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The Intermediatory Role of Microfinancing: Creating Sustainability and Enhancing Agripreneurship in Developing Countries

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Abstract

With GDP growth rate of 8.99% agriculture, contributes 24% to the Nation's GDP while the entrepreneurial sector contributes 47%, improving the economic base through agri-preneurship is achievable. The study thus examines, 'the intermediatory role of Microfinancing, creating sustainability and enhancing agri-preneurship in developing countries' through a descriptive survey, with questionnaire administered to 80 purposively selected long-time microfinance banks from 2 geo-political zones. Findings indicated that microfinance banks are closer to the grassroot, yet its financial inclusion does not embrace agriculture; very sparse microfinance presence in rural areas, and agro-policy of micro-finance banks should be all-inclusive. Persistent *inflation affects the value of loan (Mean 3.1667)*; *Relationship exists between microfinancing and customer growth* with 62.3% correlation which is significant at 5% level. *Equally, a* positive relationship subsists between microfinancing and agri-preneurship *depicting a possible link for agripreneurship Vision 2020. The study recommended that new microfinance strategies that can enhance economic growth must be seriously pursued. Efficient linkage to stakeholders within and outside the microfinance system require best practises by managers. Microfinancing targeted at rural agri-preneurship development is suggested.*

Keywords: Grassroot, microfinancing, agri-preneurship, strategies, sustainability

1.0 Introduction

Micro-financing has existed for more than a thousand years through formal lending activities in Asia, Bangladesh and parts of Africa. The use of micro-financing acquired more meaning since 1970 when Grameen (Village) Bank of Bangladesh and Yunus Mohammed, pioneer in micro-financing, commenced standardisation of the processes and financing of small businesses. Not quite long, the bank recorded rapid growth leading to the establishment of about 85 branches that were giving out micro-credits. Microfinance banks (MFBs) are the banks that are licensed to provide loans to enterprises. The United States Agency for International development (USAID,

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2005), further emphasised that microfinance bodies are organizations whose activities consist wholly or partly of the provision of financial services to micro entrepreneurs. Microfinance offers a broad range of financial services including loans, deposits and payment services to improve the investments of small and growing businesses, a reason why several developing nations avail themselves of the possible opportunities that may be available including investment in agricultural sector.

The ability of the country to meet increasing demand for agricultural produce is explained by the untapped agricultural potential of the Nation. The current dispensation in which developing nations diversify their economic base to include agricultural investments is deemed essential to evolving into higher class of nations (Omorogbe et al, 2014). Agribusiness is identified as business expansion in the agriculture and rural sector (FAO, ND). It is paramount then that productivity is enhanced with higher investments in agriculture. This in actual fact will serve as an expansionary opportunity to the small business. The need to invest in agriculture is receiving incessant calls (Acha, Reinaldo, Dobbs, Fraser, Aliyu and Suleiman, 2014) as the dependence on oil resource especially in Nigeria is unsustainable. Investments are required in the field of agriculture such as cereals, root crops, legumes, fruits, vegetables and tree crops (Monetary Policy Review Committee). Likewise, the emphasis for increased production to service the high demand for food as well as improved healthy diet point to the fact that agriculture must receive due investment in order to achieve high productivity, economic growth and reduce poverty (FAO 2014; Hu & Khan 2016)). Sunitha (2010) affirmed that microfinance institutions have significantly improved the level of income and living standards in various countries. In Africa, organizations like the Develop Africa Initiative focus on the objectives of training and providing finance as small as $200 with the hope that this will grow in time. The benefit is that employment will be provided and poverty will be reduced. With global economic recession, the extent to which $200 (N70,000) can push investments and sustain the beneficiaries of such loan given the rising tendency of inflation creates a challenge. Thus, there is a need to consider the extent to which finance influenced the indices of business and economic growth from the perspective of microfinancing.

The gap in financial access in Nigeria led to the formal launching of the Micro-finance Policy in 2005 and thus the take-off of MFBs. Between this period and 2010, the MFB's were unable to perform effectively especially in meeting the needs of providing finance access to low income individuals. This led the CBN to revoke the licences of failing banks and instituting new strategies and micro finance frameworks.

2.0 The GAP

With GDP growth of 2.1% and per capita of $2,758 (nominal), there is an urgent need to step up the nation's economic base from the mono economy that is based on oil and to diversify into agriculture. In actual fact, agriculture was the mainstay of Nigeria's economy until the oil boom era. Basically, there was no specific vision to combine agriculture with entrepreneurship. It is however affirmed that with GDP growth rate of 8.99%, agriculture contributes 24% (CBN, 2016) to the Nation's GDP while the entrepreneurial sector contributes 47% (SMEDAN, Vanguard News 2013). One area of good news uncovered by the rebasing exercise is the 26.7% increase in the value-added on crop production, a 43.9% in value added on livestock, a 9.2% increase in the value added on fishery, and a 23.9% increase in the value of forestry (Okonjo Iweala, 2015). Chowdurry (2009) identified the gap in the effectiveness of micro-financing and suggested a growth oriented and equity enhancing programme. Sanusi (2010) in a CBN seminar paper equally opined that banking and financial system has not yet reached its full potential as a driver of economic growth and development. Strategic and sustainable approaches are catalytic in nature to the effect that agriculture growth is deemed as an inducer of economic growth. This study thus posits that a strong economic base could be achieved with a combination of entrepreneurship and agricultural focus as a synergy when entrepreneurs expand their income generation to include agriculture. This has a tendency to catapult productivity, increase GDP and sustainability. However, the need for financing has always been a challenge.

3.0 Statement of Problem

Examining the issue of microfinance in developing countries, Dayton, (ND) observed that many rural areas are excluded from the programme. This is due to the absence of Microfinance institutions in majority of the local areas in Africa and South Asia. Where the banks are available, operational difficulties reduce the effectiveness in the performance of the banks due to rapidly reducing capitalisation and non-performing loans, inadequate or total lack of infrastructures among others. What hope then do microfinance banks have and how much loan capital can be guaranteed entrepreneurs engaging in agri-preneurship or a franchise enterprise, would also depend on the capability of the micro finance banks. The concentration of microfinance banks in urban areas created a setback for making microloans available for local farmers, an opportunity that could have greatly improved the rate of economic growth. This situation thus informs the need to examine the contributory role of microfinance Banks (MFBs), and expansionary opportunities available to entrepreneurs, and to what extent entrepreneurs and farmers could benefit from the microloans. As developing nations, agricultural investments are considered as a means of overcoming setbacks in economic growth, thus the link to microfinance intervention funding.

In developing countries, a major constraint to growth or development is access to fund, yet without growth and development, the objective of different nations cannot be attained. The aim of instituting microfinance is to provide financial services to those excluded from the mainstream finance so that they can be empowered and sustained.

2.7 billion adults worldwide do not have access to credit facilities whereas the rural areas are largely deprived of microfinancing hence the need for individual nations to intervene by providing microfinance institutions. This forms the main objective of this study, identified as "evaluating the inter-mediatory role of Micro-financing: creating sustainability and enhancing agri-preneurship in developing countries".

The sub-objectives are:

(i) Examine how microfinancing can be influential to Sustainable agricultural practice
(ii) Determine the effectiveness of micro-financing in terms of customer growth
(iii) Analyse possibility of linking microfinance with agri-preneurship under the vision 20-2020 in Nigeria.

4.0 Hypotheses

Null Hypothesis 1: Microfinancing has no influence on sustainable agricultural practice.
Null Hypothesis 2: Microfinancing has no effect on customer growth.
Null hypothesis 3: Under vision 20-2020 in Nigeria, microfinance has no link with agri-preneurship.

5.0 Methodology

The study is a descriptive survey. The population of the study is the micro finance bank managers in North Central and South West geo-political zones, 80 copies of the questionnaire will be administered to selected microfinance banks that have continued in microfinance business operations for over fifteen years in Ogun and Oyo States (South West) and Kwara States (North Central), while further study shall be based on secondary data such as publications, scholarly articles, and newsprints among others. Analysis of the data shall be through Pearson Correlation.

6.0 Significance of the Study

Considering the financial inclusion objective and its focus on poverty alleviation, it is observed that the policies of CBN (2011), MDGs and National microfinance did not include agriculture. However, a need for expanding the present scope of economic activities to include the agricultural base will enhance the economic growth vision more effectively. Given the interest of the international investors and their willingness to invest in the nation's microfinance sector, greater opportunities for the microfinance institutions to diversify the micro-financing activities are at their disposal (Umar, 2011). Likewise, instead of focusing on micro and medium entrepreneurs, agro-based entrepreneurs benefit equally and also contribute to the national GDP -- growth rate 6-8%; 24%, 2014 and 42%, 2016, CBN and Vanguard News, 2017). This agrees with the suggestion of Omorogbe et al (2014), that agriculture portends possible progress for Nigeria economically.

The vision to pursue agricultural investment demands improvement in the microfinance sector. Nigeria has 75% of its land suitable for agriculture whereas only 40% is used up (Ayodele et al 2013). According to Central Bank Research Resources (2014), a lot of investors face financial constraints coupled with various challenges such as cost of funding, lack of collaterals and funding time-lag. Driving the agro-preneurial investment need further, agricultural promotion requires increased funding, developing domestic policies, and evolving agricultural competitiveness in order to increase productivity. Utilising the microfinance link to enhance agriculture in addition to the foregoing will provide a solid base for economic growth in Nigeria and a host of developing countries. These basic inputs into the microfinance function have a tendency to equally enhance the performance index of microfinance institutions. There is no one basic solution to economic growth (Daley-Harris 2007), there are array of opportunities and means that provide the needful in economic growth such as training and development, empowerment, micro-credits that are variously linked to effective output, establishing market linkages diversified agro-enterprises, the use of none or minimal interest rate and lots more (Mahajan, 2005; Yunus, 2003, Pollin, 2007, Morduch, 2008).

7.0 Literature Review

Developing countries are identified as nations with low GDP and less educated work force (Babatunde & Adefabi, 2014). Afolabi and Eguji (2007) noted that there is a symbiotic relationship with synergistic underpinnings that exist among the globalized nations such that gradual fall into economic recession, affect the developing nations as their economies are tied to industrialised nations. This position agrees with Rosenau's (1969) linkage theory that any recurrent sequence of behaviour that originates in one system creates reaction in another. Claude (2003) added that no nation is immune to the devastating effect of global economic crisis because with economic and other forms of integration comes growth and development.

Operational and strategic challenges of Microfinance Institutions (MFI) include –

The need to manage MFI needs in order to focus basic activities such as portfolio management, value-addition to investors and increasing performance so as to ensure a long-term existence of the banks towards providing impactful and efficient services; Management of risks in terms of long-term debts arising from loan grants, crisis arising from product identity and marketing and the need for transparency on the part of stakeholders (www.ey.com); problem of access (Ogujiuba, 2013) and Micro-credit provision challenges (French ND).

The aim of the Microfinance Policy Framework is to enhance the access of micro-entrepreneurs and low-income households to financial services in order to contribute to rapid economic growth. Microfinance loans are characterised by smallness of loans and savings, simplicity of operations and absence of collaterals. In actual fact, collaterals are requested by 'MF' Banks in the form of guarantors, proceeds of business turned in as savings with the MFBs and other valuable items such as land. Entrepreneurs take advantage of financial services such as credit, savings and payment services and non-financial services that the banks have to offer. With the capital base specifications by the Central Bank, a microfinance Unit must have a minimum of N20m, while the State Microfinance institutions require a minimum of N100m and the National microfinance institution needs at least N2bn. The linkage programmes include self-help groups, entrepreneurships and individuals running various types of investments.

8.0 Conceptual Framework

Micro-financing is identified as effective in the growth of small businesses (Olowe et all 2013), and their contributions to the take-off and sustainability of businesses is highly significant (Omorogbe, 2013). Microfinance is used to describe the use of loan credits for small individual businesses and it is considered as a key instrument for implementing effective and sustainable strategies towards attaining sustainable development and poverty reduction. Microfinance banks are those licensed to serve enterprises by providing loans for investment purposes while Microfinance Institutions function wholly or partly in the provision of financial services to micro-entrepreneurs (Babajide, 2011). The term micro arose from the use of small credits and savings even though it forms part of a larger microfinance function which include offering basic financial services to larger industries. The concept covers the microloans usually given to women and young adults for empowerment, such that were given the Guatemalan women. Wrenn (2005) cited Otero (1999 p.8) who defined microfinance as 'the provision of financial services to the poor and very poor'; 'the access to small deposits and small loans for poor households neglected by banks (Shcreiner & Colmbet, 2001 p.339); Siebbel (2013), described it as 'informal finance' and talking about micro-financing origin in Nigeria, it was captured under the term 'esusu'. Beyond this, it can be deduced that microfinance loans are mostly patronised by small and medium scale businesses. This is mostly due to the fact that the aim of setting up the microfinance banks, directed at Micro-financing is identified as effective in the growth of small businesses (Olowe et all 2013), and their contributions to the take-off and sustainability of businesses is highly significant. "Micro-credit is not a miracle cure that can eliminate poverty at once but it can end poverty for many and reduce its severity for others" (Yunus, 2003:171). Combined with other innovative programs that unleash people's potential, micro-credit is an essential tool in our search for a poverty-free world. The foregoing implies that the act of micro-financing predated several centuries and it existed as a means of growing individual and group economies.

9.0 Achievement of MFB Since Inception in a Few Developing Countries

Despite efforts aimed at entrepreneurial development, only 20% of Nigerians are being catered for (Oyekanmi); even though 80% was the goal, a few performing MFBs declare dividend, create employment and provide finance assistance to entrepreneurs. With various interventionist programmes, lack of adequate finance was prevalent (Anyanwu, 2003, Lawson 2007); and the population that is involved in formal sector basically agricultural production is 70% (Muktar 2009, Olaitan, 2006).

Babajide in his analysis cited the contributory role of the combined efforts of various funding programmes to the GDP estimated to be 37%. This can be compared with other nations such as India, Japan, Sri Lanka and Thailand recorded 40%, 52%, 55% and 47.5% respectively. This is an indication that loans from MFBs were on more liberal terms.

Microfinance functions are being carried out in both microfinance banks and financial institutions such as the bank of Industry (BOI), National Agriculture Cooperative and Rural Development Bank (NACRDB), The World Bank, International Fund for Agricultural Development (IFAD), Asian Development Bank European Investment Bank, African Development Bank and several others. These banks loan to borrowing nations for agricultural-funding. The inadequacy is largely pronounced due to the increasing economic challenges nationally. With the aim of financing agriculture as a major function of the NACRDB, investigations revealed that the bank is spread through the 36 states in Nigeria, unfortunately most of the NACRDB were not sited in rural areas such that it could have operated close to the rural dwellers. This constitutes a challenge to financing agriculture, which is expected to create an impact in the rural areas. Agricultural financing is the sourcing of fund and making it available for agricultural production and uses (Agwuanwu, 1999; Articlesng 2016). The Bank of Agriculture, wholly owned by the Federal Government of Nigeria and spread throughout the 36 states and the federal capital territory, is said to be a major participant in the provision of finance to the farmers (www.boanig.com). Microfinance in a few developed countries indicated that the giving of loans was basically enjoyed by several small businesses that domicile their accounts with the bank. Agricultural sector is said to have contributed 22.5% to Nigeria's GDP in the 2nd quarter of 2016 while real GDP is 4.53% (NBS). With various schemes directed towards financing agriculture recently, 29,046 jobs have been created (Champion Newspaper).

Cabraal (2011) in a study of the impact of microfinance on clients' capabilities affirmed that microfinance operations in Nigeria have moved economic growth from a simple low income to a modern high economy. This assertion in terms of agriculture financing however requires a review in terms of current economic circumstances given the recession in the national economy. According to Chowdhury (2009), microfinance plays an important role of providing safety-net for borrowers. Unfortunately, there is a very minimal presence of micro-financing in rural areas where the potentials for agriculture abound. With only one bank serving several villages and resources available are in short supply when compared to the population, credit needs of rural dwellers cannot be met (Okwoli et al (2013), Babatunde et al (2007). This is where the dual financial roles could have been effective on sustenance, poverty reduction and de-urbanisation of the cities. This could be due to the nation's lack of capacity, and the policy relating to minimum capital base required for floating a microfinance bank in Nigeria. The CBN however is, in spite of this, desirous of increasing the minimum capital base of MFB's to N100m (500% increase) while state owned MFBs will be N2bn (100% increase). Considering the current economic crisis, a different perspective needs to be considered. Bank Capitalisation in a few African countries like Botswana, Ghana, Tanzania and Namibia revealed finance capitalisation through the use of treasury bills, bond issues, stock and share markets whereas MFB/I in Nigeria basically depend on the shareholding of the directors of the banks.

10.0 Sustaining Microfinance towards Goal Attainment

There is a continuous need for creating finance opportunities in order to fulfil the goals of micro-financing. The three key performance measures of financial sustainability, impact and outreach (Kumar, 2015) are the basis of assessing the current performance of micro financing. It reveals the need for expanding the scope of the programme to increase the number of beneficiaries and ensuring availability of resources to sustain the hope of the loan seekers. To effectively reach the rural areas where farmers are more, requires expansion that is directed at setting up microfinance functions and for the attainment of economic growth. Maintaining a needed balance in provision of funds and other resources as well as government policy will ensure the sustenance of micro financing. To a great extent this is one way by which meeting the finance needs of the farmers and attaining poverty reduction to influence economic growth can be enhanced.

11.0 Approaches to Enhancing the Financing Policy for Growth and Development

Since the 224 microfinance banks failed to perform effectively between 2005 and 2010, the Central Bank of Nigeria (CBN) revoked their licences, instituted a new policy and new microfinance frameworks in 2010. Strategizing through the inclusion of the unbanked, providing financial education, recapitalizing and strengthening the commercial banks were introduced as new approaches to enhancing financial inclusion. According to Moghala (2010), a number of developing countries in Asia and Latin America have recorded great progress with the introduction of new strategies that can enhance inclusiveness and economic growth. In Nigeria, introducing new strategies that can enhance attainment of microfinance functions as well as economic growth is an ideal that must be seriously pursued. Performance is an indication of effective control; the microfinance institutions have been used as intermediary organ in managing poverty reduction fund and being closer to the grass root will effectively influence the agro-preneur programme.

The formalization of micro credit is situated under two theories of development — neo-liberalism and participatory theories of development. Neo-liberalism theory was propounded around the 1980s. According to Sheppard and Leitner, (2010) it has been on a continuum giving motivations to organizations such as International Monetary Fund and the World Bank. Neo-liberalism is about rational decisions that influence the betterment of the society through economic growth. With neo liberals, micro credit is viewed as formalizing an informal economy through the creation of additional formal businesses, the macro-economic situation of the state is improved. Likewise, the micro finance policy when implemented, will drive poverty reduction, rural development and influence agri-preneurship.

The situational theory is a class of the behavioural theory that asserts that there is no best way to manage, to lead or to make decisions and organize a corporation. All these depend upon various internal and external factors. Secondly, the organizational design and its subsystems must "fit" with the environment and effective organizations must not only have a proper "fit" with the environment but also between its subsystems. (Hermant 2011; Daft and Armstrong 2009). For the micro-finance function to be effective, management functions are quite essential but beyond this are those key functions that influence the efficient linkage to stakeholders within and outside the microfinance system. The implication of this theory is that management in microfinance banks and other institutions must proactively situate best practices in management that will enhance the performance of the institutions and micro-loan beneficiaries. These functions include effective application of microfinance funds, expanding the organization's scope to ensure continuity as well as creating linkages that project attainment of organization objectives. A proactive and strategic expansion of micro-financing scope is important to enhance performance and increase economic growth through entrepreneurial and agri-preneuring finance.

12.0 The Resource Based Theory (Barney 1991; Alvarez and Busenitz, 2001)

The resource-based approach argue that the source of a competitive advantage is the resources and capabilities of the business. By developing or acquiring resources the enterprise can develop sustainable competitive advantage. The value of resources can only be understood in the context of the market in which the enterprise is operating and in the context of a particular moment in time, such as superior core competencies and capabilities. Core competencies and capabilities refer to areas of activities with the firm that deliver added value to customers or allow the firm to operate more efficiently. This view is situated in the expectation of an expansionary inclusiveness of the agricultural sector in addition to the present scope of microfinance activities. Equally important is the perspective of the international investors' willingness to invest in the microfinance institutions.

It is appropriate to consider a linkage between these theories (Neo-liberalism and Resource based theory) as they are applicable to providing a directional approach to resolving the microfinance factor in order to effectively enhance entrepreneurial and agricultural growth.

13.0 Empirical Studies

A study based on quantitative and qualitative approach by Laetitia, Shukla and Luvanda (2015) examined Microfinance and Business Growth of Women Small and Medium Enterprises' in Rwanda. Population of the study was 884 while sample size was 275. The study found that Microfinance Institutions engage in services such as giving out loans, training, support sectors such as Agric sector, trade, craft and agro-processing. It established that since entrepreneurs recorded performance, taking loan was only to improve on the business status. Pearson analysis revealed a high relationship between Microfinance Institutions and growth of women small and medium enterprises.

Chetama, Dzanja, Maliro and Gondwe (2016) examined the role of Microfinance on growth of small-scale agribusinesses in Malawi. The study background was based on the fact that entrepreneurs depend less on internal funds. It applied T-tests to compare investment levels of unconstrained and constrained firms. The study revealed no significant growth of small scale Agribusiness enterprises. The study recommended a review of MFI loans and interest rates in order to record a significant role on agribusiness growth.

13.1 Analysis and Discussion of Results:

(i) Examine how MFB can be influential to Sustainable agricultural practice.

Descriptive Statistics

Statistics

		The Loan Value is enough to invest profitably	The Loan Value has a relationship with the bank's liquidity position	High and Persistent inflation affects the value of loan	There is a relationship between market returns and the investment	Farmers benefited much from Microfinance Loans
N	Valid	78	78	78	78	78
	Missing	0	0	0	0	0
Mean		1.4744	1.6667	3.1667	1.4487	2.7692

Interpretation

Looking at the mean of the above observations, it can be seen that high and persistent inflation affects the value of loan (highest mean, 3.1667). This depicts that it has the highest effect on sustainable agricultural practise. Farmers and agri-preneurs are unable to obtain loans due to high rate of interest as a result of inflation in the economy. The implication is that, to promote sustainable practices in agriculture, there should be a more balanced and controlled rate of interest or interest free loans, that will not be affected by inflation in the economy.

(ii) Determine the effect of micro-financing in terms of customer growth

Correlation Analysis

		More customers are going into agricultural enterprises	Farmers benefited much from Microfinance Loans
More customers are going into agricultural enterprises	Pearson Correlation	1	.623(**)
	Sig. (2-tailed)		.000
	N	77	77
Farmers benefited much from Microfinance Loans	Pearson Correlation	.623(**)	1
	Sig. (2-tailed)	.000	
	N	77	78

** Correlation is significant at the 0.01 level (2-tailed).

Interpretation

From the correlation, it can be seen that there is a strong and positive relationship between micro-financing and customer growth. This is depicted by a 62.3% correlation which is significant at 5% level. Hence the null hypothesis is rejected and the alternative hypothesis is accepted which says that there is a significant relationship between microfinancing and customer growth. Furthermore, it is expressed that farmers enjoy several benefits from microfinancing, thereby ensuring continuous growth in their business activities and more individual would be enticed into agricultural enterprising. These findings agree with the propositions of the Resource based theorists, who emphasized that through acquisition or development of resources, enterprises or firms can develop competitive advantage (Barney 1991; Alvarez and Busenitz, 2001, and Caldeira 2003)

(iii) Analyse possibility of linking microfinance with agri-preneurship under the vision 20-2020 in Nigeria.

Correlation Analysis

		Farmers benefited much from Microfinance Loans	vision2020
Farmers benefited much from Microfinance Loans	Pearson Correlation	1	.467(**)
	Sig. (2-tailed)		.000
	N	78	77
vision2020	Pearson Correlation	.467(**)	1
	Sig. (2-tailed)	.000	
	N	77	77

** Correlation is significant at the 0.01 level (2-tailed).

Interpretation

VISION2020 is a transformed data of the following questions in the questionnaire:

Micro Loans contribute to GDP Growth immensely*A few Customers have been lifted out of poverty*Farmers productivity are effectively enhanced through loans*More customers are going into agricultural enterprises.

From the correlation analysis, there is a strong and positive relationship between microfinancing and agri-preneurship in Nigeria. This is depicted by a 47% correlation significant at 5% level. This means that in line with vision-2020 of Nigeria, microfinancing would go a long way in promoting agri-preneurship by boosting GDP growth immensely, helping in improving the standard of living of customers so as to reduce poverty rate, boosting farmers' productivity by making funds available, either subsidized or interest free and also enticing entrepreneurs into the field of agriculture. All these can be achieved by making microfinance available both for small and medium enterprises. These findings agree with the positions of Chowdury (2009) and Moghala (2010); they recommended strategic approaches to financing that will enhance entrepreneurial growth, improve opportunities for development and improved business performance. Micro-financing is only one of the ways of reaching the rural dwellers. It is important that a strategic financing plan be put in place if goal 20-2020 is to be achieved.

14.0 Conclusion

This study examines microfinancing, a major function of microfinance banks for providing financial services to entrepreneurs. The bank however, has no strategic coverage for agriculture-related ventures, agriculture being a vision of the nation towards expanding the revenue base of the nation rather than depending solely on oil as a source of revenue. This study therefore posits microfinancing inclusiveness that enhances agri-preneurship, create sustainability and extend its microfinance function to the rural sector. In line with the Resource Based Theory by Barney (1991), microfinancing will only be regarded as efficient when there is added value to customers, in this case those in business whose competencies and capabilities are enhanced.

15.0 Recommendation

Given the findings of this study, it is proposed that microfinance function is properly strategized to cater for the needs of stakeholders in agribusiness. With the possibility of having more business agriculturists, microfinance banks need to improve their capital base in order to meet customer demand for loans. The possibility of recording customer growth in the banking operations should challenge stakeholders in microfinance banks to consider creating enabling environment for interaction between the banks objectively; this is anticipated to have significant impact on the revenue base expansion. The rural areas are more endowed with large farmlands, therefore a dual-purpose financing that reduces rural migration but focuses on empowering persons in the rural areas in order to enhance entrepreneurial involvement in agriculture should be pursued vigorously. This is one way of driving attainment of vision 2020. An improved customer-service is expected to positively motivate the agripreneurs to engage in business with the microfinance banks.

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