Determinants of Access to the Central Bank of Nigeria (Cbn) Commercial Agriculture Credit Scheme by Agro-Enterprises in Nasarawa State, Nigeria

[*1]AGBO, FESTUS UGWUOKE, Ph.D. (Corresponding author)

[1]ONWUMERE MALACHY CHINEDU

[2]EBE FELIX, Ph.D

[*1.]Department of Agricultural Economics, University of Nigeria, Nsukka
[2.]Commercial Agriculture Programme, Ministry of Agriculture, Enugu State, Nigeria

Abstract

This study which was carried out in Nasarawa State of Nigeria was designed to obtain a first hand assessment of the performance of the Commercial Agriculture Credit Scheme of the CBN in the state. Sixty agro-enterprises that have received credit from the scheme formed the sample size for the study. Data on the operations of the sixty agro-enterprises as well as their socio-economic characteristics were obtained by use of structured questionnaires and interview schedules. Multiple regression analysis and Likert scale rating were used for data analysis. Results obtained showed that most of the agro-enterprises were young, probably registered to take advantage of the scheme. Owners of the enterprises were also young, fairly well educated and were mostly males. Constraints identified included stringent conditions for access like required asset base, acquisition of an insurance cover and high cost of the facility inspite of a single digit interest rate. It was recommended that the CBN revisits some of the credit guidelines to ensure a wider access to the services of the scheme in the state.
Keywords: Access, Commercial Agriculture, Credit Scheme, Agro-enterprises

1. Introduction

The attainment of a significant level of economic development to lift the majority of the population out of poverty remains one of the most pressing challenges in Africa (Food and Agriculture Organization [FAO], 2008). Despite the relatively good economic performance of several African countries in the past few years, poverty, hunger, malnutrition and unemployment remain high (FAO, 2008). According to the United Nations Industrial Development Organization (UNIDO, 2008), a formidable unemployment challenge persists in the continent, particularly among the growing youth population which could constitute as high as 60 per cent of the one billion population projected by the United Nations for Africa by 2020. The International Fund for Agricultural Development (IFAD, 2008), adds that the crisis of soaring food prices coupled with the international financial predicaments have further exacerbated these problems in different African countries thereby encumbering their quests to reach the Millennium Development Goals (MDGs) (FAO, 2008).
It has been advocated that the establishment of agro-enterprises, with strong forward and backward linkages, should be fostered as a conduit to promote demand for and add value to primary agricultural production with the aim of creating employment and income along the processing-distribution chains and engendering socio-economic development (FAO, 2008). The UN Conference on Trade and Development (UNCTAD, 2008) expressly recommends the adoption of a national investment policy to diversify the economy with strong focus on agro-allied enterprises.

According to the International Standard Industrial Classification (ISIC, 2008) agro-enterprise consists of food and beverages; tobacco products; paper and wood products, textiles, footwear and apparel, leather products, and rubber products. Agro-enterprise also entails the preservation and preparation of agricultural product for intermediate and final consumption (ISIC, 2008). For Wilkinson and Rocha (2008), agro-enterprises play a fundamental role in employment creation and income generation. Particularly, the food and beverages processing sector remains important at all levels of economic development. Agro-enterprise can play a strategic role in pro-poor growth strategies, particularly in developing countries where 75 per cent of the poor live in the rural area. As possibilities for income generation are restricted in rural areas, rural non-farm earnings from trading, agro-processing, manufacturing, commercial and service activities constitute a significant part of household income. In terms of employment composition, agro-enterprises account for approximately one fifth of rural non-farm employment (Wilkinson and Rocha, 2008). Within the manufacturing sector, agro-enterprises occupy a significant position in overall turnover and value addition in developing countries (UNIDO, 2005). On the average, productivity levels in agro-enterprise sector are above the manufacturing average, making it one of the more efficient economic sectors in developing countries and incremental investment in agro-enterprise sector could benefit the overall competitive position of the economy (UNIDO, 2005).

Unfortunately the Central Bank of Nigeria (CBN, 2010) paints a gloomy picture of Nigeria's agro-enterprise sector. According to the CBN, within the last decade the growth of the sector has slowed down and today it is under-performing despite enormous potentials. To reverse the trend, there is the need to tackle some of its major challenges such as low productivity, poor technology, low research and development, and under-financing of the agro-enterprises value chain (CBN, 2010). In particular, funding level in the sector stands at about 2 per cent of the total lending of banks as against 6 per cent in a country like Kenya. Some of the reasons for the low funding include lack of understanding of the operation of the sector, perceived high risks, complex credit assessment processes/procedure and high transaction costs (CBN, 2010).

The Food and Agricultural Organization, FAO (2000) notes that the major challenge facing Nigeria is how to devise appropriate development strategies that will capture the financial services requirements of farmers and other small and medium entrepreneurs involved in agro-enterprise who constitute about 70 per cent of the population. To address this issue, the CBN adopted a hybrid monetary policy, a combination of market-based monetary policy and direct intervention fiscal measures to boost financial supply to critical sectors of the economy (Odidison, 2012). One of such monetary policies of the CBN is the introduction of the Commercial Agriculture Credit Scheme (CACS). In collaboration with the Federal Government (represented by the Federal Ministry of Agriculture and Rural Development), the Central Bank of Nigeria (CBN), introduced the Commercial Agriculture Credit Scheme in 2009. The scheme involves the establishment of a ₦200 Billion Bond (150 Million USD) through the Debt Management Office (DMO), for the development of agro-enterprises (CBN, 2009). The objectives of the scheme according to the CBN (2009) include to fast track development of agro-enterprises by providing credit facilities to agro-enterprises at single digit interest rate of nine per cent in order to enhance national food security, increase food supply and affect agricultural produce and product prices, thereby promoting low food inflation; reducing cost of credit and enabling farmers to exploit the potentials in the sector. However, only owners of agro-enterprises are to enjoy the services of the scheme and they must access the loan through their co-operative associations (CBN, 2011). Facilities under the scheme enjoy a maximum tenor of five (5) years and can take the form of term loans or overdrafts, targeted at the establishment and operation of new agro-enterprise and expansion of existing ones (CBN, 2011). Large-scale and medium-scale agro-enterprises can participate and borrow money under the scheme provided they satisfy the following requirements:

1. The large-scale enterprise must be a limited liability with asset base of not less than ₦200 million for small-scale and ₦350 for medium scale enterprise respectively and having the prospect to grow the net asset to ₦500 million in the next three years and complies with the provision of the Company and Allied Matters Act (1990).
2. The enterprises should have clear business plan, provide up-to-date records on the business operations, have an out growers' programme, and where appropriate satisfy all the requirements specified by the lending bank. Benefitting firms are to be selected strictly on the basis of commercial viability while the banks are expected to apply stringent measures in disbursing the funds. About ₦151 Billion had already been disbursed and agricultural processing accounted for over 40 per cent (CBN, 2012).

A recent CBN report has shown that the participation of Deposit Money Banks (DMBs) had not been felt two years after this Scheme was set up. Only six out of 24 banks had fully met the conditions for participation in the scheme as at October 31st, 2009 (CBN, 2012). The scheme was set up to take advantage of the agricultural and financial value chains which are interdependent to the extent that if any part of either breaks down, the cash flow is affected (Onwuamaeze, 2011). Though the CBN claims to have so far disbursed ₦151 billion to farmers under the scheme, many farmers have denied accessing the funds (CBN, 2012).

Farmers have also faulted the CACS credit guidelines and the disbursement processes with serious misgivings about the claims made by the operators of the scheme and are demanding a review of the policy. They argue that the guidelines are either too stringent or skewed in favour of a selected few. The guidelines restrict the beneficiaries to only integrated large-scale agro-enterprises. Some agricultural experts maintain that the number of such agro-enterprises with the financial capacity to meet the stringent conditions outlined by banks cannot be more than 600 in the whole country (CBN, 2012). They also argue that everywhere in the world, it is the small and medium scale farmers, like their counterparts in industries, who populate the real sector and are the growth engine of the economy. The scheme's stringent guidelines are said to have marginalized this class of farmers and would drastically slow down the planned agricultural revolution (CBN, 2012).

Available information on the performance of the scheme indicates that 28 out of 36 states of the Federation had borrowed ₦1 billion each from the scheme while the remaining states were perfecting their documents for access (CBN, 2012). Nasarawa State is one of the 28 states that have benefitted from the scheme. Some projects have also benefitted from the scheme. For instance, through the scheme the Hamza Farms in Ebonyi State has raised its rice production capacity from 6,000 metric tonnes to 22,000 metric tonnes and employed 57 permanent staff. Also the Stine Industry in Nnewi Anambra State increased its capacity to 440,000 metric tonnes of parboiled rice per annum through the loans. Halima Rice Processing Company in Jalingo, Taraba State, also increased processed rice output from 15 tonnes to 30 tonnes per week. Grand Cereals in Jos and Rivers vegetable oil company in Plateau and Rivers States respectively have increased their output from 60 per cent to 80 per cent of their installed capacity (CBN, 2012).

Unlike what has happened in some other states, the performance of the scheme in Nasarawa state has neither been assessed nor documented. This study, therefore, intends to fill this knowledge gap by: describing the socio-economic characteristics of agro-enterprises that have benefitted from the scheme in the state, determining which of these socio-economic characteristics actually influenced the access of the agro-enterprises to funds from the scheme and identifying the factors that hindered access to the scheme by agro-enterprises in the state.

2. Materials and Methods

2.1 Study Area

The study was carried out in Nasarawa State which is one of the states created in Nigeria on the 1st of October 1996 and one of the 36 states that make up the Federal Republic of Nigeria. The state is in the Middle Belt Region of the country and occupies a land mass of about 27,116.8 sq km with a population of well over two million inhabitants (NP_OC, 2006). It is majorly an agrarian state producing various agricultural products including crop; like yams, maize, rice, guinea corn, millet, groundnut and livestock typically among which include cattle, sheep and goats as well as poultry. The state's nearness to Abuja, the capital of the Federal Republic of Nigeria, confers on it advantages including nearness to the "corridors of power", a very large market (both local and international), a cosmopolitan population and easy access to information.

The agro-enterprises used for the study were selected from the Nasarawa Agro-Input Dealers Association (NAIDA), the association through which funds from the Commercial Agricultural Credit Scheme were channelled to agro-enterprise owners in the state. A total of 60 agro-enterprises had benefitted from the scheme as at the time of this study. The 60 agro-enterprises formed the sample size for the study. Data collected from the records of these agro-enterprises were complemented with oral interviews and questionnaires administered on the leadership of the various agro-enterprises under study.

Data collected included the socio-economic characteristics of these agro-enterprises including, years of existence of agro-enterprises, gender and educational attainment of the owner, type of agro-enterprise, amount borrowed from the scheme, years of experience in business by the owner, membership in group, networth as well as institution related issues like interest rate, requirement for mandatory minimum asset base, business plans and access to an insurance facility.

Both descriptive and inferential statistical techniques were employed in data analysis. Multiple regression analysis was used to ascertain the effects of the socio-economic characteristics on access to funds from the scheme. Likert rating scale was used to establish the perception of agro-enterprise owners of the problems militating against access to funds from the scheme. Frequency and percentage were also used to present some of the results.

The regression equation was specified as follows:

$Y = f(X_1, X_2, X_3 \ldots X_n)$ ………………………………………………………………….. (1)

Where Y = Amount of money borrowed from the scheme

$X_1 – X_n$ = Various socio-economic features of the agro-enterprises and their owners

The explicit form of the regression equation was specified as follows:

$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6 + b_7X_7 + b_8X_8 + b_9X_9 + B_{10}X_{10} + \varepsilon$ ……(2)

Where

Y = Amount of money borrowed from the scheme (₦)

a = Intercept

b_1-b_{10} = Parameters (Coefficients)

X_1 = Age of agro-enterprise owner (Yrs)

X_2 = Type of agro-enterprise (Crop/Livestock)

X_3 = Level of education of agro-enterprise owner (Yrs in School)

X_4 = Distance to source of fund (km)

X_5 = Gender of the agro-enterprise owner (Male/Female)

X_6 = Interest rate (%)

X_7 = Asset base (₦)

X_8 = Years of experience in agro-enterprise business (Yrs)

X_9 = Membership in group (1 = Yes, 0 = Otherwise)

X_{10} = Annual networth (₦)
ε = Error term
Four functional forms of the regression equation namely linear, semi-log, double-log and exponential were estimated and t-values were used to predict the factors that influenced access to funds from the scheme.
A Likert Rating Score was carried out to establish respondents' perception of the effects of the credit guidelines issued by the CBN that govern access to credit from the scheme. Such credit guidelines included a one digit interest rate (9%), an insurance cover for the loan, group formation, size of asset base of the agro-enterprise, registration with the Corporate Affairs Commission (CAC), quality of business plan, as well as commercial viability (measured by the networth of the agro-enterprise). The mean scores of respondents on perception questions based on a five-point scale was determined as follows: 5 + 4 + 3 + 2 + 1 = 15/5 = 3.0. Using an interval scale of 0.05 the upper limit cut-off was 3 + 0.05 = 3.05 while the lower limit was 3 – 0.05 – 2.95. Based on these limits mean scores higher than 3.05 were perceived to have had a "very serious effect" on access while those below 2.95 were perceived to have had "no serious effect" on access. Scores between these two extreme figures were considered to have had "moderate effects" on access.

3. Results and Discussion

3.1 Socio-economic characteristics of the agro-enterprises

The socio-economic characteristic studied included years of existence/operation of the agro-enterprises, gender and educational attainment of the enterprise owner, type of agro-enterprise, amount borrowed from the scheme, age and years of experience of enterprise owner, membership of group and networth of the enterprise.
Most (75%) of the agro-enterprises that benefitted from the scheme fall within the age range of 1-10 years (Table 1A) indicating that some were probably purposefully registered to take advantage of the scheme. Whether such projects will last beyond the life of the scheme is a matter for conjecture. Older agro-enterprises did not have as much access as the newly registered ones.
The gender dimension of access to funds from the scheme was obviously skewed towards the male gender with as high as 90% of agro-enterprises that benefitted from the scheme belonging to the male gender (Table 1B). This agrees with an earlier report (CBN, 2012) that farmers and other agricultural experts are of the view that the scheme is elitist and without due consideration for the interests of the female gender and other less privileged members of the society.
Majority of the agro-enterprises (80%) were only able to borrow ₦10 million and less from the scheme (Table 1C). This amount pales into insignificance when the enormous costs involved in running an agro-enterprise are considered. This appears to be a threat to the sustainability of the scheme since it has been established in previous studies (Arene, 1992; Arsyad, 2006) that inadequate volume of credit constrains the ability of borrowers to repay as and when due.
Most (95%) of the agro-enterprise owners (Table 1D) had good basic education having spent between 6 – 15 years in school. Sound education has been found to aid proper handling of credit and ability to repair (Eze & Ibekwe, 2007; Godquin, 2004). Crop-based agro-enterprises (Table 1E) were mostly favoured in the scheme constituting up to 80% of the projects funded. This is in consonance with the preponderance of crop-based agro-enterprises in Nasarawa State (Onwuamaeze, 2011). Agro-enterprises that benefitted from the scheme belonged to people within the ago bracket of 21 – 40 years (Table 1F) with years of business experience of mainly between 1 – 10 years (Table 1G). Age has been found to be a positive attribute in the adoption process of credit schemes (Mordunch, 2000). Young people are more likely to remain in business over a longer period of time. The networth of most (80%) of the agro-enterprises that benefitted from the scheme ranged between ₦201 million and ₦300 million. This is in agreement with one of the credit guidelines for the scheme that requires borrowers to have an asset base of not less than ₦200 million.

3.2 Factors that affected access to funds from the scheme

The result of the multiple regression analysis (Table 2) indicates that educational attainment of the agro-enterprise owner, distance to the source of credit and type of agro-enterprise contributed significantly ($P < 0.01$) to access to credit from the scheme in all the functional forms of the model. This corroborates the earlier submission that level of education affects access to and use of credit. Distance to source of credit has implications for awareness and cost of transportation. Earlier studies also confirmed that nearness to source of credit is a positive attribute to access to credit, all things being equal (Bhatt & Tang, 2002). It has earlier been established (Table 1E) that there is a preponderance of crop based enterprises in the scheme.
The semi-log functional form of the regression model indicated that the networth of the agro-enterprise has had significant influence ($P < 0.01$) on access. The size of networth is one of the mandatory requirements for access to credit from the scheme, little wonder then why this variable affected access.
Though interest rate is fixed at nine percent the regression result shows that interest rate affected access significantly ($P < 0.01$) at both semi-log and exponential functional forms of the model. Interest rate may be

single digit but borrowers from most credit schemes anchored by commercial banks are made to pay for undisclosed charges which inherently increased the cost of funds from such schemes.

Membership in groups is one compulsory requirement for borrowing from the scheme. This variable was found to have affected access significantly ($P < 0.01$). Membership in groups may be a desirable attribute provided members of such groups are homogenous (Mkpado, 2006) in their socio-economic characteristics. When membership puts strange fellows together in a group it could definitely affect access, use and repayment of credit.

Beneficiaries were asked to rate the issues they indicated as having constrained their access to fund from the scheme. A total of nine constraining factors (Table 3) were listed. Out of these seven were rated as very serious constraints while only two were rated as not serious constraints. Size of asset base was ranked as number one constraint. As earlier indicated the scheme required that those to access funds from it should have at least asset base of ₦200 million. Very few young businesses will be able to raise this amount. The process of ascertaining the veracity of the size of asset base claimed by applicants was so cumbersome that beneficiaries saw it as the most critical aspect of the assessment process.

Interest rate appeared again on the constraints list ranking as high as number two. This is irrespective of the fact that the official interest on loans from the scheme was nine percent. The constraints, as earlier noted, may have arisen from hidden charges imposed on loans from the scheme by money banks that participated in the scheme.

Mandatory group formation was rated as number three constraint. This also agrees with result obtained from the multiple regression analysis earlier reported (Table 2). The ability to raise persons with similar inclinations and attributes has been a major and critical aspect of group formation. Though all beneficiaries belonged to NAIDA as earlier indicated they were required to forward their applications as cells within NAIDA.

Obtaining genuine insurance cover for loans for agro-based activities has not been easy for operators in Nigeria. Insurance companies have shown a great deal of reluctance to provide cover for agro-based operations. Though the government owned Nigerian Agricultural Insurance Corporation (NAIC) has been put in place to provide cover for agro-based operations access to NAIC services is usually slowed down due to bureaucracy.

Quality of business plan was also identified as a very serious constraint. Beneficiaries indicated that they had a running battle trying to engage the services of the few consultants preparing business plans for loan applicants. Besides, they claimed, the cost of obtaining these business plans was quite high and affected the final cost of loans from the scheme.

Other factors rated as very serious constraints were loan size and time of loan release. Participants indicated that they needed higher sums than what the size of their asset bases could permit them. Moreover, approved sums were in most cases released to them so late that most of the crop-based agro-enterprises got their loans released when most of these crops were already out of season.

Only the requirement to register with the Corporate Affairs Commission (CAC) and the type of agro-enterprise were not rated as serious constraints. This may be due to the fact that registration with the CAC is a normal requirement for all commercial outfits operating in the country. Also the scheme has no particular inclination to the type of agro-enterprise their beneficiaries are engaged in. For this reason the type of agro-enterprise would not be a serious constraint to beneficiaries.

4. Conclusion and Recommendations

4.1 Conclusion

Access to the Commercial Agriculture Credit Scheme in Nasarawa State was limited to only 60 agro-enterprises as at the time of this study. These 60 agro-enterprises were found to possess some specific characteristics which enabled them to access credit from the scheme. Some of these characteristics included their ability to meet all the credit guidelines plus all the conditions stipulated by the intermediary money banks.

Certain socio-economic characteristics favoured their access including the fact that majority of the owners of the agro-enterprises were young and fairly well educated. Most of the agro-enterprises were also found to be young probably registered to take advantage of funds from the scheme. Gender inequity was clearly at play with almost 90% of agro-enterprises that accessed funds from the scheme belonging to the males.

Major constraints to access to credit services from the scheme included the high amount of at least ₦200 million required as the asset base for agro-enterprises that can benefit from the scheme, hidden charges by intermediary money banks, insufficient volume of credit from the scheme as well as difficulty in obtaining insurance cover for the loan as well as appropriate business plans to support loan requests.

4.2 Recommendations

Based on the findings of this study the following recommendations have become pertinent:

1. there is the need to re-visit the credit guidelines especially with respect to the asset base of agro-enterprises that qualify to access credit from the scheme. At the present level micro and medium enterprises are practically denied access. In the same vein the obvious relatively poor access of the female gender in the

study may not be far from the fact that most of the agro-enterprises belonging to women may not have mustered enough resources to meet the basic requirements for accessing funds from the scheme;
2. the Central Bank of Nigeria (CBN) should not stop at just pegging interest rate at 9% but should go further to moderate charges demanded by the intermediary money banks;
3. a standard format for the required business plan should be put in place to assist interested applicants to prepare their own business plans with ease;
4. the issue of insufficient volume of credit should be promptly addressed by tinkering with the minimum asset requirement and other ways found to ensure that those who need higher sums from the scheme can actually obtain such sums;
5. more generally, the CBN need to sponsor a nationwide study of the performance of the scheme so as to come up with the desired adjustments.

Acknowledgement
The authors wish to acknowledge the contributions of the Nasarawa Agro-Input Dealers Association (NAIDA) for its contributions in the making of this paper by providing essential information about the agro-enterprises used for the study.

References
Arene, C.J. (1992). Loan repayment and technical assistance among smallholder maize farmers in Nigeria. Africa Review of Money and Banking. A supplement of Savings and Development Journal, Vol. 1. 64-72.
Arsyad, L. (2006). Assessing factors affecting the repayment rates of microfinance institutions: a case study of village credit institutions of Gianyar, Bali, Gadjah Mada International Journal of Business, 8(2), 247-273.
CBN (2009). Central Bank of Nigeria Annual Report and Statement of Account 2009, Central Bank of Nigeria, Abuja.
CBN (2010). Central Bank of Nigeria Annual Report and Statement of Account 2011, Central Bank of Nigeria, Abuja.
CBN (2011). Central Bank of Nigeria Annual Report and Statement of Account 2011, Central Bank of Nigeria, Abuja.
CBN (2012). Central Bank of Nigeria Quarterly Report on 212 Farmers Benefit from ₦200 Billion Agric. Fund. Central Bank of Nigeria, Abuja.
Eze, C.C. & Ibekwe, U.C. (2007). Determinants of loan repayment under the indigenous financial system in Southeast-Nigeria, The Social Sciences, 2(2), 116-120.
FAO (2005). Developing partnership, rural agro-enterprise development project. Vol. 1. Pp. 100-101.
FAO (2000). Challenges of agribusiness and agro-industry development (Rome: FAO), pp. 116-117.
FAO (2008). Strengthening farm agribusiness linkages in Africa: Agriculture and consumer protection, pp. 62-65.
FAO (2008). Enabling environments for competitive agro-industries, Paper for Global Agro-industries Forum, April 2008, pp. 11-13.
Godquin, M. (2004). Microfinance repayment performance in Bangladesh: how to improve the allocation of funds by MFIs. World Development, 32(11), 1909-1926
IFAD (2008). International fund for agricultural development, International Forum on Farm Accounting, UN, Vol. 2.
ISIC (2008). UN International Standard for Industrial Classification of all Economic Activities (ISIC).
Mkpado, M. (2006). Effects of group design characteristics on the performance of Agricultural Microcredit Groups in Imo State, Nigeria. Unpublished M.Sc Dissertation, Department of Agricultural Economics, University of Nigeria, Nsukka, Nigeria.
National Population Commission (NPoC), 2006). Report of the National Population Census, National Population Commission, Abuja, Nigeria.
Odidison, O. (2012). CBN Intervention Policy and Economic Development, pp. 1-3, March 2012.
Onwuamaeze, D. (2011). CBN’s Banking Reforms: Setting the Records Straight, pp. 1-10.
UNCTAD (2008). World Investment Report, 1996, Geneva, UN.
UNIDO (2005). UNIDO Industrial Statistics Database 2005 (Vienna: UNIDO).
Wikinson, J. and R. Rocha (2008). The agro-processing sector: Empirical overview, recent trends and development impacts, Plenary Paper for Global Agro-Industries Forum, April 2008.
World Bank (2008). World Development Report 2008: Agriculture for Development (Washington D.C.: World Bank).

Table 1: Socio-economic characteristics of the agro-enterprises

	Attribute	Frequency	Percentage (%)
A	Age of Enterprise (Yrs)		
	1 – 5	15	25.00
	6 – 10	20	50.00
	11 – 15	10	16.67
	16 – 20	5	8.33
	Total	60	100
B	Gender of Owner		
	Male	54	90
	Female	6	10
	Total	60	100
C	Amount Borrowed (₦ Million)		
	< 1	-	-
	1 – 5	18	30.00
	6 – 10	30	50.00
	11 – 15	10	16.67
	16 – 20	2	3.33
	> 21	-	-
	Total	60	100
D	Level of Education of Owner (Years Spent in School)		
	< 5	-	-
	6 – 10	32	53.33
	11 – 15	25	41.67
	> 16	3	5.00
	Total	60	100
E	Type of Agro-enterprise		
	Crop based	48	80.00
	Livestock based	10	16.67
	Mixed	2	3.33
	Total	60	100
F	Age of Owner (Yrs)		
	< 20	-	-
	21 – 30	15	25.00
	31 – 40	28	46.67
	41 – 50	11	18.33
	51 – 60	4	6.67
	> 61	2	3.33
	Total	60	100
G	Years of Business Experience of Owner		
	1 – 5	15	25.00
	6 – 10	27	45.00
	11 – 15	10	16.67
	16 – 20	8	13.33
	Total	60	100
H	Networth of Enterprise (₦ Million)		
	< 100	-	-
	101 – 200	2	3.33
	201 – 300	48	80.00
	301 – 400	7	11.67
	> 401	3	5.00
	Total	60	100

Source: Computed from Fieldwork data, 2012

Table 2: Parameter estimates of the multiple regression model of agro-enterprises under study

Variables	**Linear**		**Semi log**		**Double log**		**Exponential**	
	Coefficient	**t-ratio**	**Coefficient**	**t-ratio**	**Coefficient**	**t-ratio**	**Coefficient**	**t-ratio**
Age (yrs)	-0.110	-1.564	-9.510	-0.769	0.175	1.033	-0.007	-0.925
	(0.070)		(12.369)		(0.170)		(0.007)	
Yrs of Edu.	0.642	5.869**	3.619	2.410**	-0.071	-3.446**	0.024	2.213*
Attained	(0.109)		(1.502)		(0.021)		(0.011)	
Yrs of Exp.	-0.055	-.863	-0.175	-0.077	0.004	0.117	0.004	0.595
	(0.064)		(2.276)		(0.031)		(0.006)	
Distance (km)	1.074	12.954**	9.336	6.102**	1.001	47.689**	0.068	8.167**
	(0.083)		(1.530)		(0.021)		(0.008)	
Type 1 and	2.958	3.857**	13.247	3.221**	-0.229	-4.054**	0.107	1.389
Type 2 (crop & livestock)	(0.767)	-.132	(4.112)	0.544	(0.056)	-0.604	(0.077)	-0.195
Gender	-0.045		1.299		-0.020		-0.007	
	(0.344)		(2.389)		(0.033)		(0.035)	
Interest rate	0.278	1.681	2.955	0.397	-0.127	-1.246	0.025	1.518
	(0.165)		(7.447)		(0.102)		(0.017)	
Networth	0.041	2.097**	2.821	0.902	-0.061	-1.423	0.004	1.786
	(0.020)		(3.128)		(0.043)		(0.002)	
Interest rate	0.018	2.015**	0.895	0.182	0.032	4.801**	0.000	-.521
	(0.018)		(4.925)		(0.068)		(0.002)	
Membership of group	-9.476	-5.908**	-10.499	-1.578	0.381	4.175**	-0.297	-2.056*
	(1.435)		(6.652)		(0.091		(0.144)	
Number of observation	60		60		60		60	
F	48.10		16.133		564.781		21.576	
Prob. >F	0.000		0.000		0.000		0.000	
R-squared	0.908		0.767		0.991		0.815	
Adjusted R-squared	0.889		0.719		0.990		0.777	

** Significant at 0.01, *significant at 0.05, figures in parenthesis are the standard errors
Source: Field Survey, 2013

Table 3: Respondents' ratings of constraints against access to credit from the scheme

Identified Constraints	**Mean Scores**	**Ranking**
Interest rate	3.75**	2nd
Requirement for insurance cover	3.42**	7th
Mandatory group formation	3.56**	3rd
Registration with the CAC	2.93*	8th
Quality of business plan	3.45**	6th
Size of asset base	3.95**	1st
Type of agro-enterprise	2.75*	9th
Time of loan release	3.52**	4th
Loan size	3.48**	5th

** stands for very serious constraint (VSC)
* stands for not serious constraint (NSC)
Source: Computed from field data, 2012