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Demystifying the microeconomic foundation of economic development in Nigeria: evidence from ease of doing business index

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DEMYSTIFYING THE MICROECONOMIC FOUNDATION OF ECONOMIC DEVELOPMENT IN NIGERIA: EVIDENCE FROM EASE OF DOING BUSINESS INDEX

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INTRODUCTION

The primacy of macro-economic stability approach in economic development discussion and policy simulation across the globe calls to question the relevance of microeconomic approach to development in the contemporary world. Copious emphasis are usually on macro-economic framework of the economy which is made up of aggregate economic variables such as employment levels, gross domestic product (GDP),gross capital formation, inflationary rates, exchange rate, balance of payment equilibrium, capacity utilization, public finance management, among others. Such questioning is understandable, but regrettable since any doubt about the relevance of the microeconomic foundation of economic development represents an age-long myth. The import of this vigorous questioning is the perennial categorisation of microeconomic analysis alongside most institutional theoretical fads in economics, reducing its relevance to a pedagogical undertaken with little or no relevance in reality.

This argumentum is premised on the impracticability of the plausible but rather unrealistic assumptions of homo economicus individual economic agents and market perfection mantra which permeates the fulcrum of microeconomic analysis. More so, in less developed countries (Nigeria inclusive) characterised by a structural dysfunctional economy and precarious productive infrastructures. Fortunately, these limitations can be resolved through the establishment of regulations, procedural rules, establishment of arbitration bodies, legislative and political measures which serves as a mechanism for revitalising the microeconomic instrument of integration through which the resources at the disposal of the microeconomic units are allocated to the most socially beneficial uses.

A central theme that underpins a robust economy is a coherent set of political institutions, an enabling legal environment, a good social element and sound macroeconomic policies. However, these macroeconomic conditions are necessary, but not sufficient. They provide the enabler to create wealth, but do not create wealth unilaterally. Wealth is actually created in the microeconomic milieu of the economy, implanted in the sophistication of enterprise strategic actions, quality of raw materials, infrastructural facilities, institutions, and varieties of regulatory and other policies/ institutions that constitutes the business environment. Microeconomic elements are interdependent and mutually reinforcing pillars of economic development. A malfunctioning microeconomic unit is capable of thwarting a country economic progress and renders the more tangible macroeconomic policy instruments/toolkits less effective.

The ubiquitous nature of microeconomics in the well-being of the generality of citizens in both developed and less developed countries is not difficult to prove. The welfare of the citizenry in a modern economy depends critically on the state of the consumer behaviour of the household and the production decisions of business firms. Accordingly, individual economic agents, with associated economic activities, are the rudimentary units for aggregating social welfare, whether of individuals, groups, a community, or a society, and there is no realistic social welfare without taking cognisance of individual economic units who constitutes the end and means of every developmental effort.

Fig 1.

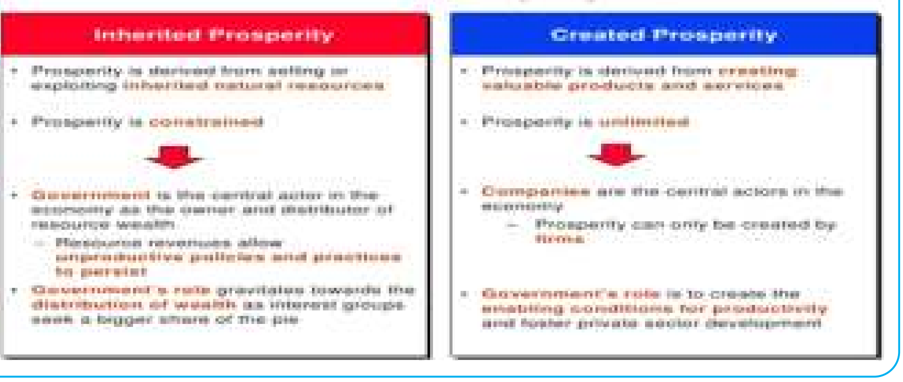


Fig. 2

Sources: Porters (2009)

Fig. 3

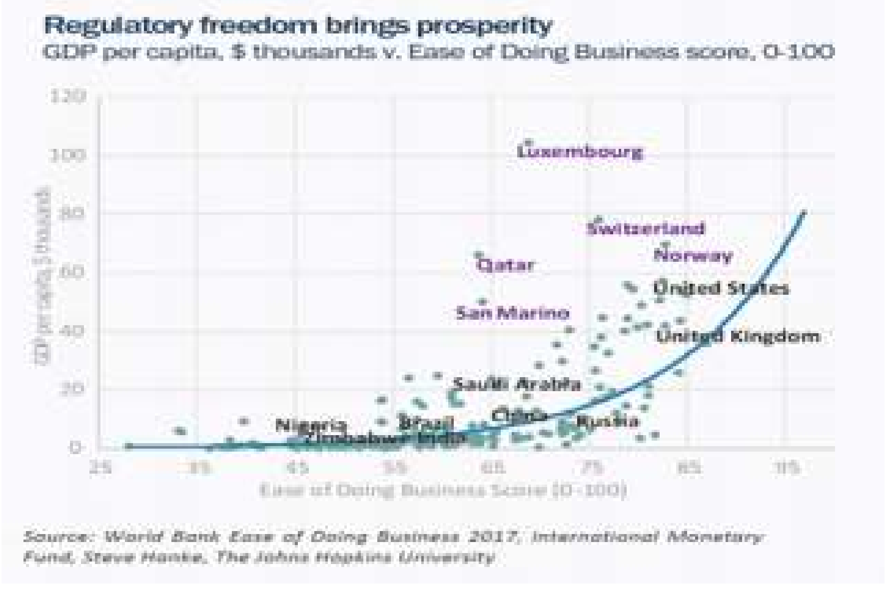


Fig. 4

The Federal Government of Nigeria, in consonance with best practices the world over initiated the Ease of Doing Business Executive Order E01,directing the Central Bank of Nigeria, Ministries, Departments and Agencies (MDAs) to eliminate all impediments, which make doing business in Nigeria cumbersome and problematique. It is also articulated with the understanding that the role of government in the 21st century must evolve from that of being an omnibus provider of citizens' needs into a force for eliminating the bottlenecks that impede innovation and market-based solutions (Ministry of budget and National planning, 2017). The Ease of Doing Business was also incorporated into the Economic Recovery and Growth Plan (ERGP), a medium term plan for 2017 – 2020 in Nigeria. The Economic Recovery and Growth plan has been developed for the purpose of restoring economic growth while leveraging the ingenuity and resilience of the Nigerian people – the nation's most priceless assets. Economic recovery and transformative growth cannot be achieved by the government alone. It is essential to harness the dynamism of business and the entrepreneurial nature of Nigerians, from the MSMEs to the large domestic and multinational corporations to achieve the objectives of this Plan. The Plan prioritizes the provision of a more business friendly economic environment.

Nigeria's national target is to rank in the top twenty economies on the ease of doing business by the year 2020.According to the World Bank's Annual Ease of Doing Business Report 2018, Nigeria ranked 145, an improvement over the previous ranking of 169 in 2017, which "flatters the medieval realities those running businesses in Nigeria confront daily. It takes longer to register a business in

Nigeria than in most other countries in the world. Access to credit is a mirage, with dissuasive interest rates and collateral demands. A litany of arduous government regulations, high cost of energy, lack of adequate security for personnel and properties, multiple taxations, and the activities of corrupt and hostile government officials all combine to dissipate the energies of business owners''(Ogunyemi, 2017). Nigeria dismal rankings in World Bank's Ease of Doing Business report , compared with smaller economies is also quite worrisome as it lags behind a number of other African countries such as Mauritius (25), Rwanda(41), Seychelles (95), Swaziland (112), Lesotho (104), Cabo Verde (127), Ghana (120) and South Africa (82

Fig 5

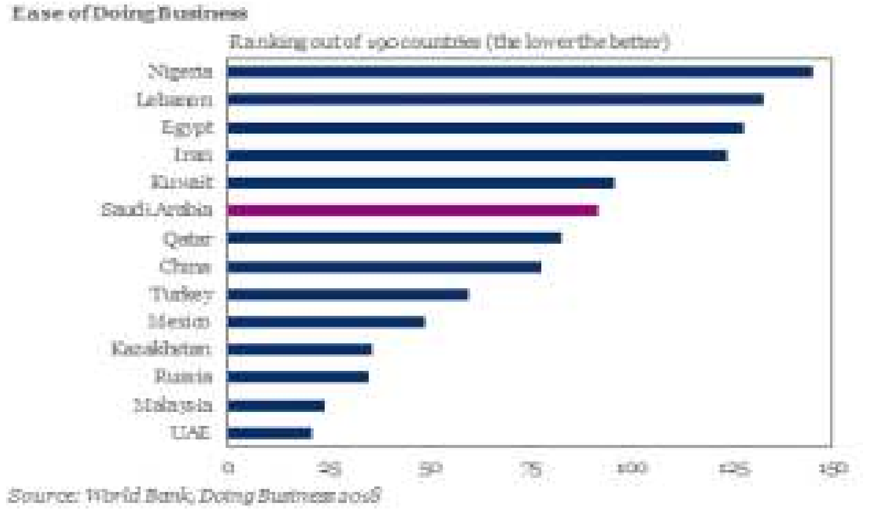


Fig 6: Ease of doing business 2008-2018

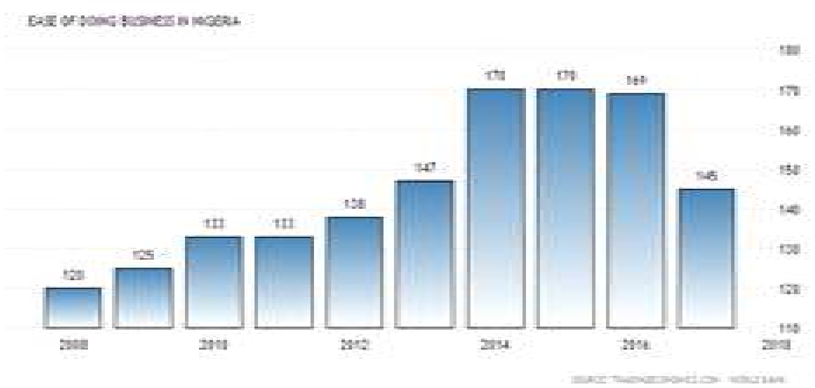
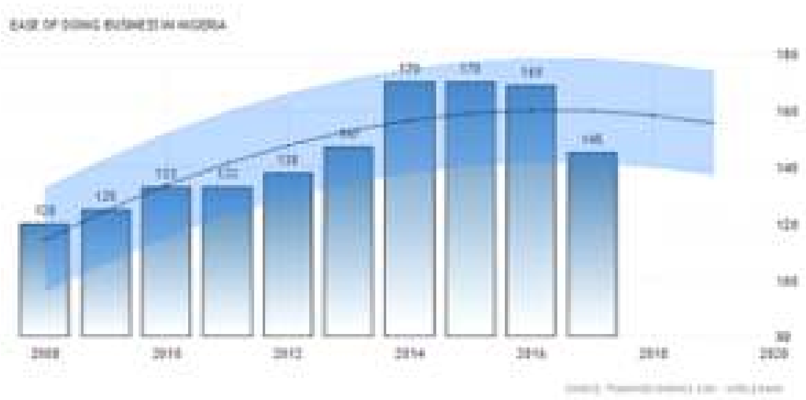


Fig 7:Ease of doing business projections 2008-2018



This underscores the expediency of creating an efficient and inclusive ethos for enterprise and business in Nigeria to strive. An economy with a well regulated institutional support base for business is capable of facilitating entrepreneurship, creativity and ingenuity among individual and provide a framework for the actualisation of people full potential, emancipate the populace from the clout of poverty, enhance living standards and promote growth and shared prosperity. Undoubtedly, the Central Bank of Nigeria considers the actualization of sustainable economic development a germane issue with enormous resources and effort devoted to supporting private business, especially SMEs and the real sector which are considered pivotal to answering the recurring developmental questions confronting the country. Surprisingly, despite the efforts of the monetary authorities in supporting the micro-components of the economy and invariably improving the Ease of Doing Business in the country, very little has been done to evaluate their appropriateness in stimulating economic development. Against this backdrop, this paper critically examines the impact of supporting the microeconomic units on economic development in Nigeria.)

2.1 Conceptual issues/ Literature Review

Ease of Doing Business is an index published by the World Bank. It is an aggregate figure that includes different parameters which define the ease of doing business in a country (The Economic Times, 2018).The Ease of Doing Business measures the rules and regulations that can help the private sector thrive because without a dynamic private sector, no economy can provide a good and sustainable standard of living for people (World Bank, 2015). The study has become one of the flagship knowledge of product of the World Bank group in the field of private sector development, and is claimed to have motivated the design of several regulatory reforms in developing countries. The DB indicators, are anchored on extensive research that exposes the inter connectedness of the features of a country's business environment to enterprise performance and macroeconomic projection outcomes. The indicators have been highly effective in drawing attention to the burdens of regulation. Reform as measured by the DB indicators typically means reducing regulations and their burden, irrespective of their potential benefits. The Ease of Doing Business index ranks countries against each other based on how the regulatory environment is conducive to business operations. Economies with a high rank (1 to 20) have simpler and friendlier regulations for businesses (Trading Economics, 2018).As an exercise in cross-country comparison, DB is not intended to, and cannot, capture country nuances. The Ease of Doing Business report has its origin in a paper first published in the quarterly journal of economics by SImeonedjankov, Rafael la porta, florenciolopez-de-silanes and Andrei shleifer called 'The regulation of entry' in 2002 (Wikipedia, 2018).Since its first publication, the Index has expanded to measure eleven areas in its 2018 report. These are: starting a business; dealing with construction permits; getting electricity; registering property; getting credit; protecting minority investors; paying taxes; trading across borders; enforcing contracts; resolving insolvency and Labour market regulation . A high Ease of Doing Business ranking means the regulatory environment is more conducive to starting and operating a local firm. Constructing the Ease of Doing Business index is in tripod. Firstly, cardinal values for each sub-indicator is constructed: time, costs, number of procedures, and so on. On the basis of these values, countries are ranked on each sub-indicator. Secondly, the sub-indicator rankings are averaged to establish an indicator-level ranking. Thirdly, Countries receive a ranking for each of the eleven topics, which are then averaged to give an overall ranking on the Ease of Doing Business. Economies are ranked on their Ease of Doing Business from 1-190.Empirical research funded by the World Bank to justify their work show that the economic growth impact of improving these regulations is strong. Whelen and Gillanders in 2010 showed the ease of doing business is good for economic growth and development of the country. This finding was corroborated by Djankov, McLiesh and Ramalho (2006), who posited that there is a positive relationship between economic growth and the Ease of Doing Business indicator. In addition to the positive relationship between regulatory freedom and prosperity, more deregulation yields increasing returns. Each incremental increase in the DB score yields greater gains in GDP per capita. With each improvement in regulatory freedom, there is a disproportionate improvement in prosperity (Hanke, 2017) .

According to Djankov et. al (2006) and Hander(2009), cross country regression shows that burdensome business regulatory procedures are negatively correlated with GDP growth. Influential proponents of the regulatory business environment claim that such reforms are not only appropriate to unleash private sector development and growth, but that they immediately benefit the poor more than proportionally because “heavy regulation and weak property rights exclude the poor from doing business” (World Bank/IFC 2005; see also: Klein/Hadjimichael 2003, Klein 2006, Klapper 2006). A vibrant private sector with firms making investments, creating jobs and improving productivity promotes growth and expands opportunity for poor people (OECD and World Bank, 2006).Brunetti et al (1997) found evidence that developing countries face the most institutional obstacles in doing business. Ease of Doing Business report by the World Bank ranks Nigeria as one of the top 10 economies that showed notable improvements in doing business in 2016/2017. Precisely, the Report, which presents quantitative indicators on business regulation, compared across 190 economies and ranked Nigeria 145th - up by 24 positions from the previous report ranking, to reach its highest rank since 2013. This may not be unexpected, given that it is consequent upon various reforms on business environment in 2016. Particularly, the Presidential Enabling Business Environment Council (PEBEC) set up in 2016 enacted 31 reforms to improve business (such as improving credit to small and medium-size businesses) all enacted into law in May 2017. While acknowledging recent efforts by the Federal Government to strengthen regulations that enhance ease of doing business, however, more still needs to be done in the areas of property rights (especially land), infrastructure provision, and access to finance to small and medium scale enterprises(CSEA,2017). The cost of running a business remains high in Nigeria. Banks have to factor in the ideally unnecessary cost of generating their own electricity, almost permanently via supposedly standby generators. Inflation at above 16 percent also means they cannot lend below that price risk threshold. It matters little how much incentives they are proffered (Rafiq, 2016). Private sector-led economic growth remains stymied by the high cost of doing business in Nigeria, including the need to duplicate essential infrastructure, the lack of effective due process, and nontransparent economic decision making, especially in government contracting (Wikipedia, 2018). Creating a regulatory environment that enables private enterprises, especially small firms, to function and be creative has a large positive impact on job creation and therefore good for the economy. Improvement of the regulatory environment in terms of quality and efficiency is particularly in the best interest of Nigeria, which sits on a demographic time-bomb or an anticipated demographic dividend. For the latter to result, the ease of doing business should improve (Business Day, 2016). Available evidence shows that many investors have left Nigeria because of burdensome regulations that stifle business, with those that have remained confining themselves short-term skimming investments, protected through institutions outside the formal system, such as corporative, internet banking, Ponzi/pryramid schemes, esusu, ajo, kin, ethnicity, and localised relations. This has significant consequences beyond constraining the business environment as a whole, creating prophylactic against large-scale investment and long-run ventures that might provide dependable employment opportunities and benefits over time. It is germane to note, as pointed out by the World Bank, that "the economies performing best in the Ease of Doing Business rankings are not those without regulation, but those whose governments have managed to create rules that facilitate interactions in the market place without needlessly hindering the development of the private sector." "Sound business regulations are fundamental to all of this.

The right business regulations enable good ideas to take root, leading to the creation of jobs and to better lives. But where business regulations make it difficult to start and operate a business, good ideas may never see the light of day and important opportunities may be missed. Budding entrepreneurs, daunted by burdensome regulations, may opt out of doing business altogether or, if they have the resources, take their ideas elsewhere.

2.2 The Microeconomic Foundation of Economic Development

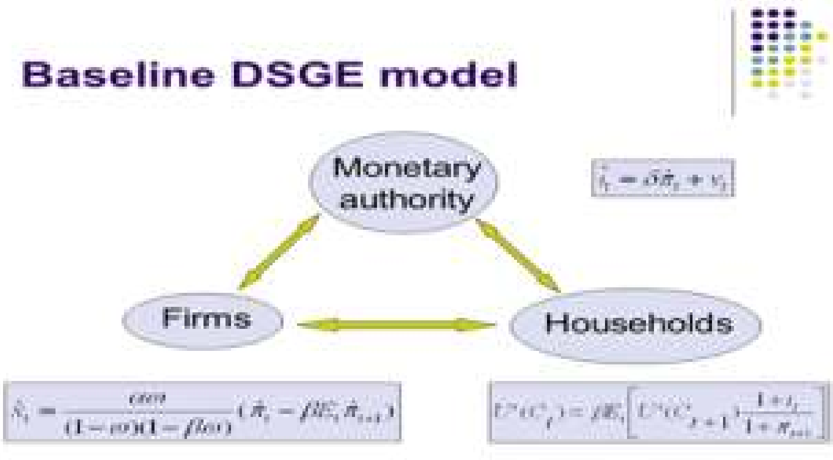
Development microeconomics deals with the amalgam of the strength of conventional developmental thought and insights gained from contemporary mainstream economics in proffering answers to complex developmental questions. Demystifying the micro foundation of economic development is a conscious effort to explain aggregate economic phenomena in terms of the behaviour of individual economic agents and their interactions. Microeconomics encompasses specific reforms, individual and institutional-level intervention, regulatory changes and competitive pressures that influence the behaviour of individual economic agents.

It focuses on the dialectical interpretation and empirical estimation of microeconomic models of individual, household, firms, market and non-market institutions that relate to the workings of an economy. Economic theory is becoming farther from holism methodology which provides complex/ sophisticated theorems of the entire economy, rather renewed focus is on the realities of business and individuals and comprehending the complexity of the real world phenomena premised on methodological individualism leaning. The microeconomic components of the economy are the brass tacks that underlie the workings of an economy. Empirical findings from available strands of literature emphasises the role of microeconomic policies in economic development (among others, Porter, 1998, 2003; Bloom et al., 2001; Delgado, Porter, and Stern, 2010). Economic development can be triggered through a successive refurbishment of the microeconomic components to gain sophisticated competitive advantage. Microeconomic proponents have aptly posited that a theory of the aggregate economy which is inconsistent with the character of its constituent parts is misleading and can cause economic cataclysms. Developing countries, again and again, are tripped up by microeconomic failures.

Countries can engineer spurts of growth through macroeconomic and financial reforms that bring floods of capital and cause the illusion of progress as construction cranes dot the skyline... Unless firms are fundamentally improving their operations and strategies and competition is moving to a higher level, growth will be snuffed out as jobs fail to materialise, wages stagnate, and returns to investment prove disappointing(Porters,2001).

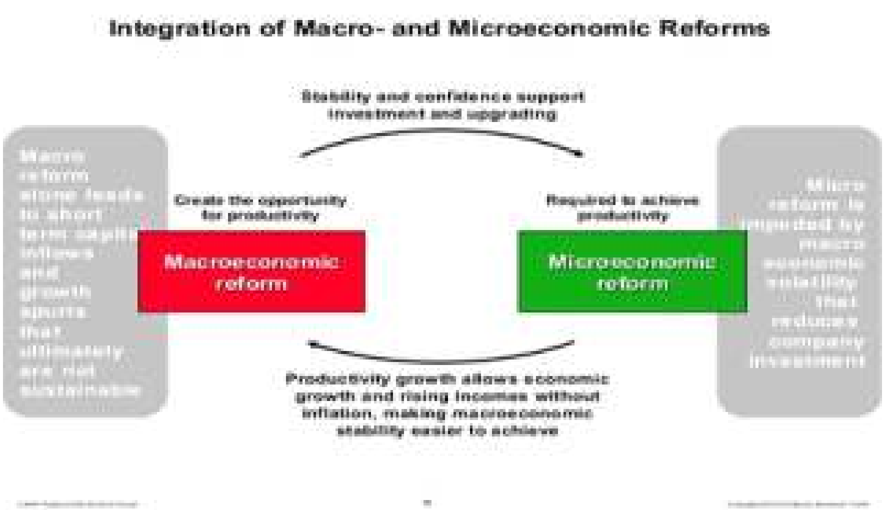
The relationship between microeconomics and macroeconomics in economic development is synergetic. Microeconomic structures determine the ability of firms to be creative and productive. They are the germane determinants of national competitiveness and prosperity. The macroeconomic leg of the economy and other institutions also plays fundamental roles in the economy. A stable political and legal institutions and sound macroeconomic policies create the potential for improving national prosperity. They set the overall context and framework for generating wealth and prosperity. Nonetheless, the generation of wealth and prosperity is dependent on strategic actions, and strategic actions are clearly within the domain of the set of capabilities of businesses in the economy. Firms exploit the potential for improving national prosperity by their action, orientation and discipline of getting things done. The importance of business and their competitiveness is indisputable in the context of economic reforms and national competitiveness because firms remain the economic dynamo.

Fig 8



Source: Google Images

Fig 9



Sources: Porters(2003)

Microeconomic reforms facilitates the sustainability of progress in Gross Domestic Service for every capita initiated by macroeconomic policies, as a result it will be very imperative to amalgamate micro-economics in direction of macroeconomic policy reforms. Developing economies must beginning to explore the possibility of integrating macroeconomic stability approach in economic development and renewed competition in the provision of the most productive environment for business as developmental discuss in the global context witness a paradigm shift from focal emphasis on comparative advantages(Factor endowment) to competitive advantage(Favorable business environment).

3.1 Central Bank of Nigeria Interventions in the microeconomic units and macroeconomic performance in Nigeria.

The performance of Central Bank of Nigeria interventions in the microeconomic components of the economy can be assessed in relation to growth in the real sector of the economy, enterprise development , macroeconomic stability , extent to which these interventions promotes economic development and eliminate the scourge of poverty that ravaged the society. The regulatory authorities took various actions to stimulate economic development, so as to complement the achievement of macro-economic stability. The CBN interventions in the microeconomic components of the economy and macro-economic performance evaluation are enunciated in the table overleaf:

INTERVENTION	OBJECTIVES	MODALITIES	FUNDING SOURCE	EXIT DATE	IMPACT/ACHIEVEMENT as at July, 2016	CHALLENGES
N200 Billion Commercial Agriculture Credit Scheme (CACS)	To fast-track the development of the agricultural sector of the Nigerian economy by providing credit facilities to commercial agricultural enterprises at a single digit interest rate, enhance national food security, increase output, generate employment as well as diversify the revenue base.	DMBs are granted facilities to be disbursed to clients (both private and State governments) at a maximum interest rate (all inclusive) of 9.0 per cent. CBN earns 2.0 percent as interest from the 9.0 per cent	N200 billion FGN Bond for 7 years tenor, floated by the Debt Management Office (DMO)	The scheme which was initially meant to terminate in September, 2016 was extended to September 2025	N373.73 billion disbursed in favour of 460 projects. Contributed to the creation of 1,132,260 jobs created along the various agricultural value chains. Increased capacity utilisation of agro-allied companies.	Underutilisation of installed capacity due to inadequate raw materials as a result of low agricultural productivity. Infrastructural constraints (transport and electricity) are increasing the cost of production of beneficiaries
N200 Billion Small and Medium Enterprises Restructuring and Refinancing Facility (SMERRF)	To re-finance and Restructure banks' existing loan portfolio to manufacturers to improve access to finance as well as improve the financial position of DMBs	Administered at 7.0 per cent per annum payable on quarterly basis. The Managing agent (BOI) is entitled to a 1.0 per cent management fee and the Banks, a spread of 6.0 percent. Loans shall have a maximum tenor of15 years and or working capital facility of one year with provision for roll over	N200 billion debenture issued by Bank of Industry (BOI) to fund SMEs and manufacturing sector	Scheme has Been discontinued while repayment is still ongoing.	N381.99 billion disbursed to 604 projects. Contributed to the creation of 89,860 direct jobs. Increased productivity and turnover of firms. Restoration of 905 MW of electricity to the National grid. N6.9 billion estimated as interest savings to beneficiaries.	Quest for cheap imported goods. Cost of power supply is significantly increasing beneficiaries cost of production.
Small and Medium Enterprises Credit Guarantee Scheme (SMECGS)	To fast-track the development of the manufacturing SME subsector of the Nigerian Economy	Provide guarantee cover of 80.0 per cent of principal and interest on term loans for SMEs	Contingent liability		87 projects valued at N4.21 billion in favour of 9 financial institutions	Apathy of banks to fund SME projects from their balance sheet. 80.0 per cent guarantee not considered as adequate incentive by financial institutions to lend to SMEs
Power and Airline Intervention Fund (PAIF)	To stimulate and sustain private sector investment in the power and airline sectors as well as fast track development in both sectors of the economy	Administered at a rate of not more than 7.0 per cent per annum. The Managing agent (BOI) is entitled to a 1.0 per cent management fee and the banks, a spread of 6.0 percent. Effective May 2016, new projects charged at 9.0 per cent (BOI at 1.0 per cent, CBN at 3.0 per cent, DMB at	N300 billion debenture issued by Bank of Industry (BOI)	2025	40 power projects valued at N140.442 billion; and 16 airline projects valued at N120.762 billion were financed. 840 MW of power generated and 120 km of gas pipeline constructed. Resuscitation of a number of aircrafts, captive and embedded power projects to complement the national grid	Pricing of electricity. Wanton destruction of pipelines and increasing cost of aviation fuel has hindered repayment by beneficiaries.

Nigerian Incentive Based Risk Sharing System for Agricultural Lending (NIRSAL)	Creates access to finance by integrating end-to-end agriculture value chains with financing value chains. It seeks to de-risk agricultural finance value chain, build long-term capacity and institutionalise incentives for agricultural lending	Guarantee banks' exposure to agricultural sector and provide cascaded interest rebates to farmers.	NIRSAL created as a Special Purpose Vehicle (SPV) and fully funded by CBN		NIRSAL has taken off fully as a SPV and reports to its Governing board.	
N220 Micro Small and Medium Enterprises Development Fund (MSMEDF)	The Fund seeks to enhance access by MSMEs to financial services, increase productivity and output of microenterprises; increase employment and create wealth, and to engender inclusive growth	Administered at 2.0 per cent per annum to PFIs for on-lending to beneficiaries at 9.0 per cent. Maximum loan tenor of 1 and 5 years for micro and SMEs, respectively.	Funded by CBN		478 projects funded by PFIs valued at N74.797 Billion	Low uptake by PFIs due to low lending margins that is considered not commensurate with the risk of lending to MSMEs and startups. Poor capacity of PFIs to monitor micro entrepreneurs.
Nigeria Electricity Market Stabilisation Fund (NEMSF):	The NEMSF is aimed at putting the Nigerian Electricity Supply Industry (NESI) on a route to economic viability and sustainability by facilitating the settlement of Legacy Gas Debts and payment of outstanding obligations due to market participants, service providers and gas suppliers that accrued during the Interim Rules	Funds to be disbursed at 10.0 per cent per annum with a ten year tenor. 6.0 per cent CBN; 2.0 per cent NESI SS Ltd; 2.0 per cent Participating Mandate Banks	Funded by CBN		N106.64 billion disbursed to 23 market participants. N8.67 billion earned by beneficiaries as interest savings on funds received.	Court judgment against the takeoff of Transitional Electricity Market (TEM). Wanton destruction of gas pipelines.
N300 Billion Real Sector Support Fund (RSSF)	Established to stimulate output growth, enhance value addition and engender productivity in the economy. The Facility will concentrate on increasing credit to priority sectors of the economy with sufficient employment capabilities, high growth potentials, increase accretion to foreign reserves, expand the industrial base and consequently, enhance the diversification of the economy	Interest at 9.0 per cent (all-inclusive) and CBN to earn 1 per cent.	Special Intervention Reserve (SIR) of DMBs		4 projects valued at N4.6 billion approved. Contributed to the creation of 17,000 direct and indirect jobs.	Apathy of DMBs to fund real sector projects from their SIR
Anchor Borrowers' Programme (ABP)	Designed to create an ecosystem that links small holder farmers to local processors; improve productivity in identified commodities with high domestic production potential; and also build capacity of small holder farmers	Administered at 2.0 per cent per annum to PFIs for on-lending to beneficiaries at 9.0 per cent	CBN MSMEDF		N15.77 billion disbursed to 76,251 small holder farmers through 5 private anchors in 3 states. 26 states have expressed interest in participation under the wet season farming	Fragmentation of farm holdings by small holder farmers have limited the use of mechanisation and hence hindered the optimisation of potentials
Secured Transaction and National Collateral Registry (ST and NCR)	A collaborative effort between the Central Bank of Nigeria (CBN) and the International Finance Corporation (IFC) as a financial infrastructure to deepen credit delivery to the micro, small and medium enterprises (MSMEs). The Secured Transaction and National Collateral Registry (ST and NCR)	The NCR is a public data base of ownership of assets, allowing borrowers to prove their creditworthiness and potential lenders to assess their ranking priority in potential claims against particular Collateral.	Counterpart funding for the provision Registry on-line platform		27 Financial Institutions have registered their administrators on the NCR platform	Delayed passage of the ST and CR Bill. Poor capacity of financial institutions on asset based lending

	seeks to specifically, address the constraints posed by lack of collaterals as a hindrance to credit by MSMEs					
N50 Billion Textile Intervention Facility:	A one-off special intervention with a seed fund of N50 billion to resuscitate the textiles industry in Nigeria. The Facility will be used to restructure existing loans and provision of additional credit to cotton, textile and garment (CTG) companies in Nigeria as part of its efforts to promote the development of the textile and garment	Long-term loans for acquisition of plant and machinery. All-Inclusive rate of 4.5 per cent; 3.5 per cent to CBN and 1.0 per cent to BOI Fund Management by BOI	CBN. To be funded by repayments from other Interventions	31st December, 2025		
N500 Billion Export Stimulation Facility (ESF)	Established to Broaden the scope of export financing instruments. It seeks to improve access of exporters to concessionary finance to expand and diversify the non-oil export baskets; attract new investments and encourage reinvestments in valueadded non-oil exports production and nontraditional exports; shore up productivity and create more jobs within the non-oil exports value chain of Nigeria etc. among other deliverables	All-inclusive interest of 7.5 per cent for facilities = 3 years and 9.0 per cent for facilities > 3 years: (PFI – 4.5 per cent - 6.0 per cent; NEXIM – 1.0 per cent; CBN – 2.0 per cent). Managed by NEXIM	To be funded by CBN	28th February, 2026	Stakeholders' engagement ongoing.	
N50 Billion Export Rediscounting and Refinancing Facility (RRF)	To encourage and support DMBs to provide short-term pre-and post shipment finance in support of exports by providing a discount window to exports financing banks and, therefore, improving their liquidity and exporters' access to export credit. To also provide moderation and indirect influence on the cost of export credits to the nonoil sector in order to enhance competitiveness of Nigeria's exports and thereby assist in export production and marketing	All-inclusive rate of a maximum of 6.0 per cent per annum with the pricing structure as follows; CBN/NEXIM would provide the RRF at a rate of 3.0 per cent per annum Participating banks shall have a maximum spread of 3.0 per cent per annum NEXIM as the Managing Agent				
Youth Empowerment Development Programme (YEDP)	Established to improve access to finance by youths to develop their entrepreneurial skills using a well-structured business model; stimulate job creation through the development of small and medium enterprises among Nigerian youths; harness the entrepreneurial capacity of Nigerian youths; and increase the contribution of the non-oil sector to the nation's GDP	NYSC Certificate, Tertiary Institution Certificate, 3rd Party Guarantors as collaterals. Registration of Collaterals (movables) and financed equipment with the National Collateral Registry. Loan at max 9.0 per cent interest rate (all-inclusive)	Funded from CBN MSMEDF		11,000 applications received and about 3,000 processed by lending bank. 1,211 prospective entrepreneurs trained nationwide in the 1st training.	Unwillingness of DMBs to fund startups and their lack of readiness to accept movable assets as collaterals for loans.

Sources: Olaitan(2015)

Table 2 – Selected Macroeconomic Projections, 2016 -2020 (in percent of GDP, unless otherwise specified)

	2016	2017	2018	2019	2020
REAL					
Real GDP Growth%	-1.54	2.19	4.80	4.50	7.00
Of which...Agriculture %	4.69	5.03	7.04	7.23	8.37
Of which..Industry %	-10.13	7.74	6.11	6.07	8.02
Of which...Services%	-0.51	-1.26	3.16	2.45	5.82
Non Oil GDP%	-0.07	0.20	4.83	4.52	7.28
Oil GDP%	-15.41	24.30	4.55	4.35	4.45
Gross National Disposable Income (GNDI)	101.73	101.86	101.83	101.78	101.70
Gross National Income (GNI)	97.48	97.67	97.77	97.88	97.91
Gross National Savings	11.29	13.71	15.53	18.19	21.31
Total Consumption (C)	90.44	88.14	86.30	83.59	80.39
Private Consumption (Cp)	86.33	83.28	81.08	77.92	73.84
Government Consumption (Cg)	4.11	4.86	5.22	5.67	6.55
Gross Domestic Investment (I)	13.95	13.90	14.34	15.57	17.34
Government Investment (Ig)	3.53	3.71	3.15	2.89	2.76
Private Investment (Ip)	10.42	10.20	11.19	12.68	14.58
Inflation Rate%	18.55	15.74	12.42	13.39	9.90
Oil Price Benchmark US$	38.00	42.50	45.00	50.00	52.00
Oil Production (mbpd)	1.7	2.2	2.3	2.4	2.5
Labor Force growth rate%	3.66	3.92	4.37	3.98	4.09
Unemployment %	14.20	16.32	14.51	12.90	11.23
Unemployment inc underemployment rate%	32.77	33.51	31.88	29.65	26.92
EXTERNAL					
Current Account, n.i.e.	-1.84	0.65	1.96	2.59	2.89
Trade Balance	-0.31	1.80	2.85	3.26	3.42
Capital and Financial Accounts	1.02	1.32	1.35	1.28	1.34
Of which : FDI	0.21	0.22	0.33	0.33	0.43
PI	0.85	1.14	1.06	0.98	0.95
Overall Balance	1.38	-2.11	-3.43	-3.99	-4.34
Net Factor Income Payments (Yf)	-2.52	-2.33	-2.23	-2.12	-2.09
Exports of goods and services(X)	9.01	10.82	11.52	11.39	11.66
.....of which exports of goods	*8.38*	*10.23*	*10.95*	*10.85*	*11.13*
Imports of goods and services (M)	-12.58	-12.03	-11.40	-10.58	-10.47
.....of which imports of goods	*-8.69*	*-8.43*	*-8.11*	*-7.59*	*-7.71*

Exports of goods and services(X)	9.01	10.82	11.52	11.39	11.66
.....of which exports of goods	*8.38*	*10.23*	*10.95*	*10.85*	*11.13*
Imports of goods and services(M)	-12.58	-12.03	-11.40	-10.58	10.47
FISCAL					
Revenue	3.95	4.68	4.30	4.61	4.46
.....of which oil	0.74	1.88	1.68	2.11	2.01
...of which nonoil (including accrued government revenue& Other government independent revenue)	3.22	2.80	2.62	2.50	2.45
Non-debt recurrent expenditure	2.40	2.49	2.22	2.02	2.03
Interest payments	1.40	1.58	1.64	1.59	1.54
Expenditure	6.21	6.92	6.27	5.85	5.57
Capital Expenditure	1.63	1.95	1.54	1.42	1.41
Primary Balance	-0.86	-0.66	-0.33	0.35	0.42
Deficit (-)or Surplus(%GDP)	-2.26	-2.23	-1.96	-1.24	-1.12
Financing					
Domestic (% of financing)	53.68	53.21	34.38	20.57	26.06
Foreign(% of financing)	28.80	45.30	65.62	79.43	71.66
Other Financing(% of financing)	17.52	0.00	0.00	0.00	0.00
Use of Cash Balances(% of financing)	0.00	1.49	0.00	0.00	2.28
Primary balance(% of GDP)	-0.84	-2.80	-6.19	-4.33	-6.08
MONETARY (yoy%)					
Net Domestic Credit (NDC) YOY growth rate	33.32	10.26	14.72	18.20	19.88
Government (NDCg) YOY growth rate	12.30	14.23	9.16	8.66	10.71
Private (DCp) YOY growth rate	30.74	10.68	14.12	17.21	19.00
M2 Growth YOY growth rate	22.18	22.89	20.06	21.84	19.52
Income Velocity	4.32	3.80	3.46	3.12	2.83

Sources: MBNP, NBS, FMF and CBN

Table 1, shows succinctly that the Central Bank of Nigeria is calibrating monetary tools in supporting the private sector, especially SMEs. This underscores the imperative of a viable private segment of the economy in triggering developmental gigantism in the country.

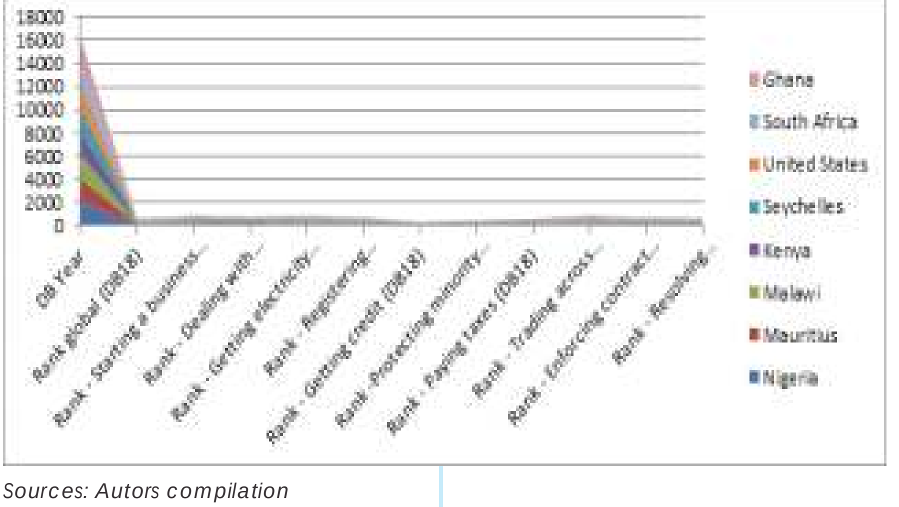
CBN intervention in the economy is articulated with the understanding that the role of monetary authorities in the 21st century is evolving from macroeconomic stability mandate into a force for jumpstarting developmental strides in any country. The focal emphasis of the Central Bank of Nigeria intervention in the microeconomic components of the economy is to crystallize macroeconomic stability in creating a competitive advantage to firms operating in the private sector.

The Central Bank of Nigeria as the arbiter in the economy continually provides the required stimulus that guarantee appropriate impetus for supporting the expected sophistication of the private sector CBN intervention in the economy is improving the Ease of Doing Business, especially improved access to credit which is capable of assisting firms to cope with increased competition in the global space, as well as provide stable supportive governance which could ensure business continuity and inspire investors' confidence in the business climate.

The world bank 2018 ranking on the ease of doing business indicates that out of 190 countries Nigeria ranks 130th in starting a business, 147th in dealing with construction permits, 172nd in getting electricity,179 in registering properties, 6th in getting credit, 33th in protecting minority investors, 171st in paying taxes, 183rd in trading across borders, 96th in enforcing contracts, 145th in resolving in insolvency, there is 8.5 procedures for men required to start a business which takes an average of 18.9 days to complete.

The official cost is 28.8% of gross national income per capita. There is no minimum capital requirement. It is therefore not suprising that the country performed excellently better in the access to credit among comparative sub-indicators in the Ease of Doing Business given CBN continued emphasis on supporting the microeconomic components of the economy which is the bedrock of economic rennaisance. Consequently, the macroeconomic outlook remains positive. Table 2 shows that Nigerian real GDP annual growth rate is expected to grow from 2.19 percent in 2017 to 4.8 percent in 2018. labour force growth rate is expected to witness an astronomical increase from 3.6 percent in 2016 to 4.37 percent in 2018, as institutions of higher learning continue to produce graduates into the already saturated labour market coupled with the youthful bulge which puts Nigeria in the balanced knife edge situation of either reaping demographic dividends or disaster. Nonetheless, the Nigerian economy looks set to take advantage of her teeming population as unemployment rate is expected to decrease from 16.32 percent in 2017 to 14.51 percent in 2018 .Inflation is expected to fall from 15.74 percent in 2017 to 12.42 percent in 2018.The chunk of private investment is expected to increase from 10.42 percent in 2016 to 11.19 percent in 2018. The macroeconomic projection shows succinctly that with increased support of the microeconomic components of the economy the social/ economic condition of the populace which is the hallmark of economic development would improve considerable. Nevertheless, the projected macroeconomic performance of the Nigerian economy as indicated in Table 1 provides only a rough idea of the achievement of support for microeconomic foundation of economic development, as it is a product of an amalgam of factors. Nonetheless, the microeconomic foundation of economic development is pre-eminent in promoting productivity without which the economy will not be able to realize its full potential.

Fig 10



Sources: Autors compilation

3.2 The Drawbacks of the Ease of Doing Business Index

The Ease of Doing Business index is primal since it provides metrics for ranking countries in terms of eliminating encumbrances that impedes businesses. A dysfunctional business/ investment climate is capable of constraining the macroeconomic system. That notwithstanding, the importance of the Ease of Doing Business index should not be overtly exaggerated. As is the case with any strategic reflection on development, its posibilities for implementation and practical success is subject to a number of constrains, of which this paper attempted to streamline the most consequential.The main weakness of the ease of doing business is that the index does not encompass all aspect of business environment that is primal to investors. For example issues such as political stability, security, macroeconomic stability, corruption, capacity utilization, underlying quality of institutions and infrastructure or the strength of the financial system is not taken into cognizance. The Eleven (11) topics included in the ranking in the Ease of Doing Business index are grossly inadequate as a barometer for measuring economic activity in a country, the misinterpretation, narrowness of the indicators and information base, the data collection methodology, and lack of peer-review process is a potential threat to policy execution. Furthermore, the ease of doing business advocates equal/fair treatment of foreign and local firms, as such protective measures to encourage local investors/local content are discouraged. As currently deliberated, there is the real danger that the indicators will encourage developing countries (Nigeria inclusive) to open their borders to exploitation, dumping and foreign domination of the economy with antecedent annihilation of local investors with the premise of attracting foreign direct investment. In addition, though the Ease of doing Business indicator makes passive reference to environmental and social protection but the indicators fails to enunciate the colossal havoc increased exploitation of the natural resource resulting from expansion in business would cause on the larger society. Economic development is not an end in itself but a means to an end. According to development experts humans are the initiator and ultimate beneficiary of every developmental effort. Therefore, a suitable indicator of economic development must reflect human progress accruable from such measurement. If scholars are correct in stating that the Ease of Doing Business ranking too often pursues other goals that are different and even incompatible with human welfare and well-being, then there is full justification for urgently striving to evolve both new theory and new measures to reorient economics toward its true purpose. The Ease of Doing Business also fails to take cognizance of the entire fabrics and peculiarity of the Nigerian economy. Streeten (1972) put it mildly when he observed that the simple transfer of fairly sophisticated concepts from one setting to another without close scrutiny of the institutional differences, could be misleading. He argued that: Almost all concepts formed by aggregation suitable for analyzing western economies must be carefully reconsidered before they can be applied to underdeveloped economies. The application of concepts and theories which have originated in the economic and institutional setting of the western, industrialized economies to LDCs introduces errors into analysis (Seer, 1963).This view emphasis the need for caution in accepting the Index as an indicator of economic development in Nigeria.

4.0 CONCLUSION/ RECOMMENDATIONS

This paper has presented a persuasive and trenchant analysis of microeconomic development in Nigeria .This was done to expose the intricacies, interconnectedness and dynamics of supporting key microeconomic determinants. A new development dogma premised on improving the Ease of Doing Business has taken shape in the economic landscape in Nigeria.It looks promising and should not be discarded as a mere whim in the debate on development. This new dogma is the result of a critical theorectical assesment of the potency of development microeconomics in the accomplishment of shared prosperity. The subject microeconomic foundation of economics development constitutes a major issue in national and strategic enterprise development plans. Experience in advanced countries affirms to the position that individual components of the economy are the most germane sources of sustained growth and development. There is a strong relationship between the support of microeconomic components of the economy and the achievement of macroeconomic objectives. Higher productivity in business results in lowering rates of inflation and exchange rate appreciation. This will naturally enhance the share of national income available for distribution to the vulnerable in the population, namely, those who are old, the young, handicapped and unemployed. The macro economic objectives have their lag limitations .But the ingenuity of the human mind has no such bounds and people are the ultimate means and ends of every developmental efforts. Nigeria is a fast growing economy with great economic potentials and untapped opportunities/natural endowment almost unequalled anywhere in the world .Enormous opportunities abound in the realms of business opportunities. The Central Bank of Nigeria is a financial power house with the technical leverage and know-how to translate this dream to realities. Available reports analyzed in this paper shows that the outcome of monetary intervention in the microeconomic components of the economy is quite encouraging. The Central Bank of Nigeria must sustain its relentless efforts of supporting the microeconomic components of the economy, which is a panacea of economic development. The removal of access to credit barriers and other problematique bedeviling businesses especially the real sector must become a part of the cultural philosophy of the Central Bank of Nigeria and MDAs.

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TABLE 1.1 Ease of doing business ranking

DB 2018 Rank	Economy	DTF score	DTF change	DB 2018 Rank	Economy	DTF score	DTF change	DB 2018 Rank	Economy	DTF score	DTF change
1	New Zealand	86.55	-0.18	65	Albania	68.70	+ 0.96	129	St. Vincent and the Grenadines	55.72	+0.01
2	Singapore	84.57	+0.04	66	Bahrain	68.13	+0.01	130	Palau	55.58	+0.46
3	Denmark	84.06	-0.01	67	Greece	68.02	+0.01	131	Nicaragua	55.39	+0.09
4	Korea, Rep.	83.92	0.00	68	Vietnam	67.93	+2.85	132	Barbados	55.20	-0.09
5	Hong Kong SAR, China	83.44	+0.29	69	Morocco	67.91	-0.03	133	Lebanon	54.67	-0.10
6	United States	82.54	-0.01	70	Jamaica	67.27	+0.57	134	St. Kitts and Nevis	54.52	+0.18
7	United Kingdom	82.22	-0.12	71	Oman	67.20	+0.08	135	Cambodia	54.47	+0.23
8	Norway	82.16	-0.25	72	Indonesia	66.47	+2.25	136	Maldives	54.42	+0.64
9	Georgia	82.04	+2.12	73	El Salvador	66.42	+3.54	137	Tanzania	54.04	+0.11
10	Sweden	81.27	+0.03	74	Uzbekistan	66.33	+4.46	138	Mozambique	54.00	+0.97
11	Macedonia, FYR	81.18	-0.21	75	Bhutan	66.27	+1.06	139	Côte d'Ivoire	53.71	+2.04
12	Estonia	80.80	+0.05	76	Ukraine	65.75	+1.90	140	Senegal	53.06	+3.75
13	Finland	80.37	-0.11	77	Kyrgyz Republic	65.70	+0.54	141	Lao PDR	53.01	+0.43
14	Australia	80.14	0.00	78	China	65.29	+0.40	142	Grenada	52.94	-0.11
15	Taiwan, China	80.07	+0.41	79	Panama	65.27	+1.25	143	Mali	52.92	+0.30
16	Lithuania	79.87	+1.05	80	Kenya	65.15	+2.59	144	Niger	52.34	+2.26
17	Ireland	79.51	-0.19	81	Botswana	64.94	+0.07	145	Nigeria	52.03	+3.85
18	Canada	79.29	-0.09	82	South Africa	64.89	-0.08	146	Gambia, The	51.92	-0.01
19	Latvia	79.26	-0.79	83	Qatar	64.86	+0.61	147	Pakistan	51.65	+0.71
20	Germany	79.00	-0.19	84	Malta	64.72	+0.43	148	Burkina Faso	51.54	+0.20
21	United Arab Emirates	78.73	+1.87	85	Zambia	64.50	+3.92	149	Marshall Islands	51.45	+0.03
22	Austria	78.54	-0.15	86	Bosnia and Herzegovina	64.20	+0.42	150	Mauritania	50.88	+1.56
23	Iceland	78.50	+0.01	87	Samoa	63.89	+2.06	151	Benin	50.47	+1.85
24	Malaysia	78.43	+0.96	88	Tunisia	63.58	-0.20	152	Bolivia	50.18	+0.32
25	Mauritius	77.54	+2.09	89	Tonga	63.43	+0.50	153	Guinea	49.80	+0.32
26	Thailand	77.44	+5.68	90	Vanuatu	63.08	+0.02	154	Djibouti	49.58	+3.99
27	Poland	77.30	+0.18	91	St. Lucia	62.88	+0.01	155	Micronesia, Fed. Sts.	48.99	+0.01
28	Spain	77.02	0.00	92	Saudi Arabia	62.50	+2.92	156	Togo	48.88	+0.64
29	Portugal	76.84	-0.14	93	San Marino	62.47	-0.03	157	Kiribati	48.74	-0.31
30	Czech Republic	76.27	+0.03	94	Uruguay	61.99	+0.35	158	Comoros	48.52	+0.47
31	France	76.13	-0.06	95	Seychelles	61.41	+1.01	159	Zimbabwe	48.47	+0.80
32	Netherlands	76.03	+0.51	96	Kuwait	61.23	+1.52	160	Sierra Leone	48.18	-0.06
33	Switzerland	75.92	+0.19	97	Guatemala	61.18	-0.43	161	Ethiopia	47.77	+2.08
34	Japan	75.68	+0.07	98	Dominica	60.96	+0.34	162	Madagascar	47.67	+3.05
35	Russian Federation	75.50	+0.81	99	Dominican Republic	60.93	+2.52	163	Cameroon	47.23	+2.18
36	Kazakhstan	75.44	+1.06	100	India	60.76	+4.71	164	Burundi	46.92	+0.06
37	Slovenia	75.42	+0.99	101	Fiji	60.74	+0.04	165	Suriname	46.87	+0.11
38	Belarus	75.06	+0.55	102	Trinidad and Tobago	60.68	-0.19	166	Algeria	46.71	-0.01
39	Slovak Republic	74.90	-0.25	103	Jordan	60.58	+2.38	167	Gabon	46.19	+1.33
40	Kosovo	73.49	+4.98	104	Lesotho	60.42	+0.54	168	Iraq	44.87	+0.48
41	Rwanda	73.40	+3.21	105	Nepal	59.95	+2.35	169	São Tomé and Príncipe	44.84	+0.39
42	Montenegro	73.18	+1.64	106	Namibia	59.94	+0.54	170	Sudan	44.46	+0.17
43	Serbia	73.13	+0.26	107	Antigua and Barbuda	59.63	+0.98	171	Myanmar	44.21	+0.30
44	Moldova	73.00	+0.20	108	Paraguay	59.18	+0.06	172	Liberia	43.55	+3.10
45	Romania	72.87	+0.17	109	Papua New Guinea	59.04	+0.17	173	Equatorial Guinea	41.66	+1.77
46	Italy	72.70	+1.75	110	Malawi	58.94	+6.33	174	Syrian Arab Republic	41.55	+0.08
47	Armenia	72.51	+0.59	111	Sri Lanka	58.86	+0.13	175	Angola	41.49	+1.38
48	Hungary	72.39	+0.26	112	Swaziland	58.82	+0.25	176	Guinea-Bissau	41.45	+0.23
49	Mexico	72.27	+0.18	113	Philippines	58.74	+0.42	177	Bangladesh	40.99	+0.15
50	Bulgaria	71.91	+0.10	114	West Bank and Gaza	58.68	+3.80	178	Timor-Leste	40.62	-0.07
51	Croatia	71.70	+0.05	115	Honduras	58.46	-0.07	179	Congo, Rep.	39.57	-0.52
52	Belgium	71.69	-0.23	116	Solomon Islands	58.13	-0.01	180	Chad	38.30	-0.78
53	Cyprus	71.63	-0.49	117	Argentina	58.11	+0.07	181	Haiti	38.24	+0.01
54	Israel	71.42	+0.05	118	Ecuador	57.83	-0.01	182	Congo, Dem. Rep.	37.65	+0.22
55	Chile	71.22	+0.37	119	Bahamas, The	57.47	+0.82	183	Afghanistan	36.19	-1.80
56	Brunei Darussalam	70.60	+5.83	120	Ghana	57.24	+0.34	184	Central African Republic	34.86	+0.78
57	Azerbaijan	70.19	+3.12	121	Belize	57.11	+0.03	185	Libya	33.21	+0.03
58	Peru	69.45	+0.01	122	Uganda	56.94	+0.42	186	Yemen, Rep.	33.00	+0.06
59	Colombia	69.41	-0.11	123	Tajikistan	56.86	+0.93	187	South Sudan	32.86	-0.33
60	Turkey	69.14	+1.16	124	Iran, Islamic Rep.	56.48	+0.26	188	Venezuela, RB	30.87	-0.79
61	Costa Rica	69.13	+1.23	125	Brazil	56.45	+0.38	189	Eritrea	22.87	+0.42
62	Mongolia	69.03	+1.27	126	Guyana	56.28	+0.39	190	Somalia	19.98	-0.31
63	Luxembourg	69.01	+0.35	127	Cabo Verde	56.24	+0.42				
64	Puerto Rico (U.S.)	68.85	+0.05	128	Egypt, Arab Rep.	56.22	+0.10				

Source: Doing Business database.

Note: The DB 2018 rankings are benchmarked to June 2017 and based on the average of each economy's distance to frontier (DTF) scores for the 10 topics included in the aggregate ranking. For the economies for which the data cover two cities, scores are a population-weighted average for the two cities. A positive change indicates an improvement in the score between 2016 and 2017 (and therefore an improvement in the overall business environment as measured by Doing Business), while a negative change indicates a deterioration and 0.00 indicates no change in the score.