were computed. The results are presented on the tables according to the three research questions and one hypothesis that guided the study.

Research question 1: Which of the cooperative societies were captured by CBN COVID-19 credit facility in Nsukka Local Government Area of Enugu State?

Table 1: Cooperative societies captured by CBN COVID-19 credit facility in Nsukka Local Government Area of Enugu State

S/N	Cooperative societies captured	Frequency	Percentage (%)
1	N-Agro unique farmers' cooperative	201	38.6
2	Opi FMCS	60	11.5
3	Nsukka modern FMCS	36	6.9
4	Nguru modern FMCS	62	11.9
5	Agu Ibagwa-Ani FMCS	50	9.6
6	Ojiero Breme Eha FMCS	112	21.5
	Total	521	100

N= 521, FMCS=Farmers Multipurpose Cooperative Society

From table 1, it can be seen that all the cooperative societies were agriculturally inclined. The cooperative societies captured were N-Agro unique farmers' cooperative society

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(38.6), Opi FMCS (11.5%), Nsukka modern FMCS (6.9%), Nguru modern FMCS (11.9%), Agu Ibagwa-Ani FMCS (9.6%) and Ojiero Breme Eha FMCS (21.5%).

Research question 2: What are the impacts of COVID-19 CBN credit facility on the economic activities of the members of the cooperative groups in Nsukka Local Government Area of Enugu State?

Table 2: Mean responses of the respondents on the impacts of COVID-19 CBN credit facility

S/N	Impacts	\bar{x}	SD	Decision
1	Employment creation	2.34	0.84	Rejected
2	Easy access to loan	2.60	0.79	Accepted
3	Poverty reduction	2.39	0.78	Rejected
4	Women empowerment	2.55	0.76	Accepted
5	Human capital development	2.41	0.81	Rejected
6	Creation of rural market	2.64	0.79	Accepted
7	Social integration	2.74	0.85	Accepted
8	Boost agricultural activities	2.41	0.79	Rejected

N= 521, \bar{x} = Mean, SD = Standard Deviation

Results on table 2, show that items 2, 4, 6 and 7 were the impacts of COVID-19 CBN credit facility on the members of the cooperative groups in Nsukka Local Government Area of Enugu State ($\bar{x} > 2.50$). However, items 1, 3, 5 and 8 were rejected ($\bar{x} < 2.50$) implying that COVID-19 CBN credit facility had no impact on employment creation, did not reduce poverty, had no impact on human capital development and did not boost agricultural activities.

Research question 3: What are the patterns of social economic activities engaged in by members of cooperative groups in Nsukka Local Government Area of Enugu State?

Table 3: Pattern of social economic activities engaged in by members of cooperative groups in Nsukka Local Government Area of Enugu State

S/N	Social economic activities engaged in	Frequency	Percentage (%)
1	Pure water business	11	2.1
2	Trader	92	17.7
3	Artisan	109	20.9
4	Fish/poultry farming	112	21.5
5	Manufacturing	31	6.0
6	Service related business	166	31.9
	Total	521	100

Result on table three shows that majority (31.9%) representing 166 respondents were into service related business, 21.5% representing 112 respondents were fish and poultry farmers, 20.9% representing 109 respondents were artisans, 17.7% representing 92

respondents were traders, 6.0% representing 31 respondents were into manufacturing, while only 2.1% representing 11 respondents were into pure water business.

Ho1: There is no significant difference in the mean responses of members of cooperative societies in Nsukka metropolis, Eha-Alumona and Ibegwa-Ani on the impacts of COVID-19 CBN credit facility on the economic activities of the members of the cooperative groups in Nsukka Local Government Area of Enugu State.

Table 4: Analysis of variance on the mean differences of the responses of members of cooperative societies in Nsukka metropolis, Eha-Alumona and Ibegwa-Ani of Enugu State

Groups	N	\bar{x}	SS	df	MS	F _{cal.}	F _{crit.}	Decision
Nsukka metropolis	198	2.49	0.07	2	0.03	0.14	1.96	Ho accepted
Eha-Alumona	196	2.51	134.84	518	0.26			
Ibegwa-Ani	127	2.52	134.91					
Total	521			520				

F-crit. = F- critical, F-cal. = F-calculated, \bar{x} = Mean, SD = Standard deviation, N = Sample, SS=Sum of Squares, MS= Mean Squares.

The results of the analysis of variance in table 4 indicated that members of cooperative societies of Ibegwa-Ani had higher mean response (2.52) relative to the mean response of members of cooperative societies of Eha-Alumona (2.51) and members of cooperative societies of Nsukka metropolis (2.49). The differences in the mean response was not significant at 0.05 level of significance as calculated F-value (0.14) is less than table F-value (1.96). This shows that there was no significant difference in the mean response of the members of the cooperative groups from the three autonomous communities of Nsukka Local Government Areas of Enugu State. Therefore the null hypothesis was retained indicating similar views.

Discussion of the findings

The study found out that the cooperative societies that were captured by the COVID-19 CBN credit facility were agriculturally inclined. The cooperative societies captured were N-Agro unique farmers' cooperative society, Ibeku Opi FMCS, Nsukka modern FMCS, Nguru modern FMCS, Agu Ibagwa-Ani FMCS and Ojiero Breme Eha FMCS. The reason stems from the fact that most of the autonomous communities that make up Nsukka Local Government were majorly rural communities. This is evident as observed in the occupation they engaged in. Farming account for 21.5% in the pattern of occupation the community is engaged in.

The study found out that COVID-19 CBN credit facility loaned to members of the cooperative societies somewhat had impact on their economic activities. Positive impacts were observed in women empowerment, provision of market for rural women and the integration of persons into social and economic activities for the betterment of their lives. This is evident on the pattern of and nature of activities the respondents were engaged in. The respondents were into service related business such as photography, beauty and

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barbing salons and artisanry. Other activities engaged in by these persons were fish and poultry farming, trading, manufacturing and pure water business.

Analysis of variance of the response of the members of cooperative societies of Ibegwa-Ani, Eha-Alumona and Nsukka metropolis on the impacts of COVID-19 CBN credit facility on the economic activities of the members of the cooperative groups in Nsukka Local Government Area of Enugu State indicated no significant difference at 0.05 level of significance, as calculated F-value (0.14) was below table F-value (1.96). Thus the null hypothesis was not rejected. This shows similarity in the opinion of the members of the cooperative societies in the three autonomous communities in Nsukka Local Government Area on the variables studied.

Conclusion

Based on the findings, it was concluded that the bulk of cooperative societies in Nsukka Local Government Area were agriculturally based cooperative societies with N-Agro unique farmers' cooperative having the largest beneficiaries of the COVID-19 credit facility. Even though the impact of the CBN Targeted credit facility is yet to yield more result in the communities, other areas of life through the CBN credit Facility test-run, were affected positively. Women were empowered, a lot of persons in the communities were integrated into social activities and rural market were revitalized. Hence, their livelihood were restored even if not totally.

Recommendations

1. The paper recommends that monitoring apparatus should be set up to ensure that funds given out are properly utilized.
2. Credit facility of this kind should not stop even after the pandemic, if sustainability is to be achieved.
3. There is need for the Government to support the informal sector by making the environment conducive for every form of enterprise. This will go a long way to making the sector stronger, not only to take in more people but also boost the economy GDP.

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