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## RESEARCH ARTICLE

### ANCHOR BORROWERS PROGRAMME IN NIGERIA: ACCESSIBILITY AND PRODUCTION OF AGRICULTURAL COMMODITIES AMONG SMALL FARM HOLDERS

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#### ABSTRACT

Agricultural sector has been tipped to take over oil sector in driving the economy of Nigeria. The quest to tackle the problems bedeviling the agricultural sector and help Nigeria get out of the recurrent recessions occasioned by over dependence on oil revenue, necessitated the launch of the Anchor Borrowers' Programme (ABP) in 2015. In the light of this, the study aims examining the accessibility of the Anchor Borrowers Programme funds by the small farm holders and ascertained if the Anchor Borrowers Programme has stimulated the production of agricultural commodities among small farm holders. In this study, we have a total of two hundred and seventy five (275) people as the population, which consists of the entire staff of the selected Deposit Money Banks (DMBs); the selected Microfinance Banks (MFBs); the staff of NIRSAL in Umuahia and the selected small holder farmers. However we used the Godden (2004) sample size determination formula and arrived at a sample size of one hundred and ninety-seven (197). Bowley's proportional allocation formula was used to allocate the determined sample size to the different groups of financial institutions and the small holder farmers. The study adopted the Z-test analytical technique and found that the unfriendliness of the staff of the bank contributes largely to the impediments encountered by small holder farmers in accessing the fund available by the ABP. The study further revealed that ABP sharing of improved farm inputs is next the factor that stimulates production of agricultural commodities in Nigeria. The implication of this result is that even though accessing the funds from the bank is not easy, the efforts of extension workers and other experts has been encouraging in stimulating agricultural commodities among the small farm holders.

## INTRODUCTION

The Central Bank of Nigeria (CBN) in line with its developmental function established the Anchor Borrowers' Programme (ABP). The Programme which was launched by President Muhammadu Buhari (GCFR) on November 17, 2015 is intended to create a linkage between anchor companies involved in the processing and small holder farmers (SHFs) of the required key agricultural commodities. The programme thrust of the ABP is provision of farm inputs in kind and cash (for farm labour) to small holder farmers to boost production of these commodities, stabilize inputs supply to agro processors and address the country's negative balance of payments on food. At harvest, the SHF supplies his/her produce to the Agro-processor (Anchor) who pays the cash equivalent to the farmer's account. The Programme evolved from the consultations with stakeholders comprising Federal Ministry of Agriculture & Rural Development, State Governors, millers of agricultural produce, and smallholder farmers to boost agricultural production and non-oil exports in the face of unpredictable crude oil prices and its resultant effect on the revenue profile of Nigeria.

The quest to tackle the problems bedeviling the agricultural sector and help Nigeria get out of the recurrent recessions occasioned by over dependence on oil revenue, necessitated the launch of the Anchor Borrowers' Programme (ABP) in 2015. The potentials of the agri-business sector as a major employer of the growing labour force and earner of foreign exchange have also been undermined. As a result, a large majority of the population, many of whom live in the rural areas remain poor; while Nigeria is far from being food secure. This state of affairs in the Nigerian agricultural sector has been traced to a number of constraints militating against the effective performance of the sector. Prominent among them are: small size of farms, low level of mechanization and input use, poor infrastructure, high level of post-harvest losses due to pests and diseases, and poor transport, processing and storage facilities (Evbomwan & Okoye, 2017). Apart from using the conventional approach, direct intervention programmes have been undertaken by the CBN to engender increased productivity and efficient performance particularly in the agricultural sector (Nnanna, 2019). Despite the contributions of the intervention programmes like Paddy Aggregation System(PAS), Commercial Agricultural Credit System (CACS) and Textile Sector Intervention Fund (TSIF) etc. towards the development of the agricultural sector of the Nigerian economy, the development of the agricultural sector in Nigeria especially in the South-East geo political zone of the country has continued to perform below expectation hence the expected role

of Anchor Borrowers Programme (ABP) in financing the agricultural sector of the economy. Small farm holders in Nigeria have suffered so much, because of the use of crude farm implements, being too far from the small farm holders, poor access to improved seedlings, lack of storage facilities, administrative bottlenecks, financial constraints etc. All these challenges made CBN to go a step further to adopt this innovative model that links small farmers to agro-processors (Anchors) through financial intermediaries in its Anchor Borrowers Programme (ABP). This study focuses on the role of Anchor Borrowers Programme in financing the agricultural sector of the economy. Various financing policy initiatives have been instituted to improve the performance of small scale farmers in Nigeria and transform the agricultural sector (Evbunwan, 2004). However, the desired goals have not been achieved because of some of the peculiarities of the smallholder farmers. Prominent among these are their poor access to finance and lucrative markets to dispose of their produce, which have left them in a vicious cycle of poverty (Evbunwan, 2016). In order to address these twin problems of the smallholder farmer in Nigeria, this study tends to examine the role of Anchor borrowers programme on the sustainability of small holder farmers. Hence the study sought to ascertain the status of Banks' participation towards financing farmers in Anchor Borrowers Programme and to ascertain if the Anchor Borrowers Programme has stimulated the production of agricultural commodities among small farm holders.

## MATERIALS AND METHODS

This study is a survey type in which data were collected across a population by randomized simple sampling. In this study, we have a total of two hundred and seventy five (275) people as the population, which consists of the entire staff of the selected Deposit Money Banks (DMBs); the selected Microfinance Banks (MFBs); the staff of NIRSAL and the selected small holder farmers. For want of resources and time, the selected DMBs are the First Bank of Nigeria PLC, Umuahia Main Branch, Union Bank of Nigeria, Umuahia Branch and United Bank for Africa, along Government House Umuahia. The selected MFBs are Umuchukwu Microfinance Bank Umuahia, OkaiugaNkwoegwu Microfinance Bank, Umuahia and LAPO Microfinance Bank Umuahia. The selected farmers' cooperatives are: City farmers agricultural cooperative Umuahia; Christ Members Cocoa Farmers Cooperative, Umuagu Umuahia; Cocoa Farmers Association of Nigeria, Umuahia; and Cashew Association of Nigeria, Umuahia. Using the Godden (2004) sample size determination, we have 197 sample for the study which include actors from the specialized bank: The Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL); financial institutions; and smallholders' farmers (Cooperatives). The major research instruments used for data gathering of this study are structured questionnaire and oral interview of the Bank Manager of NIRSAL and the managers of the Deposit Money Banks (DMBs). The questionnaire was formulated considering the research questions. The questionnaire has two (2) sections. Specifically, all the questions in section A were general information of the respondents while the remaining questions in section B were meant to directly address the research questions. In the design of the questionnaire, the Likert scale format of four (4) points was adopted. The strongly agree is 4; Agree is 3; Disagree is 2 while strongly disagree is 1. The totals of 197 copies of the questionnaire were distributed to the respondents.

## RESULTS

Table 2 is the output of the computed One-Sample Test, the response options of agree and disagree based on the responses of the staff of the NIRSAL, staff of some selected DMBs, staff of some selected MFBs and SFH in Umuahia North L.G.A. The result shows that the two-tailed significance of all the variables were strongly statistically significant at 5%, since the sig-values of  $0.000 < 0.05$ . Again, the Z-Computed Values of the variables at 95% Confidence interval of the difference show that the variables Account opening with the bank for the purpose of accessing fund by the small holders farmers is easy;

It does not take time to receive loans from the banks after applying for the loan and The staff of the banks are friendly and assist the farmers in accessing the funds applied for respectively (0.0448; 0.0349 and 0.0342) are less than the level of significance of 0.05.

**Decision Rule:** The decision rule is to accept the alternative hypothesis if the calculated Z value is greater than the level of significance, otherwise accept the null hypothesis.

**Decision:** Since the calculated Z value is less than the level of significance, we do not have enough evidence to reject the null hypothesis. Hence we reject the alternative hypothesis and accept the null hypothesis. We therefore we conclude that the farmers does not access the ABP funds with ease and as at when due. Again, we hypothesize that the Anchor Borrowers' Programme (ABP) (a) Sharing of improved farm inputs; (b) Provision of technical assistance to farmers and (c) Accessing funds easily are not stimulating the production of agricultural commodities among the small farm holders. Table 4 shows the descriptive statistics describing the nature of the variables: ABP has facilitated Sharing of Improved Farm Inputs; ABP has ensured Provision of Technical Assistance to Farmers; and ABP has made Accessing Fund Easy. The variables respectively have mean of 0.6522, 0.7143, 0.6211 and standard deviation of 0.4777, 0.45316, 0.48662. Thus the variables are relevant in explaining the factors stimulating the production of agricultural commodities among the small farm holders.

Table 5 is the output of the computed One-Sample Test, the response options of agree and disagree based on the responses of the staff of the NIRSAL, staff of some selected DMBs, staff of some selected MFBs and SFH in Umuahia North L.G.A. The result shows that the two-tailed significance of all the variables were strongly statistically significant at 5%, since the sig-values of  $0.000 < 0.05$ . Again, the Z-Computed Values of the variables at 95% Confidence interval of the difference show that the variables ABP has facilitated Sharing of Improved Farm Inputs; ABP has ensured Provision of Technical Assistance to Farmers; and ABP has made Accessing Fund Easy for respectively (0.7265; 0.7848 and 0.6969) are less than the level of significance of 0.05.

**Decision Rule:** The decision rule is to accept the alternative hypothesis if the calculated Z value is greater than the level of significance, otherwise accept the null hypothesis.

**Decision:** Since the calculated Z value is greater than the level of significance, we do not have enough evidence to accept the null hypothesis. Hence we reject the null hypothesis and accept the alternative hypothesis. We therefore we conclude that ABP's Sharing of improved farm inputs; Provision of technical assistance to farmers and Accessing funds easily are stimulating the production of agricultural commodities among the small farm holders.

## DISCUSSION

The first hypothesis deepened the investigation on the factors that hindered the farmers accessing the ABP funds with ease and as when due. The result of the study shows that difficulty in opening loan account with banks, timing of the receipt of loans from the banks and unfriendly attitude of the staff of the banks hinders ease accessing of the ABP's fund. The result show that the unfriendliness of the staff of the bank contributes largely to the impediments encountered by small holder farmers in accessing the fund available by the ABP. The second hypothesis sought to determine the factors that easily stimulate the production of agricultural commodities among the small farm holders. The study examined such variables as: ABP has facilitated sharing of improved farm inputs to SFH; ABP has ensured provision of technical assistance to farmers; and ABP has made accessing funds easily to the SFH. The study found that ABP has ensured provision of technical assistance to farmers. The study further revealed that ABP sharing of improved farm inputs is next the factor that stimulates production of agricultural commodities in Nigeria.

**Table 1. Contingency Table for Testing Hypothesis (1)**

	Options	Agreement	Disagreement	Total
1	Account opening with the bank for the purpose of accessing fund by the small holders farmers is easy	60(49.7)	101 (111.3)	161
2.	It does not take time to receive loans from the banks after applying for the loan	45 (49.7)	116 (111.3)	161
3	The staff of the banks are friendly and assist the farmers in accessing the funds applied for	44 (49.7)	117 (111.3)	161
	<b>Total</b>	<b>149</b>	<b>334</b>	<b>483</b>

Source: Computation from Author's Field Survey, 2020

**Table 2. One Sample Test Result I**

One-Sample Test						
Test Value = 0						
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Accounts Opening with Banks Easy	9.749	160	.000	.37267	.2972	.0448
No Time to receive Loans from Banks	7.878	160	.000	.27950	.2094	.0349
Staff of the Banks are Friendly to Farmers	7.757	160	.000	.27329	.2037	.0342

**Table 3. Contingency Table for Testing Hypothesis (2)**

	Options	Agreement	Disagreement	Total
1	ABP has facilitated sharing of improved farm inputs to SFH	105 (106.7)	56 (54.3)	161
2.	ABP has ensured provision of technical assistance to farmers	115 (106.7)	46 (54.3)	161
3	ABP has made accessing funds easily to the SFH	100 (106.7)	61 (54.3)	161
	<b>Total</b>	<b>320</b>	<b>163</b>	<b>483</b>

Source: Computation from Author's Field Survey, 2020

**Table 4. One-Sample Test Statistics II**

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
ABP has facilitated Sharing of Improved Farm Inputs	161	.6522	.47777	.03765
ABP has ensured Provision of Technical Assistance to Farmers	161	.7143	.45316	.03571
ABP has made Accessing Fund Easy	161	.6211	.48662	.03835

**Table 5. One Sample Test Result II**

One-Sample Test						
Test Value = 0						
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
ABP has facilitated Sharing of Improved Farm Inputs	17.321	160	.000	.65217	.5778	.7265
ABP has ensured Provision of Technical Assistance to Farmers	20.000	160	.000	.71429	.6438	.7848
ABP has made Accessing Fund Easy	16.196	160	.000	.62112	.5454	.6969

The implication of this result is that even though accessing the funds from the bank is not easy, the efforts of extension workers and other experts has been encouraging in stimulating agricultural commodities among the small farm holders.

## CONCLUSION

In the light of the findings of this study, it is evident that the Federal Government in collaboration with the Central Bank of Nigeria has ensured adequate funding for small farm holders but this effort has been hindered by the intermediating banks' (NIRSAL, DMBs, MFBs) operational activities. However, in spite of these hindrances of the intermediating banks, the Anchor Borrowers Programme has witnessed major breakthrough through the activities of the extension workers and other technical experts. This has caused poverty reduction of the small farm holders, especially through increased farm yields. The study reveals that it takes a lot of time from the time a funding request is made and the time it is granted. Often times, when the fund is released, it will be of little or no use to the farmer, whose request is for a seasonal production. The result of the study shows that difficulty in opening loan account with banks, timing of the receipt of loans from the banks and unfriendly attitude of the staff of the banks hinders ease accessing of the ABP's fund, with the unfriendliness of the staff of the bank contributing largely to the impediments encountered by small farm holders in accessing the fund available by

Such documentations scare them aware and also unnecessarily increased the turnaround time of the banks.

- More extension workers should be recruited and rewarded handsomely for more them to keep providing technical assistance and encouragement towards stimulating agricultural commodities among the small farm holders.
- Government should ensure provision of good farm input to the small farm holders in other to continue reducing poverty among small farm holders.

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