

Examining the Effect of Bank of Industry Lending on the Performance of Smallholder- Rice Farmers in a Selected State in Nigeria

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Abstract

Although the existing literature is replete with studies assessing the effects of banks' lending on the growth of micro, small, and medium enterprises (MSMEs) in Nigeria, the impact of Bank of Industry (BOI) lending on the growth of MSMEs has not been well established. The primary objective of this study was to examine whether the BOI credits played an important role in promoting smallholder-rice farming in Ayamelum LGA of Anambra State, Nigeria. This objective is synergized with the Sustainable Development Goals (SDGs), particularly the SDG-8, which focuses on the achievement of decent work and economic growth. The study adopted survey design, using the Taro Yamane formula 1967 to arrive at a sample size of 60, which was derived from the population of 70 clusters of smallholder-rice farmers. The purposive sampling technique was used to administer questionnaires and interviews, which were analyzed using descriptive statistics and qualitative descriptive methods. The results showed that the BOI micro-enterprise lending scheme did not enhance the performance of smallholder-rice farmers in Ayamelum LGA. This is because 94% of the respondents believed that the BOI did not support them and were faced with limitations of information and knowledge on the operations of the bank. The results of this research were compared with the findings of some related empirical studies. While some findings agreed with the results of this study, others were contrary. This shows that while the BOI enterprise financing is considered effective in some locations and businesses, contrasting outcomes were recorded in other locations and businesses in Nigeria. Factors such as the lack of information and knowledge regarding the BOI loan terms and support services among the rice farmers in Ayamelum LGA have been noted in this study. This has undermined the ability of rice farmers in the LGA to benefit from the BOI value chain, thereby impeding their productivity levels. Arising from the major findings, the study recommends, among others, that there is a need for the BOI to increase awareness creation regarding its operations among the rice farmers in Ayamelum LGA. This could be achieved by organizing seminars and workshops for the rice farmers, in order to educate them on the BOI loan terms as well as the measures to ensure prudent management of business funds.

Keywords: *Bank of Industry, Loans, Enterprises, Rice Farmers, Growth.*

JEL Classification Codes : E51, H81, L32, Q12, N1.

1. INTRODUCTION

The private sector comprises the micro, small and medium, and large enterprises. This critical sector serves as a medium for achieving high economic growth and development across

all national economies. The high economic growth is often achieved through the improvement of MSMEs, which serve as a catalyst for employment generation and poverty reduction. The MSMEs are globally recognized as engines of socio-economic transformation, as they have become well established in both developing and developed economies, and offer opportunities to drive jobs and wealth creation as well as income redistribution within society (National Bureau of Statistics- NBS, 2017). Again, virile MSMEs are considered to have nexus with the achievement of Sustainable Development Goals (SDGs), particularly the SDG-8, which focuses on the achievement of decent work and economic growth in all societies by the year 2030. In Nigeria, just as in many developing societies, MSMEs are the bedrock of the economy, serving as the vehicle for realizing private-sector growth (NBS, 2017). Specifically, the 41,543.028 MSMEs account for 76.5 percent of the national workforce, 49.78 percent of the GDP and 7.64 percent of export receipts (NBS, 2017).

In spite of huge prospects of the MSMEs in the growth and development of the Nigerian economy, the sector is plagued with myriad of challenges. Some of these challenges include dearth of funds, difficult access to bank credits, multiple taxation, inadequate working facilities and poor social infrastructure, poor planning and managerial skills, insufficient training and knowledge networks, among others (Ogbo & Nwachukwu, 2012; Nnabuife, Okoli, Moneme & Ewah-Bassey, 2018; Saari, 2020; Yamma, Sunday & Mutong, 2023).

To address the financial and technical challenges facing the MSMEs-led private sector, and facilitate the growth and development of the economy, the Nigerian government in the past five decades adopted different schemes aimed at supporting the private sector especially the MSMEs to secure needed funds with minimum interest charges and long repayment periods (Ubesie, Onuaguluchi & Mbah, 2017). Some of these strategic interventions include the establishment of Bank of Industry (BOI), Small Scale Industries Credit Scheme (SSICS), Small and Medium Enterprises Equity Investment Scheme (SMEEIS), Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), Nigeria Export-Import Bank (NEXIM), the Bank of Agriculture (BOA), Microfinance Banks, and others (Evbuomwan, Ikpi, Okoruwa & Akinyosoye, 2013; Olawepo & Ariyo, 2019; NBS, 2020; Ituen, 2022). However, the highpoint of these decades of government financial interventions in the private sector was the establishment of BOI in Nigeria.

The BOI is indeed among the leading development financial institutions in Nigeria designed to serve as a catalyst for the growth and development of private enterprises through the sustained funding and improvement of MSMEs output in the country. The BOI was established in 2001 following the reform of the erstwhile Nigeria Industrial Development Bank (NIDB), which was formed in 1964 under the supervision of the World Bank. Specifically, the BOI was established to provide financial and advisory supports for the establishment, growth and expansion of MSMEs and large businesses in Nigeria (BOI, 2022). In an effort to achieve this mandate, the core lending priorities of the BOI are carried out by its respective directorates, namely, the Micro Enterprises, SMEs, and Large Enterprises Directorates. The BOI MEs Directorate is saddled with delivering tailored support and low-interest loan to MEs in the informal, semi-formal and formal sectors of Nigeria (BOI, 2022).

Notwithstanding the efforts at federal and state levels to provide the needed financial and advisory services to the private enterprises in Nigeria, the growth and development of micro businesses are still faced with daunting financial and technical challenges, among others (Gloria & Cosol, 2011; Anigbogu, Onwuteaka, Edoko & Okoli, 2014; Nwankwo & James, 2017; Ojeleke & Aransiola, 2022; Yamma, Sunday & Mutong, 2023). Consequently, while

there is considerable intellectual debate regarding the impact of commercial bank lending on the growth of private enterprises in Nigeria (Babajide, 2012; John-Akamelu & Muogbo, 2018), the contribution of BOI to the growth of MSMEs has received less attention from the researchers, coupled with mixed findings or lack of consensus among scholars about the impact of BOI on the growth of MSMEs in Nigeria. For instance, the findings of some empirical studies showed that the BOI loans impacted positively on the growth of MSMEs in Nigeria (Bello & Abdullahi, 2018; Ogunsanwo and Olowo, 2020; Dangiwa, Shekarau & Dogara, 2022), while other results were in the contrary (Nwankwo & James, 2017; Yamma et al., 2023). It is against this background that the study investigated the effect of the BOI micro-enterprises lending on the performance of smallholder-rice farmers in Ayamelum LGA of Anambra State, from 2015 to 2023. This study was born out of the need to examine whether the BOI micro-enterprises lending scheme played a significant role in funding the smallholder-rice farmers in Ayamelum LGA of Anambra State. The study is organized into different sections. Sections one and two introduced the study and the area of study while sections three, four and five focused on the literature review, theoretical framework and methodology. On the other hand, sections six and seven focused on the results presentation, discussion and conclusion.

2. BRIEF DESCRIPTION OF THE STUDY AREA

The figure 1 is the map of the study area- Ayamelum LGA. The map provides a detailed representation of the Ayamelum LGA, showcasing its constituent towns and communities. Notably, five communities in the LGA renowned for their significant rice production capacities are highlighted in the map, namely: Omor, Omasi, Ifite-Ogwari, Umumbo and Umerum.

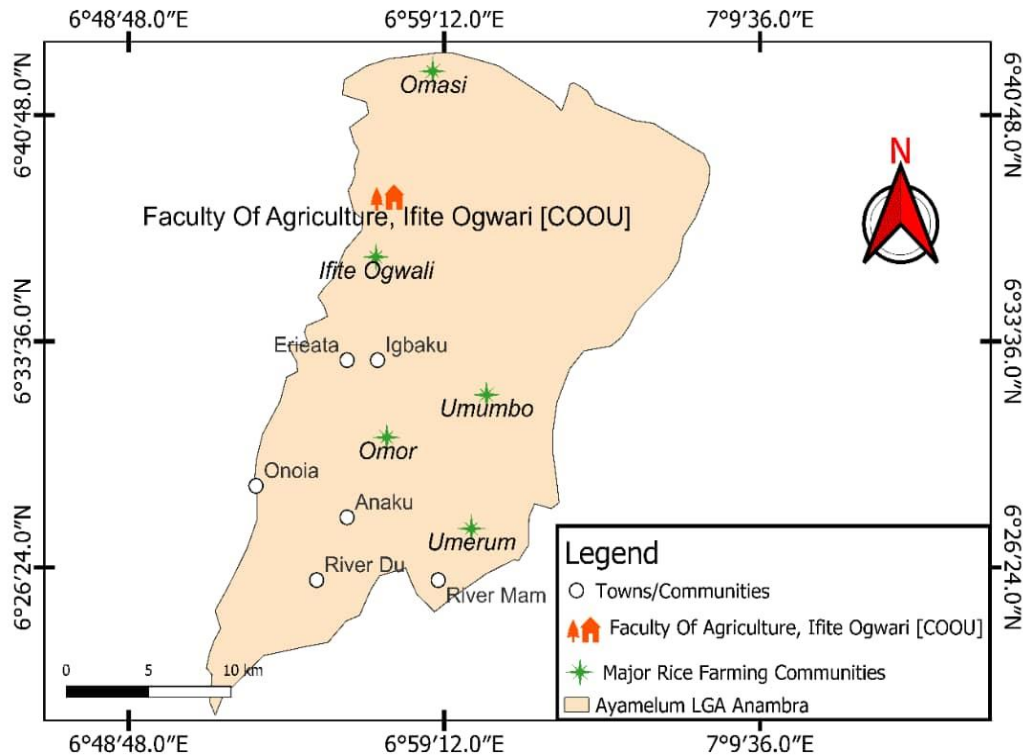


Figure 2.1: Map of Ayamelum LGA, Anambra State, Nigeria

Source: Authors.

In the map, the Faculty of Agriculture, Ifite Ogwari under the Chukwuemeka Odumegwu Ojukwu University (COOU), is highlighted because, it serves as a ground for knowledge transfer and is vital in improving the agricultural status of the communities in Ayamelum LGA.

3. REVIEW LITERATURE

In this section, we reviewed literature on the challenges militating against the growth and performance of MSMEs in Nigeria. We also reviewed the extant literature on impact of the BOI on the performance MSMEs in the country. On the challenges facing MSMEs in Nigeria, Alabi, Awe and Musa (2015) utilized observation and review of documentary materials to evaluate the problems of finance confronting the performance of SMEs in Nigeria. The result of this study shows that fund availability is no longer a major concern to SMSEs, but lack of awareness and relevant education on the part of business owners to access the available funds. Saari (2020) employed a survey design to assess the challenges encountered by the SMEs in procuring credits from financial institutions in Nigeria. Relying on non-probability sampling technique to select a sample size of 50, drawn from the population of SMEs in Lagos State, results of the study show that SMEs have their credit applications rejected by banks, or were given loans at very short maturity periods. In the same vein, Ogbo and Nwachukwu (2012) examined the roles played by SMEs in developing the Nigerian economy. The study employed a random sampling technique and statistical data analysis to examine 100 SMEs across selected states in Nigeria. The results show that the SMEs in Nigeria had performed below the expectation, due to inconsistent government policies, poor managerial skill among the SMEs operators and paucity of funds. Similarly, Muritala, Awolaja and Bako (2012) adopted a survey technique to analyze the contributions of SMEs to the growth and development of Nigeria economy. The results of the study show that several factors hamper the roles of SMEs in growing and developing the Nigerian economy. The authors identified these impediments to include inadequate financial support, dismal state of infrastructure, weak administration, corruption, inadequate training and experience, low profit margins, and low market for product and services.

Moreover, the effect of BOI loans on the growth of micro and small businesses has continued to elicit interests from the researchers. For instance, Bello and Can (2022) used a descriptive survey technique to study the effect of BOI on the growth of MSMEs and poverty reduction in north-central Nigeria. 130 respondents were given questionnaires and the independent t-test and one-way ANOVA at a 0.05 level of significance were used to test the hypotheses. The finding of the study shows that the BOI MSMEs financing significantly affected poverty reduction in the region.

Similarly, Ogunsanwo and Olowo (2020) examined the role of BOI on the development of small businesses in Ekiti State, Nigeria. The authors collected primary data with the aid of questionnaires and analyzed them using t-test of regression statistics. Results of the study shows that the contribution of BOI in SMEs financing affected the problems confronting small businesses in the State. Ningi and Tahir (2015) employed survey design to examine the effect of BOI on SMEs industrial development in Bauchi metropolis of Nigeria. The authors distributed 50 questionnaires to SMEs owners in the study area, which were analyzed with the aid of SPSS version 17.0 descriptive option and correlation. The result of the study shows that SMEs were highly affected by loans collected from the BOI, which were effectively utilized for the intended purposes. With the aid of quantitative and qualitative methods for data collection and analysis, Bello and Abdullahi (2018) examined the role and impact of BOI on

the growth of SMEs, focusing on a sample of 110 business owners in Kano Metropolis. Finding of the research shows that the BOI plays a significant role in the development of SMEs in the area.

Conversely, Nwankwo and James (2017) embarked on empirical study of BOI's loan to the development of MSMEs in Nigeria, from 2003 to 2013. Using the expose fact research design model and the multiple linear regression analysis based on the classical regression methodology, the result of the study shows that the BOI lending to MSMEs output in Nigeria does not present a bright future. Ojelade, Ishola and Ajayi (2022) appraised the contribution of BOI financing towards the development of SMEs in Ikeja Business District, Lagos State, Nigeria. The authors utilized a simple random technique to select 120 SMEs respondents to questionnaires based on the BOI directory, 2018. The authors recorded that 92 questionnaires were correctly filled and returned. Meanwhile, the study adopted Bivariate regression analysis, aided by SPSS version 25 to test the formulated hypotheses. Findings of the study show that the contribution of BOI to SMEs development in the study area is too minimal. Mohammed, Babagana and Abba (2021) employed survey design to assess the impact of BOI on the growth of entrepreneurial activities in Maiduguri, the capital city of Borno State, Nigeria. Simple percentage and chi-square statistical test was adopted by the study to test the research hypothesis. Finding of the study shows that the funding supports of the BOI have not achieved the intended goals in terms of business creativity, innovation and diversification in Borno State. In addition, Ilori and Ile (2024) evaluates whether the BOI initiatives facilitated the development of entrepreneurial activities within the MSMEs sector in Nigeria. Based on survey design, the study selected a sample size of 128 agribusiness owners within Lagos metropolis using structured questionnaires and interview schedules for BOI officials. The study unraveled a number of constraints (both internal and external influences) undermining the capacity of BOI to transform the MSMEs sector in the state.

Consequently, the extant literature is gorged with studies which unraveled many challenges restraining the performance of MSMEs subsector of the Nigerian economy. The existing studies are also inundated with researches which assessed the effects of BOI credits on the growth and development MSMEs in Nigeria. Moreover, the review of empirical literature on the contributions of BOI loans towards the growth of MSMEs shows variation of findings. On the one hand, findings of some empirical studies showed that the BOI lending role as development finance institution facilitated the capacity of MSMEs in Nigeria. On the other hand, other research findings revealed that the effects BOI business financing services are too minimal within the MSMEs subsector in Nigeria. Against this backdrop, this study attempted to add to the existing knowledge by utilizing primary data and descriptive statistics to examine the effect of the BOI micro-enterprises lending on the performance of smallholder-rice farmers in Ayamelum LGA of Anambra State, from 2015 to 2023.

4. THEORETICAL FRAMEWORK

This study adopted the theory of change for private sector growth and development (PSGD). The theory of change for PSGD, generally known as the theory of change (ToC) is associated with the earliest writers such as Funnell and Rogers (2011), Vogel (2012) and Thornton, Schuetz, Forch, Cramer, et al. (2017), among others. There is a growing body of literature which has utilized the theory of change in the interrogation of processes of change, interventions, growth and development especially in the economic, energy, social and food systems. Some of these scholars that have contributed to the expansion of theory of change

include Nortfund (2020), Dinesh, Hegger, Klerkx, et al. (2021) and Lane (2021). Importantly, while there are multiplicities of specific definitions, methodologies and uses of theory of change, Funnell and Rogers (2011) and Thornton et al. (2017) argued that an essential attribute of ToC is that it allows for flexibility and dynamism in application and usage according to need. Generally, the theory of change describes the hypothesized series of changes that are expected to take place within a given context as the result of specific activities or interventions (Lane, 2021).

Notably, the Ministry of Foreign Affairs, Sustainable Economic Development Department, Government of Netherlands, became among the leading development institutions and body of literature to adapt the theory of change in explaining how the MSMEs-led private sector growth could be achieved through governments' interventions. The theory of change for PSGD focuses on the private sector growth and development.

The theory proposes that strengthening MSMEs is the most effective intervention by any government or society to promote economic growth and sustainable development. This measure will yield positive result only if action is directed towards the right sectors and towards creating opportunities for young people and women.

The theory also assumes that direct institutional financing and strengthening of MSMEs can lead to an improved business climate and thereby economic growth and development. In addition, the theorists posit that better access to funds and infrastructure will lead to structural improvements in the enabling environment for successful entrepreneurship, creating more and better jobs.

In consistence with the thesis of theory of change for PSGD, the BOI recognizes that the MSMEs sector plays key roles in job creation, advancing and propelling economic growth in Nigeria (BOI, 2022). Thus, the theory of change for PSGD provides a suitable framework of analysis for investigating the specific problem (objective) of this study, namely, to ascertain whether the BOI micro-enterprises lending increased the performance of smallholder-rice farmers in Ayamelum LGA of Anambra State, from 2015 to 2023.

5. METHODOLOGY

The study utilized the ex-post facto and survey designs to examine the effect of the BOI micro-enterprises lending on the performance of smallholder-rice farmers in Ayamelum LGA of Anambra State. Questionnaires and interviews were employed to generate primary data used in the test of hypothesis. Primary data was collected from the sample size of 60, which was derived from a population of 70 clusters of smallholder-rice farmers in Ayamelum LGA of Anambra State.

The Taro Yamane formula 1967 enabled us to arrive at the sample size from the above population. With purposive sampling technique, 60 copies of questionnaires were distributed on gender identity basis (involving 25 females and 35 males) at various clusters of smallholder-rice farmers in the LGA. However, only 50 copies of the questionnaire were filled and returned. Using the purposive sampling technique, interviews with the representatives of various clusters (2 females and 10 males) and officials of the BOI at Awka office, were conducted. The quantitative and qualitative data were analyzed with the aid of descriptive statistics and qualitative descriptive methods.

Rice farming is a lucrative business with more than 30,000 direct and indirect jobs in Ayamelum LGA of Anambra State. This economic subsector is in the priority list of the BOI and other development financial institutions. Thus, the foregoing justifies the choice of rice farming in the assessment of the impact of BOI loans on the development of MSMEs in Anambra State.

Interview Guide

The interview guide draws insights from the participants on the specific objective of the research. The guide covers questions drawn from the themes such as the participants' socio-demographic, scale and scope of rice farming, sources of business funds, extent of awareness about the BOI loans; loan process and requirements, loan accessibility, interest rates and loan repayment duration; and the major challenges faced by the participants in operating rice farming.

Nature of Interview

The study adopted a non-directive interview, also known as unstructured interview (UI). Much like everyday conversation, UI enabled us to explore informal and free-flowing information from the participants on specific topics related to the research objectives. It also aided us to have more in-depth probing into the key objective of this study. The UI is flexible and made it possible to ask the participants open-ended questions on themes of the interview. This enabled the participants to speak freely at some length and expand on their knowledge and experience with the BOI. The phone-audio recording and note-taking were employed to record the participants' responses during the interview. The participants' responses were transcribed using "verbatim transcription" method, which enhanced rigorous qualitative analysis. Meanwhile, qualitative descriptive method was used to analyze responses from various themes of the interviews. This provides a detailed presentation, explanation and discussion of the qualitative data from the interviews.

6. DATA PRESENTATION AND ANALYSIS

This section of the study focused on the presentation, description, analysis and interpretation of field data generated from the population sample using questionnaire and interview. The section is guided by the following subthemes:

- Data presentation and analysis of questionnaire results
- Analysis of interview results.

6.1 Data Presentation and Analysis of Questionnaire Results

The first section collected the respondents' socio-demographic and biodata, while the second section related to the extent of awareness and contribution of BOI credits to the growth of smallholder-rice farming in Ayamelum LGA. Meanwhile, section three elicited information on the barriers faced by them in accessing the BOI loans, while section four of the questionnaire related to the general sources of funds and challenges faced by the rice farmers in the LGA.

6.1.1 Socio-demographic characteristics

This section focused on the demographic characteristics and biodata of the respondents, as shown in Table 6.1.1.1 below.

Table 6.1.1.1: Percentage distribution of socio-demographic characteristics of respondents

Socio-demographic characteristics of respondents	Frequency	Percentage
Gender		
Males	40	80
Females	10	20
Total	50	100
Highest educational qualification		
SHSC	9	18.0
NCE	12	24.0
OND	7	14.0
HND	1	2.0
FIRST DEGREE	10	20.0
FSLC	8	16.0
NONE	3	6.0
Total	50	100
Rice farm location		
OMOR	41	82.0
IFITE OGWARI	9	18.0
Total	50	100.0
Period operating on rice farming		
Between 1 and 5 years	6	12.0
Between 6 and 10 years	16	32.0
Between 11 and above	28	56.0
Total	50	100
Number of employee(s)		
1-3	8	16.0
4-6	7	14.0
7-9	10	20.0
10 and above	15	30.0
None	10	20.0
Total	50	100

Source: Field survey, 2024

The Table 6.1.1.1 presents the percentage distribution of socio-demographic characteristics of respondents, rice farmers, in Ayamelum LGA, Anambra State. As shown in the Table 6.1.1.1 above, the majority (80.0%) of the respondents were males, while 15.1% were females. The disparity in the gender reflects the male-dominated nature of the rice farming in Ayamelum LGA, Anambra State, which could have implications on women's unemployment rate in the LGA.

Table 6.1.1.1 also presents the educational qualification of the respondents. The majority (24%) of the respondents were NCE holders while 20% of them had their First degrees. Meanwhile, 18% of the respondents were holders of Senior High School Certificates (SHSC) while 16% of them secured their First School Leaving Certificates (FSLC). While 14% of the respondents had their Ordinary National Diploma (OND), 2% of them were holders of Higher National Diploma. Notably, 6% of the respondents did not receive any formal education. This diverse educational backgrounds of the respondents show that rice farming in the study area provides many employment opportunities for both educated and non-educated persons. The location of the participants was captured by the data in Table 6.1.1.1 While 82% of the respondents had their rice farms located at Omor, 18% of them were located at Ifite Ogwari, in Ayamelum LGA. Although virtually all the communities in Ayamelum LGA are involved in

rice farming, greater rice farming activities take place at Omor and Ifite Ogwari. These farmers had been into ice production for some years. While 56% of the respondents had spent more than 11 years in rice farming, 32% of them had farmed rice between 6 and 10 years. However, 12% of the respondents had been into rice farming between 1 and 5 years. There is high commitment to rice production in Ayamelum LGA, as majority of the respondents (56%) have spent more than one decade in rice farming.

Furthermore, the Table 6.1.1.1 presented data on the number of people working for the participants in their rice farms. While 30% of the respondents employed more than 10 people in their rice farms, 20% of them had between 7 and 9 workers. In addition, 16% of the respondents employed 1 to 3 people, while 14% of them had 4 to 6 workers in their payroll. On the other hand, 20% of the respondents had no workforce. Data presented in Table 6.1.1.1 shows that rice farming has enormous prospects for job creation in the LGA. It shows that this subsector is crucial in the achievement of the SDGs, particularly the SDG-8, which focuses on the achieving decent work and economic growth in all societies by the year 2030.

6.1.2: Contribution of the BOI to the growth of smallholder-rice farming in Ayamelum LGA

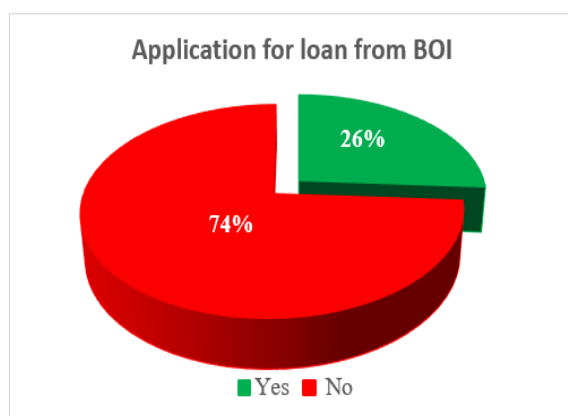


Figure 6.1.2.1: Percentage distribution of respondents on their application for BOI loan

Source: Field survey, 2024

Figure 6.1.2.1 above shows the percentage distribution of respondents on their application for BOI loan. The result indicated that majority of the respondents (74%) have not applied for the BOI loan, while 26% of them did apply.

Table 6.1.2.1: Percentage distribution of respondents’ responses on reasons for not applying for BOI loan

Reasons for not applying for BOI loan	Frequency	Percent
I don’t know about the loan	17	45.9
Not like the bank	1	2.7
No collateral	5	13.5
High interest	2	5.4
Short duration of loan Repayment	5	13.5
I don’t know about the bank	4	10.8
I don’t know the bank Location	3	8.0
Total	37	100.0

Source: Field survey, 2024

Table 6.1.2.1 above presents the respondents' responses on reasons for not applying for the BOI loan. Thus, out of the respondents who had not applied for BOI loan, 45.9% did not know about the loan, and did not apply for the BOI loan. Others identified a number of factors hindering them from applying for the BOI loan. Among these factors include, dislike of the loan (accounting for 2.7% of the responses), lack of collateral (accounting for 13.5% of the responses), high interest rate (accounting for 5.4% of the responses), short duration for loan repayment (accounting for 13.5% of the responses), "I don't know about the bank" (accounting for 10.8% of the responses) and lack of idea about the location of the BOI (accounting for 8.1% of the responses). The fact that majority of the respondents are uninformed about the BOI meant that their access to the bank's loans is limited.

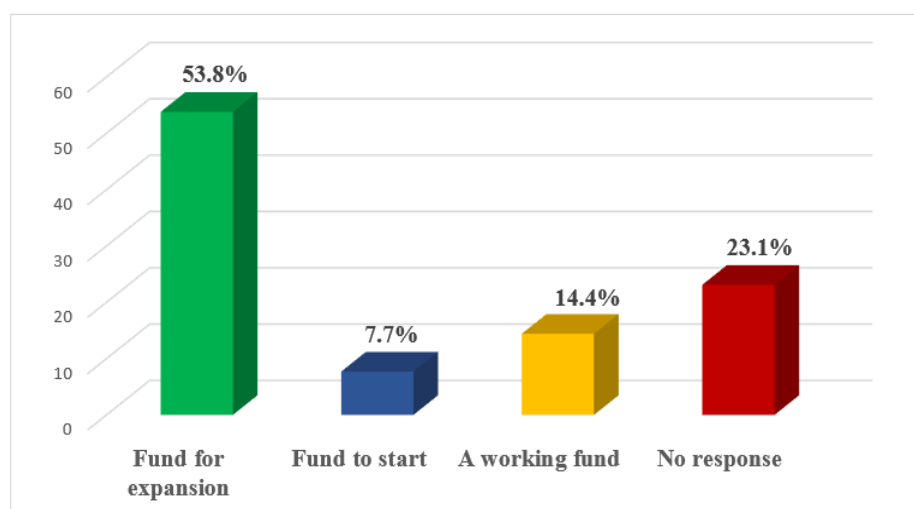


Figure 6.1.2.2: Percentage distribution of respondents on the purpose of application for BOI loan

Source: Field survey, 2024

Figure 6.1.2.2 above presents the respondents' responses on purpose for applying for BOI loan. The result shows that 53.8% of the respondents who applied for the BOI loan did so in order to secure funds for expansion of their rice farms, while 7.7% and 14.4% of the respondents applied for the Bank's loan for the purpose of start-up funds and procuring working fund respectively. Meanwhile, 23.1% of the respondents were neutral. The responses above imply that increased access to the BOI loans will likely enhance the performance of rice farmers in Ayamelum LGA of Anambra state.

Table 6.1.2.3: Percentage distribution of respondents' responses on essential requirements for BOI loan application

Essential requirements for BOI loan application	Frequency	Percent
Guarantor	1	7.7
Collateral	2	15.4
Audited account financial statement/Evidence of bank transaction	1	7.7
Location of my rice farm	2	15.7
Number of people working in my rice farm	1	7.7
Business plan	1	7.7
I don't know	5	38.5
Total	13	100.0

Source: Field survey, 2024

In the Table 6.1.2.3 above, the respondents identified various requirements involved in securing the BOI loan. These requirements include guarantor (accounting for 7.7% of the responses), collateral requirement (accounting for 15.3% of the responses), audited financial account statement/evidence of bank transaction (accounting for 7.7% of the responses), rice farm location (accounting for 15.7% of the responses), workforce (accounting for 7.7% of the responses), and business plan (accounting for 7.7% of the responses). Meanwhile, 38.5% of the respondents were neutral. This implies that many of the respondents were uninformed about the BOI loans.

Table 6.1.2.4: Percentage distribution of participants' responses on non-financial supports received from the BOI for rice farm

Non-financial support received from the BOI for rice farming	Frequency	Percent
Fertilizers	0	0.0
Pesticides	0	0.0
Water pump	0	0.0
None	50	100
Total	50	100.0

Source: Field survey, 2024

Table 6.1.2.4 presented data on the BOI non-financial support to the respondents. As shown in Table 6.1.4, none of the respondents received non-financial supports from the BOI. The fact that the all the respondents did not receive non-financial assistance from the BOI, shows the bank's lack of attention to the rice farmers in Ayamelum LGA.

Table 6.1.2.5: Percentage distribution of respondents' views on the supportive role of the BOI for the growth of smallholder-rice farms in Ayamelum LGA

Responses from the respondents	Frequency	Percent
Valid	YES	3
	NO	47
	Total	50
		100.0

Source: Field survey, 2024

Table 6.1.2.5 presented data on the supportive role played by the BOI for the growth of smallholder rice farmers in Ayamelum LGA. 94% of the respondents believed that the BOI did not support them, while 6% of them answered in contrary. The implication of this limited attention from the BOI is that the rice farmers would have to rely on other sources of funds, including their savings and commercial bank loans for the growth of their rice farms. This is likely to limit the productivity of the economic subsector.

6.1.3: The barriers faced by the smallholder-rice farmers in accessing the BOI loans in Ayamelum LGA

Table 6.1.3.1: Percentage distribution of respondents' responses on barriers to accessing BOI loans by smallholder-rice farmers

Barriers to accessing BOI loans by smallholder-rice farmers	Frequency	Percent
Denied access to BOI loan		
Yes	9	18.0
No	4	8.0
Have not applied for BOI load	37	74.0
Total	50	100.0
Main reasons for denial		

Failure to repay previous loan on time	4	44.4
Lack of collateral or guarantors	2	22.2
The bank is discriminatory	3	33.4
Total	9	100.0
Challenges encountered in BOI loan repayment		
Low sales/turnover	6	46.2
Short loan repayment period	1	7.7
High monthly charges/ interest rates	2	15.4
Multiple taxations	4	30.7
Total	13	100.0

Source: Field survey, 2024

Table 6.1.3.1 shows the views of the respondents on the barriers to BOI loans by the smallholder-rice farmers. The findings revealed that majority of the respondents (74.0%) did not apply for BOI loan. Meanwhile among the respondents that have previously applied for the BOI loan, majority have been denied access to the loans (18.0%) and 8.0% of them did not encounter denial of access to the bank's loan.

Also, Table 6.1.3.1 presented data on the main reasons for denial of respondents' access to the BOI loan. Among those respondents who had applied and were denied access, 44.4% was due to failure to repay previous loans on time, while 22.2% was due to lack of collateral or guarantors and 33.4% was linked to the bank's discrimination of rice-farmers.

Furthermore, the data also captured the challenges encountered by the respondents in repaying the BOI loans. Among those who were able to secure the BOI credits, 46.2% of the respondents encountered low sales/turnover, 7.7% of the respondents encountered short loan repayment period, 15.4% of the respondents encountered high monthly charges/interest rates, and multiple taxations were a hindrance for 30.8% of the respondents.

6.1.4: The general sources of funds and challenges for smallholder-rice farmers in Ayamelum LGA

Table 6.1.4.1: Percentage distribution of respondents' responses on general sources of funds and challenges for smallholder-rice farmers in Ayamelum LGA

General challenges for smallholder-rice farmers	General sources of funds for smallholder-rice farmers				Total
	BOI loan	Commercial bank loan	Personal savings	Family relations and friends	
Lack of funds	0 (0.0%)	0 (0.0%)	9 (47.4%)	5 (45.5%)	14 (28.0%)
Lack of access to BOI loan	0 (0.0%)	3 (42.9%)	2 (10.5%)	1 (9.1%)	6 (12.0%)
High interest rates on banks loans	4 (30.8%)	2 (28.6%)	0 (0.0%)	0 (0.0%)	6 (12.0%)
Multiple taxations	6 (46.2%)	1 (14.3%)	0 (0.0%)	0 (0.0%)	7 (14.0%)
Lack of equipment and infrastructure	3 (23.1%)	1 (14.3%)	8 (42.1%)	5 (45.5%)	17 (34.0%)
Total	13 (100%)	7 (100%)	19 (100%)	11 (100%)	50 (100.0%)

Source: Field survey, 2024

Table 6.1.4.1 provided data on how the rice farmers in Ayamelum LGA generated their start-up funds and challenges for smallholder-rice farmers in Ayamelum LGA. Amongst the

13 respondents who had their start-up funds through BOI loan, 46.2% had multiple taxations challenges, 30.8% had high interest rates on banks loans challenges, 23.1% had lack of equipment and infrastructure challenges, while none of the respondents had lack of fund and access to BOI loan.

For the 7 respondents who had their start-up funds through commercial bank loan, 42.9% had lack of access to BOI loan as a challenge, 28.6% had high interest rates on banks loans as a challenge, 14.3% had multiple taxation as a challenge, 14.3% had lack of equipment and infrastructure as a challenge, while none of the respondents had lack of fund as a challenge.

Furthermore, the data in Table 6.1.4.1 above presented that among the 19 respondents who had their start-up funds through personal savings, 47.4% had lack of funds as a challenge, 10.5% had lack of access to BOI loans as a challenge, 42.1% had lack of equipment and infrastructure as a challenge, while none of the respondents had multiple taxation and high interest rates on banks loans as challenges.

Finally, among the 11 respondents who generated their start-up funds through family relatives and friends, 45.5% had lack of funds as a challenge, 9.1% had lack of access to BOI loan as a challenge, 45.5% had lack of equipment and infrastructure as a challenge, while none of the respondents had multiple taxation and high interest rates on banks loans as challenges.

6.2 Analysis of Interview Results

In an attempt to uncover general trends or relevant insights and strengthen the survey results from the questionnaires, we interviewed some stakeholders of the smallholder-rice farming in Ayamelum LGA. These conversations aided the clarity and explanation of why the BOI has not contributed to the growth of rice farming in the LGA. The analysis of the interviews is structured thematically.

Table 6.2.1: Socio-demographic characteristics of IDI participants

Participant code	Gender	Age	Marital Status	Educational Qualification	Period operating on rice farming	Number of employee(s)	Location of rice farm
IDIOM1	M	55	M	No formal Education	22	3	Omor
IDIOM2	M	46	S	SSCE	10	1	Omor
IDIOM3	M	41	M	FIRST DREGREE	13	1	Omor
IDIOM4	M	50	M	FSLC	23	6	Omor
IDIOM5	M	38	S	FSLC	8	0	Omor
IDIOM6	F	45	M	FSLC	11	1	Omor
IDIIF1	M	45	M	HND	15	2	Ifite Ogwari
IDIIF2	M	39	M	SSCE	9	0	Ifite Ogwari
IDIIF3	M	50	M	No formal Education	26	4	Ifite Ogwari
IDIIF4	M	47	S	FSLC	11	3	Ifite Ogwari
IDIIF5	M	37	M	SSCE	7	1	Ifite Ogwari
IDIIF6	F	42	M	SSCE	6	0	Ifite Ogwari

Source: Survey 2024

The Table 6.2.1 above presented the socio-demographic characteristics of IDI respondents. The result indicates that out of the 12 respondents, 6 respondents each were purposively selected from Omor and Ifite Ogwari community and was coded IDIOM1-IDIOM6 and IDIIF1-IDIIF6 respectively. On gender, 10 respondents were males and 2 respondents were females, where their age ranged between 38-55 years. Their educational qualifications were no formal education holder (2), FSLC holder (4), SSCE holder (4) and only

one first degree holder. They have operated on rice farming between the period of 6-26 years with zero employee to 6 employees in their rice farms.

6.2.2 Productivity of Rice Farming in Ayamelum LGA

The interviews with rice farmers reveal the lucrative nature of agriculture, rice farming in particular, at Ayamelum LGA. For instance, Mr. Peter, a local representative of several clusters of rice farmers, expressed optimism regarding the potential of rice farming to support many livelihoods and revenues for the government in the area. As he remarked:

As a farmer, I do other projects, but rice farming is my major occupation. My community, Omor is one of the largest rice farming hubs in West Africa. Because of the presence of Anambra-Imo River Basin Development Authority in my place, we have been into commercial agriculture for some years now. As a result, agriculture is supporting the livelihood of many in my locality. There is growth in agriculture and productivity output, making many people, both indigenes and strangers to engage in agriculture here. Many people do not want to go elsewhere for jobs because, farming here provides them the opportunity to generate reasonable incomes to cater for themselves and their family members.

This sentiment is shared by other participants who feel that Ayamelum LGA has a prospect for large scale agriculture, especially rice farming. Another participant, Mr. Edochie, who hails from Ifite Ogwari community emphasized that:

Rice farming is highly lucrative but capital intensive. For one to venture into rice farming, there is need to make provisions for rice seedlings, herbicides, fertilizers and machines that will necessitate the land browsing. When all these things are in place, farming of rice becomes profitable. All these require finances. Rice farming will give a farmer a bountiful harvest depending on what one invests to its cultivation.

6.2.3 Challenges facing Rice Farmers in Ayamelum LGA

Several participants agreed that lack of access to funds and agricultural lands are the major challenges confronting rice farmers in the area. For example, one of the leaders of Rice Clusters Union noted that:

Access to finance and land are twin problems plaguing rice cultivation in the LGA. Farmers are like entrepreneurs who need financial assistance and advisory support to enable them expand their scope and capacity. With sufficient financial support, the productivity of rice farmers will definitely increase. With financial support, we can rent more land for rice cultivation. Also, it is funding that determines the amount of fertilizers, pesticides and quality of machines that we can purchase for rice production.

6.2.3.1 Lack of Access to BOI loans

Moreover, many rice farmers expressed deep concerns regarding the inaccessibility of BOI loans. For instance, some of the participants noted that the BOI is not committed to giving loans to the rice farmers in the LGA. For example, Mr. Nnonyelu, a member of the Rice Cooperative remarked that:

We hear about the BOI but we have not benefited anything from them. Sometimes, officials of the BOI visit us and when they come, they often ask us to fill a form but in the end we 'don't' receive any assistance from them. I have had more than 15 years of experience in rice production, yet I have not received any loan from the BOI. Sometimes, what the BOI does

is to come here and interrogate us and the money meant for us would be given to traders. I 'don't' understand why, but this makes us to produce below our capacity.

6.2.3.2 Lack of Access to Information regarding BOI Operations

Meanwhile, many participants mentioned lack of information concerning the BOI loan requirements and non-financial services. One of the participants emphasized:

We have heard about the BOI but had neither applied for the loan nor known much about the loan terms. Farmers here lack information about the operations of BOI. It is the duty of government or BOI to create awareness regarding its operations. This is because, if the farmers are aware that the BOI is there to assist them in agricultural production, they would prefer to go there. The rice farmers are always eager to receive financial assistance to at least rent more land and make more input into rice cultivation which will yield more productivity.

Another participant, Mr. Edochie, shared the same sentiment regarding lack of information on the BOI operations. He remarked that “virtually all the rice farmers in Ifite Ogwari are unaware of the BOI loan”. According to him, “we have neither applied nor benefited from the BOI loan”. He noted that “it is only when you know about the BOI that you can apply for its loan”.

6.2.4 Major Sources Funds to Rice Farmers

Importantly, all the participants share the consensus that the rice farmers rely on meagre savings and borrowing to finance their rice farming. On this note, one of the participants pointed out that:

Many of the rice farmers rely on borrowing money to cultivate their rice. The rich farmers (those who farm on a large scale) go to commercial banks to take loans while the artisanal farmers (i.e. upcoming farmers) go to the Cooperatives to take loans. Others rely on their meager personal savings, family and friends to finance their rice farming.

6.2.5 Perspectives of BOI Officials on the Inaccessibility of Loans to Rice Farmers

The interviews with the BOI officials at the Bank's Awka office reveal a brazen lack of willingness to accept responsibility regarding the inaccessibility of rice farmers to access its loans and non-financial services. A top official of the BOI emphasized that:

The BOI creates awareness of her facilities to businesses via television, radio, seminars and workshops. We also leverage on our relationship with the State Government, SMEDAN, Industrial Training Fund (ITF), Technology Incubation Centre, NYSC etc. to extend our reach to the communities in and around the State.

Consequently, the analysis of primary data from the interviews shows that the BOI micro-enterprise lending scheme did not enhance the performance of smallholder-rice farmers in Ayamelum LGA of Anambra state. This aligns with the result generated with the aid of questionnaires. Moreover, the results of this empirical research is compared with the findings of some related empirical studies. For instance, the finding of the study agrees with the results of Yamma et al. (2023), Ojeleke and Aransiola (2022) and Nwankwo and James (2017), among others, which conclude that the BOI loans and non-financial support services to the MSMEs are too minimal. In contrary, the result of this study is averse to some findings of related empirical researches. For example, the results of Ningi and Tahir (2015), Bello and Abdullahi

(2018), Ogunsanwo and Olowo (2020), and Dangiwa et al. (2022) shows that the BOI financing plays a crucial role in the development of micro, small and medium businesses in Nigeria.

7. CONCLUSION, RECOMMENDATIONS, LIMITATIONS AND FUTURE DIRECTIONS

7.1 Conclusion

The result of this empirical research revealed that the BOI micro-enterprises financing scheme did not enhance the growth and performance of smallholder-rice farming in Ayamelum LGA of Anambra state, from 2015 to 2023. Virtually all the participants of the study relied on the funds from meagre savings, relatives and friends, and a fraction from the commercial banks to cultivate rice. Both results from the questionnaires and interviews show that there is lack of information and knowledge regarding the BOI loan terms and support services among the rice farmers in the LGA. This has undermined the ability of rice farmers to benefit from the BOI value-chains, thereby impeding their productivity levels.

7.2 Recommendations

Arising from the major findings therefore, the study recommends that there is a need for the BOI to increase awareness creation regarding its operations among the rice farmers in Ayamelum LGA. Since most of these rice farmers are in the remote areas and spend more time in the rice fields, with limited access to electricity and electronic gadgets, it is essential for the BOI officials to visit the rice farmers and sensitize them on the business lending and advisory support roles of the BOI. This could be achieved by organizing seminars and workshops for the rice farmers, in order to educate them on the BOI loan terms as well as the measures to ensure prudent management of business funds.

7.3 Limitations of the Study

This study was faced with many limitations. Top among them was financial limitations. The study was financed with personal funds, which resulted in the restriction of the scope of the study and limited sample size. That is, the sample size only covered a limited area of Ayamelum LGA in Anambra State. Another area of limitation was the time factor. This study was conducted during the peak periods of rice farming. As a result, many rice farmers were indisposed to participate in the study, and those who participated suffered divided attention, as they were torn between the pressures of work and our study. This undermined the quality and quantity of data gathered. Another important limitation was the participant's low educational attainment. Only 20% of the participants were first-degree holders. Consequently, the majority of the participants were uninformed about the operations of development financial institutions like the BOI. Some of the participants also doubted the good intentions underlying our study, while other rice farmers were pessimistic that a study of this nature would help to draw the attention of relevant stakeholders to their plights. This limited their cooperation with us during the study.

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Conflict of Interest Statement

We declare that this research output does not have conflict of interest.

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