GPH-International Journal of Educational Research
(e-ISSN 3050-9599 || p-ISSN 2795-3264)
Volume 06 | Issue 01 | January 2026
Published by **Global Publication House**
https://gphjournal.org

Evaluating the Effectiveness of Export Financing Programmes in Nigeria: Challenges, Opportunities and Impact on Non-Oil Exports

Omali, Joshua Ugbede[1] & Mojekwu, Ogechukwu Rita[2*]
[1]The Institute of International Trade and Development, Faculty of Social Sciences, University of Port Harcourt, Rivers State Nigeria.
[2]Department of Finance and Banking, Faculty of Management Sciences, University of Port Harcourt, Rivers State Nigeria.

Received: 31 December 2025
Accepted: 07 January 2026
Published: 11 January 2026
DOI: https://doi.org/10.5281/zenodo.18211608
Article ID: GPH-IJER-2026-2213

Abstract

The study examined the effectiveness of Nigeria's export financing programmes in promoting non-oil exports. The study's objectives were to assess the effectiveness of these programmes, identify the challenges limiting their success, and highlight opportunities for improvement. The study was anchored on the Export-led Growth (ELG) Hypothesis. A quantitative time-series research design was used in the study, analyzing annual data from 1990 to 2024 sourced from the Central Bank of Nigeria and the National Bureau of Statistics. The Augmented Dickey-Fuller (ADF) test for stationarity, the Johansen cointegration framework, Vector Autoregressive (VAR), Granger Causality, Ljung–Box Q-statistics, Impulse Response Function (IRF), and the Forecast Error Variance Decomposition (FEVD) were the econometric tools used for the analysis, accomplished using E-views. The findings indicated that public and commercial bank credit has a statistically significant positive effect on non-oil export performance in the short run. However, this effect is not permanent and decays over time. Challenges such as poor access to credit, high rejection rates of financing applications, high interest rates, and policy inconsistencies limit these programmes' effectiveness. It was concluded that while export financing programmes provide a measurable short-term boost to non-oil exports, their long-term impact is constrained by significant operational and macroeconomic challenges. The study recommended leveraging opportunities such as promoting value addition in agricultural and solid mineral resources to improve the effectiveness of these programmes.

Keywords: *Export Financing Programmes (EPF), Non-Oil Exports, Public/Commercial Bank Credits, Export-led Growth Hypothesis, NEXIM, EDF.*

[*] Corresponding Author: rita.mojekwu@uniport.edu.ng

1.0 INTRODUCTION

The practice of exportation has long been recognized as a cornerstone of socio-economic development across the world. For many nations, exports catalyze growth by generating foreign exchange, creating employment, fostering industrialization, and integrating domestic firms into global supply chains (Jegede & Muchie, 2024). In particular, developing countries have used export growth to escape reliance on a narrow set of domestic industries, reducing vulnerability to domestic shocks and enhancing economic resilience (Gnangnon, 2022). As globalization intensifies, non-oil exports (or non-traditional exports) are increasingly seen not just as supplementary, but as fundamental to sustainable development, especially in countries whose resource-based exports dominate their trade portfolios (Chen *et al*., 2025).

In that light, investment in export financing programmes becomes essential. It represents an institutional mechanism to bridge the gap between producers' capacity and market access, address liquidity constraints, ameliorate risks, and reduce transaction costs (Dornel *et al*., 2021). In Nigeria, where oil exports have historically accounted for the lion's share of foreign exchange earnings and government revenue, there is growing urgency to diversify. Weaknesses in non-oil production, value addition, access to global markets and the high cost of capital have projected the need for robust export financing instruments (Chukwuma-Ekwueme, 2023). For many Nigerian small and medium enterprises (SMEs), lack of financing, and the absence of concessional or tailored export credit, remain among the greatest obstacles to expanding exports into higher value-added and non-oil sectors (Odekunle, 2024).

Consequently, Nigeria has not been inert in this regard; a number of programmes have been introduced to support non-oil exporters. Two prominent ones are the Non-Oil Export Stimulation Facility (NESF) introduced by the Central Bank of Nigeria in 2017, and the Export Development Fund (EDF) launched in 2018 to be administered by the Nigerian Export-Import Bank (NEXIM) (CBN, 2024; NEXIM, n.d). Under EDF, for example, the CBN issued a ₦150 billion debenture to NEXIM for the purpose of broadening access for SMEs in non-oil export value chains (CBN, 2024). By September 2025, NEXIM Bank reported disbursing over ₦420 billion in export financing, creating more than 12,000 direct jobs. The bulk of these disbursements were made under the EDF (Nwachukwu, 2025). Leveraging these efforts, it not out of place to aver that these programmes have contributed to recent improvements in non-oil export performance. For instance, for the first half of 2025, non-oil exports reached US$3.225 billion, up approximately 19.6% from the same period in 2024. In Q1 of 2025 alone, non-oil exports were US$1.791 billion, a 24.75% increase over Q1 2024; volume exported rose to 4.04 million metric tonnes from 3.83 million the prior year (Okpale, 2025).

Yet despite these gains, the effectiveness of these export financing programmes is constrained by numerous challenges. One critical issue is financing rejection. Supporting this is a survey by 3T Impex Consulting in 2022, which reported that 94% of exporters experienced rejection of financing requests by Nigerian banks, with only about 11% of respondents being successful in obtaining export finance (3T Implex, 2022). Furthermore, high collateral requirements, high interest rates, and inadequate foreign exchange access further complicate the effectiveness of these programmes (International Finance Corporation, 2024). Additionally, policy-

inconsistencies, weak infrastructure, logistical bottlenecks, and capacity constraints in value addition exacerbate the proper development and implementation of export financing programmes in Nigeria (International Monetary Fund, 2025). More specifically, these challenges limit how deeply export financing programmes penetrates into the non-oil sector and reduce their broader economic impact, slowing job creation, limiting export diversification, and constraining foreign exchange inflow (World Bank, 2022). For example, although non-oil exports value rose in 2023 to about US$4.52 billion, this represented only a moderate increase compared to prior growth, and in some periods even declined when volume growth was not matched by value appreciation (Umeh, 2024).

However, there are measurable opportunities for Nigeria to improve export financing, especially in the non-oil sector. These include leveraging its wide base of agricultural and solid mineral resources to promote value addition and agro-processing, digitalization and improved trade-facilitation (e.g. better customs, logistics, export documentation) to reduce transaction costs and risk, expansion of regional markets (e.g. ECOWAS, AfCFTA) to offer large demand possibilities which finance programmes can help firms exploit, provided they can meet standards and packaging requirements, and innovations in financial instruments, such as export credit insurance, factoring, guarantees, blended finance, and concessional credit, which can help offset risk, reduce financing costs, and make financing accessible to more SMEs (Africa Financial Services Investment Conference, n.d; Ukpe, 2021; Ojoko, 2025).

Therefore, It is upon this backdrop that this study is undertaken. The aim of the study is to critically evaluate how effective Nigeria's export financing programmes have been in promoting non-oil exports. The study also identifies the factors challenging the effectiveness of these efforts, as well as opportunities for improvement.

2.0 LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 Export Financing and Export Financing Programmes

Export financing refers to the system of credit and risk-management arrangements that sustain trade across borders despite the long interval between production and payment (ICC Academy, 2020). In a typical export transaction, firms must commit capital to raw materials, labour and shipping long before foreign buyers remit funds, sometimes waiting months or years in the case of capital goods or infrastructure. Export finance bridges this gap by providing liquidity and by shielding exporters and lenders from commercial and political risks such as buyer default, currency inconvertibility or abrupt policy changes (Heiland & Yalcin, 2021). Banks and other financial institutions supply the credit, while national export credit agencies (ECAs) often guarantee repayment, allowing lenders to underwrite transactions that would otherwise be too risky (Auboin & Meier-Ewert, 2003). The importer, frequently a public agency or state-owned enterprise, enters the chain as the ultimate borrower, so that a triangular relationship of exporter, financier and buyer makes large and complex trade contracts feasible (ICC Academy, 2020).

A variety of instruments have been developed to meet the different phases of the export cycle. Pre-shipment finance supplies working capital so goods can be produced and packaged before dispatch, whereas post-shipment finance, including invoice factoring and bill discounting, maintains cash flow while the exporter awaits payment (Trade Finance Global, 2025). For large capital-goods projects, buyer's credit, typically backed by an ECA, pays the exporter upfront while the foreign buyer repays over ten years or more, and supplier's or related financial credit funds the part of a project carried out locally for shorter periods, usually without ECA guarantees (Bank of China, n.d). Letters of credit, export credit insurance and government incentives such as duty-drawback schemes add further layers of liquidity and risk protection (International Trade Administration, n.d).

From the foregoing, it can be deduced that export financing programmes bring these financial tools together under government policy so that exporters can get the credit and risk protection they need. In most countries, the government, central bank, and export credit agencies work with private banks to provide special loans, guarantees, or dedicated funds that support businesses selling goods and services abroad (Heiland & Yalcin, 2021). These programmes aim to fix gaps in the market where private banks alone might not give enough support, and to help national goals such as creating jobs, diversifying the economy, and earning steady foreign exchange (Dornel *et al*., 2021). When the programmes are well planned and consistently applied, they turn complex financial services into a clear strategy for growing the number of competitive exporters and reducing heavy dependence on a single source of export income (Chugan & Singh, 2016).

Non-Oil Exports

Non-oil exports comprise the sale of goods and services in international markets that are not derived from crude oil or petroleum by-products. They range from agricultural commodities and processed foods to manufactured goods, solid minerals and knowledge-based services such as tourism or financial consulting (Adetunji *et al*., 2024). Unlike oil, whose prices swing sharply with global market cycles, these exports provide a steadier source of foreign exchange and a more balanced economic base. Countries such as Germany and Japan have long illustrated how manufacturing and technology-driven exports can sustain growth and cushion their economies from resource price shocks (Zestos *et al*., 2021). For a resource-dependent country like Nigeria, broadening export earnings through agriculture, solid minerals and light manufacturing has become central to its diversification agenda and to reducing vulnerability to the volatility of oil revenue (Aina, 2025).

The wider benefits of non-oil exports reach well beyond foreign exchange earnings. Expanding these sectors creates employment in labour-intensive industries, stimulates rural development and contributes to poverty reduction (Duru *et al*., 2023). More stable export revenues strengthen macroeconomic stability by financing imports and easing the pressure of external debt (Nwolisa *et al*., 2023). Over time, the drive to remain competitive in global markets fosters innovation and attracts foreign investment, reinforcing resilience to external shocks and supporting long-term, sustainable growth (Jia *et al*., 2024). For Nigeria and other economies historically tied to oil, the promotion of non-oil exports is therefore not just a policy preference but a strategic path toward economic transformation and inclusive development (Ademola, 2024).

2.1.2 Challenges and Opportunities for Export Financing Programmes in Nigeria

Nigeria's export–financing programmes face several connected problems that weaken their ability to boost non-oil exports. First amongst these is poor access to credit. Surveys show that most exporters struggle to get loans from banks. Particularly, a 2022 trade-finance report found that about 94% of applicants were turned down. Banks often see export loans as too risky, while many small and medium exporters cannot meet the strict requirements for audited accounts or the type of collateral that lenders demand. This means many potential exporters remain outside the formal credit system (3T Implex, 2022)

Even when finance is available, the cost and the short repayment periods discourage investment in bigger or higher-value export projects. High interest rates in Nigeria make long-term borrowing expensive, while most banks prefer short-term lending (Komolafe *et al*., 2024). Although the Central Bank and NEXIM Bank have set up special windows, such as the ₦150 billion Export Development Fund and the Non-Oil Export Stimulation Facility, these funds are too small and often slow to release (Daily Trust, 2017). As a result, many exporters limit themselves to low-value or primary goods instead of expanding into more complex products that require larger and cheaper loans.

Exchange-rate instability and unpredictable government policy also create big risks. Sudden devaluations and the past use of multiple exchange rates have raised the cost of doing business and made it difficult for exporters to plan or hedge their earnings. Although recent reforms have helped the naira and lifted non-oil exports slightly in 2024–2025, many firms are still cautious about borrowing for export production because they fear new swings in currency value. Banks respond to this uncertainty by asking for even more collateral and offering shorter-term loans, which again hurts smaller exporters (Komolafe *et al*., 2024).

Finally, the implementation of these programmes are slow and complicated. Disbursements are often delayed, paperwork is heavy, and outreach to exporters outside major cities is weak. Agencies that manage these funds sometimes lack the staff or systems to provide training, follow-up and market advice (Daily Trust, 2017). Consequently, loans may not lead to actual export growth, especially where exporters also face problems like poor logistics, weak customs processes or difficulties meeting international quality standards. These constraints show up in the export outcomes. Even with headline improvements in recent years, non-oil export gains have been concentrated in a few commodities rather than signaling broad-based industrial upgrading. For example, NEPC data and reporting for H1 2025 show non-oil exports rising to US$3.225 billion, with cocoa, urea/fertilizer and cashew featuring strongly and cocoa alone accounting for a large share of value, a pattern that reflects concentration rather than diversification (Okpale, 2025). When finance is scarce, small exporters cannot scale or move into higher value chains, and export growth stays fragile and narrowly based.

However, opportunities exist to significantly enhance the effectiveness of Nigeria's export financing programmes by addressing current operational and structural deficiencies. A primary area for improvement involves increasing the transparency and accessibility of credit facilities, particularly for SMEs, which are crucial to non-oil export growth. This requires not only

simplifying the application process and reducing bureaucratic bottlenecks but also leveraging technology for more efficient fund disbursement (Akoto & Adjasi, 2021). Furthermore, developing specialized, sector-specific financing products tailored to the unique needs of key industries like agriculture and manufacturing would provide targeted support and boost their global competitiveness (Africa Financial Services Investment Conference, n.d). Finally, fostering greater collaboration and synergy among public and commercial banks, development finance institutions (e.g., NEXIM), and export promotion councils would establish a more integrated and supportive ecosystem, ensuring that financial interventions are well-coordinated and aligned with national export promotion objectives (Raji & Mojekwu, 2024).

2.2 Theoretical Review: Export-led Growth Hypothesis

The export-led growth (ELG) hypothesis emerged in the post–Second World War era as a response to the perceived failures of the import-substitution strategy. Its early roots can be traced to the rapid industrial expansion of Germany and Japan in the 1950s and 1960s, where export-oriented policies were central to post-war recovery and growth. By the 1970s and 1980s, East Asian economies such as South Korea, Taiwan, Hong Kong, and Singapore had adopted similar outward-looking strategies, cementing the framework's global prominence (Palley, 2011).

Essentially, the ELG hypothesis assumes that long-term economic growth is driven primarily by the expansion of export activities. Rising exports increase external demand, which in turn stimulates domestic production, investment, and employment, creating a virtuous cycle of higher income and further growth (Barrie *et al*., 2021; Orhan *et al*., 2022). The theory further assumes that openness to trade and the removal of protectionist barriers enable countries to exploit comparative advantage, specialize in sectors where they are most efficient, and benefit from economies of scale (Rasoanomenjanahary *et al*., 2021; Wuri, 2024). Engagement in international markets fosters technology transfer and innovation, often through foreign direct investment, and encourages domestic firms to upgrade their productive capabilities to remain competitive (Driffield *et al*., 2024).

The ELG hypothesis has found wide application in explaining the rapid growth of the so-called Asian Tigers and in shaping the export-oriented policies of many developing economies seeking diversification and structural transformation. It underpins strategies that view export performance as a key source of foreign exchange, a stimulus for technological upgrading, and a platform for integrating into global value chains (Siliverstovs & Herzer, 2007). However, despite its influence, the theory has attracted notable criticisms. Some scholars argue that growth can also be import-led, as imports of capital and intermediate goods may themselves drive productivity and technological progress (Békés & Harasztosi, 2020). Others caution that an excessive dependence on external markets exposes economies to global demand fluctuations and trade shocks. They also contend that export-led strategies may entrench inequalities if benefits are concentrated in a few sectors or regions, and they can falter where domestic institutional capacity is weak.

In relation to the study, the ELG hypothesis explains why strengthening export financing programmes can drive Nigeria's non-oil export expansion and, in turn, broader economic growth. Providing credit, guarantees and other forms of financial support to non-oil exporters reduces the

barriers that limit production and market access. This is in line with the theory's view that increased exports stimulate investment, create jobs and raise incomes. In Nigeria's case, effective export financing can help shift the economy away from heavy dependence on crude oil, enabling sectors such as agriculture, manufacturing and solid minerals to compete internationally and generate the foreign exchange and technological spillovers that the export-led growth framework associates with long-term development.

2.3 Empirical Review

Jeff-Anyene (2016) examined the contribution of Nigerian banks to the promotion of non-oil exports. The study aimed to assess the effect of commercial banks' credit on non-oil export performance and to determine any causal relationship between the two. Employing econometric time series techniques, it used annual data from 1990 to 2013 obtained from the Central Bank of Nigeria Statistical Bulletin and conducted unit root, co-integration and Granger causality tests. The results revealed that Nigerian banks had not significantly enhanced the growth of non-oil exports, though a long-run relationship exists between bank credit and non-oil export performance, with no evidence of causality. The study concluded that insufficient credit from banks remains a key constraint to non-oil export expansion. It recommended lowering the monetary policy rate to between 5% and 8% to make credit more affordable, and urged the Central Bank of Nigeria to require commercial banks to set aside part of their annual profit to finance non-oil exports, similar to the scheme for small and medium enterprises.

Sama'ila (2013) investigated the low contribution of Nigeria's non-oil exports, which accounted for only 4% of total exports at the time. The research sought to determine how bank financing and related factors affect the performance of the non-oil export sector. Using data collected through questionnaires administered to 120 non-oil exporting firms, the study applied mean, standard deviation and multiple regression analysis. Findings showed that bank financing of non-oil exports explained only about 16% of the variation in sectoral performance, with firms' perception of banks' risk attitude and the high cost of finance emerging as the most significant predictors, while exchange rate fluctuations and access to credit had little effect. The study concluded that without improved access to affordable credit, non-oil exports would continue to stagnate. It recommended that government strengthen the financial sector, introduce export subsidies for small exporters, and that banks should specialize in selected export products and adopt letters of credit as a secure funding mechanism.

Okosode and Imoughele (2019) assessed the effect of deposit money bank credit on the growth of Nigeria's export sector from 1986 to 2016. The study aimed to establish the long-run relationship between bank credit and export growth. Employing the Auto-Regressive Distributed Lag (ARDL) bounds testing technique, it examined time series data to test for co-integration. The results indicated an inverse but significant long-run relationship between bank credit and the export sector, while in the short run, bank credit at one- and two-year lags had a positive and significant impact. It was concluded that sustained bank credit can encourage the expansion of exports in the short term despite negative long-run effects. The study recommended that monetary authorities reduce interest rates to make credit cheaper and strengthen financial sector policies to expand and lower the cost of credit for the export sector.

Akpan *et al*. (2017) explored the causal links among non-oil exports, financial sector development and economic growth in Nigeria. The aim of the study was to understand how financial sector indicators influence growth through non-oil export performance. Using annual data from 1985 to 2015, it measured financial development with indicators such as credit to the private sector, total bank deposits and market capitalization, and applied Augmented Dickey–Fuller and Phillips–Perron tests, Johansen co-integration and Granger causality analyses. Results revealed a long-run relationship among the variables and showed bi-directional causality between financial sector indicators (total bank deposits, private sector credit and market capitalization) and economic growth, while prime lending rate showed a unidirectional effect. The study concluded that robust financial sector development stimulates both non-oil export growth and economic performance. It was recommended that government relax the Treasury Single Account policy to improve banks' capacity to extend credit and adopt stronger investor protection policies to boost confidence and deepen the capital market.

Daramola (2024) examined how deposit money banks' (DMBs) credit affects non-oil exports in Nigeria over the period 1986–2022. The aim of the study was to evaluate the impact of credit supply and key macroeconomic variables on the performance of non-oil exports. Employing the ARDL bounds co-integration technique, the analysis revealed a significant positive relationship between DMBs' credit and exchange rates, while lending rate and inflation were significantly negative, and gross fixed capital formation had an inverse association with non-oil exports. The causality test indicated no direct causality between bank credit, exchange rate and non-oil export volumes, but a unidirectional relationship was found from gross fixed capital formation, lending rate and inflation to non-oil exports. The study concluded that macroeconomic instability constrains the positive impact of bank credit on the sector. It was recommended that government and monetary authorities stabilize key macroeconomic indicators and reduce the bank rate to lower overall lending costs, while promoting growth-oriented policies to expand non-oil production.

Magaji *et al*. (2023) analyzed the influence of banking sector credit on Nigeria's real sector using an Auto-Regressive Distributed Lag (ARDL) model. The study set out to determine how commercial bank credit and related variables shape real GDP growth. Results from the bounds test confirmed a long-run relationship among the variables, with commercial bank credit exerting a positive impact on GDP in both the short and long run. Domestic private investment, however, showed a negative effect, whereas government capital expenditure contributed positively to growth. The study concluded that bank credit is a vital driver of real sector expansion and recommended policies to increase the volume of banking sector credit to enhance economic growth.

Onigah (2024) investigated the relationship between banking sector credit and Nigeria's economic growth using an ex-post facto design and secondary data from 1991 to 2022. The study aimed to examine the effects of private and public sector credit, total credit, broad money supply and prime lending rate on real GDP. It employed a series of econometric procedures, including pre-estimation tests, long- and short-run regressions, correlation analysis, Granger causality and several post-estimation diagnostics. Findings showed that private and public sector credits had positive but insignificant impacts on growth, while there was strong positive correlation between

them and a bi-directional causality between total bank credit and economic growth. The study concluded that despite the positive link, bank credit has not significantly driven Nigeria's economic growth. It recommended that government reduces its own borrowing to make credit more available to the private sector and that monetary authorities increase the supply of loanable funds to stimulate productive investment.

2.4 Research Gap

Earlier studies such as Jeff-Anyene *et al*. (2016), Sama'ila (2013), Okosodo and Imoughele (2019) focused mainly on the relationship between commercial bank credit or broader financial sector development and non-oil export performance, often using static long-run models like ARDL and cointegration tests. Their findings generally show the importance of credit but revealed persistent constraints such as high lending costs, risk-averse banks and macroeconomic instability. While these works are empirically relevant, they paid limited attention to export financing programmes (EFPs) as distinct policy instruments, and rarely examined the operational challenges that shape their effectiveness.

This study addresses this gap through a dynamic analysis of Nigeria's EFPs, considering both their institutional constraints and their potential to stimulate non-oil export growth. A Vector Autoregressive (VAR) model covering 1990–2024 is used to capture short-run interactions among EFPs, proxied by public and commercial bank credit to non-oil exporters, together with key macroeconomic variables and export outcomes. Alongside the econometric evidence, the study explores the practical opportunities for strengthening EFP operations, thereby offering a more comprehensive understanding of how these programmes can be reformed to support sustained non-oil export expansion.

3.0 METHODOLOGY

The study adopted a quantitative time–series research design to examine the impact of EFP on non-oil exports in Nigeria between 1990 and 2024. Annual data on non-oil export performance (₦ billion), public/commercial banks' credit to non-oil exports (₦ billion), inflation rate (%), and interest rate (%) were sourced from the Central Bank of Nigeria Statistical Bulletin and the National Bureau of Statistics (NBS). To ensure robust econometric analysis and avoid spurious results, the study utilized the Augmented Dickey–Fuller (ADF) test to determine the stationarity properties of the series. After establishing the order of integration, the Johansen cointegration framework was applied to test for possible long-run relationships among the variables.

Based on the integration and cointegration outcomes, the study specified a Vector Autoregressive (VAR) model in line with standard time-series econometric procedures and the empirical framework of Jeff-Anyene *et al*. (2016), who examined how Nigerian banks' credit contributes to non-oil export growth. Their model was grounded in the export-led growth hypothesis, which argues that expanding exports stimulates overall economic development through higher production, investment and technological spillovers. Consistent with this theoretical view, export financing is expected to strengthen the capacity of non-oil exporters to access international markets, thereby boosting non-oil export performance and supporting broad-based economic growth.

Further econometric tools included the Granger causality test to examine the direction of influence among the variables, as well as Impulse Response Functions (IRF) and Forecast Error Variance Decomposition (FEVD) to trace the temporal response of non-oil exports to shocks and to assess the relative contribution of each explanatory variable over time. Finally, standard diagnostic checks, such as the Ljung–Box Q-statistics, were employed to verify the absence of serial correlation and to confirm the reliability and adequacy of the estimated VAR model.

The model for this study is expressed as:

$NOEXP_t = f(PCBC_t, INTR_t, INF_t)$ (1)

And, to permit elasticity interpretation, equation (1) is expressed in a log–linear econometric form:

$$LnNOEXP_t = \alpha_0 + \alpha_1 LnPCBC_t + \alpha_2 LnINTR_t + \alpha_3 LnINF_t + \varepsilon_t \quad (2)$$

Where:

NOEXP = value of Nigeria's non-oil exports

PCBC = Public and commercial banks' credit to non-oil exports

INTR = average commercial-bank lending rate

INF = annual inflation rate

α_0 = constant term; $\alpha_1, \alpha_2, \alpha_3$ = slope coefficients; Ln = Logarithm and

ε_t = random error term.

4.0 RESULTS AND DISCUSSION

Table 1: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	25%	50%	75%	Max
NOEXP	35	994.97	1850.22	3.26	26.42	169.71	1292.00	9650.00
PCBC	35	30.62	20.62	0.75	18.71	26.43	43.30	75.20
INF	35	17.82	15.83	6.60	9.51	12.00	16.50	72.80
INTR	35	11.95	6.36	0.91	6.49	13.00	15.00	27.50

Source: E Views Output

From 1990–2024, Nigeria's non-oil export performance shows very wide variation. The mean of about ₦995 billion masks an extreme jump to ₦9.65 trillion in 2024, as reflected in the large standard deviation. Bank credit to non-oil exports averages ₦30.6 billion, rising at most to about ₦75 billion, while macroeconomic conditions were relatively volatile; inflation averaged nearly 18 % but reached 72.8 % in 1995, and interest rates ranged from below 1 % (2022) to 27.5 % (2024).

Table 2: The Augmented Dickey-Fuller (ADF) Unit Root Test

Variable	ADF Test Statistic (1st Difference)	1% Critical Value	5% Critical Value	10% Critical Value	p-value	Order of Integration
NOEXP	–6.41	–3.62	–2.94	–2.61	0.0000	I(1)
PCBC	–5.98	–3.62	–2.94	–2.61	0.0000	I(1)
INF	–4.73	–3.62	–2.94	–2.61	0.0004	I(1)
INTR	–5.12	–3.62	–2.94	–2.61	0.0001	I(1)

Source: E Views Output

All test statistics are more negative than the 5% critical value and all p-values are below 0.05. This confirms that each variable becomes stationary after first differencing and is therefore integrated of order one I(1).

Table 3: Johansen Cointegration Test

Hypothesized No. of CE(s)	Trace Statistic	0.05 Critical Value (Trace)	Max-Eigen Statistic	0.05 Critical Value (Max-Eigen)
None*	30.83	47.85	19.27	27.59
At most 1	11.56	29.80	5.99	21.13
At most 2	5.56	15.49	4.57	14.26
At most 3	0.99	3.84	0.99	3.84

Source: E Views Output

The Johansen Cointegration Test results shows that there is no long-run relationship between the variables. Both the Trace Statistic and the Max-Eigen Statistic are less than their respective critical values for the null hypothesis of "None" (no cointegrating equation). For a cointegrating relationship to exist, the test statistics must be greater than the critical values.

Since the Trace and Max-Eigen statistics are 30.83 and 19.27, respectively, and both are less than their 0.05 critical values (47.85 and 27.59), we fail to reject the null hypothesis of no cointegration. This indicates that even though the variables share the same order of integration, they do not move together in the long run. In simple terms, there is no stable, long-term equilibrium relationship linking non-oil export performance, public and commercial bank credit, inflation, and interest rates. Since the variables are integrated of order one but not cointegrated, the appropriate modelling framework is a Vector Autoregressive (VAR) model in first differences, rather than a VECM.

Table 4: VAR(1) Estimation Results

Dependent Variable	Explanatory Variable (1-lag difference)	Coefficient	Std. Error	t-Statistic	Granger F-Statistic (→ Dep. Var.)	p-value
ΔNOEXP	**ΔPCBC**	**0.213**	**0.097**	**2.19**	**4.81**	**0.036***
	ΔINF	–0.042	0.025	–1.68		
	ΔINTR	0.015	0.011	1.36		
ΔPCBC	ΔNOEXP	0.084	0.090	0.93	0.86	0.360
	ΔINF	–0.031	0.019	–1.63		
	ΔINTR	0.006	0.010	0.63		

Source: E Views Output

The table shows the short-run relationships between the variables. The most significant finding is that Public/Commercial Banks' Credit (ΔPCBC) has a statistically significant positive effect on Non-Oil Export Performance (ΔNOEXP). The coefficient of 0.213 for ΔPCBC is positive, and its corresponding p-value of 0.036 is less than the conventional 0.05 significance level. This indicates that a 1 billion naira increase in public/commercial bank credit, at a one-period lag, leads to a 0.213 billion naira increase in non-oil export performance. This suggests that a one-time injection of credit into the non-oil sector leads to an almost immediate and measurable increase in export activities.

On the other hand, Non-Oil Export Performance (ΔNOEXP) does not have a statistically significant effect on Public/Commercial Banks' Credit (ΔPCBC). The coefficient of 0.084 is positive but its p-value of 0.360 is well above 0.05. This implies that while bank credit drives exports, the reverse is not true in the short run; growth in non-oil exports does not immediately translate into an increase in public/commercial bank lending. The coefficients for inflation and interest rate on both dependent variables are not statistically significant. This connotes that in the short term, changes in these macroeconomic variables do not have a strong and direct impact on the performance of non-oil exports or public/commercial bank credit to the non-oil sector.

Table 5: Diagnostic Test for Autocorrelation.

Dependent Variable	Ljung–Box p-value
Residual autocorrelation (lag 1) – ΔNOEXP	0.679
Residual autocorrelation (lag 1) – ΔPCBC	0.854
Residual autocorrelation (lag 1) – ΔINF	0.822
Residual autocorrelation (lag 1) – ΔINTR	0.506

Source: E Views Output

The Ljung–Box test for each variable shows high p-values; all are greater than 0.05. A p-value greater than 0.05 indicates that we cannot reject the null hypothesis of no autocorrelation. This indicates that the model's residuals are random and do not contain any systematic patterns.

Table 6: Impulse Response Function (IRF)

Horizon (Years)	Response of ΔNOEXP	Standard Error
0	0.000	0.000
1	0.21	0.09
2	0.17	0.08
3	0.11	0.07
4	0.07	0.06
5	0.04	0.05
6	0.03	0.05
7	0.02	0.04
8	0.02	0.04
9	0.01	0.03
10	0.01	0.03

Source: E Views Output

From Table 6 above, a one-standard-deviation increase in public/commercial banks' credit to non-oil exports lead to an immediate rise of about 0.21 units in the growth rate of non-oil exports in the following year. The positive effect remains noticeable for about three years, though it decays steadily, falling to roughly 0.07 by year four and becoming almost negligible after year six. This pattern implies that credit shocks produce a short-run boost to non-oil export growth, but the impulse does not generate a permanent change.

Table 7: Forecast Error Variance Decomposition (FEVD)

Horizon (Years)	NOEXP (own shocks)	PCBC	INF	INTR
1	88.3	9.7	1.2	0.8
2	77.5	17.4	3.0	2.1
3	70.2	22.5	4.2	3.1
4	65.4	24.1	5.4	5.1
5	62.1	24.7	6.1	7.1
6	60.5	25.3	6.4	7.8
7	59.3	25.6	6.7	8.4
8	58.8	25.8	6.9	8.6
9	58.5	25.9	7.0	8.6
10	58.4	26.0	7.0	8.6

Source: E Views Output

Table 7 shows the percentage of the variation in non-oil export performance that is explained by shocks from each of the four variables over a 10-year period. In the very short run (1 year), most of the unpredictability in non-oil export growth stems from its own past shocks (about 88%), while credit shocks account for roughly 10%. Over time, the role of credit shocks rises steadily, explaining about a quarter of the forecast-error variance by the 10^{th} year, while the influence of inflation and interest rate shocks stays relatively small (each under 10%). This confirms that public/commercial bank credit is the second most important driver of variations in non-oil export growth, after the sector's own internal dynamics.

4.1 DISCUSSION OF FINDINGS

The findings of the study revealed, first, that there was no evidence of a long-run equilibrium relationship among non-oil export performance, public and commercial banks' credit to non-oil exporters, inflation, and interest rates over the period 1990–2024, as shown by the Johansen cointegration test whose trace and maximum-eigen statistics were below their 5 % critical values. This implies that these key macroeconomic and financial variables do not move together in a stable, long-term path. In practical terms, policies aimed at stimulating non-oil exports through bank credit and monetary controls may therefore generate only short-term effects unless accompanied by deeper structural reforms. This finding contrasts with Jones *et al*. (2025), who, using an error-correction model for the period 2014M1–2023M3, reported that credit to the private sector was a significant long-run determinant of exports, albeit with a negative sign, suggesting that financing constraints hindered export growth.

Secondly, the short-run dynamics captured by the VAR and Granger-causality tests showed a one-way causality from public and commercial banks' credit to non-oil exports, with the coefficient of differenced credit in the non-oil export equation positive and significant (0.213, $p = 0.036$). This indicates that increases in bank lending were followed by measurable improvements in non-oil export performance in the short run, while exports themselves did not significantly drive bank credit. This is supported by Jeff-Anyene *et al* (2016), who established that Nigerian banks have not adequately contributed to the promotion of non-oil exports, thereby failing to bridge the financing gap created by low domestic savings and income.

Finally, the absence of residual autocorrelation and the stability of the VAR confirms the robustness of these short-run effects. Summarily, the findings imply that while public and commercial bank financing, the proxy for Export Financing Programmes (EFP), remained a significant short-term catalyst for non-oil export growth, sustaining such performance would require complementary policies, such as improved export infrastructure and trade facilitation, to anchor a more durable long-term relationship.

It was also found that this constrained impact can be attributed to several structural challenges in Nigeria's export financing programmes, including limited access to credit, where around 94% of applicants are reportedly rejected, high interest rates, short repayment tenures, cumbersome application processes, and stringent collateral requirements that particularly exclude small and medium-sized exporters. Going forward, it was submitted that exchange-rate volatility and unpredictable government policies further discourage borrowing, while slow disbursement and weak outreach hinder the practical effectiveness of special funds like the Export Development Fund and the Non-Oil Export Stimulation Facility. Consequently, non-oil export gains remains concentrated in a few commodities, such as cocoa, urea/fertilizer, and cashew, reflecting narrow-based growth rather than industrial diversification.

Nevertheless, it was noted that opportunities exist to strengthen these programmes. These include improving accessibility and transparency, simplifying procedures, introducing sector-specific financing products, leveraging technology for faster disbursements, and fostering closer

collaboration among banks, development finance institutions, and export promotion agencies to create a more integrated and supportive ecosystem for non-oil exporters.

5. CONCLUSION AND RECOMMENDATIONS

The study examined the contribution of effectiveness, challenges, and opportunities of Export Financing Programmes (EPF) and impacts on Non-Oil Exports in Nigeria from 1990 to 2024. The analysis showed that credit to non-oil exporters had a positive, albeit limited, impact on export performance. The VAR and Granger-causality results confirmed a one-way short-run influence of bank credit on non-oil exports, while cointegration analysis suggested a lack of strong long-run equilibrium among the variables. The findings indicate that, although financial support is critical for export expansion, structural constraints in the banking and export-financing ecosystem have limited the effectiveness of these programmes. Factors such as difficult access to credit, high borrowing costs, short repayment periods, and exchange-rate instability explain why non-oil export growth remains narrow and concentrated in a few sectors.

To strengthen the impact of export financing on non-oil exports, several measures are recommended. First, public and commercial banks and development finance institutions should simplify loan procedures, reduce bureaucratic delays, and make credit more accessible to small and medium exporters. Second, tailored financing products for key sectors, such as agriculture and manufacturing, should be developed to support higher-value and diversified exports. Third, policymakers and key industry players should promote macroeconomic stability, especially in interest rates and exchange rates, to reduce risks for exporters. Lastly, enhanced coordination between banks, export promotion agencies, and regulatory bodies would create a more supportive and integrated export-financing ecosystem, ensuring that financial interventions translate into sustained and broad-based growth in non-oil exports.

References

3T Implex (2022). *Annual Trade Finance Survey in Nigeria – 2022*. https://www.3timpex.com/resources/trade-finance-survey-in-nigeria-2022/.

Ademola, O. E. (2024, May 22). Learning from success: Strategies for Nigeria's economic development. *Business day*. https://businessday.ng/opinion/article/learning-from-success-strategies-for-nigerias-economic-development/.

Adetunji, D. A., Muktar, M., Duru, M., Zakari, S. S., Ofilli, J. I., & Salihu, A. (2024). Assessing the causal relationship between non-oil export and economic growth in Nigeria (1980-2022). *ISRG Journal of Economics and Finance*, I(3), 1-12.

Africa Financial Services Investment Conference (n.d). *Strategies for Boosting Nigeria's Exports.* https://www.afsic.net/strategies-for-boosting-nigerias-export/.

Aina, D. (2025, February 1). Solid Minerals, agriculture drove non-oil export by 20.79% in 2024 "NEPC. *The Punch*. https://punchng.com/solid-minerals-agriculture-drove-non-oil-export-by-20-79-in-2024-nepc/.

Akoto, R. K., & Adjasi, C. (2021). The effect of external credit on firms' exports size in Nigeria. *Cogent Business & Management*, 8(1), 1930498-193. https://doi.org/10.1080/23311975.2021.1930498.

Akpan, E., Nwosu, E. and Eweke, G. (2017) Causality between non-oil export, financial sector development and economic growth: Evidence from Nigeria. *Journal of Mathematical Finance, 7, 39-53*. Doi: 10.4236/jmf.2017.71002.

Auboin, M., & Meier-Ewert, M. (2003). Improving the availability of trade finance during financial crises (WTO Discussion Paper No. 2). *World Trade Organization.* https://www.econstor.eu/handle/10419/107037.

Bank of China. (n.d.). Export buyer's credit. *Bank of China.* https://www.boc.cn/en/cbservice/cb2/cb22/200806/t20080630_1324061.html

Barrie, A., Sillah, A. & Bangura, M. (2021). An empirical investigation of the export-led growth (ELG) and import-led growth (ILG) hypotheses in Sierra Leone. *Modern Economy*, 12, 1648-1665. Doi: 10.4236/me.2021.1211083.

Békés, G., & Harasztosi, P. (2020). Machine imports, technology adoption, and local spillovers. *Review of World Economics*, 156, 343-375. https://doi.org/10.1007/s10290-019-00365-.

CBN (2024). Non-oil export stimulation facility. https://www.cbn.gov.ng/DFD/manufacturing/nesf.html.

Chen, N., Sun, Z., Xu, Z., & Xu, J. (2025). A review of international trade impacts on sustainable development. *Marine Development,* 3, 9. https://doi.org/10.1007/s44312-025-00053-6.

Chugan, P. K., & Singh, S. (2016). Impact of type of export finance on firms' export profitability: A study of industrial clusters in Gujarat, India. In N. Delener, L. Fuxman, F. V. Lu, & S. Rodrigues (Eds.), *Exceeding the vision: Innovate, integrate and motivate* (pp. 89–96). Global Business and Technology Association.

Chukwuma-Ekwueme, I. G. (2023). *Impact of crude oil trade on Nigeria's economy: A time series approach* [Dissertation, World Maritime University]. https://commons.wmu.se/cgi/viewcontent.cgi?article=3304&context=all_dissertations.

Daily Trust (2017, January 11). *Exporters express worry over disbursement delay of N500bn FG's stimulation fund.* https://dailytrust.com/exporters-express-worry-over-disbursement-delay-of-n500bn-fgs-stimulation-fund/.

Daramola, K. O. (2024). Deposit money bank credit and non-oil export in Nigeria. *Interdisciplinary Journal of Management Sciences*, 1, 1–9. https://doi.org/10.38140/ijms-2024.vol1.07

Dornel, A., Engel, J., & Malouche, M. (2021). Financing more resilient trade and value chains. *World Bank Group*.

https://documents1.worldbank.org/curated/en/679041635869232451/pdf/Financing-More-Resilient-Trade-and-Value-Chains.pdf.

Driffield, N., Harrington, L. (Richard), Surdu, I., & Yuan, X. (2024). Maximizing the (unequal) benefits of foreign direct investment: Addressing the two-speed problem. *Contemporary Social Science*, 19(4), 469–494. https://doi.org/10.1080/21582041.2024.2433670.

Duru, E. E., Egbulonu, K. G., & Ukaegbu, J. (2018). Non-oil export and non-tradables: A tool for rural empowerment, poverty reduction and sustainable development in Nigeria. *International Journal of Innovative Finance and Economics Research*, 6(1), 12-22.

Gnangnon, S. K. (2022). Development aid and export resilience in developing countries: A reference to aid for trade. *Economies*, 10(7), 161-192. https://doi.org/10.3390/economies10070161.

Heiland, I., & Yalcin, E. (2021). Export market risk and the role of state credit guarantees. *International Economics and Economic Policy*, 18, 25–72. https://doi.org/10.1007/s10368-020-00466-2.

ICC Academy. (2020, August 17). What is export finance? A comprehensive guide. *International Chamber of Commerce (ICC)*. https://academy.iccwbo.org/international-trade/article/what-is-export-finance-a-comprehensive-guide-2020/

International Finance Corporation. (2024). *Nigeria Credit Infrastructure Reform: Snapshot of Progress and Next Steps*. https://www.ifc.org/content/dam/ifc/doc/2024/nigerian-credit-infrastructure-reform-snapshot-of-progress-and-next-steps.pdf

International Monetary Fund. (2025). *Nigeria: 2025 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Nigeria*. https://www.imf.org/-/media/Files/Publications/CR/2025/English/1ngaea2025001-print-pdf.ashx

International Trade Administration (n.d). *Methods of Payment: Letters of Credit.* https://www.trade.gov/letter-credit.

Jeff-Anyene, S. E., Ezu, G. K., & Ananwude, A. C. (2016). The contribution of the Nigerian banks to the promotion of non-oil exports (1990-2013). *Asian Journal of Economics, Business and Accounting*, 1(1), 1–13. https://doi.org/10.9734/AJEBA/2016/28754.

Jegede, O., & Muchie, M. (2024). Introduction to the special issue: Leveraging global value chains for innovation and industrialization in Africa. *African Journal of Science, Technology, Innovation and Development*, 16(4), 451–458. https://doi.org/10.1080/20421338.2024.2361952.

Jia, M., Lu, G., Yan, Y., & Nazir, S. (2024). Resilience through mineral resource development, oil, and natural resource efficiency: Strengthening economies. *Resources Policy*, 91, 104942. https://doi.org/10.1016/j.resourpol.2024.104942.

Jones J.U., Mojisola S., Chidera O.L., & Maitala F.H. (2025) Impact of monetary policies on export sector performance in Nigeria. *European Journal of Accounting, Auditing and Finance Research,* 13(1), 91-109

Komolafe, B., Oritse, G., & Ewepu, G. (2024, November 4). Why exporters are struggling — Investigation. *Vanguard*. https://www.vanguardngr.com/2024/11/why-exporters-are-struggling-investigation/.

Magaji, S., Musa, I., & Dogo, S. S. (2023). Analysis of the impact of banking sector credits on the real sector in Nigeria. *International Journal of Management and Business Applied*, 2(1), 12-20.

NEXIM (n.d) *Export Development Facility (EDF)*. https://neximbank.com.ng/export-development-facility/.

Nwachukwu, O. (2025, September 3). NEXIM Bank disburses over ₦420bn to exporters, creates 12,000 direct jobs. *Business Day*. https://businessday.ng/news/article/nexim-bank-disburses-over-n420bn-to-exporters-creates-12000-direct-jobs/.

Nwolisa , C. U., Ugoji , C. N., Aiyeku , O. H., Babatope , J. A., Shonibare , A. A., Ipinjolu, O. A., Oloyede , B. M., Abiodun , T. P., & Dairo , R. O. (2023). Nigeria's non-oil sector and its impact on exchange rate volatility (1981-2021). *Journal of Economics, Management and Trade*, 29(9), 89–101. https://doi.org/10.9734/jemt/2023/v29i91131.

Odekunle, A. (2024). *The impact of financing sources on export performance of SMES: Evidence from non-oil exporters in Nigeria*. Ph.D. Thesis University Of Derby College Of Business, Law And Social Sciences https://doi.org/10.48773/qy38x.

Ojoko, I. (2025, August 10). Nigeria records 6.63 million metric tonnes in exports to ECOWAS in H1 2025 – NEPC. *Nairametrics*. https://nairametrics.com/2025/08/10/nigeria-records-663-million-metric-tonnes-in-exports-to-ecowas-in-h1-2025-nepc/

Okosodo, L. A., & Imoughele, L. E. (2019). Deposit money bank credits and export performance in Nigeria: An empirical analysis. *International Journal of Economics, Commerce and Management*, 7(1), 112-136.

Okpale, F. (2025, August 9). Nigeria's Non-oil Exports hit $3.23bn in first half of 2025, up 19.6% – NEPC. *Business Day*. https://businessday.ng/news/article/nigerias-non-oil-exports-hit-3-23bn-in-first-half-of-2025-up-19-6-nepc/.

Onigah, P.O. (2024). Impact of banking sector credits on economic growth in Nigeria (1991-2022). *Journal of the Management Sciences*, 60(3), 37– 51.

Orhan, A., Emikönel, M., Emikönel, M., & Castanho, R. A. (2022). Reflections of the "export-led growth" or "growth-led exports" hypothesis on the Turkish economy in the 1999–2021 Period. *Economies*, 10(11), 269-282. https://doi.org/10.3390/economies 10110269.

Palley, T. I. (2011). The rise and fall of export-led growth. *Economics Working Paper Archive wp_675). Levy Economics Institute.*

Raji, W., & Mojekwu, O. R. (2024). Effectiveness of government trade finance initiatives in Nigeria. GPH-International *Journal of Business Management*, 7(09), 79-93. https://doi.org/10.5281/zenodo.14011428

Rasoanomenjanahary, M., Cao, L. & Xi, Y. (2022). The impact of trade openness on economic growth: Empirical evidence from Madagascar. *Modern Economy*, 13, 629-650. Doi: 10.4236/me.2022.135034.

Sama'ila, I. N. (2013). An analysis of banks financing of non-oil exports in Nigeria. *American International Journal of Contemporary Research,* 3(1), 85-92.

Siliverstovs, B., & Herzer, D. (2007). Manufacturing exports, mining exports and growth: Cointegration and causality analysis for Chile (1960-2001). *Applied Economics*, 39, 153-167.

Trade Finance Global. (2025, February 5). *Pre- and post-shipment finance.* https://www.tradefinanceglobal.com/trade-finance/pre-post-shipment-trade-finance/

Ukpe, W. (2021, November 10). NEPC to implement factoring and forfaiting as instruments of financing export and trade in Nigeria. *Nairametrics*. https://nairametrics.com/2021/11/10/exports-nepc-to-implement-factoring-and-forfaiting-as-instruments-of-financing-export-and-trade-in-nigeria/.

Umeh, J. (2024, October 21). Nigeria's non-oil exports hit $4.2bn in 2023 – NEPC. *Vanguard*. https://www.vanguardngr.com/2024/10/nigerias-non-oil-exports-hit-4-52bn-in-2023-nepc/.

World Bank. (2022). *Nigeria's Choice.* https://documents1.worldbank.org/curated/en/099305012142215802/pdf/P179906004b7c80340a74d0ee7862953b8f.pdf

Wuri, J. (2024). The role of comparative advantage in enhancing trade in value-added using a dynamic GMM model. *Economies*, 12(7), 187-208. https://doi.org/10.3390/economies12070187.

Zestos, G. K., Jiang, Y., & Painter, C. (2021). Determinants of German and Japanese exports: A comparative study. *Journal of Economic Integration,* 36(3), 339-371.