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Agricultural financing and economic performance in the Obudu local government area of cross River State, Nigeria

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ABSTRACT
One of the challenges facing agricultural sector development in Nigeria is inadequate financing by the government and financial institutions. This poor agricultural funding has an impact on economic activities. Thus, this study investigated the connection between agricultural funding and economic performance in Cross Rivers State's Obudu Local Government Area (LGA). The survey study methodology was employed, and a questionnaire was used as its primary data source, combined with a stratified sample technique. The targeted population was restricted to farmers and agriculturalists in the study area. Descriptive statistics, such as frequency and percentages tables, were calculated, and the data gathered from the questionnaire were compiled, computed, and analysed. The results of hypothesis testing showed a relationship between agricultural finance and economic performance, as well as a connection between agricultural credit schemes and agricultural sector expansion, using analysis of variance (ANOVA) as the statistical technique. They also showed that credit programmes for agricultural finance encourage the expansion of the agricultural sector, which improves economic performance, as manifested in economic growth and development. The study recommends, firstly, that the government release grants to farmers at regular intervals to support their activities. Secondly, it is necessary to raise the level and size of agricultural loans through the reduction of interest rates to allow for more economic development in the country. The government should implement an effective and efficient supervisory framework to monitor interest rate regulation within the agricultural loan policy.

Contribution/Originality: Analysis of variance (ANOVA) was used to explore the relationship between agricultural finance and economic performance in the Obudu Local Government Area of Cross Rivers State, Nigeria. Through this technique, this study provides more specific insight into the connection between agricultural finance and economic performance, as well as agricultural credit schemes and agricultural sector expansion.

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1. INTRODUCTION

For an economy to flourish and grow, agriculture is essential. It is impossible to discount the advantages of agriculture for people (Malachy, Solomon, & Joseph, 2019). First and foremost, agriculture feeds Nigeria's expanding population. Second, through the breeding of animals, agriculture produces agro-allied goods that are incredibly healthy for the general populace. Third, other areas of the economy rely on agriculture for a supply of raw materials.

Furthermore, the agricultural sector has long been Nigeria's leading employer (Adekanye, 2005; Adesina, Graham, & Olukoshi, 2016). Agriculture, sometimes known as farming, is the science or practice of cultivating the earth to grow crops, raising animals, and breeding livestock to produce food and other agricultural goods for human consumption and use. Crop production, livestock, forestry, fisheries, processing, butchery, and the marketing of agricultural goods are all included in the broad field of agriculture (Malachy et al., 2019). Agriculture continues to be a crucial sector of the economy and plays a vital role in supporting economic growth and development. Hence, its importance to the economy of the Obudu Local Government Area (LGA) cannot be overstated. For the 80 per cent of the world's poor who reside in rural areas and predominantly work in agriculture, agriculture can help reduce poverty, increase incomes, and enhance food security, according to the World Bank (2020). Agriculture benefits the Obudu LGA in the following ways: First, agriculture provides food for the expanding population. Secondly, agriculture raises animals that produce agro-allied goods that are highly nutritious to the general public. Thirdly, other areas of the economy rely on agriculture as a supplier of raw materials. Agriculture also links the traditional sector with contemporary industry to promote economic progress. These advantages show that industrialization depends on agricultural development. According to Okoh (2015), the agricultural sector in Nigeria employs about 70 per cent of all working people.

Most of the population of Cross River State's Obudu LGA work in agriculture. They engage in both subsistence and commercial agriculture, which are the production of food for the farmer's family to consume and the production of agricultural products primarily for sale, respectively. Cassava, maize, yam, cocoyam, water yam, melon, and other food crops are the primary agricultural products in the region. Vegetables such as fluted pumpkin, bitter leaf, water leaf, okra, and afang are also widely grown. Additionally, the area has livestock, poultry, and fish farming.

Also abundant in Obudu are palm oil, kola nuts, coconut, plantains, bananas, pineapple, and other plant products. While some of the area's agricultural products are consumed locally, many are sold to other regions of the state and the nation. The money generated from the sale of goods is used to develop the local economy, for instance, to give young people more opportunities to learn new skills, build or renovate educational facilities, build or renovate communities, provide water supplies, maintain primary health centres, and buy or build new machinery and tools to increase productivity and efficiency. Given these developments, it is impossible to overstate the value and legitimacy of agriculture in Obudu.

In the Obudu LGA, agric financing helps farmers overcome their financial difficulties and paves the way for them to adopt new technologies to boost productivity. It encourages economic growth by raising incomes and living standards and helps reveal talents, capacities, prospects, and opportunities, which are critical drivers of sustainable development. The financial difficulties facing the agricultural industry in Obudu LGA are not due to a lack of money; instead, they result from banks' reluctance to offer loans and credit facilities to farmers without the required collateral. As a result, peasant farmers, who frequently lack the necessary collateral to access credit facilities, are left with no choice but to raise money internally. Inadequate finance for the local agriculture industry has thus been identified as a significant hindrance to the expansion of the agricultural sector in Obudu.

The International Finance Corporation (2013) asserted that the expansion of the agriculture industry depends on access to capital. Funds are needed to transition agricultural production from subsistence to commercial scale. Financing for agricultural initiatives in developing countries is complex since 86 per cent of rural residents depend on agriculture for their livelihood. Unlocking the untapped potential of the agricultural sector in Nigeria requires a low inflation rate, low cost of agricultural products (i.e., food items), the production of a surplus for export, increased foreign earnings, and a diversified economic revenue base. Consequently, the Federal Government, Central Bank, World Bank, and other local financial institutions have implemented various agricultural funding schemes.

These programmes have addressed Nigerian peasant farmers' financial issues. But to support effective economic performance and achieve sustained economic growth and development in the region, agricultural financing is essential to agricultural development and a rise in agricultural productivity in Obudu. To increase the industry's productivity, successive governments have implemented policies requiring financial institutions to provide loans and credit facilities. However, despite substantial loans given to farmers, the agricultural sector is still underperforming, as shown by its low proportion in national output and the country's massive food importation, severe food shortage, high food prices, and importation of factor inputs.

Economic performance is typically evaluated in terms of the accomplishment of economic goals. These goals may be long-term, such as sustainable growth and development, or short-term, such as the economy's stability in the wake of unexpected and unforeseen occurrences. Economic performance is a measure of how well an economy performs in

terms of growth, sustainability, and development. However, Obudu's economic performance can be linked to the agricultural production and economic objectives attained through agricultural operations in the area, once access is provided to financial facilities in the region.

1.1. Statement of the Problem

Nigeria has many arable lands, natural resources, human resources, and a climate encouraging agricultural production. Thus, it is surprising that the agricultural sector's potential is not fully utilized. One of the main issues facing Nigerian farmers and business owners in the agro-allied industries is inadequate or poor funding (Malachy et al., 2019). The Obudu Local Government Area is blessed with vast arable land for cultivation, as well as mineral, natural and human resources and a favourable climate supporting agricultural production. However, the potential of the agricultural sector has not yet been optimally harnessed within the area. The challenges faced by farmers in the Obudu LGA include the absence of good quality seeds, the inability to afford and unavailability of credible fertilizers, a lack of modern equipment and machinery, poor irrigation facilities, little or no access to pesticides to tackle problems of insects and pests plaguing crops and seedlings, and a lack of storage facilities, among others.

Poor funding or inadequate financing has been identified as one of the principal challenges facing farmers, livestock breeders and agro-allied entrepreneurs. Financial institutions are hesitant to take on the risks associated with the agricultural sector, such as pests, diseases, droughts, and flooding, or the high transaction costs associated with covering vast distances (Anyanwu, 2010). Financial risks and opportunities in agriculture have deprived the sector of much-needed funds to boost production, processing and marketing. These and more have handicapped farmers, leading to the underproduction of agricultural products within the area. According to Mbutor, Ochu, and Okafor (2013), agricultural production requires considerable capital to finance current farm operations and the necessary capital investment to support future production. Such capital may be derived from several sources, such as government agricultural schemes, grants, and loans from banks. In addition, the government provides capital to support a wide range of services and infrastructures to enhance output. At the same time, the farmers need credit to finance their current operations and avail themselves of new techniques and facilities.

In the agricultural sector, finance is required to acquire and maintain farmlands, seedlings, and machinery, construct buildings, hire labour, and organize irrigation channels. Thus, to improve finance to the agricultural sector, the government has introduced several agricultural finance schemes, such as the Agricultural Credit Guarantee Scheme (ACGSF), the Commercial Agricultural Credit Scheme (CACS), and the Agricultural Credit Support Scheme (ACSS). However, these schemes have yet to entirely accomplish their objectives and the impact of the said schemes has not been fully felt by farmers and agricultural workers in the area. In addition, there have been controversies about the rigid channelling of loans by banks, the outrageous rate of interest charged on loans, and farmers' incapacity to meet the collateral requirements. As a result, inadequate capital financing of agricultural projects over the years has led to a significant decline in the sector's performance. Therefore, this work attempts to assess the relationship between agricultural financing and economic performance in the Obudu LGA.

1.2. Objectives of the Study

The objectives of this study are:

i. To assess the relationship between agricultural financing and economic performance in the Obudu LGA.
ii. To examine the relationship between agricultural credit schemes and the growth of the agricultural sector.

1.3. Research Hypotheses

The following claims in the form of null hypotheses serve to answer the study's research questions:

H_{01}: There is no relationship between agricultural financing and economic performance in the Obudu LGA.

H_{02}: There is no relationship between agricultural credit schemes and the growth of the agricultural sector in the Obudu LGA.

2. LITERATURE REVIEW

2.1. Conceptual Review

2.1.1. Agricultural Financing

The study, inspection, and analysis of financial aspects of farm business are all part of agricultural finance. These financial aspects include the cost of producing and selling agricultural products. Hopkins (2005) defined agricultural finance as the ownership or control of assets acquired through borrowing, leasing, or contract labour. Agricultural finance entails acquiring and applying capital in agriculture (Eze, 2010; Lee, 2008). The main focus of agricultural finance is thus the provision and demand of financial resources for agriculture. According to Murray (2007), agricultural finance is the economic study of money borrowed by businesses and individuals. Tandan (2012) argued that agricultural finance is a branch of agriculture that focuses on how individual farm units acquire and use financial resources.

2.1.2. Agricultural Financing in Nigeria

Since agricultural operations can only take place with sufficient credit to support them, agricultural financing is just as crucial as other factor inputs such as labour and land. Financial firms that provide money for farming make up the agricultural lending industry. Commercial banks, non-financial institutions, and other specialist institutions like the Nigerian Agricultural Cooperative and Rural Development Bank (NACRDB) and the Nigerian Agricultural and

Co-operative Bank (NACB) all participate in the agricultural lending market. Adetiloye (2012) noted that smallholder farmers, who lack the acreage necessary to maximize credit, even if available, find it more difficult to obtain credit than farmers with enough land for cultivation. In addition, the cost of credit appraisals has prevented lenders from helping smallholder farmers. For arable crops, most of the lending to farmers may be for a duration shorter than a year, which fits well within the intended portfolio of Nigerian banks. Banks' lending portfolios increased significantly between 1978 and 1989, thanks to the sectoral distribution of credit to agriculture. However, the introduction of financial sector deregulation, which rendered agricultural financing hazardous, unprofitable, and uncertain compared to other industries, fractured the entire lending process (Athanasius, 2017; Ekpebu & Oboh, 2011). Similar to the continuous rise of food imports, the nominal value of bank credit increased from N230 million in 1978 to roughly N262 billion in 2005. Agriculture credit works best when there is a smooth transition for both lenders and borrowers in terms of price and time.

2.2. Theoretical Reviews

Numerous theories in the literature describe how to finance and improve agricultural productivity. However, this study has focused on two approaches that are most pertinent to the topic: the Boserupian theory of agricultural development and the structural change hypothesis.

2.2.1. Structural Change Theory

The structural change theory focuses on how emerging economies move from a conventional and primitive agricultural economy to a more modern, urban, and industrially varied manufacturing and service economy. The two-sector surplus labour theory proposed by Sir Arthur Lewis is a well-known hypothesis within the structural change theory. In *Economic Development with Unlimited Labor Supplies*, Lewis (1954) noted that most developing economies have two separate sectors, and a labour-intensive agriculture sector that produces essential commodities makes up most of the economy. Todaro and Smith (2011) indicated that the agriculture sector's output is meagre and that farmers need more profit incentives in a market economy. A smaller industrial sector with higher productivity is also present. Agricultural labourers typically need more education and more access to finance and have dim prospects for income growth. Because demand is price inelastic, if a developing economy increases its output of agricultural goods, this supply increase is likely to drive down prices and result in decreased export revenues. By limiting supply and raising prices, more money would be made. World Bank studies have suggested a beneficial relationship between industrial and agricultural growth. There is more interdependence than separation, and it may be challenging to expand the sector if agriculture remains stagnant. However, if agriculture expands, it will benefit other economic sectors.

2.2.2. Boserupian Theory of Agricultural Development

This theory was put forward by Ester Boserup. It suggests that the agricultural sector's growth and development depend on the percentage of a nation's labour force employed in agricultural pursuits. According to Boserup, there is a direct association between agricultural development and the portion of the economically active population engaged in agriculture. Boserup made an effort to investigate the reasons for agricultural progress. She believed that some form of coercion is responsible for agricultural improvement. This necessity is related to the population growth tendency, implying that population pressure is the primary force driving agricultural development. The development of farming patterns and methods is influenced by population expansion. She provided evidence for this claim by examining the agricultural advancement of various African and Latin American nations.

2.3. Empirical Review

The effects of agricultural financing on agricultural output and economic growth in Nigeria have been the subject of several studies. This section evaluates the conclusions and contributions of previous studies.

Matthew and Adegboye (2010) examined the agricultural sector's role in Nigeria's economic development using annual data from 1970 to 2008. The study employed Johansen cointegration as its estimation technique. The result showed that the agricultural sector has no significant impact on economic development. The study concluded that any policy thrust that addresses poverty should focus on the agricultural sector by increasing rural opportunities to stimulate agriculture-driven development. It recommended that research and technology be introduced to drive agricultural development and increase productivity. Furthermore, the government should establish an agricultural fund to finance and facilitate medium/large-scale agricultural productivity to boost employment, local consumption, and export. Hence, developing the agricultural sector in Nigeria is vital for alleviating poverty and achieving sustainable development.

Sunday, Obot, and Essien (2012) empirically investigated the relationship between the government's agricultural credit policy and macroeconomic fundamentals in Nigeria from 1978 to 2010. The study aimed to establish a relationship between the loan amount guaranteed by the Agricultural Credit Guarantee Scheme Fund (ACGSF) and some key macroeconomic variables. The study used time series data from 1978 to 2010 and employed cointegration and error correction models (ECM) as estimation techniques. The result revealed that in the long run, the coefficients of the lending interest rate charged by commercial banks and the value of oil revenue have significant negative and positive relationships, respectively, with the loan amount guaranteed by the ACGSF. On the other hand, in the short run, the coefficients of the previous year's loan guarantees, the value of oil revenue, and real gross domestic product (GDP) are positively associated with the current amount of loan guaranteed by ACGSF.

In contrast, external debt has a negative impact. Overall, the study concluded that the country needs short and long-term economic policy packages that focus on stabilization of the identified significant macroeconomic shifters of the amount of loan guaranteed by the ACGSF in Nigeria. Thus, it recommended that attention should be given to the interest charged on agricultural loans by participating banks, diversification of the country's economy, and a drastic reduction in external debt to boost the efficiency of the ACGSF in providing credit facilities to farmers.

Famogbiele (2013) analysed the performance and achievements of the ACGSF, the Bank of Agriculture (BoA) Limited and the Commercial Agriculture Credit Scheme (CACS) in Nigeria. This study investigated the extent to which government-initiated policies, schemes and institutions established to ensure adequate agricultural sector funding achieved their objectives. It employed reviewed literature and secondary data from 1960 to 2010. The study concluded that though as important as a factor of production, financial performance could only work in collaboration with other factors to successfully achieve the much-expected result in the agricultural sector. The highlighted factors included, among others, policy inconsistency, inadequate storage facilities, absence of pricing institutions and commodity marketing, poor insurance coverage and corruption.

Nwankwo (2013) analysed agricultural financing and its implications for the growth of the Nigerian economy using data from 1990 to 2010. The study employed a quantitative research design and the ordinary least squares (OLS) technique. The study found a strong correlation between agricultural financing and the expansion of the Nigerian economy. However, the Nigerian economy shrunk as loan payback rates increased over time. The study concluded that the findings had the policy implication that agricultural financing would enhance economic growth. Thus, it recommended increasing the level and size of Nigerian Agricultural Cooperative and Rural Development Bank (NACRDB) loans through the reduction of lending interest rates to allow for more agrarian-driving development.

Obansa and Maduekwe (2013) investigated the impact of agricultural financing on economic growth in Nigeria from 1970 to 2008. Their study employed the OLS and Granger causality techniques. The results revealed a bidirectional causality between agriculture financing and economic growth. The study concluded that productivity investment would be more appropriately financed with foreign direct private loans, foreign direct investment (FDI), share capital and development stock. Similarly, the capital-output ratio would be more appropriately financed through multilateral loans, treasury bills, domestic savings, FDI, official development assistance, and development stock. Thus, it recommended maintaining credible, pro-investment macroeconomic policies and debt-equity swap options for agriculture-led economic growth.

Oyakhilomen and Zibah (2014) studied the relationship between agricultural production and economic growth in Nigeria, emphasizing rural poverty reduction. The study used annual data from 1970 to 2011 and employed the autoregressive distributed lag (ARDL) bound test approach. The result revealed that agricultural production positively and significantly impacts economic growth. However, the study concluded that poverty is still increasing despite economic growth. Thus, it recommended that the Nigerian government design agricultural programmes to help fight poverty at the grassroots level.

Ayeomoni and Aladejana (2016) also investigated the relationship between agricultural finance and economic growth in Nigeria. The study used time series data from 1986 to 2014 and employed the autoregressive distributed lag (ARDL) technique. The result revealed a short- and long-term relationship between agricultural credit and economic growth. In addition, the real exchange rate and private domestic investment directly affect economic growth, while inflation has an inverse relationship. Therefore, the study concluded that economic growth is influenced by credit to the agricultural sector, real interest rate, real exchange rate, inflation and private domestic investment. Thus, it recommended that policymakers put efforts in place to increase productivity in the agricultural sector through adequate provision of credit to stimulate economic growth.

3. METHODOLOGY

The study employed a survey design. The survey design involves collecting the views and perspectives of respondents regarding the subject matter. A questionnaire was used to obtain the relevant and necessary information (data) regarding the issues of agricultural financing and economic performance. This method was chosen because the survey method is effective when it comes to getting opinions, attitudes and descriptions regarding the subject matter. The study area's population was 193,257 as of 2006, the year of the general population census. The projected population was estimated to be 280,000 in 2021. The study employed a stratified and purposive sampling technique to select a sample of 400 respondents using the Taro Yamane sample determination method. A questionnaire titled 'Agricultural Financing and Economic Performance Scale' (AFEPS) was used for data collection. Experts in measurement and evaluation validated the questionnaire. At the same time, the instrument's reliability was established using Cronbach's alpha, and the coefficients of the sub-scale were judged to be high and the instrument dependable for data collection. The researchers conducted the data collection process with the help of trained research assistants. The data collected were analysed using different statistical techniques, such as simple percentages and bar graphs, as well as simple regression analysis, and the results are presented below.

4. DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.1. Presentation of Results

Table 1 indicates that 179 (76%) respondents were male and 56 (24%) female. This shows that the majority of respondents were male. Regarding age, 73 (31%) respondents were between the ages of 20 and 30, 101 (43%) were between the ages of 31 and 40, and 61 (26%) were 41 years old and above. Concerning education, 175 (74%) respondents had primary education, 49 (21%) respondents had secondary education, and 11 (5%) respondents had

tertiary education. Regarding marital status, 82 (35%) respondents were single, 151 (64%) respondents were married, and only 2 (1%) respondents were divorced. In terms of business age, 85 (36%) of the business owned by the respondents had existed between 1 and 5 years, 111 (47%) businesses between 6 and 9 years, and 39 (17%) businesses had been in operation 10 years and above. In addition, 214 (91%) respondents engaged in a sole proprietorship, and 21 (9%) engaged in a partnership. Finally, regarding sources of capital, 31 (13%) of the respondents sourced their capital from personal savings, 201 (86%) respondents from bank loans, and 3 (1%) from various grants.

Table 1. Demographics of the respondents.

Gender	Frequency	Percentage (%)
Male	179	76
Female	56	24
Total	235	100
Age (Years)	Frequency	Percentage (%)
20-30 Years	73	31
31-40 Years	101	43
41 Years and above	61	26
Total	235	100
Education level	Frequency	Percentage (%)
Primary	175	74
Secondary	49	21
Tertiary	11	5
Total	235	100
Marital status	Frequency	Percentage (%)
Single	82	35
Married	151	64
Divorced	2	1
Total	235	100
Business age (Years)	Frequency	Percentage (%)
1-5 Years	85	36
6-9 Years	111	47
10 Years & above	39	17
Total	235	100
Legal status	Frequency	Percentage (%)
Sole proprietorship	214	91
Partnership	21	9
Corporation	0	0
Total	235	100
Sources of invested capital	Frequency	Percentage (%)
Personal savings	31	13
Loans from banks	201	86
Grants	3	1
Total	235	100

Source: Field survey, 2022.

4.2. Data Analysis and Interpretation

This section involves the analysis of the data and the interpretation of the results. First, the research hypotheses are tested using the analysis of variance (ANOVA) at a 5% significance level. The test is based on the data collected from the study's field survey.

Table 2. Simple percentages analysis of the relationship between agricultural financing and economic performance.

S/N	Views	SA	A	D	SD
1	Farmers need financial support or assistance to be able to produce agricultural products maximally	170	55	8	2
2	Accessible agricultural loans from banks are necessary for agricultural growth in the area	201	25	6	3
3	Farmers get credit facilities from banks to fund their farm projects when they need to	88	105	25	17
4	Farm business and activities are increasingly gaining ground in Obudu through aid from banks	186	29	15	5
5	As a farmer, I cannot afford a lot of modern equipment and tools that would aid efficiency in my farm business	192	30	7	6

Note: S/N = Serial number, SA = Strongly agree, A = Agree, D = Disagree, SD = Strongly disagree.
Source: Field survey, 2022

4.2.1. Research Question One

What is the link between agric financing and economic performance? The variables involved in this question are agricultural financing and continuous economic performance. The research question was answered using simple percentages and bar graphs; the result is presented in Table 2.

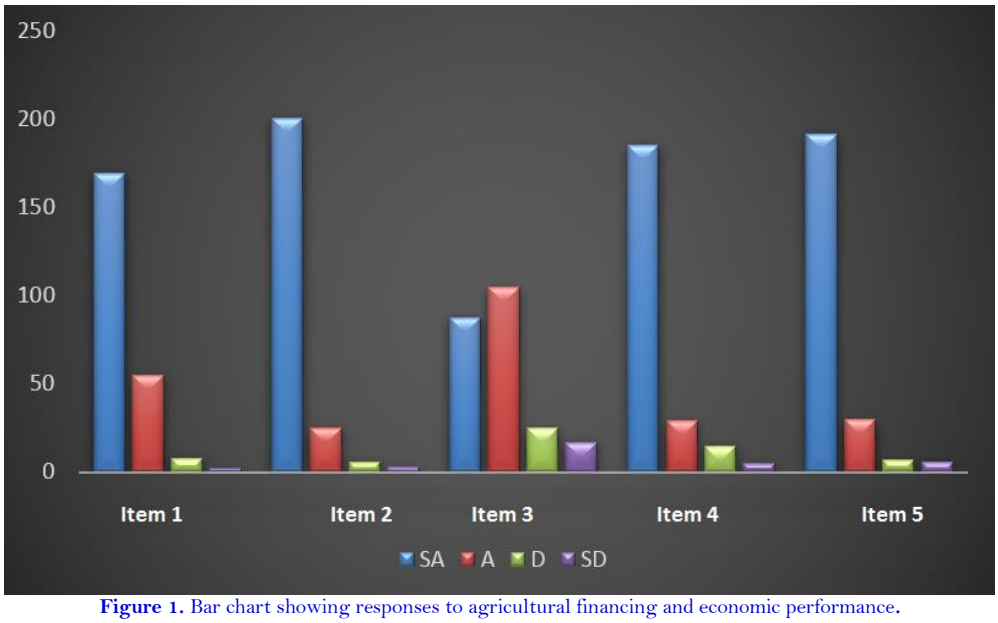

Figure 1. Bar chart showing responses to agricultural financing and economic performance.

Figure 1 illustrates the frequency of respondents' responses to questions 1 to 5. For item 1, 170 respondents strongly agreed, 55 agreed, 8 disagreed, and 2 strongly disagreed. This implies that the majority of the respondents agreed that farmers need financial support or assistance to be able to produce agricultural products maximally. For item 2, 201 respondents strongly agreed, 25 agreed, 6 disagreed, and 3 strongly disagreed. This implies that most of the respondents agreed that farmers' access to agricultural loans from banks is necessary for agricultural growth in the study area. For item 3, 88 respondents strongly agreed, 105 agreed, 25 disagreed, and 17 strongly disagreed. This implies that most respondents agreed that farmers get credit facilities from banks to fund their farm projects when needed. For item 4, 186 respondents strongly agreed, 29 agreed, 15 disagreed, and 5 strongly disagreed. This implies that most respondents agreed that farm business and activities are increasingly gaining ground in the Obudu LGA through aid from banks. For item 5, 192 respondents strongly agreed, 30 agreed, 7 disagreed, and 6 strongly disagreed. This implies that most respondents agreed that, as farmers, they could not afford most of the modern equipment and tools that could aid efficiency in their farm business.

4.2.2. Research Question Two

What is the link between agricultural credit schemes and the growth of the agricultural sector? The variables involved in this question are agricultural credit schemes and the economic growth of the agricultural sector, which is measured continuously. The research question was answered using simple percentages and bar graphs; the result is presented in Table 3.

Table 3. Simple percentages analysis of the relationship between agricultural credit schemes and agricultural sector growth.

S/N	Views	SA	A	D	SD
6	Banks are the last resort for farmers who want credit facilities such as short-term and long-term loans and other resources	120	65	38	12
7	There are long delays and bottlenecks in the disbursement of loans and credit facilities issued by the government	150	55	19	11
8	Credit facilities from the federal government are politicized and, as such, do not get to the peasant farmers in Obudu who need them	88	105	25	17
9	Interest rates and payback plans have discouraged the application for loans	162	60	7	6
10	The collateral demands by banks are huge, and this causes ineligibility for loan disbursement	142	50	29	14

Source: Field survey, 2022.

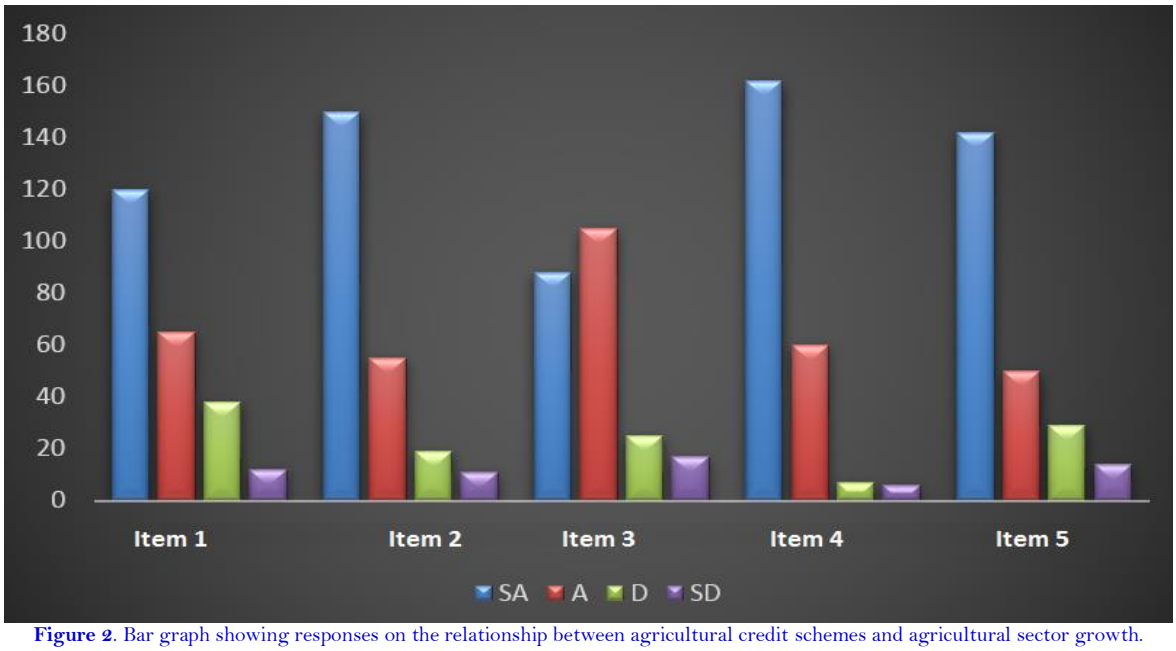

Figure 2. Bar graph showing responses on the relationship between agricultural credit schemes and agricultural sector growth.

Figure 2 illustrates the frequency of respondents' responses to questions 6 to 10. For item 1, 120 respondents strongly agreed, 65 agreed, 38 disagreed, and 12 strongly disagreed. This implies that most respondents agreed that banks are the last resort for farmers who want credit facilities such as short-term and long-term loans and other resources. For item 2, 150 respondents strongly agreed, 55 agreed, 19 disagreed, and 11 strongly disagreed. This implies that most of the respondents agreed that there are long delays and bottlenecks in the government's disbursement of loans and credit facilities. For item 3, 88 respondents strongly agreed, 105 agreed, 25 disagreed, and 17 strongly disagreed. This implies that most respondents agreed that credit facilities from the federal government are politicized and do not get to the peasant farmers in Obudu who need them. For item 4, 162 respondents strongly agreed, 60 agreed, 7 disagreed, and 6 strongly disagreed. This implies that most respondents agreed that interest rates and payback plans had discouraged the application for loans. Finally, for item 5, 162 respondents strongly agreed, 60 agreed, 7 disagreed, and 6 strongly disagreed. This implies that the majority of the respondents agreed that collateral demands by banks are huge, and this causes ineligibility for loan disbursement.

4.3. Testing of Hypotheses

4.3.1. Hypothesis One

The null hypothesis is that there is no significant link between agric financing and economic performance in Obudu. The independent variable is agricultural financing, while the dependent variable is economic performance, both measured continuously. A simple linear OLS regression technique was employed to test this hypothesis, and the result is presented in Table 4. The result showed that R = 0.695, which implies a strong positive relationship between agricultural financing and economic performance. That is, the higher the financing of agricultural activities, the higher the performance of economic activities in the area. Adjusted R^2 = .480, which implies that 48.0% of the variation in economic activities could be attributed to the contribution of agricultural financing in the area. To ascertain the significance of the result, the ANOVA table was assessed, and the result showed that (F = 81.782, p = 0.000). Since p(.000) is less than 0.05, this implies a significant relationship between agricultural financing and economic performance in the study area. Consequently, the null hypothesis of no link is rejected, and the alternate is upheld.

Table 4. Simple linear regression analysis of the relationship between agricultural financing and economic performance.

Model	R	R^2	Adjusted R^2	Std. error of the estimate		
1	0.695[a]	0.483	0.480	6.769		
Source of variation		Sum of squares	df	Mean square	F	Sig.
Regression		6288.632	1	6288.632	81.782	0.000[b]
Residual		30604.165	398	76.895		
Total		36892.798	399			

Note: a = Predictors (Constant, agricultural financing), b = Dependent variable (Economic performance), R = Correlation coefficient or beta, R^2 = Coefficient of determination, Adjusted R^2 = Adjusted coefficient of determination.

4.3.2. Hypothesis Two

The null hypothesis is that there is no significant link between agricultural credit schemes and the growth of the agricultural sector in Obudu. Therefore, the independent variable is agricultural credit schemes, while the dependent variable is the growth of the agricultural sector, both measured continuously. A simple linear OLS regression technique was used to test this hypothesis, and the result is presented in Table 5. The result showed that R = 0.778,

which implies a strong positive relationship between agricultural credit schemes and the growth of the agricultural sector. That is, the higher the provision of credit facilities, the higher the agricultural sector's growth in the study area. Moreover, adjusted $R^2 = 0.601$ implies that 60.1% of the variation in the agricultural sector could be attributed to the contribution of the provision of agricultural credit schemes in the study area. To ascertain the significance of the hypothesis, the ANOVA table was assessed, and the result showed that ($F = 75.195$, $p = 0.000$). Since p(0.000) is less than 0.05, this implies a significant relationship between agricultural credit schemes and the growth of the agricultural sector in the study area. Consequently, the null hypothesis of no link is rejected, and the alternate is upheld.

Table 5. Simple linear regression analysis of the relationship between agricultural credit schemes and agricultural sector growth.

Model	R	R^2	Adjusted R^2	Std. error of the estimate			
	0. 778[a]	0.605	0.601	5.829			
Source of variation		Sum of squares		df	Mean square	F	Sig.
Regression		5862.625		1	5862.625	75.195	0.000[b]
Residual		31030.172		398	77.965		
Total		36892.798		399			

Note: a = Predictors (Constant, agricultural credit schemes), b = Dependent variable (Growth of the agricultural sector), R = Correlation coefficient or beta, R^2 = Coefficient of determination, Adjusted R^2 = Adjusted coefficient of determination.

5. CONCLUSION & RECOMMENDATIONS

5.1. Conclusion

The financing of Nigeria's agricultural sector needs to improve. The government and financial institutions now view agriculture, which supported Nigeria's economy in the 1950s, 1960s, and early 1970s, as a risky and fruitless enterprise. With the financial incapacity of most Nigerian farmers and agro-allied entrepreneurs, this perception discourages financial institutions from granting credit for agricultural purposes. Most financial institutions prefer to channel their funds into the industrial and service sector where the payback period is short and the rate of returns is high. The study found that agricultural financing contributed poorly to the economic performance of Nigeria within the sampled period because of inadequate funding. Agriculture financing is essential to development strategies in a variety of ways. It encourages financial investment in agriculture and the use of the technologies required to boost economic growth. It has been established that most African nations, including Nigeria, need higher levels of domestic savings that can be used for investment and have insufficient levels of export revenues to purchase capital goods for investment. For the agricultural sector's target rate of agric-led growth to be attained, adequate financing is required, given its impacts on economic growth and development. However, foreign private loans, domestic savings, and other domestic sources of financing should be used more effectively to finance the development of capital investment and a rise in agricultural investment productivity; share capital, foreign direct investment and development stocks are among the suggested funding sources for agriculture-led economic growth.

In conclusion, the continuous growth, credibility, reliability, productivity, efficiency and sustainability of the agricultural sector can be achieved through the provision of adequate financing by financial institutions, non-financial institutions, agricultural credit schemes, and grants from government and NGOs, among others. Therefore, improved financing is key to achieving growth and development in the sector and the economy.

5.2. Recommendations

The following suggestions would ensure that agricultural financing significantly enhances Nigeria's economic performance. Based on the findings, this study suggests the following:

i. When formulating policies, agriculture financing should come first.
ii. Government involvement in funding agricultural expansion should receive extensive consideration.
iii. It would be better to use domestic savings, foreign private loans, share capital, foreign direct investment, and development stocks to fund the expansion of capital investment and the improvement of agricultural investment productivity.
iv. Financial institutions with responsibility for agricultural financing, such as the NACRDB, should be strengthened for more efficiency and accessibility.
v. An effective and efficient supervisory framework should regulate interest rates on the agricultural loan policy.
vi. Financial inclusion should be supported, primarily in rural areas with little or no financial institution access.
vii. The government should release grants at several intervals to farmers to enhance their activities, such as by procuring machines.
viii. There is a need to increase the level and size of agricultural loans through the reduction of interest rates to allow for more economic development in the country.

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