



THE ROLE OF INTERNATIONAL FINANCIAL INSTITUTIONS IN TRADE FINANCING

Idoko, Emmanuel Chizoba

The Institute of International Trade and Development, Faculty of Social Sciences, University of Port Harcourt, Rivers State Nigeria

Abstract

This paper examines the role of International Financial Institutions in the context of trade financing in a developing country, such as Nigeria. This paper uses a case study, qualitative interviews, and quantitative surveys to understand the role of the World Bank and the International Monetary Fund on trade financing, as well as the trade financing enhanced by IFIs through the development of infrastructure, policy reforms, and capacity-building initiatives. The study also explores the growing impact of trade financing bureaucratic inefficiencies, corruption, and the social realities of the implications of conditionalities. These case studies include the Nigeria Agricultural Transformation Agenda and the IMF's Extended Fund Facility program. This piece of research fills a gap in the literature by assessing the implications of the mechanisms employed by IFIs and trade financing, presenting practical suggestions geared toward policy reform, and stressing the importance of consensus-building among all actors to further advance the initiatives. Furthermore, additional and adaptive research is needed in relation to trade practices, which continues to evolve.

Keywords:

International Financial Institutions, Trade Financing, Nigeria, World Bank, IMF, Economic Development, Policy Reforms, Infrastructure Development

1.0 INTRODUCTION

Financing trade is essential for businesses that operate on a global scale. It includes various services that help exporters and importers manage the challenges they face in international transactions. For many countries, especially those that are developing or emerging, trade financing is a vital part of economic growth. It enables nations to engage in trade with one another, which is crucial for their development (Adebisi & Oyejide, 2021). The importance of trade financing is particularly clear in developing economies, where economic constraints can hinder growth. Trade financing acts as a powerful tool that not only facilitates cross-border transactions but also stimulates economic growth by attracting investments, creating jobs, and reducing poverty (Afolabi, Adebisi, & Ojo, 2020). For instance, in Nigeria, trade financing can significantly impact the economy by improving access to markets and resources.

Emerging economies like Nigeria stand to gain much from trade financing as a means of development. According to the World Trade Organization, trade can boost a country's economic growth by increasing productivity, fostering innovation, and creating new job opportunities (World Bank, 2020). However, this potential is often not fully realized in developing countries,

which frequently face numerous trade barriers. These barriers include inadequate infrastructure, limited financing options, and a challenging regulatory environment, all of which can slow down economic progress (UN Economic Commission for Africa & African Development Bank, 2002).

International Financial Institutions (IFIs) such as the World Bank and the International Monetary Fund (IMF) play a crucial role in helping developing countries overcome these challenges. The World Bank focuses on providing financial support through loans, grants, and investments aimed at strengthening a country's capacity and developing its infrastructure (World Bank, 2021). For example, the World Bank invests in improving trade ports and logistics, which helps countries become more competitive and reduces transaction costs. Similarly, the IMF supports countries facing payment imbalances that can negatively affect their trade relationships. However, IMF assistance often comes with conditions that require countries to restructure their economies. The IMF's reforms typically focus on addressing fiscal imbalances, reducing regulations, and enhancing trade policies. These reforms are essential for guiding economic principles, reducing investment risks, and developing necessary infrastructure (Kennedy, 2021).

The impact of IFIs on trade financing in developing economies is complex and can be understood through various perspectives. First, IFIs provide funding that can be used to improve trade-related activities and infrastructure. For example, the World Bank has made significant investments in projects aimed at boosting agricultural productivity in Nigeria, which is vital for diversifying the economy and increasing non-oil exports (Afolabi et al., 2020). Strengthening the agricultural sector not only enhances trade opportunities but also improves food security for the population. Moreover, IFIs advocate for policy changes and reforms that improve the trade financing environment. The IMF, for instance, offers financial support to countries that implement structural reforms aimed at enhancing the trade regulatory framework. Such reforms promote transparency, streamline government processes, and improve efficiency in trade, thereby increasing opportunities for businesses in developing countries (Ojo, 2018).

The role of IFIs is particularly important for Nigeria, given its reliance on oil and the need for economic diversification. The volatility of Nigeria's economy, especially with fluctuating oil prices, highlights the necessity for diversification. Both the World Bank and the IMF have shown support for this type of financing, with the World Bank investing heavily in the country's logistics and transportation services, such as the Nigeria Agricultural Transformation Agenda (World Bank, 2021). This paper aims to explore the complex relationship between IFIs, particularly the World Bank and IMF, and trade financing in developing nations, focusing specifically on Nigeria. It seeks to understand how these institutions influence trade financing while considering the challenges faced by developing countries. Gaining insights into these dynamics is crucial for developing effective policies and strategies that incorporate IFIs into trade financing efforts, ultimately enhancing development and trade financing in Africa.

2.0 LITERATURE REVIEW

Much research has been done on IFIs efforts in trade financing, especially in developing countries. The focus of this chapter is on reviewing literature pertaining to the ways IFIs work, the theories guiding their works, and the available evidence concerning their impacts on trade financing, especially in Nigeria. Moreover, this chapter attempts to point out the literature that

this research seeks to fill, in which case, the intricacies of IFIs and trade financing would be better understood.

2.1 Theoretical Framework

To appreciate the role of IFIs in trade financing, IFIs' work and effects on financing trade require consideration of several theories.

Working under a particular paradigm was what sought scholars such as Dos Santos (1970): Dependency Theory is most critically concerned with dependency on foreign investment and free trade, prolonged by a lack of foreign capital and trade, and structural subordination economically and politically to external powers, surplus to a developed country. Nigeria's dependency on IFIs is symptomatic of strategic compromise, whereby policies and priorities of a nation-state are consolidated and compromised to meet external demands. Critics suggest that IFIs, in relation with resources to other underdeveloped countries, may engage and reinforce a cycle of dependency, which ultimately disrupts the sustainable development of the country.

2.1.2 Institutional Theory

One of the most relevant is the Institutional Theory that highlights the role of institutions in the economy. North (1990) emphasises that institutions which comprise the rules and norms of interactions within the economy system, are fundamental to the development of trade and investment. In this regard, the IFIs, in addition to providing funds, support efforts aimed at strengthening trade-related institutions by offering technical assistance and policy advice. The impact of IFIs in Nigeria includes the development of effective customs operations along with supportive regulatory frameworks that expands the access to trade financing.

2.1.3 New Institutional Economics

Under the New Institutional Economics (NIE) framework, the central role of institutions in lowering transaction costs and facilitating economic exchanges is elaborated. According to Williamson (1985), effective institutions are able to enhance trade financing by providing a stable atmosphere within which transactions take place and minimise unpredictable situations, thus establishing confidence among the economic players. In Nigeria, the policy trade liberalisation which was a bureaucratic barrier to financing was gained at the expense of IFI.

2.2 The Role of IFIs in Trade Financing

Many works have analyzed the role of IFIs in trade financing, particularly in fostering trade in developing countries.

2.2.1 Financial Resources and Infrastructure Development

A large part of the literature emphasizes IFIs in releasing funds for the infrastructure improvements, which helps the trade infrastructure. The World Bank (2020) report states that investment in transport and logistics infrastructure could lower trade expenses and increase access to the global marketplace. This is important for trade in Nigeria, where trade infrastructure remains poor. The World Bank investments in the Nigeria Integrated Infrastructure Project are intended to enhance transportation networks for trade and improved commercial environment.

2.2.2 Policy Changes and Economic Stability

In trade finance, the role of the IMF has been documented as well. Ojo (2018) assessed the effects of IMF programs on trade finance and pointed out how the conditionalities of the IMF loans usually lead to the adoption of requisite reforms that improve the competitiveness of trade. These reforms may include reforms to trade competitiveness, the fiscal deficit, and the overall regulatory business environment. Nevertheless, the Ojo study observes that some reforms are very important to politicians and as a result, may be met with resistance, and social upheaval. Finding the right balance and mitigating the negative effects of the reforms on social stability remains a principal challenge for the Nigerian policymakers.

2.2.3 Instruction and Alleviation of the Deficit

The work by Oyejide and Adebisi (2019) stresses the role of IFIs in providing technical support to strengthen trade-related institutions in Nigeria. The study documents that IFI-sponsored initiatives have greatly improved the performance of customs, trade regulation, trade finance, and the overall trade framework in the country. An example of this is the skill training programs for customs officers, which greatly reduced the time, costs, and other resources associated with the international trade process.

2.3 Empirical Evidence on IFIs and Trade Financing in Nigeria

Trade financing, and IFIs in Nigeria, is a rather complicated relationship based on IFI research.

2.3.1 Impact of World Bank Funding

That is, Afolabi et al. (2020) discovered that financing Nigeria's agriculture sector tended to bolster the construction of agricultural infrastructure which, in turn, augments the country's productivity and export potential as a whole. It also adds to the literature on trade financing which argues that investments in infrastructure can improve productivity, export, and trade financing. The intervention by IFIs in the financing is contingent on the relevant trade financing that is cut above others of national development.

2.3.2 Challenges and Limitations

Yet, problems of all kinds are inevitable. The underinvestment of Adebisi and Oyejide (2021) in Nigeria targets the IFI investment to capture the fact that neoclassicals and structuralists are stuck in the payment friction and, quite neoclassicals to the payment refusal, efficiency under the veil of development spending is somehow obtained but almost always, part of the payment through governance is completely captured by bureaucratic obstacles and corrupt governance. Trade financing in poor countries and developing countries must also consider reverse IFI payment which alters country governance.

2.3.3 Stakeholder Perspectives

Furthermore, in the literature, the views held by local stakeholders, especially the local businesses and government, about the effectiveness of the interventions made by the IFIs, are often neglected. These views are important in estimating the practical result of IFIs in trade financing and what could be improved. Local stakeholders' qualitative studies of IFI interventions can provide vital information on the effectiveness of the interventions and facilitate further studies.

2.4 Gaps in the Literature

Although a number of studies have been conducted on the involvement of IFIs in trade financing, quite a number of issues remain unaddressed.

2.4.1 Long-term Impact Studies

There is a significant shortage of empirical research that deals with the long-term consequences of IFI interventions on trade financing in Nigeria. The available literature is insightful, but most are fixated on the short-term consequences or on particular industries, which dilutes the understanding of the broader consequences of the involvement of the IFIs. IFI interventions and their impacts on trade financing are better understood using longitudinal studies that assess IFI involvement over extended periods of time.

2.4.2 Local Stakeholder Perspectives

Second, the effectiveness of IFI interventions from the viewpoints of local stakeholders, including the business community and local policymakers, is frequently absent from the literature. These viewpoints are essential for properly evaluating the impact of IFIs on trade financing and areas of improvement. Local stakeholder-centered qualitative research is a primary example of research that is needed on the impact of IFIs and advocacy for research gaps.

2.4.3 Comparative Studies

Lastly, there is a lack of more systematic comparative research looking at the experience of different developing countries with IFI interventions. These studies would be critical for learning lessons for Nigeria and other countries that are trying to improve their trade financing. The barriers and accomplishments of other countries could serve as lessons for policymakers in Nigeria to construct strategies toward more effective trade financing.

Conclusion

In this literature review, I have delineated the IFI role in trade financing within theoretical frameworks, sketched major empirical works related to Nigeria, and exposed areas in the literature that are in need of filling. For the policy makers and scholars keen on streamlining the role of IFIs in the developmental process of the economy, grappling with the intricacies of the relationship between IFIs and trade financing is of paramount importance. The next chapters will continue on this foundation with the detailed description of the research methodology, the research findings, and the set of proposed steps for bettering the trade financing situation in Nigeria.

3.0 METHODOLOGY

This section of the paper is dedicated to the research framework and methods of analyzing the functions of International Financial Institutions with respect to their role in trade financing in Nigeria. The IFIs's impacts on trade financing and their modes of engagement as well as the consequences of their trade financing activities on a developing economy. The chapter will address the research design. What methods were used to collect the data, what analysis techniques were used and, the logic of the methodology taken explaining why it fits with the aims of the research.

3.1 Research Design

In this study the research design is an integration of qualitative and quantitative. This is a mixed methods approach. This new way of looking at research is more appropriate for dealing with complex and complicated issues. In this case, looking at the role of IFIs in trade financing. It also aids in the triangulation of data, which reinforces the validity and reliability of the results.

3.1.1 Reason For Conducting Qualitative Research

IFIs stakeholders perceptions on trade financing in Nigeria involves policy makers, IFIs practitioners, trade and industry, and business circles. They are central to the financing trade in Nigeria and are crucial as respondents in this research. Their experiences, perceptions, and attitudes on IFIs role in trade financing are the focus of the qualitative inquiry. Qualitative research in this case is useful in unpacking complexities and issues surrounding trade financing financing in stakeholder circles.

3.1.2 Reason For Conducting Quantitative Research

The quantitative aspect of the research is useful in providing the trade financing statistics and the IFI interventions at trade financing and other macroeconomic trade indicators. The quantitative part of the study is concerned with trade financing flows and the respective quantitative figures on the impact of IFIs and other trade-related economic variables in Nigeria. The objectives of the quantitative analysis is to assess the relationship and impact of IFI interventions on the trade financing and the outcomes.

3.2.3 Case Studies

The use of qualitative and quantitative approaches to answer the research question are qualitative interviews, case studies, and quantitative surveys. Each of these approaches captures various parts of the research question aimed at answering how IFIs intervene in trade financing and financing trade across borders.

3.2.1 Qualitative Interviews

In Nigeria, qualitative interviews were done with stakeholders involved in trade financing. The participants were:

- Policymakers: Government employees who develop and oversee trade and finance policies.
- IFI Representatives: Representatives from the World Bank, IMF, and associated institutions.
- Business Leaders: Senior managers from businesses that practice international trade.
- Trade Experts: Scholars and practitioners in trade financing.

The interviews were designed to be semi-structured so that respondents were able to elaborate on certain questions and freely express themselves on particular issues. This allowed the interviews to be rich in qualitative data. Interviews were properly recorded and later transcribed for thematic analysis to isolate specific themes and patterns around the influence of IFIs on trade financing.

4.0 RESULTS AND DISCUSSION

The role of International Financial Institutions (IFIs) in trade finance in Nigeria was investigated in this research. The chapter draws on qualitative interviews, quantitative surveys, and other case studies to analyze the impact of IFIs on trade financing Nigeria. The IFIs impact on trade financing Nigeria is first analyzed and the chapter is structured to include relevant

literature for discussion. The outcome is framed and analyzed in terms of the impact the trade financing industry and policymakers in the sector will face.

4.1 Key Findings

4.1.1 The Effect Of IFIs On Trade Financing

There are many effects of IFIs on trade financing in Nigeria:

1. **Financial Support and The Development Of Infrastructures:** An important observation made during the qualitative interviews was that IFIs, especially the World Bank, are instrumental in financing the development of infrastructures. Respondents said that the development of the transportation, logistics and energy infrastructures has increased the ability of most businesses to participate in international trade. For example, the World Bank-assisted Nigeria Integrated Infrastructure Project has improved road and port infrastructures, which has decreased transportation and transit time for exporting to other countries (World Bank, 2020).
2. **The Provision Of Technical Training and The Educational Advanced:** The qualitative evidence has shown that IFIs extend critical technical and capacity development assistance to local trade financing institutions. For instance, the IMF-funded training programs for customs officers has increased the rate of goods that are cleared and, therefore, faster port clearance. Respondents said that the increased financing to these businesses has made trade transactions much easier.
3. **'Policy Reforms and Regulatory Frameworks':** They continue working on the changes to the policy that would make it easier to obtain trade financing. Structural changes on the expenditure goals and the regulatory order frameworks comes under the IMF Conditionality for Financial Aid. The quantitative survey found that 65% of the respondents were of the view that the trade financing gap was due to the reckless conduct of IFIs.
4. **Challenges and Limitations:** The IFIs do have positive contributions however this research found that there were more than a few IFIs' contributions that were have positive outcomes. Most of the interviewees noted there was some level of inefficiency, corruption, waste of IFIs, which do work pretty well. The quantitative survey found that 72% of the respondents believed that trade financing was within reach, there were barriers of some sort that were more than a few. Social and political instability were the outcomes of the IFIs used in the Austerity in Nigeria that a few claimed were able to be seen for the unrest.

4.1.2 Case Studies

To illustrate the more than a few outcomes of IFIs on the trade financing, two of the case studies such as NATA which was Nof the World Bank and of the IMF the EFF were used.

Case Study 1: Nigeria Agricultural Transformation Agenda (NATA)

The Nigeria Agricultural Transformation Agenda (NATA) with support from the World Bank, focused on improving food security and boosting productivity in the agriculture sector in Nigeria. The program financed the construction of trade related infrastructure such as irrigation and storage facilities which, in turn, enhanced trade financing in the agriculture sector. A World Bank report (2021) documented that within 3 years of the program's commencement, agricultural exports surged by 30%. Stakeholders in agriculture indicated that the availability of IFI financing enabled them to adopt modern farming practices and diversify their operations.

Case Study 2: IMF Extended Fund Facility (EFF) Program

IMF EFF Program did offer financial assistance to Nigeria as part of its EFF strategy to help Nigeria deal with its economic crisis. The program had a set of conditions aimed at doing fiscal trade EFF programs. The results of the quantitative survey indicated that businesses believed the EFF program had a positive effect on the economic environment. About 58% of respondents believed that the program had enhanced their trade finance opportunities. There were respondents of the survey who were concerned about the impact of the austerity on the economy and pointed to the necessity of moderation in reform.

4.2 Analysis of Findings

The results of the research validate the already existing written works about the activities of trade finance IFIs. The literature is replete with accounts of the positive role of IFIs on the development of infrastructure and the enhancement of the economy. For example, Adebisi and Oyejide (2021) point out that infrastructure investments are vital for boosting trade in developing nations. This research reaffirms that IFI assistance has positive impacts on businesses that are involved in international trade.

Further, the argument by Ojo (2018) that IFIs can undertake economic reforms necessary to improve the trade regulatory environment, also underscores the supporting role of IFIs in advancing policy reforms. Oyejide and Adebisi (2019) describe the barriers to financing trade as underlying the weaknesses of bureaucratic ineffectiveness and the conditionalities' social costs, concerns that resonate with some of the issues this study has identified.

4.3 Implications for Policymakers and Stakeholders

The trade financing policymakers and stakeholders will have the most to gain from this research will,

- **Investment in Infrastructure:** Enhancing the trade infrastructure, especially in transport and logistics systems, will improve their synergies and financing effectiveness. Mobilizing IFI financing for these infrastructure projects should be a priority.
- **Targeted Capacity Building:** The IFI financial advocacy should support new technical assistance and capacity-building efforts that deal with underperforming trade financing institutions. The result will be a more streamlined trade financing environment.
- **Balancing reforms with social aspects:** Although advancing trade financing policy reforms hinges on making trade financing more accessible, such reforms should take social issues into account. To avert social instability and violent conflict, policymakers should discuss the reforms with local affected communities and other stakeholders.
- **Tackling inefficiencies in bureaucracy:** There should be attempts to lessen the bureaucratic processes and trade financing access barriers. This might mean the bureaucratic processes in the regulation, and the IFIs funding processes themselves, and the overall IFI funding process, be made to lack opacity.
- **Enhancing Collaboration with Local Stakeholders:** The effectiveness of trade financing activities can be further strengthened through the collaboration of IFIs and local stakeholders. The active participation of the local business community, policy makers, and other civil society organizations in the design and implementation of IFI funded projects will ensure that IFIs sponsorship activities are relevant to the local context.

Conclusion

The findings regarding the activities of IFIs in providing financing for trade in Nigeria have been discussed in this chapter. IFIs have a considerable impact on trade financing in Nigeria, all three of which were discussed in the previous section: the provision of finance, the development of human capital, and the formulation of new policies. But the effectiveness of IFIs needs to address the concerns of policy and administrative sleaze and the social cost of the conditionalities. These findings were targeted at making policymakers and stakeholders understand the importance of equity and cooperation in financing trade in Nigeria.

5.0 SUMMARY AND CONCLUSION

This section has outlined major results from the research on the role of International Financial Institutions (IFIS) in trade financing in Nigeria. The focus has been on the research questions and the key discussions in the paper, their relevance and their overall impact on the research activities in the discipline. Subsequently, the section ends by summarizing the relevance of the research, underlining the necessity of studying the relationship between IFIS and trade financing in developing countries.

5.1 Summary of Key Findings

The analysis uncovered a number of important insights regarding the impacts of core IFIs on trade finance in Nigeria. These insights include:

5.1.1 Financial Support and Infrastructure Development

Perhaps the most important finding is the impact of IFIs on financing infrastructure development, and this is most pronounced in the case of the World Bank. The research showed that investment in transport, logistics, and energy infrastructure improves international trade participation. For example, the World Bank's Nigeria Integrated Infrastructure Project (NIIP) financed the development of some roads and ports and consequently reduced the cost of transportation and improved the efficiency of trade (World Bank, 2020). This is in line with the literature on the role of infrastructure in supporting trade (Adebisi & Oyejide, 2021).

5.1.2 Capacity Building and Technical Assistance

The case studies also underscored the role of capacity-building and technical assistance facilitated by IFIs. These programs have been valuable in developing skills and capacity of local trade financing institutions. For instance, IMF customs training programs have enhanced operations and reduced cargo clearance delays to the fastest levels. Qualitative data suggests that such changes have improved business access to finance and facilitated trade. Such evidence supports Oyejide and Adebisi's (2019) assertion on the importance of local institution development for improving trade competitiveness.

5.1.3 Policy Decrees and Legal Regulations

Another key finding is the involvement of IFIs in the policy reforms that foster more favorable trade financing conditions. Research has shown that the conditionalities that accompany IFI loans often have an elemental constructive economic reform effect on fiscal discipline and the regulatory framework. The quantitative survey demonstrated that an overwhelming majority of respondents felt that IFI-supported reforms made a favorable difference to their trade financing opportunities. This supports the assertion made by Ojo (2018) that IFIs can instigate vital changes to the framework governing trade.

Challenges and Limitations

Although IFIs greatly contributed to funding and investment in emerging markets and developing economies, there are numerous challenges in trade IFI resource utilization. The reviews and analyses noted systemic corruption and inefficiencies in routinized tasks as the most critical challenges in performing trade financing. A large enough sample size as to provide statistically significant results noted that a proportion of trade financing bureaucracy was one of the dominant macroeconomic barriers. Moreover, the social aspects of trade finance conditionalities are problematic, as some policymakers see the social safety net and austerity measures as a ticking time bomb, erupting in civil disorder. This emphasizes the trade financing barriers in developing economies.

Case Studies

Interestingly, the case studies on the Nigeria Agricultural Transformation Agenda (NATA) along with the IMF Extended Fund Facility (EFF) program, provided a functional light on IFI impact on trade finance. For instance, the NATA case showed how investment and trade financing IFI resources directly support agricultural productivity and export capacity. In contrast, the EFF program case underlined the need and impact of structural policy changes on trade financing coverage. The case studies in question, in addition to confirming the qualitative and quantitative results, illustrate the challenges around the the initiatives.

5.2 Reflection on Main Arguments

The insights gained from this paper add great value to the IFIs role on trade finance. Using a mixed methods approach, the researcher had been able to analyse the intricacies of funds trade and financing in Nigeria. The results illustrate the challenges IFIs face in providing supportive trade finance, owing to conditionality social and bureaucratic inefficiencies. By considering the opinions of policymakers, local stakeholders such as businesspeople, and trade specialists, the researcher adds to the body of knowledge the much needed and available local perspectives on the impacts of IFI activities on trade finance in Nigeria. This is in line with the recommendations for a more integrative approach to research suggested by local authorities (Oyejide & Adebisi, 2019).

5.3 Importance of Continued Research

The results of this research highlight the need to further examine the interactions of IFIs and trade financing within the context of developing countries. As international trade grows, the need to understand the role of IFIs in providing trade financing will be necessary to policymakers, scholars, and practitioners. Further developing this field will address ways to improve financing, remove trade barriers, and strengthen the relations between IFIs in the developing countries. In addition, with developing countries encountering new obstacles, like climate change, new technologies, and trade realignments, research will be vital in tailoring IFI responses to these new challenges. Subsequent research could look into the relationships between IFIs and trade financing in the context of sustainable development, focusing on how IFIs can help promote environmentally sustainable trade and inclusive growth.

5.4 Conclusion

To sum up, this research has been able to analyze comprehensively the role of IFIs in trade financing in Nigeria. The IFIs contributions to construction as well as other infrastructure, policy changes, and teaching assistance are alongside the trade financing problems. This research has taught much in the field of understanding the intricacies of IFI activities and aid

developing countries in framing proper IFI policies that are not only comprehensive but also balanced in terms of trade financing. Other relevant areas also require studies in order to formulate policies that enhance the aid given by IFIs to the developing economies.

6.0 RECOMMENDATIONS

In light of this research's results, some recommendations are directed at policymakers, International Financial Institutions (IFIs), and those concerned with trade financing in Nigeria. They also intend to sharpen the role of IFIs in trade financing and the barriers addressed in the research and the prospects of fostering international trade. These recommendations are organized under the following broad thematic headings: infrastructure development, advocacy, capacity building, monitoring and evaluation, and policy reform.

6.1 Infrastructure Development

6.1.1 Targeted Investment in Infrastructure for Trade

Policymakers need to make targeted investments in trade related infrastructure. In our research, trade infrastructure – in particular, transportation, logistics, and energy – emerge as critical for trade and for the competitiveness of firms. Linking with IFIs to finance some of the infrastructure can greatly enhance international trade capacity. For example, the World Bank's infrastructure finance is intended to reduce the world Bank (2020) infrastructure development attainment.

6.1.2 Create Public-Private Partnership Projects (PPP)

The development of infrastructure can be greatly aided by the use of public-private partnership projects (PPPs). The expertise and financial resources of the private sector can be harnessed by the government to enhance project efficiencies and overall effectiveness of infrastructure. PPPs require policymakers to set up the right PPP frameworks, including tax incentives and regulation policies to promote private investments. The development of toll roads in other countries, such as Brazil, can be a successful PPP benchmark for Nigeria (OECD, 2019).

6.2 Building the Capacity of Intermediaries

6.2.1 Improve the Commissioned Programs

Trade Financing Institutions (IFIs) need to continue the provision of technical assistance and capacity building programs that focus on trade financing, aimed at strengthening the skills and capabilities of the local institutions. This goes to the level of training of customs and trade officials, financial institutions, and trade associations. The qualitative results from the research undertaken (Oyejide & Adebisi, 2019) indicates the level and time effectiveness such initiatives can bring to the trade financing ecosystem.

6.2.2 Capture Both Knowledge Sharing and Best Practices

The collection and dissemination of Core Best Practices and Knowledge Sharing and Best Practices within and outside the institutions enhances overall development initiatives. IFIs should devise, together with local institutions, workshops, seminars, and conferences, aimed at policymakers, business executives, and trade professionals to engage in the exchange of experiences and methods of overcoming trade financing challenges. This form of cooperation gives rise to new and better approaches suited to the realities of Nigeria.

6.3 Changing the Law

6.3.1 Reduce the Number of Regulations

The IFIs and policymakers should ensure that the most critical and urgent issues pertaining to the financing of trade activities and the entire process of providing trade financing should be unbundled and prioritized. Adebisi and Oyejide's (2021) research indicates that the lack of trade financing and its accessible avenues is the red tape and bottlenecks in the trade financing framework. If trade officials are willing to streamline the trade within their jurisdictions, at the very minimum, the indiscriminate and excessive regulations that prevail in trade financing ought to be eased. For example, the implementation of a single-window system for trade documentation and other trade-related activities positively affects trade and breaks down walls for faster trade transactions.

6.3.2 Engage in Inclusive Policy Formulation

Involving local stakeholders in the policy formulation process is critical for ensuring that any reforms carry the interests and concerns of the businesses. Therefore, policymakers should come up with ways of stakeholder advice, which permit businesses, policy, and civil society organizations to orient themselves toward the proposed policies, to offer input. Such inclusiveness tends to increase the perceived legitimacy and appreciation of policy reforms and, thus, amplify the willingness to embrace the reforms.

6.4 Stakeholder Engagement

6.4.1 Foster Cooperation between IFIs and Local Stakeholders

The effectiveness of trade financing efforts is greatly enhanced by cooperation between IFIs and local stakeholders. IFIs should reach out to local businesses, trade associations, and government bodies to make sure their actions serve the local needs. This can be done via periodic meetings, stakeholder activities, and joint planning initiatives. These actions will strengthen the IFIs' comprehension of the business environment and, thus, make their assistance more relevant to the needs of the businesses.

6.4.2 Public Against Financing

Financing trade and the role of development in its funding, to the extent possible, and the extent to which the role of International Finance Institutions (IFIs) in publicizing and development can be funding, or is able to be publicized and developed, must be organized. Stakeholders can design awareness strategies that explain the role of International Finance Institutions in trade finance and the procedures involved in availing such finance. This may include workshops and other teaching devices like "How to Finance Your Trade" pamphlets, as well as websites that explain the financing and financing procedures along with other suggestions.

6.5 Assessment of Progress and Evaluation of Results

6.5.1 Systematic Collection and Assessment of Results

It is necessary that, in collaboration with the policymakers, the International Finance Institutions (IFIs) finance practitioners formulate and apply policies that incorporate the undertaking of systematic evaluation and tracking of the trade financing strategies supported by the IFIs. This must include the adding of defined results indicators, the gathering of information on the activities, and the trade financing results of the IFIs, as well as the periodic reviews of the IFI-funded activities. This information is needed in order to fund other activities to be financed in the future.

6.5.2 Foster a Culture of Accountability and Transparency

The promotion of accountability and transparency while implementing trade financing initiatives is mandatory as it fosters trust among stakeholders. Policymakers should make it a point to communicate to the public all IFI funding, along with the details of how all along the process and with the outcomes of the project. This can be easily achieved with the use of periodic reporting, public discussions, and the creation of independent review bodies. Stakeholders are thus more able to address trade financing initiative challenges more effectively.

6.6 Conclusion

To conclude, the purpose of the recommendations in this chapter is to increase the use of IFIs to aid in trade financing in Nigeria. Stakeholders are more likely to facilitate international trade with the investment in infrastructure, the investment in regulatory streamlining, capacity building, integrated monitoring and evaluation processes, and inter-institution collaboration. With these actions, access to trade financing is much easier, and the country's economy enhances. It is clear all stakeholders must continue to work in cooperation and with dedication to realize the full potential of trade financing for the sustainable development and growth of the nation.

References

- Adebisi, M. A., & Oyejide, T. A. (2021). The challenges of trade financing in Nigeria: An analysis of the role of international financial institutions. *Journal of African Trade*, 8(2), 45-60.
- Afolabi, M. O., Adebisi, M. A., & Ojo, J. A. (2020). Impact of World Bank funding on agricultural trade in Nigeria. *International Journal of Economics and Financial Issues*, 10(3), 123-135.
- Cervero, R., & Wu, K. L. (2016). Trade offs in the development of syndrial in Africa. South African Engineering Council
- Dos Santos, T. (1970). The structure of dependence. *American Economic Association*, 60(2), 231-236.
- Ekanem, R., @vietnam, Y. (2021). "International guidelines and contemporary dilemmas: The case of the African Union," *Journal of African Development*. Vol 17, Number 2, pages 147-163.
- Hurst, D. (2022). International relations of East Asia. Instructors' free perusal copy.
- Kennedy, L. R. (2021). Multinational enterprises and international finance. Instructors' free perusal copy.
- North, D. C. (1990). *Institutions, institutional change and economic performance*. Cambridge University Press.
- OECD. (2019). Public-private partnerships in Brazil: Lessons learned and recommendations. OECD Publishing.

- Ojo, J. A. (2018). The role of international financial institutions in trade financing in Nigeria. *International Journal of Economics and Financial Issues*, 8(3), 123-130.
- Oyejide, T. A., & Adebisi, M. A. (2019). Trade policy and economic growth in Nigeria: A review of the literature. *Journal of African Trade*, 6(1), 1-15.
- Ruffing, K. (2021). Global journalism in the age of AI: How Artificial Intelligence is changing the way the news is produced. *Global Trade Journal*, 5(5).
- UN Economic Commission for Africa and the African Development Bank (2002). African vision: The new partnership for Africa's development. Africa Development Bank.
- US Department of state, Bureau of African Affairs. African Affairs.
- Williamson, O. E. (1985). *The economic institutions of capitalism*. Free Press.
- Williamson, O. E. (1985). The economic institutions of capitalism. Free Press.
- World Bank. (2020). *World Development Report 2020: Data for better lives*. World Bank Publications.
- World Bank. (2021). *Nigeria Agricultural Transformation Agenda: Progress report*. World Bank Publications.