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**ACCESSING THE EFFECT OF INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD) FINANCING ON AGROENTERPRISE CLIENTS IN UMUAHIA NORTH LOCAL GOVERNMENT AREA OF ABIA STATE, NIGERIA**

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**ABSTRACT**

This study assessed the effect of International Fund for Agricultural Development (IFAD) financing on agroenterprise clients in Umuahia North Local Government Area of Abia State, Nigeria. The study's objectives were to: determine the socio-economic characteristics of agroenterprise clients, assess the level of credit demanded and received among agro-enterprise clients, and determine the type of agro practices adopted before and after IFAD credit was received. A random sampling procedure was used in selecting 60 agroenterprise clients for the study. Data were collected using a well-structured questionnaire. Data were analyzed using statistical tools such as percentages, frequency distribution, and Agroenterprise Percentage Increase (AePI). The result showed that most of the respondents were male (52%), young (36 years), married (67%), and educated with moderate household size (4 persons per household). The mean amount of credit received (₦ 434,733.33), representing 66% of the respondents' credit portfolio, actually had the capacity to deploy financial resources into crop enterprises to generate the necessary financial returns that can offset their loans. Moreover, the mean performance of clients before IFAD financing was ₦ 32586.51, while the performance of clients after IFAD financing was ₦ 88283.33. This means that there was an increase of about 171% in the mean value of performance among clients after IFAD financing, showing that IFAD financing among clients was impactful. Furthermore, the majority of the clients adopted and intensified useful agro-practices that were cost-effective and eco-friendly. Future IFAD financing programs should prioritize experienced, educated, and cooperative-affiliated farmers for improved financial sustainability.

**Keywords:** Agricultural Development, Financing, Agroenterprise, Clients

## INTRODUCTION

Agricultural credit is vital for sustainable agricultural development to be achieved in Nigeria (Daramola and Adeusi, 2025). In addition, rural credit has proven to be a powerful instrument against poverty reduction and development in rural areas. Farmers are particularly in need of such instruments (i.e., credits) because of the seasonal pattern of their activities and the uncertainty being faced. Agricultural credit enhances productivity and promotes the standard of living by breaking the vicious cycle of poverty of small-scale farmers (Bako, 2020). Access to credit facilities by these poor rural people has the potential of making the change between crushing poverty and an economically secure life, as well as improving agricultural productivity (Daramola and Adeusi, 2025). Limited availability of credit service has undermined rural income activities due to a lack of capital for investment and has prevented farmers from adopting improved farming practices. To solve these problems, the Federal Government entered into a funding agreement with the International Fund for Agricultural Development (IFAD) for the funding of small-scale farmers in Nigeria. Therefore, IFAD was created to mobilize resources for programmes that alleviate rural poverty and improve nutrition. To achieve this objective, IFAD cooperates and collaborates with government agencies and parastatals such as Agricultural Development Programmes (ADP) and Ministries of Agriculture and Rural Development. The main objective of this study was to examine IFAD financing among agro enterprise clients in Abia State, Nigeria. The specific objectives included to: determine the socio-economic characteristics of IFAD beneficiaries, determine the level of credit demanded and received among agro enterprise clients, determine the performance of IFAD financing before and after production and sales, and determine the type of agro practices adopted before and after IFAD financing.

## METHODOLOGY

This study was conducted in Umuahia North Local Government Area in Abia State, which has a population of 359,230. It lies between 7 degrees and 60'E and latitude 5 degrees 68'N. Umuahia North was purposely selected for study from all the IFAD project sites in the state due to the high concentration of IFAD activities and its proximity. Four communities with visible IFAD projects were selected for study. Fifteen (15) IFAD benefiting agroenterprise clients were randomly selected from each of the selected communities. This gave a total sampling size of 60 IFAD beneficiaries. The selected number of beneficiaries in each community was limited due to the selection criteria and clients with proof of fund usage. The lists of the IFAD benefiting agroenterprise clients were supplied by the IFAD contact agent at the Agricultural Development Authority (ADP) headquarters in Umuahia. Primary data were used in this study. Primary data were collected from the respondents using a structured questionnaire and interview schedule. Data was analyzed using means, percentages, and frequency distribution. Further, the performance of respondents before and after IFAD production and sales was analyzed using Agroenterprise

Percentage Increase (AePI). The Agroenterprise Percentage Increase is presented as follows;

$$AePI = \frac{\text{Final outcome} - \text{Initial outcome}}{\text{Initial outcome}} \times 100 \dots \dots \dots (1)$$

Where,

The final outcome represents production and sales after IFAD financing

The initial outcome represents production and sales before IFAD financing.

## **RESULTS AND DISCUSSION**

### **Socio-economic characteristics of crop enterprise clients involved in the IFAD financing programme.**

Socioeconomic characteristics of crop enterprise clients involved in the IFAD financing programme are presented in Table 1. Table 1 reveals that 51.7% of respondents are male, while 48.3% are female, indicating a slight male majority. A significant portion (76.7%) falls within the 21-40 age range, with an average age of about 36 years, suggesting that most respondents are young, energetic, and enterprising. This demographic makeup may contribute to their willingness to acquire relevant knowledge, adopt financial innovations, and actively participate in IFAD programs, as noted by Ogbe and Igwemadu (2021) and corroborated by Mejeha and Ogbe (2010) and Ogbe and Ejim (2019).

Additionally, 66.7% of respondents are married, and 92% have a household size of 1-6, with a mean of about four individuals, suggesting moderate household sizes that may allow more IFAD financing to be channeled into agroenterprise activities rather than household expenses. Furthermore, 53.3% are members of cooperatives, which likely facilitates access to IFAD financing and mentorship, supporting agribusiness growth (Cooperatives Europe, 2020). Most respondents (72%) have 1-10 years of experience, with an average of five years, indicating practical knowledge in agro-based practices; more experienced enterprise owners are expected to efficiently allocate resources and achieve profitability (Ogbe, 2023).

**Table 1: Socio-economic characteristics of crop enterprise clients involved in the IFAD financing programme**

<b>Sex</b>	<b>Frequency</b>	<b>Percent</b>
Female	29	48.3
Male	31	51.7
<b>Total</b>	<b>60</b>	<b>100</b>
<b>Age</b>		
21-30	24	40
31-40	22	36.7
41-50	8	13.3
51-60	6	10
<b>Total</b>	<b>60</b>	<b>100</b>
<b>Mean</b>	<b>36.2</b>	
<b>Marital status</b>		
Single	20	33.3
Married	40	66.7
<b>Total</b>	<b>60</b>	<b>100</b>
<b>Household size</b>		
1-3	22	36.7
4-6	33	55
7-9	3	5
10-12	2	3.3
<b>Total</b>	<b>60</b>	<b>100</b>
<b>Mean</b>	<b>4.48</b>	
<b>Membership of cooperative</b>		
Members	32	53.3
Non-members	28	46.7
<b>Total</b>	<b>60</b>	<b>100</b>
<b>Years of cropping experience</b>		
1-5	15	25.0
6-10	28	46.7
11-15	12	20.0
16-20	5	8.3
<b>Total</b>	<b>60</b>	<b>100</b>
<b>Mean</b>	<b>7.8</b>	

**Source: Field survey, 2019**

## The level of credit demanded and received among Agroenterprise clients

The level of credit demanded and received by the agro-enterprise clients is presented in Table 2.

Table 2 shows that about 77% of the agroenterprise clients demanded credit ranging between ₦ 110,000 and ₦ 100000. However, only 70% of the respondents received credit. The reduction in the percentage (9%) of the respondents who received credit could signify a lesser capacity to repay credit. In addition, there is an increase of about 143% in the amount received by those who applied for funds ranging between ₦ 110,000 and ₦ 200000. The reason for this could be linked to the creditworthiness of clients to utilize and repay funds. The mean amount of credit received (₦ 434,733.33), representing 66% of the respondent's credit portfolio, actually has the capacity to deploy financial resources into crop enterprises to generate the necessary financial returns that can offset their loans and still ensure the sustainability of their crop enterprise.

**Table 2: Level of credit demanded and received among respondents**

Amount (Naira)	Credit Demanded		Credit Received	
	Frequency	Percent	Frequency	Percent
10000-100000	46	76.7	42	70
110000-200000	7	11.7	17	28.3
210000-300000	-	-	1	1.7
410000-500000	7	11.6	-	-
Total	60	100	60	100.0
Mean	658,550.00		434,733.33	

**Source:** Field survey, 2019.

## Performance of respondents involved in IFAD financing before and after Production and Sales

The distribution of respondents based on their performance after production and sales is presented in Table 3. Table 3 shows that the mean performance of clients before IFAD financing was ₦ 32586.51, while the performance of clients after IFAD financing was ₦88283.33. This means that there was an increase of about 171% in the mean value of performance among clients after IFAD financing. This goes further to show that IFAD financing among agroenterprise clients is impactful. This could have been based on their effective use of cooperatives in disbursement and monitoring for effective utilization of funds. This study corroborates the findings of LIFE-ND (2020) that the agribusiness investment programme, organized by the International Fund for Agricultural Development (IFAD) and Niger Delta Development Commission (NDDC), had at least 50% of beneficiary households with stable income for enhanced food security and sustainable livelihood.

**Table 3: Distribution of respondents based on performance after production and sales**

Performance (₦)	Before IFAD financing		After IFAD financing	
	Frequency	Percent	Frequency	Percent
10,000-110,000	51	85.0	33	55
111000-211000	8	13.3	11	18.3
212000-312000	1	1.67	7	11.7
313000-413000	-	-	9	15
<b>Total</b>	<b>60</b>	<b>100</b>	<b>60</b>	<b>100</b>
<b>Mean</b>	<b>32586.51</b>		<b>88283.33</b>	

*Source: Field survey, 2019*

### Types of agro practices adopted before and after IFAD financing

The type of agro practices adopted before and after IFAD financing among the respondents is presented in Table 4.

Table 4 shows that there was about 45%, 59 % and 21% reduction in the practice of bush burning, fallowing, and weeding. The reduction in the practice of bush burning after accessing IFAD financing could be a result of the knowledge gained on the harmful effects of its practice, both on the soil, soil microorganisms, and the environment in general. IFAD promotes sustainable agriculture and rural development based on inclusivity, resilience, and environmental sustainability (IFAD, 2025). In addition, the reduction in the practice of bush fallowing could be linked to the demand /competition for agricultural land for other purposes, such as the construction of houses, schools, among others, and would have rather been made to see the need to adopt land intensification practices such as crop rotation and mixed cropping. This exposure could have been instrumental in about 9% and 65% increase in the adoption of crop rotation and mixed cropping. Furthermore, there was about 190% and 108% increase in the adoption of storage practice and soil enrichment (organic farming). This is in addition to the benefits of crop diversification, effective soil utilization, and nutrient maximization. According to Lamptey (2022), agronomic practices such as crop selection, mulching, soil enhancement, and soil tillage have the potential to improve soil water content for improved and sustainable crop production. Moreso, IFAD emphasizes that sustainable practices are crucial for food security and protecting natural resources (IFAD, 2025).

More so, the high rate of storage practice could be associated with the fact that most of their produce is perishable and needs storage facilities for the preservation of their produce for a long time, increasing their market value and reducing the scarcity of produce during off-season. On the other hand, the adoption of organic farming could be associated with the moderate price of purchase and the eco-friendly effect of its use on the crop, soil, and the environment. The result also shows that there were about 144% and 138 % of clients who adopted the practice of irrigation and pesticide use in their agroenterprise activities. The reason for the adoption of irrigation and pesticide use could be a deliberate effort by the clients to increase crop productivity to generate high financial returns. These findings are consistent with the mission of IFAD on the adoption of agroecological methods that enhance soil health, conserve water, and reduce reliance on chemical inputs (IFAD, 2025).

**Table 4: The type of agro practices adopted before and after IFAD financing among agro enterprise clients**

Agro practices	Before financing		After financing		
	Frequency	Percent	Frequency	Percent	% change
Bush burning	47	78.3	26	43.3	-44.7
Fallowing	41	68.3	17	28.3	-58.5
Crop rotation	54	90.0	59	98.3	9.26
Weeding	56	93.3	44	73.3	-21.4
Storage	19	31.7	55	91.7	189.5
Mixed cropping	31	51.7	51	85.0	64.5
Soil enrichment (organic farming)	24	40.0	50	83.3	108.3
Irrigation	16	26.7	39	65.0	143.8
Pesticide	21	35.0	50	83.3	138.1

**Source:** Field survey, 2019.

## CONCLUSION AND RECOMMENDATIONS

Based on the findings of this study, IFAD operators in the state released financial resources that can be properly utilized to generate increases that can pay their loans and still sustain their agro enterprises. Moreover, the study showed that agro practices that require moderate price and ecofriendly effects of use on the crop, soil, and environment with high productivity potentials were adopted, while agro practices with a negative impact were less practiced. It is therefore recommended that young males who are educated, married with a moderate household size with required years of experience should be given priority in the future selection of beneficiaries of the IFAD financing programme in the state. This measure would ensure the effective utilization of financing services provided by IFAD and enhance the financial performance of clients. For sustainable financial performance and adoption of eco-friendly agro enterprise practices with beneficial effects on farm produce, soil, and the environment, potential clients should be encouraged through awareness creation to join cooperative societies.

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