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Nalysis of Impact of Institutional and Legal Frameworks on Agricultual Financing in Nigeria

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Abstract
Considering that the agriculture sector employs about over 50 % of the Nigerian population and contributes about one third of the GDP using only 3 % of the total credit in the economy. The objective of the study was to analyze the institutional and legal frameworks prevalent in the Nigerian agricultural economy and their impacts on lending. Secondary data were sourced from the Statistical bulletin of the Central bank of Nigeria and the Annual reports of the Agricultural credit guarantee scheme fund. Flow charts were used in the study. The results showed that institutional frameworks subsisting in agricultural financing landscape in Nigeria encapsulate institutions that are involved directly or indirectly in channelization of credit to operators at various strata of the agrarian economy. These include international, institutions/agencies, federal, state, local government authorities, farmers' cooperatives, non-governmental organizations, extension services.The legal frameworks hinge on the laws/decree or edicts established by duly constituted authorities. These have direct bearing with volume and impact of agricultural financing in the country. For the nation to achieve effective increase in agricultural production and deepen financial inclusion, maintain adequateexternal reserves and enhancegeneration ofemployment opportunities for the increasing population, the study recommends that there should be a significant participation of financial institutions in agricultural financing through provision of financing/financial advisory services and project supervision with adequate backing of the legal provisions
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I. Introduction

Finance has been recognized as the life blood of all economic activities in all economies. (Lekhi, et al 2010). As other producers and marketers, agriculturalists in all economies also need finance for their farm business activities. Farm finances support the agribusiness men as the hinges support the doors in a building. The statement is fully true in the context of Nigerian agribusiness men. Institutions warehouse and administer the finances while legal framework provides conditions and procedures for the access, utilizations and recovery of the finances. Institutions and legal frameworks operating in the agricultural financial space are designed to facilitate the flow of funds to the end users with greater degree of effectiveness and efficiency. In order to stimulate the tempo of agricultural production in Nigeria, adequate and timely accessibilityof agricultural credit is not only a necessary but a sufficient condition that will enhance increase in agricultural production. Literatures have stated that modernization of agriculture is costly and that credit is needed in adopting new farm technologies which usher in green revolution. In attaining self -sufficiency as well as food security, there is an urgent need to provide credit facilities to farmers of all scales of operations at single digit interest rate so that they can adopt efficient production technologies.Different studies conducted have showed positive relationship between agricultural growth and availability of credit and interest rates. Carter (1989) argues that agricultural credit has three significant roles in the agricultural transformation value chain. These include: credit in agriculture may be grouped into short, medium and long terms

In agricultural financial market, the issue tends to arise as regards the impact of theinstitutional and legal frameworks on agricultural credit in Nigeria. What is the impact of institutional and legal frameworks on agricultural financing in Nigeria? Not much attention has been created among researchers on the impact of institutional and legal frameworks on agricultural financing in Nigeria. Therefore, the main focus of the paper is to fill the gap.

The specific objectives of the study include: to identify the institutional and legal frameworks involved in agricultural finance in Nigeria and to evaluate the institutional and legal frameworks that impact on agricultural finance in Nigeria. The key significance of the study hinges on pulling investors both locally and externally together to invest massively in Nigerian agricultural economy because of the improved and robust frameworks due to the existence of plethora of institutional and legal enabling conditions in the agricultural sector.

Ins**titutional and Legal Perspectives.**

Agricultural finance is seen as a process as well as a system. It is the process of acquiring and utilizing financial resources available to farm holdings. The resources available to the farm holdings include grants/ aids, credits, and overdrafts. These resources may vary as regards duration depending on the project gestation. The sources of finance /credit available to the farm business include the individuals group, corporate/countries and supra-nationals. The acquisition of agricultural finances also involves process, services and procedures. In economics resources are relatively scare hence the price system allocates these resources to the economic agents by imposing specific conditionality for acquiring and utilizing the financial resources.

International institutions that provide agricultural financing facilities to the agricultural sector of the economy include: the World Bank, Food and Agriculture Organization, International Fund for Agricultural Development, United State Agency for International Development, Gessellschaft fur InternationaleZusammenarbert(GIZ), African Development Bank. At the national level, the federal government provides financial resources to the farm sector. The State as well as local government provides financial resources for the development of the farm sector. Sources of agricultural finance also include private and corporate organizations. The banks that are involved are deposit money banks and the development banks such as bank for agriculture as well as microfinance banks and other financial institutions. Other corporate bodies include Oil Companies, United African Companies, Leventis, John Holts and many others

Features of Agricultural Financing in Nigerian Economy

In any developing economy such as Nigeria, the features of agricultural financing include:

The risky nature of agricultural activities which are embedded with risks and uncertainty these make it difficult to foresee events in the future with absolute certainty. Most of the farmers cannot predict weather, disease outbreak, flood and drought. Added to the above is the atomistic nature of farmers in Nigeria, They are so individualistic in approaches and orientations. They are suspicious of cooperating with each other for common goal. These militate against acquiring and utilizing cheap farm credits and disfranchise them from enjoying economic of scale in purchase of farm inputs. Cluster farming and group guarantee are not widely adopted by our farmers due to individualistic approach to agribusiness. Majority of Nigerian famers are egocentric, corporate/group farming seems a foreign language whereas this model is a necessary condition to minimize cost of credit administration by financing institutions.

Another feature of agricultural finance is economic lag in agricultural activities. There exist lag in production process. There is a long interval between the reward and effort. (Lekhi, et al 2010) This is more significance especially when costs have been incurred and at the same period the demand for the commodity may change thereby obstructing the initial financial flow of the investment. Farmers have no choice to cope with or swallow the short falls in the investment, thereby aggravating uncertainty. This becomes an excuse for agricultural finance providers to refuse to supply credit for agricultural activities.

Nigerian farms sizes are averagely small and the operators are illiterate whose farms are scattered significantly. This type of farmers lack collateral to justify for their credit demands. These features make cost of credit administration very high and prohibitive. The cost benefit analysis seems not to favor the small farm holdings from the private investor perspective.

The objective of credit as observed by Adegege et al (1982) is that Nigerian farmers require credits not only for productive purposes but also for consumptive purposes. The farm- family involves the farmer and the entire household. This precludes all the economic, social and financial demands of the farm- family

Nigerian agricultural space is dominated by the small scale farmers who often characterized with poor record keeping practices, limited financial management skills and lack of collateral facility. All these determined banks' lending decisions for investment with the current low sophistication among small scale farms banks are usually reluctant to finance small scale farmers.. For diversified and inclusive development, urgent efforts must be directed towards removing these features plaguing small scale agribusinesses in Nigeria. Added to these is the low financial literacy among Nigerian farmers. However the financial inclusion strategic focus of the Central bank of Nigeria has brought many of the unbanked to financial services through various channels such as agent banking

As in other developing economies, Nigerian agriculture is a complex system with many sub-sectors with diverse industries or institutions with various magnitudes of production and marketing components. The size of holding and forms of land tenure system differ from one state to another. This difference creates different types of complex relation between the farmers and credit institutions which make financing agricultural investment not only relatively difficult but complex. ()…….

In Nigeria, the following criteria for agricultural finance /credit are prevalent in the financial market. These criteria are the bases for which the superstructures are built upon. The farmers' need for farm credit as well as methods of operation differ significantly from non- agricultural financing: Farm credits are placed in the hands of institution, Farm credits must be collateral backed- up,, The loans are to be adapted to the project gestation period and the repayment are tied to the financial outflow from the farm investments, The loans are granted to either individual, group, cooperatives or corporate bodies.

Need for Agricultural Finance in Nigeria

Agricultural credit is a problem when it cannot be obtained and it is also a problem when it is lately obtained and inadequate amount or even when obtained but misused either diverted or abused through engaging in spurious and ostentatious life style. The price at which it is obtained is also essential while the tenor for the loan is equally important. Therefore, various needs for farm financial resources include: productive and unproductive credit needs. This spans from productive credits and consumptive credits. The interval between harvesting and marketing or planting and marketing calls for credit that will keep the farmers socially sustained hence the need for unproductive credits to meet the consumption needs of the farm family. Social and legal matters may lead the farmer to seek for agricultural credits. Thus in Nigeria, agro-entrepreneurs obtain agricultural credits for family expenditures and farm expansion and improvements.Therefore, agricultural credits can be for purposes namely: family expenditure, non-farm business, agricultural purposes and other purposes as repayment of old debts, marriage, mortgage school fees. Furthermore, credit needs may be according to loan duration such as short term whose repayment is 6-18 months. Medium or intermediate loans are for productive and unproductive purposes. Agro-entrepreneurs obtain agricultural credits for raising cattle, small farm implement and the repayment period is 24-60months. These loans are usually provided by cooperatives, development and deposit money banks .Long term credit to farmers involves the acquisition and utilization for farm structural improvement on land and big machineries, purchase of farmland and erecting of new farm land. The loans are usually large hence their repayments usually expand beyond 60 to 240months

II. Materials And Methods

Study Area and Data Source: The study was conducted in Nigeria;.The country is situated on the Gulf of Guinea in the sub Saharan Africa. Nigeria lies between 4^0 and 14^0 North of the Equator and between longitude 3^0 and 15^0East of the Greenwich. The country has a total land area of about 923,769km^2(or about 98.3 million hectares) with 853km of coastline along the northern edge of the Gulf of Guinea and a population of over 140 million people (National Population Commission, 2006). Secondary data were used in the study.These data were collected from the statistical bulletins of the Central Bank of Nigeria (CBN) and the Annual conference reports of the Agricultural Credit Officers of the Central Bank of Nigeria as well as the Annual reports of Agricultural Credit Guarantee Scheme Fund.Flow chart was used

III. Result and Discussion

The adequacy cum timely credit availability to agro-entrepreneurs is essential to and indispensable to the rehabilitation and progress of agriculturists in all economies. In developing countries, agriculture assumes major roles in the national economy. Farmers' inability to save does not allow them to finance their economic goals effectively and efficiently hence the low income generated due to low farm output. Agricultural credit through institutional channels is the alternative to sever the seemingly agricultural stagnation. In Nigeria, the various institutions engaged in agricultural financing include: the international organizations, national, state as well as local governments; private institutions and non- governmental organization also finance agricultural production.

Flow Chart of Institutions in Agricultural Financing in Nigeria

Institution

International funds/banks ⇒ Central Bank of Nigeria   Federal Ministry of Fin ⇒ Federal Ministry of

Agriculture/ ⇒   Ministry of Finance/Agriculture   minis ⇒ lending banks/OFIs/DFIs

At the institutional front, the Federal Government of Nigeria through the Federal Ministries of Finance and Agriculture, State Ministries of Finance and Agriculture, Local Government and Cooperatives have to play three important functions as regulatory agency, technical support agency and public agency. As a regulatory agency, it is required to co-operate with other sectors so as to provide information on financial resources that will boost agricultural GDP, sources of funding and assistance as well as provide access to markets in Nigeria. In the capacity of technical support agency, the Federal Ministries named within are required to create conditions or environment not only to encourage but for sustaining livelihood of agricultural economies. This involves the farmer's organization and mobilization efforts as to empower the local farmers to expand their production frontiers through adopting modern farm technologies. As a public farm agency, it should finance investments and promote researches in Agriculture. The Federal Government through its ministries and agencies is expected to develop capacities that will integrate and promote global partnership in channeling foreign investments that will boost agricultural finance in Nigeria.

As the flow chart shows, the financial institutional framework involved in agricultural financing at its peak is the central bank of any country which also assumes the three functions as regulatory agency, technical support agency and public agricultural finance agency. .In Nigeria, the central bank is concerned with the financial stability of the national economy by maintaining the aggregate volume of bank credits at its maximum level compatible with economic stability. It is a given fact that the expansionary credit policies accelerate the level of development. The Central Bank of Nigeria (CBN) encourages banks to provide credits for development financing activities. This is accomplished by ensuring that increased quantum of credits are made available to the agricultural and manufacturing sectors. This is possible through existing adequate micro and macroeconomic policies that enhance economic development.

The establishment of the Agricultural Credit Guarantee Scheme Fund (ACGSF), the Nigerian Insurance Corporation, the Bank of Agriculture, credit/institutional/schemes, agricultural development programs and the various cooperative societies are to encourage agricultural financing in the country. Consequently investments in agriculture and agro- allied businesses by the financial institutions have significantly increased.

The institutional framework facilitates the flow of fund for agricultural financing. The urge for attaining self -sufficiency and food security revolves around efficient institutional framework in the country.The institutional capacities of the various ministries and their agencies as well as other institutions and schemes involved in agricultural financing should be strengthened well established corporate governance structure to deliver their mandates and functions.

The Federal Government of Nigeria in 1977 enacted decree 20 establishing the Agricultural Credit Guarantee Scheme Fund called the agricultural decree and established the Nigerian Agricultural Insurance Corporation through decree37of 1993 whose mandate is solely to manage agricultural insurance in Nigeria as to protect Nigerian farmers from effects of natural hazards by providing financial support to farmers who suffer losses in their farming activities which ultimately shall induce banks to finance agriculture. This provides a legal framework for banks and farmers to minimize risks of loan defaults ascribed to natural hazards

The legal framework establishing the Agricultural credit Guarantee scheme,the Nigerian agricultural insurance corporation,Nigerian agricultural bank, Nigerian export and import bank have legal provisions for their paid up capital and the composition of board members. At the state level various laws have passed establishing the agricultural loan boards in many states.

Legal Implications of Lending and Guaranteeing Loan in Agricultural Financing in Nigeria.

It has been confirmed from studies of experts in agriculture and finance that lack of capital is generally one of the factors militating against the expansion and the modernization of agriculture in Nigeria. Before the introduction of credit guarantee scheme, banks hardly showed interest in agricultural financing for a number of reasons. First, the Nigerian farmers are predominantly small scale holders who lack acceptable collateral for loans. Bankers are interested in collaterals which are highly liquid and which possess monetary value certainty. The use and profit of the farm is about the most common security the farmer has. The communal system of land tenure in which the rights of ownership are shared between the individual and the community poses difficulties with regard to acceptance of land as collateral for bank loans/advances.

Furthermore, participating financial institutions (PFIs) find it difficult to evaluate the repayment capacity of small scale farmers. This may be due to the nature of the industry in which it is not easy to forecast expected yields and returns. Even when yields are forecasted, nature may prove it otherwise. In addition, bankers often face difficulties in ascertaining the personal integrity of agribusiness'borrowers. However with deeper financial inclusion,bankers find it easier to evaluate the personal integrity of businessmen who by nature of their enterprises have bank accounts and live in rural and urban areas where their agribusiness activities are well known to the members of the business community which include the officials of the lending banks. The low interest of banks in financingfarmers has induced the various governments in Nigeria to set up specialized institutions, funds, and schemes to meet agribusiness' financing needs. Despite the fact that the loans available through these institutions are inadequate, a number of other critiques which include: bribery and corruption, political interference and favoritisms, tend to strangulate their successful operation. Therefore,the needs to provide adequate agricultural credit to micro-small and medium as well as large agribusinesses become a subject of paramount necessity and sufficiency. It was the premise in view that preempted establishment of the agricultural credit guarantee scheme fund by the Federal Military Government under the agricultural credit guarantee scheme fund decree no. 20 of 1977. The purpose of the fund as spelt out in clause 3 of the guidelines for the agricultural credit guarantee scheme is to provide guarantee in respect of loans granted by banks for agricultural purposes and with the sole aim of increasing the level of bank credit to the agricultural sector. The fund is under the management of the agricultural credit guarantee scheme fund board. The agriculture board is provided for in section 2 of the agriculture credit decree. The decree provides for a sum of N100million to be paid into the fund and the sum shall be contributed as follows:-

a. Sixty per cent by the Federal Military Government; and
b. Forty per cent by the Central Bank of Nigeria.

Though the fund is under the management of the board yet the Central Bank of Nigeria was appointed the managing agent for the day to day administration of the fund. That is section 4(2) of the decree. Requirement for granting loans hinges on due diligence both at the PFIs and the administrator/managers desks. Collateral/Securities required for granting of guarantee loans are stated in the ACGSF guidelines as contained in the decree section 10 of the agriculture credit decree provides that the following securities may be offered to a bank for the purpose of any loan under the scheme:

a. A charge on land in which the borrower holds a legal interest or a right to farm or a charge on the crops on such land:
b. A charge on the movable property of the borrower:
c. A life assurance policy, a promissory note or other negotiable security:
d. Stocks and shares:
e. A personal guarantee:
f. Any other security acceptable to bank.

In considering the collateral enumerated above, it may not be far from the fact that the decree is permissive in the type and nature of the collateral acceptable for loan transactions under the agricultural credit guarantee scheme fund.Furthermore, section 6(f) of the guidelines provides that lending banks can grant loans up to N20, 000 without any tangible collateral. Sections 4 of the agricultural credit guarantee scheme fund (amendment) decree 1988. The permissiveness of the decree in respect of collaterals may be associated with the intent of the Federal Military Government to make credits/loans accessible to many agro-entrepreneurs who ordinarily would have no access to loans from the banks. The legal implications of accepting some of these collaterals range from concept of land and the status of the farmers. The legal conception of land though not free from controversy, is not, in totality, fundamentally different. Land is seen as an aggregation of both physical and economic conceptions of land. In its specific context, land means soil, but in its legal substance, it is a generic term aggregating every species of ground, soil or earth, whatsoever. It means the surface of the earth, the subsoil and all other things attached to the surface such as buildings, trees, crops, etc. In other words, it is the solid ground, and things permanently attached to it. Moreover, section 3 of the interpretation act cap.89, laws of the federation of Nigeria goes on to add that land includes everything attached to the earth or permanently fastened to anything which is attached to the earth and all chattels real but does not include minerals. By this definition, if a building is erected on land and objects and permanently attached to the building, then the soil on which the building stands, the building itself and the objects, affixed to it, in law, all become land.(……)

For a agro-entrepreneurs to have legal interest in land as required by the agriculture credit decree the agro-entrepreneurs must have a registered conveyance title before the land use act or a right of occupancy evidenced by a certificate of occupancy after the act, or any other legal interests recognized under the land use act. Right of occupancy mentioned above is in two sections. Those granted by the State Governors are referred to as statutory rights of occupancy and these involve land in urban areas, while those granted by the Chairmen of Local Government Areas in respect of land in the rural areas are customary rights of occupancy. The interests of the lending banks in such parcel of land offered as collateral may be legal or equitable. The certificate granted by the State Governor or the Chairmen of Local Governments confer on its holder a right to the use of land therein described. It can be offered to a lending bank as collateral for a loan under the agricultural credit guarantee scheme fund. In creating a charge (either legal or equitable) the charger i.e. the borrower must first have obtained the consent of the appropriate authority to the transaction.(sections 21 and 22 of the land use act). The legal implication of accepting a legal interest is that the lending bank can dispose of the collateral offered without going to court. However, in the case of equitable interest the lender must obtain an order of the court before he can dispose or foreclose the pledged collateral.

Legal Implications of Lending and Guaranteeing Loans to Unrecognized Co-operative

Section 6 of the agricultural credit decree recognizes that loan can be granted to individual, co-operative society as well as to corporate body, and states that 75% of such loans shall be guaranteed by the Fund. In a situation that a bank lends to an individual and such loan is guaranteed by the Fund, the Fund, in case of default, can sue for the recovery of the outstanding loan on personal contract after all efforts by the lending bank to recover the loan proved no result. It may be necessary for a consideration of the legal implication of incorporating an association that can access agricultural loans/advances.

A company or an association is incorporated in accordance with the relevant laws, such an incorporated association or company becomes a corporate body with distinct legal personality. It has rights and duties of its own. It can be sued and can sue in the name by which it is registered and its property belongs to it and not the members. Thus where a bank lends to a corporate body and such a loan is guaranteed by the Fund, the Fund, in case of default can sue such company in its corporate name for the recovery of the sum of money outstanding after all endeavors by the lending bank to effect recovery have failed. The legal implications of lending and guaranteeing loans to unrecognized co-operative societies or farmers' association, self- help groups needs be stressed. A co-operative society is an association of persons, usually of limited means, who voluntarily come together to achieve a common economic goal through the formation of democratically controlled business association, putting their equitable contributions to the share capital required and accepting a fair share of the risks and benefits of the business activities.. It is a form of organization wherein persons voluntarily associate together as human beings, on the basis of equality, for the promotion of the economic interests of themselves for their mutual benefits.

Each state of the Federation has provisions in its laws for the formation and registration of such association. Therefore, in compliance with appropriate state co-operative law each group must be registeredfor it to be officially recognized,. This conveys a legal status for such a cooperative. For instance, the states' cooperative laws in Nigeria stipulates as follows:

1. No person other than a registered society shall trade or carry on business under any name or title of which the word Co-operative
2. is part without the sanction of the registrar
3. Any person who contravenes the provisions of this section shall be guilty of an offence and shall be liable on conviction to a fine not exceeding ten pounds and in the case of a continuing offence to a further fine not exceeding one pound for each day during the offence continues.

This position is even made clearer by the provisions of Companies and Allied Matters decree 1990. Section 656(1) states that every individual, firm or corporation having a place of business in Nigeria and carrying on business under a business name shall be registered.

a. In the case of a firm, the name does not consists of the true surname of all partners without addition other than the true forenames of the individual partners or the initials of such forenames:
b. In the case of an individual the name does not consists of his true surname without any addition other than his true forenames or the initials thereof.

This provision of the decree makes it mandatory for individuals, firms or corporations carrying on business in a name other than their true names to register such names. Deviation from these provisions of the decree will open every partner in such a firm or individuals to a fine of N50.00 for every day during which the default continues.

Criticisms of the Institutional and Legal Framework in Agricultural Financing

1 .Agricultural financing is a specialized function that involves much specialist skills. The institutions that are involved in the financial services delivery are specialized and are supposed to be customer oriented but these financial service providers are exploiters and over-profit optimization driven. The structure and organization of these institutional frameworks are embedded with bureaucratic procedures that tend to slow down fund channelization to desire clients .This makes the impacts of agricultural financial institutions less effective.

2 The institutional frameworks are created to maximize profit for the banks that grant the financial services to the farmers rather than seeking to maximize the welfare of the farm families' standard of living.

3.The major problem of formal credit institutions in Nigeria is that of increase non- performing loan collectively referred to as toxic assets which arise from many factors comprising poor conduct of due diligence in credit appraisals coupled with insider abuse and the weak legal system. It could be recalled that the recent distress experienced in Nigeria by banks in 1990s was sequel to insider abuse actions supported by unprofessional evaluation of credit appraisal. Inadequate collateral and weak judicial system undermine the agricultural financing market. This makes enforcement of financial contract difficult. Costly and prolonged legal cases are not usually in favor of agricultural financing institutions ultimately the capital base of this financial institutions are eroded thereby affecting the loanable funds of the institution in agricultural financing.

4. The absence of credit rating agency and presence of information asymmetry reduces the ability of institutions effectiveness to select and monitor loan beneficiaries. It could be argued that with the limited loan liability characteristic of majority of Nigerian farmers may engender the preference for risk among loan beneficiaries and a corresponding risk taking aversion tendency among financial institutions and the concomitant adverse selection problems and credit rationing.

5.The organizational structure as well as the management of the public related institutional framework are saddled with complex span of authorities which hamper effective flow of information and financial intermediation. This institutional framework lack proper co-ordination and control. The cost of credit

administration is usually too high leading to less realization of their mandate. This lack of proper co-ordination tends to reduce the impact of institutional loan financing and can mar the zeal of potential loan beneficiaries.
6. The conservative legal framework does not permit changes in board composition and paid up capital and these have adverse influences on the impact of agricultural financing. We are in a dynamic world that calls for constant changes to meet emerging economic realities.

IV. Conclusion and Recommendations

The institutional frameworks subsisting in agricultural financing landscape in Nigeria encapsulate institutions that are involved directly or indirectly in channelization of credit to operators at various strata of the agrarian economy. These include international, institutions/agencies, federal, state, local government authorities, farmers' cooperatives, non-governmental organizations, extension services.
The legal frameworks hinge on the laws/decree or edicts established by duly constituted authorities. These have direct bearing with volume and impact of agricultural financing in Nigeria.
In improving the institutional and legal frameworks that impact on agricultural financing in the country, the following issues must be addressed to enable the nation achieve increase in agricultural production, deepen financial inclusion, foreign exchange and employment generation for the increasing population.

Recommendation
Financial institutions (banks).
-.Greater participation of financial institutions in agricultural financing through provision of financing/financial advisory services and project supervision
-.Removal of administrative impasses, simplification of loan transactions procedures
-.Packaging agricultural finance with input supplies to minimize cost of input acquisition cum bottleneck in distribution,
- Link Extension service with Agricultural finance and produce -marketing for effective institutional impact to be created in the country.
-- Improvement in creation of national collateral outlet for registering farmers assets as to serve as documentary evidence to bank loan transaction with minimal cost to loan beneficiaries. Agricultural lending should be based on cash flow/returns and capacity
-Decentralize lending power and approving authority in branches and zones

For Government Ministries/Agencies
For greater impact of the institutional cum legal framework in agricultural financing, the ministries/agencies should depoliticize agricultural financings and reduce undue government interference, government role be seen as providing logistic support and enabling environment that spur agricultural financial institutions to flourish effectively., coordinated building team of spirit among stakeholders in agricultural value chains.
The legal framework must provide special legislation with stiff sanctions and penalties on loan defaults. Banking decree relating to borrowing and credit policies be amended in favour of agricultural financing in the country. Women be allowed to have proper title to land in all parts of the country. Land use decree be reviewed
-Legislation should recognize our traditional loan recovery methods
Update financial/ banking laws taking into consideration the micro- small holding farmers.

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