

BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACALTY OF COMMERCE

DEPARTMENT OF BANKING AND FINANCE



RESEARCH TOPIC

**THE ROLE OF AGRICULTURAL FINANCING ON AGRICULTURAL
PRODUCTIVITY FOR SMALL AND MEDIUM SCALE FARMERS IN ZIMBABWE.**

PRESENTED BY

RECTISE NYASHA KWECHA

(B1953829)

**A DISSERTATION SUBMITTED IN PARTIAL FUFILMENT OF THE BACHELOR OF
COMMERCE HONORURS DEGREE IN BANKING AND FINANCE**

2022

RELEASE FORM

NAME OF AUTHOR: RECTISE NYASHA KWECHA

STUDENT NUMBER: B1953829

DISSERTATION TITLE: The role of agricultural financing on agricultural productivity
 for small to medium scale farmers in Zimbabwe.

DEGREE PROGRAM: Bachelor of Commerce Honors Degree in Banking and Finance

DECLARATION: The project is my original work and it has not been presented or published
 for examination in any other university. This project may not be
 reproduced without approval of Bindura University of Science Education.

Signature.....

Date /...../.....

RECTISE NYASHA KWECHA (B1953829)

Physical Address: No. 4 Lillian Drive Waterfalls Harare

Cell Phone Number: +26378 421 4711 / +26371 712 8870

Email: rectise@gmail.com

APPROVAL FORM

TITLE: The role of agricultural financing on agricultural productivity for small to medium scale farmers in Zimbabwe.

1. TO BE COMPLETED BY THE STUDENT:

I certify that this dissertation meets the preparation guidelines as presented in the Faculty Guide and instructions for typing dissertations.

.....
(Signature of Student)

...../...../.....
(Date)

2. TO BE COMPLETED BY THE SUPERVISOR

This dissertation is suitable for submission to the Faculty and should be checked for conformity with the Faculty guidelines.

.....
(Signature of Supervisor)

...../...../.....
(Date)

3. TO BE COMPLETED BY THE CHAIRPERSON OF THE DEPARTMENT

I certify to the best of my knowledge that the required procedures have been followed and the preparation criterion has been met for this dissertation.

.....
(Signature of Chairperson)

...../...../.....
(Date)

DEDICATION

I would like to dedicate this research study to my parents who made it possible that I was able to finish this study. Not forgetting the almighty God for the wisdom and knowledge that he has given me to undergo this research.

ACKNOWLEDGEMENTS

I want to convey my profound thankfulness to the Almighty God, who enabled me to complete this study project because it was done in the Lord's spirit rather than by my own strength or prowess. I also want to express my gratitude to my boss, Mr. E. Chitombo, for his time, effort, patience, and direction in helping me finish this job on schedule. Although I was the student who put together the research project, my name appears on the cover. We are incredibly grateful to everyone who contributed to the success of this initiative. Sincere gratitude should be expressed to my family for the moral, material, and social support they provided me with while I was conducting my project research. Without the vision of the instructors in the Department of Banking and Finance at Bindura University of Science Education, this incredible learning experience would not have been feasible.

Above all, I give praise to God and His word, which is the foundation of all reality and hope.

I'm grateful.

ABSTRACT

The purpose of the study was to examine how agricultural finance in Zimbabwe affected small and medium-scale farmers' agricultural productivity. The study aims to evaluate the major agricultural finance needs of farmers, the difficulties they face in obtaining agricultural financing, the sufficiency of agricultural financing provided to farmers by commercial banks, and whether agricultural loans have an effect on farmers' productivity in Zimbabwe. The findings indicate that purchasing farming equipment, buying supplies, paying for land costs, refinancing an older loan, and also performing land renovations and repairs are the primary financial areas farmers need to focus on. The outcomes also demonstrated the difficulties farmers have in obtaining agricultural financing. Land rights, high borrowing rates, collateral with a narrow purpose, financial performance, and transactional risk are some of these difficulties. The findings of the study demonstrate how agricultural loans affect farmers' production. The type and structure of finance for the majority of farming businesses influences not just their capacity to expand and grasp opportunities, but also their capacity to draw in and hold on to other resources crucial to their long-term viability, profitability, and productivity. Farmers before land reforms of business, agricultural production is strongly influenced by the fact that inputs are converted into outputs with significant time lags, causing many farmers to balance their budget during the season when there are high expenditures for input purchases and consumption and few revenues. The budget balance for the year can limit agricultural production if there is limited access to agricultural financing sources.

If increased Agricultural productivity is to be obtained, policies pertaining to agriculture should interact very closely with financial institutions. To encourage capital inflows or investments in agriculture, which then have a favourable impact on agricultural productivity, a consultative strategy involving both stakeholders from financial institutions and agriculture should be adopted. The banks should start using growth strategies like backward or forward integration with the important stakeholders. It should guarantee ideal resource distribution and efficient loan disbursement. the lowering of interest rates in relation to loans for agriculture. As a result, the bank will be able to do a risk-return trade-off.

Table of Contents

RELEASE FORM	i
APPROVAL FORM	ii
DEDICATION	iii
ACKNOWLEDGEMENTS	iv
ABSTRACT	v
LIST OF TABLES	viii
LIST OF FIGURES	x
LIST OF ABBREVIATIONS AND ACRONYMS	xi
CHAPTER 1	1
1.0 Introduction	1
1.1 Background of study	2
1.2 Statement of the problem	4
1.3 Research objectives	5
1.4 Research questions	5
1.5 Significance of the study	6
1.6 Assumptions	7
1.7 Delimitations of the study	7
1.8 Limitation of the study	8
1.9 Definition of terms	8
1.10 Chapter summary	9
CHAPTER TWO	10
2.0 Introduction	10
2.1 Theoretical Literature	10
2.1.1 Theories of major areas that farmers need to be financed	10
2.1.2 Agricultural financing sources	11
2.1.3 The Institutional Theory	11
2.1.4 The Resource Based Review	11
2.1.5 The Stakeholder Theory	12
2.1.6 The Conservation Model	13
2.1.7 The Urban-Industrial Impact Model	13
2.1.8 The Diffusion Model	14
2.2 Conceptual Framework	14
2.2.1 Impact of agricultural loans on the farmer’s productivity	16

2.2.2 Impacts of using Banks as an Agricultural Financing Source	17
2.3 Empirical Review	17
The role of agricultural financing on agricultural productivity	17
2.3.1 Agricultural Financing in Bangladesh	18
2.3.2 Agricultural Financing in Zimbabwe.....	18
2.3.3 Agricultural finance in Rwanda	19
2.3.4 Agricultural financing in USA	19
2.3.5 Agricultural financing in Pakistan	20
2.3.6 Agricultural financing in Greece	20
2.3.7 Agricultural financing in Brazil.....	20
2.4 Empirical Findings on Agricultural Financing Sources.....	21
The impact of Agricultural loans on farmer’s productivity.....	21
2.5 Research Gap	21
2.6 Summary.....	22
CHAPTER THREE	23
RESEARCH METHODOLOGY	23
3.0 Introduction.....	23
3.1 Research Design	23
3.1.1 Descriptive Research Design	23
3.2 Target Population and Sampling Design	24
3.2.1 Population.....	24
3.2.2 Sample.....	24
3.2.3 Sampling procedures	26
3.2.4 Non random sampling	26
3.3.5 Random sampling	26
3.4 Data sources.....	27
3.4.1 Primary data.....	27
3.4.2 Secondary data	27
3.4.3 Justification of using secondary data	27
3.5 Data collection Instruments	28
3.5.1 Questionnaires.....	28
3.5.2 Justification of using questionnaires	28
3.5.3 Interviews.....	29
3.5.4 Justification of using interviews.....	29
3.6 Data validity and Reliability	29
3.7 Data analysis.....	30

3.8 Data Presentation	30
3.9 Chapter Summary	31
CHAPTER FOUR	32
DATA PRESENTATION, ANYLSIS AND DISCUSSION	32
4.0 Introduction	32
4.1 Questionnaires and Interview Response Rate	32
4.2 The impact of credit disbursed by Commercial banks to farmers	33
4.3 Recommendations by farmers about the credit disbursed by banks	34
4.4 Major areas that farmers need to be financed	35
4.5 Problems faced by farmers in procuring agricultural finance	37
4.6 Other problems that farmers face in procuring agricultural finance	38
4.7 Effectiveness of Agricultural financing sources	39
4.8 Agricultural Finance used by farmers	40
4.9 Discussion of findings	41
CHAPTER FIVE	42
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS	42
5.0 Introduction	42
5.1 Summary	42
5.1.1 Summary findings	43
5.2 Conclusions	44
5.3 Recommendations	44
5.4 Suggestions for future research	45
REFERENCES	46
APEDIX 1	50
QUESTIONNIRE	50
APENDIX 2	54
INTERVIEW GUIDE	54

LIST OF TABLES

Table 1 AFC Bank Sample Composition.....	24
Table 2 Questionnaire Allocation	25
Table 3 Questionnaire and Interview response rate from AFC Commercial bank.....	32
Table 4 Major areas that farmers need to be financed	35

LIST OF FIGURES

Figure 1 The impact of credit disbursed by Commercial banks to farmers.....	33
Figure 2 Recommendations by farmers about the credit disbursed by banks.....	34
Figure 3 Problems faced by farmers in procuring agricultural finance	37
Figure 4 Other problems that farmers face in procuring agricultural finance	38
Figure 5 Effectiveness of agricultural financing.....	39
Figure 6 Agricultural Finance used by farmers	40

LIST OF ABBREVIATIONS AND ACRONYMS

VC	-vertical coordination
AFC	-Agricultural finance company
SDG	-Sustainable Development Assistance
ODA	-Official development assistance
SMEs	-Small and Medium enterprises
GMB	- Grain marketing board
GDP	- Growth domestic product

CHAPTER 1

1.0 Introduction

In Zimbabwe farming is the backbone of the economy intending to say that numerous families depend and rely upon rural produce. Taking a gander at the world at large, every individual requires food on their table, in this way farming creation assumes a vital part in world's economy overall. In most provincial regions you find mutual ranchers who do cultivating practices to take care of their families, yet the majority of them couldn't have an excess measure of cash to foster their property. As a rule, the cash that is raised for their produce can't support these ranchers up until they start the following cultivating season.

There are various elements that additionally come into thought when we discuss the issue of agricultural productivity. Elements might incorporate environment, arable land, admittance to innovation, and measure of human work, among others which can influence agricultural productivity in various areas of the planet. As of late, the parastatals began to assume a significant part in the advancing of the agricultural marketing and promotion in most non-industrial nations. The association of the public authority in rural promoting and food handling got through the making of parastatals (marketing boards, government controlled cooperatives and parastatal handling units). Then again, there is agricultural financing which additionally assumes a significant part in the development and manageability of the agri-business around the world. At the point when recently created potential seeds are joined with bought inputs like fertilizers and plant assurance synthetic compounds in appropriate/essential extents, it will bring about higher efficiency. The examination tries to evaluate the effect of agricultural finance on the efficiency of little to medium scale farmers in Zimbabwe.

1.1 Background of study

Universally, there is a weighty interest for venture capital and economical monetary administrations for country regions and rural exercises vital for worldwide development and food security. Specifically, smallholder families and ventures in emerging nations come up short on expected investment capital and admittance to monetary administrations, subsequently bringing about low farming efficiency and proficiency with specialist low earnings and high misfortunes (Alton, 2016). Handling this challenge requires critical investment on many fronts.

Agriculture and its many related esteem expansion agribusinesses and administrations assume a vital part to meet the 17 new worldwide Sustainable Development Goals (SDGs), including their significant objectives and focuses toward finishing hunger, poverty and diminishing inequality by 2030. The SDG venture required is assessed at more than \$4 trillion every year (Eicher, 2014). Momentum interest in SDG-related regions leaves a yearly funding hole of \$2-3 trillion every extended time of which farming, water, environmental change and related horticultural and country framework make up a larger part (Schmidt Traub and Sachs, 2015). Worldwide public products are a significant piece of supporting practical improvement however the private sector is plainly significant. In setting, Office Development Assistance (ODA) gave about \$135 billion in 2013, and worldwide capital stock is esteemed at more than \$200 trillion (Leedy, 2014). Because of the idea of the sector, and in spite of numerous endeavours by general society and private sectors and confidential capital that exists, fulfilling the weighty need for agrarian investment capital and offering practical monetary types of assistance for rural regions and farming has shown to be very troublesome (Third International Conference on Financing for Development, 2015).

In Africa, unions such as, African Development Bank (AfDB), and IDH Sustainable Trade Initiative (IDH) are cooperating to help the plan and foundation of the Facility for Agriculture Finance in Africa (FAFINA). FAFINA aims to be a Pan-African vehicle that will give basic funding to small and medium sized agribusinesses (agribusiness SMEs) in Sub-Saharan Africa. FAFINA is part of AfDB's Feed Africa Strategy and will be the Bank's most memorable drive to give both immediate and roundabout funding to agribusiness SMEs (USD 1M+), and be extra to its conventional plan of action of zeroing in for enormous scope ventures (Leedy, W.2014).

Numerous African countries are reliant upon the agribusiness area for money, food security and job opportunities, yet the business needs extensive monetary speculation. At present, across most African nations, the horticulture area involves 25-40% of a country's Gross domestic product (Murray.K,2015). The African metropolitan food market is supposed to ascend to a sum of USD 1 Trillion by 2030, outlining its great development potential. Admittance to fund is accessible for most huge agribusinesses through commercial banks, confidential equity, while microenterprises approach microfinance. In any case, there is a funding hole for a huge range of agribusiness SMEs who battle to get to proper monetary items. FAFINA plans to address this hole by focusing on the missing middle agribusinesses. FAFINA means to arrive at this underserved section through three parts. First and foremost, an investment stage that will pack in confidential ventures to give immediate and backhanded obligation and local currency funding to agribusiness SMEs, furthermore a partnership platform that will be utilized to draw in nearby commercial banks to co-finance exchanges on a project level and ultimately specialized Help Program intended to help the turnaround measures and bankability of agribusiness SMEs.

In Zimbabwe, agriculture is the back bone of Zimbabwe's economy. By and large, the area contributes around 15% of Zimbabwe's Gross domestic product, 22.8% of commodity profit and around 23% of all out conventional work, as indicated by Tchakoute-Tchuigoua, H. a. S. I., (2019). The nation has a complete land area of 39.6 million hectares with 33.3 million hectares of the land being saved for horticulture (Utete Official Commission, 2018). Zimbabwe produces a lot of maize, tobacco, cotton, soy beans, sorghum, and wheat, among other crops. The Zimbabwean government launched a significant Fast Track Land Reform Program (FTLRP) in 2000 with the goal of resolving the disparities and inequalities in precolonial land ownership at the time. Since Zimbabwe's independence in 1980, a number of other initiatives have been carried out to divide land more fairly among its citizens. Land was redistributed between 1980 and 1990 on the basis of "willing buyer, willing seller," between 1990 and 1997 through the Land Acquisition Act, and in 2000 through the FTRLRP.

Before the most optimized plan of attack land reallocation, responsibility for was slanted for white enormous scope business ranchers. Huge scope business white ranchers, comprising 1% of the all-out populace, claimed 49% of the complete rural land, while 51% was possessed by African native ranchers, who comprised the vast majority of the populace in the country this was seen by (Munusamy et al., 2013; Jiang et al., 2019; Abayomi et al., (2019). Prior to 2000, commercial farmers, whose land ownership rights were explicitly outlined in the Land

Apportionment Act of 1930, had easier access to finance than the small-scale community agricultural sector, whose land ownership was vested in the state. Therefore, compared to small scale, resettlement, and rural sectors, land productivity was often higher in large scale commercial farms. For instance, in value terms, large-scale commercial farmers contributed around 85% of all agricultural output, while communal small-scale, rural, and resettlement farmers produced 15%. (2015) Murray. Additionally, the largest commercial bank in Zimbabwe, CBZ Holdings Ltd, advanced \$23.8 million to farmers in 2015, little under half of the \$50 million allocated for loans for the 2015–16 farming season. It also provided \$337 million in loans for horticulture, wheat, maize, piggery, poultry, soya, cotton, dairy, cattle, and crocodile husbandry in the same year. A lot of farmers delayed planting crops due to poor rains, which raised concerns that banks might reduce their lending to agriculture in order to lessen their exposure to crop losses. At the time, economists believed that the current drought would likely make the targeted 1,8% growth in agriculture unachievable. The Bankers Association of Zimbabwe allocated \$1 billion towards agriculture during that planting season, but it is unclear exactly how much of the money was provided to farmers during that time (Pillof., 2010)

CBZ, then rolled over some facilities to farmers, depending on their circumstances as a way of assisting its clients to put up irrigation infrastructure. In addition, there were areas receiving near normal rainfall as well as agricultural projects that are not too dependent on rainfall patterns and any affected farmers on those positions were analysed and justifiable cases were rolled over to the next season. The government declared that 300 000 smallholder farmers were to get inputs worth \$28 million during that agricultural season. Local think tank Zimbabwe Economic Policy Analysis and Research Unit (Zeparu) contends that the El Nino phenomena posed a significant risk to the local food supply.

The research seeks to assess the impact of agricultural finance on the productivity of small to medium scale farmers in Zimbabwe.

1.2 Statement of the problem

High levels of financing are required for the agricultural sector to meet its demands. Farmers frequently need outside funding due to the industry's generally low profit margins. The lack of effective accounting records and management, collateral security, and other restrictions have made it difficult for farmers to get these loans. Land was utilized as the main type of collateral

security for accessing farming financing under the agricultural sector's configuration up until 1999. (Adrian.,2017). Therefore, agricultural credit is an essential component of farming practices and farm output, especially when it is provided in sufficient quantities and utilised effectively. The commercial banks, on the other hand, are in a difficult position as they attempt to reach what may be an optional level in banking lending.

Farmers frequently struggle to obtain financing because providing the necessary collateral may be challenging. Smallholder farmers will typically be exposed to more expensive alternatives as a result, and they will eventually be unable to access such crucial loans. The majority of Zimbabwe's smallholder farmers are prevented from investing because they lack access to medium- and long-term financing. The country's overall agricultural productivity is negatively impacted by this insufficient funding for marginal farmers. Food security eventually suffers as well. Along with that, well-known commercial banks' lack of faith in smallholder farmers impacts their ability to extend loans to them since they view doing business with them as risky due to underlying difficulties. Marginal and smallholder farmers are hence frequently referred to as the "missing middle" (Raman and Husain, 2015). Therefore, the purpose of this study is to show the role of agricultural finance in the productivity of small- and medium-sized farmers in Zimbabwe.

1.3 Research objectives

This study's primary goal is to evaluate how credit provided to Zimbabwe's agricultural sector by commercial banks affects agricultural productivity.

Other sub-objectives were as follows:

- To identify key areas of farmers' agricultural financing needs.
- To identify the difficulties encountered by farmers in obtaining agricultural financing.
- To assess the adequacy of agricultural finance offered to farmers by commercial banks.
- To evaluate if the role of agricultural loans on the farmer's productivity

1.4 Research questions

The following research questions were considered relevant during the course of this study.

- Which are the major areas in which farmers seek agricultural finance the most?
- What are the difficulties encountered by farmers when attempting to obtain agricultural financing?
- What is the availability of adequate agricultural financing from commercial banks to farmers?
- What is the impact on farmer's productivity when agricultural loans are granted?

1.5 Significance of the study

The study demonstrates its value to the various parties with an interest in agricultural finance. Although the method the study affects the stakeholders varies, they ultimately gain benefits.

To the researcher

- The study has enhanced the researcher's skills as it gave exposure in gathering information that is related to the study.
- The goal of the research is to provide the university with extensive knowledge and resources that will be advantageous to both the school and all students.
- Additionally, by examining the role of agricultural financing in agricultural productivity as well as the hazards involved with doing agricultural finance job in a computerized environment, the research will benefit university students.

To the policy maker

- The research will provide policy makers with necessary information so that there will be an increase in agricultural financing.
- The study will also enlighten the policy makers on who needs agricultural financing in the agricultural sector.
- It will assist the policy makers to draft policies to improve and attract agricultural finance come from different ministries.

To the research institution

- The study will establish whether the banks taking part in agricultural financing in the country
- Commercial banks can help the agricultural industry as well through lease finance, which agricultural producers employ as an alternative form of financing the purchase of particular types of gear equipment such as tractors, harvesting equipment, and irrigation equipment.

1.6 Assumptions

- The research assumes that the factors contributing to the issuance of agricultural loans has the same influence as of the selected sample.
- The chosen study will provide the researcher with all breakthroughs in agriculture financing.
- The study also assumes that the respondents gave the researcher their full cooperation and promised not to withhold any information that was necessary for this investigation.
- The information obtained is accurate and trustworthy and the sample chosen was truly respectively of the population.

1.7 Delimitations of the study

The goal of this study was to gather data from commercial banks regarding the financing of agricultural cooperative societies in Zimbabwe. The survey was limited to AFC Bank in Harare's central business area due to time, logistical, and budgetary constraints, and because it was constrained to the city, it was not able to include other commercial banks. In addition to investigating the function of commercial banks, this study gathered conclusions from the largest financing source for agricultural cooperative societies in the nation.

1.8 Limitation of the study

The researcher faced confidential limitation. Respondents did not complete questionnaires because it is regarded as confidential information about the roles of commercial banks in financing the agricultural sector. Interviews were then used by the researcher to collect additional data. The research made use of a case study with scant details. The materials from respondents were not widely available to the researcher. Information disclosure is prohibited under the formal confidentiality agreement that practically all bank office holders have signed, but getting access to this data was exceedingly difficult. The researcher gave them the assurance that the data would only be utilized for scholarly purposes.

The scope of this study is restricted to the overall political and geographic affairs of Zimbabwe. This study aims to clarify how banks contribute to the financing of agricultural cooperatives. How they were able to promote small stockholders, large-scale inventors, and the growth of agricultural cooperative societies

1.9 Definition of terms

Cost effective analysis

Grustam et al. (2018), defines cost effective analysis compares as one type of economic evaluation that compares the costs and effects of alternative health interventions.

Collateral security

Casu et al. (2006) describes collateral security as a legal interest held by a creditor in personal property owned by a debtor or third party which entitles the creditor upon failure of the debtor to pay or perform an obligation to take possession of the property and sell it in order to satisfy a claim.

Commercial Banks

These are the institutions that lend money to business people for a brief period of time on the basis of liquid securities. They also serve as a safe deposit box for priceless valuables. Adrian and Shin (2011) define a commercial bank as a particular category of retail bank that offers services like receiving deposits, disbursing business and personal loans, and offering fundamental investment products.

Cost benefit analysis

a methodical approach to estimating and contrasting the costs and benefits of a project

Lending

lending is defined as a resource facility, such as the providing of loans by one party to another party, where the second party organizes either to repay or return those resources at an agreed-upon interest rate and does not do so immediately, so creating a debt.

Agricultural financing

(Becket al., 2007; Clarke et al., 2006). defined agricultural financing "as a part of horticultural financial aspects, which manages monetary assets connected with individual ranch units.

1.10 Chapter summary

With its aims, hypothesis, and research question, this chapter establishes the study's framework. The foundation, justifications, and financial drivers behind using commercial institutions in agricultural research are highlighted in this chapter. This chapter also provided a justification for the investigation and its anticipated contribution. It became clear that the purpose of the study was to evaluate internal audit's efficiency at spotting fraud. Additionally, it examined the presumptions underpinning this research and described the study's constraints and domain. Commercial banks in Zimbabwe, like AFC Holdings, support farming practices and farm output, particularly when inputs are delivered in appropriate quantities and are used effectively. Credit, per se, is not completely inevitable, but it is a crucial element of unlocking the door to a more affluent future. However, credit is only one of the "needed" for growth and modernisation.

CHAPTER TWO

2.0 Introduction

The conceptual and theoretical foundation upon which the study is built is the subject of Chapter 2. This chapter's main focus was on certifying the thorough examination of several research publications written by persons as well as pertinent theories and notions by various writers connected with financing the agricultural sector. The chapter also provides a summary of the variables that farmers must take into account before they may get credit financing. It also discusses the difficulties that each agricultural finance faces. The study concentrated on the responsibilities played by commercial banks in financing agricultural initiatives, including long- and short-term loans, savings options, finance leasing, and corporate gifts. This chapter analysed the literature on these sources, the potential difficulties, and how they affect agricultural production.

2.1 Theoretical Literature

2.1.1 Theories of major areas that farmers need to be financed

According to Clarke et al. (2016), anyone working in the agriculture industry should be aware that farming can be expensive. Since beginning and maintaining a farm can be expensive, especially for those who are new to the business, funding is often necessary. An agricultural loan can be used in this situation. He continued by saying that there are many ways you can use the earnings to start up or grow your farm or ranch because agricultural financing is specifically intended for use in the sector. You'll be better off if you spend that loan wisely. You should make a plan for how you will use the funds before you even apply for agricultural financing. What assets can help you the most and keep your firm afloat? What are the main areas where you require funding? These preparations must be in place before you apply for financing since they will guarantee that you use the money properly.

2.1.2 Agricultural financing sources

Todd's (2014) theories view agricultural financing as a type of financial aid provided to farmers in order to boost agricultural output. Farmers differ in their capacities to manage significant debt loads and draw substantial amounts of equity. Forward sale agreement contracts, finance leasing, savings, and short- and long-term loans are often the main sources of funding to take into account.

2.1.3 The Institutional Theory

Neo-Institutional Theory was used by Martin et al. (2015) to analyse the variables affecting the development, growth, and stagnation of micro-sized palm oil producers. This idea is a good way to examine how historical and socio-political issues affect the state of the economy today. Although the behavioural guidelines may be formal or informal, they are nonetheless followed by professionals in the subject. The Roundtable for Sustainable Palm Oil (RSPO) The participants abide by this rule. The same theory was also employed by Nurliza and Dolorosa. with the Indonesian Sustainable Palm Oil (ISPO) standard as a different set of guidelines. Owners are allowed to run a sustainable business as long as they follow the local authority's rules. In the meantime, Musa et al. (2016) employed the Brundtland Commission on Environment and Development's sustainable livelihood framework (SLF) to address rural poverty. SLF is the best tool for examining how a corporation affects its human, social, and financial capital. A company must balance the growth of all three capitals in order to remain sustainable. An objective and simple method for judging a business's sustainability is to use institutional theory. The range of interest would be constrained, though, and would depend on the socio-political context.

2.1.4 The Resource Based Review

Anything that could be viewed as a strength or weakness of a specific firm is a resource. A company's unique, immovable resource assures that it has a competitive advantage in creating value and profiting from it (Raziq and Wiesner, 2016). A company's resources may be both

tangible and intangible. In order to generate value with constrained resources and little influence on the environment, a sustainable firm needs have intellectual capital (IC), according to Akhtar et al. (2015). Additionally, institutional capital (a tangible resource) and dynamic capabilities (an intangible resource) were recognized by Sachitra and Sion-Choy (2017) as having an impact on a firm's competitive advantage. On the other hand, according to Tuan Hassan, Yaacob, and Abdullatif (2014), effective resource management is essential for agro SMEs to survive in challenging economic times. Yusi and Idris (2016) talked about how rural banking implementation affects SMEs' access to capital, managerial capabilities, and monitoring activities. As a result, it can be concluded that the management of both tangible and intangible resources is interconnected in order to support one another and ensure the long-term viability of the company.

2.1.5 The Stakeholder Theory

Through sustainable management, Friedrich, Heyder, and Theuvsen (2013) employed the stakeholder theory to describe the social pressure on a firm's product and process innovation. They recommended that in order to maintain the survival of the business, the demands of the internal (workers), external (suppliers and customers), and distal (society) should be assessed and met as effectively as feasible. In contrast, Brien and Hamburg (2014) also used the stakeholder theory to investigate the effectiveness of various business training approaches and their suitability for various stakeholder groups. They came to the conclusion that mentoring can help agriculture SMEs develop sustainably if the mentors come from different backgrounds and have a general business/management skill set. Creating long-lasting, mutually beneficial relationships and achieving current plans both depend on the firm and society sharing knowledge. They had come to the conclusion that the perceived advantages and happiness of stakeholders affected the quality of the stakeholder-company relationship, which in turn affected a firm's brand equity and corporate reputation. The relationship between brand experience, trust dimensions (intention and reliability), and consumer loyalty on sustainable SME brands in Malaysia was examined by Ong, Salleh, and Yusoff (2015) using the stakeholder theory. On the other hand, the importance of the government and financial institutions as key partners in addressing the problems that South African agriculture SMEs face.

2.1.6 The Conservation Model

The English agricultural revolution's improvements in crop and livestock husbandry as well as the theories of soil exhaustion advanced by early German chemists and soil scientists led to the establishment of the conservation model of agricultural development. The conservation model focused on the development of a series of increasingly complex cropping systems that required a lot of land and labour, the creation and application of organic manures, and labour-intensive capital formation in the form of physical facilities to make better use of available land and water. Most farmers in the globe have access to this model as their only option for intensifying agricultural productivity. In many parts of the world, agricultural development that fell within the purview of the conservation model was obviously able to sustain a rate of growth in agricultural production around 1.0% per year for relatively extended periods of time. This rate of growth is incompatible with current rates of increase in the demand for agricultural production, which in emerging nations typically range between 3-5%.

2.1.7 The Urban-Industrial Impact Model

According to the conservation model, variances in environmental conditions were principally responsible for location-specific variability in agricultural production. Models that interpret spatial disparities in the level and pace of economic growth solely in terms of the level and rate of urban-industrial development are in stark contrast to this one. In an industrialized society, spatial variations in the intensity of the farming system and in labour productivity led to the development of the urban industrial impact model. Later, this model was expanded to account for why the markets for the factors and goods tying together the agricultural and non-agricultural sectors performed more well in areas with significant urban-industrial development. The approach has undergone significant testing in the industrialized states, but has garnered less attention elsewhere.

2.1.8 The Diffusion Model

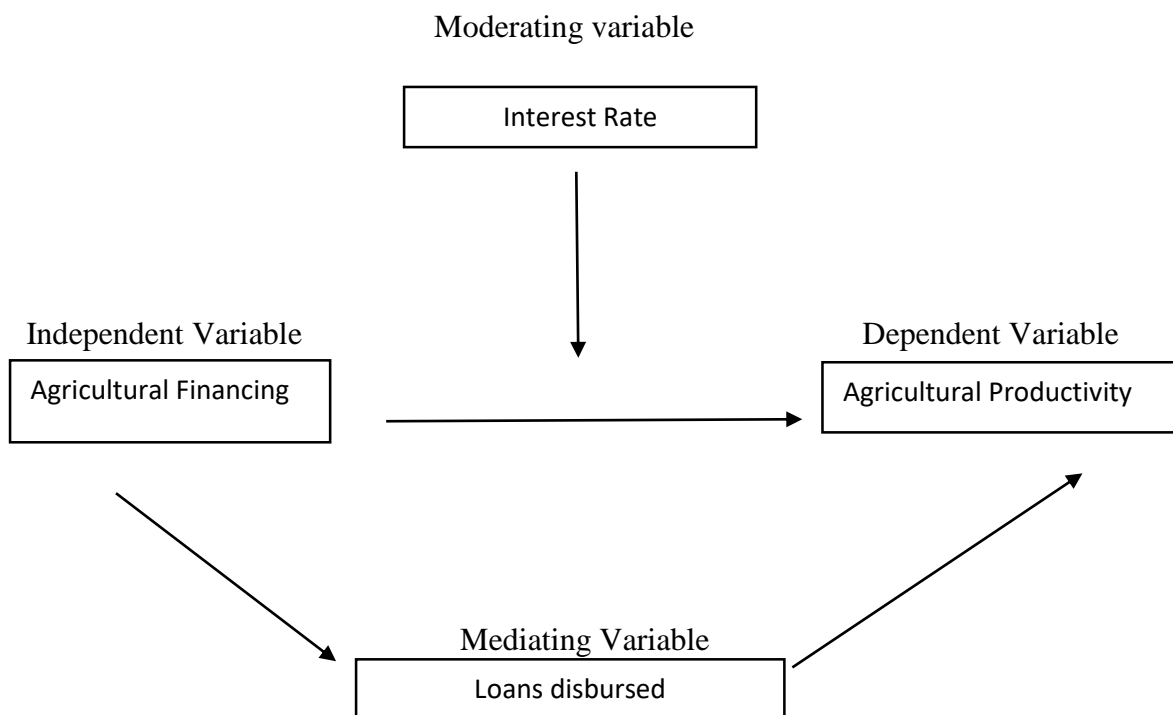
The empirical observation of significant variations in labour and land productivity among farmers and areas is the foundation of the diffusion approach to agricultural development. According to this perspective, the path to agricultural growth entails a narrowing of productivity gaps between farmers and across areas as well as more efficient technical information transmission. Even in pre-modern societies, the spread of better husbandry techniques was an important factor in productivity increase. Crop exploration and introduction received a lot of attention before the creation of current agricultural research systems. Farmers' ideas are still tested and improved, as well as exotic crop types and animal species, even in countries with well-developed agricultural research institutes. The association between diffusion rates and the personality, traits, and educational achievements of farm operators was highlighted in the development of the model. Since the development of agriculture economics as a distinct sub-discipline linking the agricultural sciences and economics in the later 19th century, the diffusion model serves as the primary intellectual foundation of much of the research and extension effort in farm management and production economics. When active farm management research and extension programs were first established, experiment-station research was still only making a small contribution to the increase in agricultural productivity. The study of the diffusion process by rural sociologists contributed further to the efficient spread of recognized technology. As technical assistance and community development programs, based explicitly or implicitly on the diffusion model, failed to result in either rapid modernization of traditional farms or rapid growth in agricultural output, the limitations of the diffusion model as a foundation for the design of agricultural development policies became more and more clear.

2.2 Conceptual Framework

The factors influencing credit constraint, lenders' credit-rationing practices, and the impact of credit on farmers' productivity are all topics covered or explained in the well-established literature on access to financial services (Stijin, 2015). Farmers are more likely to invest in

technology that increase productivity and incomes when they have access to financing (either through savings or credit) and insurance (Ghosh et al., 2019). The availability of financial services influences technology decisions, which in turn affect productivity.

The conceptual framework in this study aims at explaining the independent and dependent variables of the subject topic. In order to move forward with the research question and test a cause-and-effect relationship, you must first identify at least two key variables, that is your independent and dependent variables. In this case the independent variable is the agricultural financing and the dependent variable is the agricultural productivity. There are factors that influence agricultural financing and productivity and it's crucial to identify other variables that can influence the relationship between your independent and dependent variables in the research process. Some common variables to include are moderating and mediating variables. The moderating variable is the interest rates and the mediating variable is the amount of loans disbursed.



The research is focusing on the role of agricultural finance on agricultural productivity, in which these are the two variables that I am going to explore. If there is an increase in the amount of finance that is mainly centred on agricultural activities will have a positive impact on the

agricultural productivity of small to medium farmers in Zimbabwe. Moderating and mediating variables are the other variables that affect the relationship between the independent and dependent variables. In this study I am looking at interest rates and loans disbursed respectively. The level of interest rate determines whether many farmers can afford borrow loans and be able to repay. The mediating variable is the amount of loans disbursed can also determine the level of output that can be produced

More finances in the sector means that the farmers can increase their level of production as they will have to capacity to do so. They can also increase the number of employees as they will be able to pay them their wages. This also retaliates in a way that if there is less finances provided to the sector, the level of productivity will also be less. The level of productivity can be measured by increase in the hectares coverage of the plantation, the amount of chemicals and fertilisers used and tonnage output per hectare.

2.2.1 Impact of agricultural loans on the farmer's productivity

Without a proper quantity of funding, no firm, no matter how big, how small, or in between, can get off the ground. The type and structure of financing can also mean the difference between a business' success and failure. According to Saunders, A. and Cornet, M. M. (2008), he made the case that for the majority of farming businesses, the type and organization of financing influences not only the firm's capacity to grow and take advantage of opportunities, but also its capacity to draw in and hold on to other resources essential to its long-term viability, profitability, and productivity. Agricultural production is strongly influenced by the fact that inputs are transformed into outputs with significant time lags, according to Commercial farmers before land reforms *Journal of business* (2012). This fact forces many farmers to balance their budgets during the season when there are high expenditures for input purchases and consumption and few revenues. The budget balance for the year can affect agricultural productivity if there is limited access to agricultural financing sources. Zimbabwean farmers, like those in many developing nations, have experienced financial hardship due to a lack of access to money. The entire nation's agricultural productivity is negatively impacted by the underfunding of agricultural businesses.

2.2.2 Impacts of using Banks as an Agricultural Financing Source.

The ability to purchase goods and services with credit allows the consumer to do so now and pay for them later. Purchasing seeds and tools is permitted, with payment due only after the crop is harvested. This source promotes industrial, commercial, and agricultural output.

However, if the farmer does not produce accurate financial forecasts, external loan frequently leads to payback issues. Gender (2013). (2013). Farmers will ultimately fail to repay the credit, which will lower their prospects of receiving additional credit lines in the future. This will lead to the farmer being labelled a "bad debtor," which is terrible for business. Utilization of external borrowing is characterized by significant administrative costs (Downey, 1987). The farmer can also feel pressured to borrow more money than they can afford to return. Because credits must be repaid whether or not the farmer has a successful agricultural season, the farmer also risks the risk of bankruptcy. It takes time to settle a loan and come to an agreement on its terms. It takes time to settle a loan and come to an agreement on the terms and conditions of repayment, so money is not always available right once.

2.3 Empirical Review

The role of agricultural financing on agricultural productivity

The empirical research on the impact of agricultural loans on productivity has shown that agricultural loans have an impact on productivity; nevertheless, it's also plausible that productivity has an impact on loans. Therefore, it's probable that when agricultural output rises, households will have more financial resources, which will raise their need for and capacity for accessing financial services. Additionally, general/community-wide increases in agricultural⁵ production will stimulate general economic activity, resulting in a development of the financial sector, which will enhance families' and enterprises' exposure to financial services. The result is that it might be challenging to establish a causal relationship between agricultural productivity and loans.

2.3.1 Agricultural Financing in Bangladesh

Alam (2015) conducted a research to assess the growth in agricultural productivity among Grameen Bank participants. His research was only able to compare agricultural productivity.

His research suggests that small and marginal farmers have increased their agricultural production by being able to set aside a larger portion of their land for the cultivation of high-yielding varieties as a result of taking part in Grameen Bank initiatives. According to his research, participants in microfinance programs who use agricultural financing put 81.5% of their cultivable land under production, compared to 76% of non-participants. Costly inputs like irrigation water, relatively high fertilizer and pesticide doses are needed for cultivation. Due to their low income level prior to joining the Grameen Bank, they were unable to apply these expensive inputs to their farms for growing. However, by enrolling in the loan programs offered by the Grameen Bank, they have been able to access inputs more easily, which has enhanced their production. As a result, participants in all programs have generally increased their agricultural production in terms of yield per acre.

2.3.2 Agricultural Financing in Zimbabwe

According to surveys conducted in this nation by a joint team of the World Bank and the Government of Zimbabwe's Ministry of Lands, Agriculture, Fisheries Water and Rural Development made up of Vincent A. Ashworth (World Bank Consultant), Ransam M. Mariga (MLAWD), and Stanford Makamanzi (MLAWD), the AFC appeared to be the primary source of agricultural finance, with commercial banks accounting for a very small portion of all loans. Credit was primarily taken out to pay for crop production, primarily fertilizer. About a fifth of the loans were for farm equipment and machinery, and the next two were for irrigation projects.

In this study, the researchers emphasized that one of the key factors affecting a farmer's success or failure is the availability of capital, or the lack thereof. These farmers are generally more successful in all respects the higher the equity in the agricultural business relative to its earning potential. The tendency is for settlers to be locked in a cycle of poverty or, at best, to live a strictly subsistence, peasant-type living where they have been undercapitalized and have turned to credit finance to cover this gap. I'm Vincen (2015).

These researchers also discovered that a wide variety of activities were financed by credit, including the acquisition of animals, electricity, farms, fencing, and ploughing. Additionally, they discovered that small-scale farmers use credit less frequently and frequently have trouble repaying their debts. Additionally, they support the fact that relatively few loans are being obtained for longer-term investments. Loan finance for agriculture is undoubtedly constrained by high debt payment costs in relation to income.

2.3.3 Agricultural finance in Rwanda

They were a survey conducted in Rwanda by the Academic of Finance 2011 group in collaboration with Editor Monzurul Hoque, whose goal was to show how value chain financing and small-scale farmers' access to financing are related. Two models of financial access were put out in this study by the researchers, and it was clear that they were related to increased productivity and, consequently, producer profit. Small-scale farmers' lives in Mukunguli, southern Rwanda, have greatly improved thanks to value chain financing products. The study demonstrated the effects of value chain financing products on agricultural sector access to funding. Both the finance institution and the farmers had agreed that the tested items were viable. The profitability of the microfinance institution as well as farmer productivity and earnings have increased thanks to value chain finance.

The researcher also discovered that small-scale farmers' quality of life has greatly improved. While Rwandan agriculture is still primarily subsistence-based, the government is encouraging market-oriented and agribusiness agriculture in order to, first, deal with the country's high rural population density and land scarcity, and, second, cut back on imports. The Government of Rwanda's Economic Development and Poverty Reduction Strategy states that this is the only option for the rural agriculture sector to increase productivity by gaining access to essential inputs and, in doing so, eradicate poverty (2017).

2.3.4 Agricultural financing in USA

A cooperative research team led by Xiaofei Li, Cesar L. Escalate, James Person, and Lewel F. Gunder (2013) conducted a study comparing agricultural lending and early warning models of bank failures for the Great Recession of the late 2000s. The survey's goal was to determine how crucial and necessary funding is for the agricultural sector. Commercial banks offer agricultural finance, just like other institutional sources do. According to their results, a bank's

exposure to the farm sector does not always increase the risk of its lending or the likelihood that it would succeed or survive. Given that agricultural lenders continue to be in relatively better financial health due to the fact that agricultural loan delinquency rates are consistently lower than banks' overall loan delinquency rates, this lends support to the assertion that these rates are lower than banks' overall loan delinquency rates. Instead, this study discovers that expensive funding arrangements, rising interest risk, and deteriorating asset quality could all be warning signs that could be seen as early as two or three years before a bank's eventual bankruptcy.

2.3.5 Agricultural financing in Pakistan

According to a (2019) poll conducted in this country by the joint group of Islamic Banking, led by Ahmad, Kaleem Rana, and Abdul Wajid, it appears that Islam forbids using interest as a means of making money or profit. This paper's goal was to investigate the potential uses of forward selling agreements as an alternative financing tool in the agricultural sector. This study's research revealed that the forward selling agreement concept can be used to non-farming activities including producing cattle and poultry.

2.3.6 Agricultural financing in Greece

The goal of the case study conducted by Stamatis Aggelopoulos, G. Menexes, and I. Kamenidou in (2017) was to assess the impact of agricultural productivity on financing and sustainability using a categorical ranking approach. The study's objective is to discuss the effects on agricultural financing. This study's technique used a ranking clustering procedure that took advantage of correspondence analysis's optimal scaling capabilities. The proposed approach was used to analyze family farms, or categorical financial variables, that were obtained from an 80 Greek pig farms stratified random sample using a structured questionnaire. The study's findings showed that there are three different types of pig farms. This study produced a number of suggestions for managerial and financial advancement.

2.3.7 Agricultural financing in Brazil

In order to better manage inflation and the financing of agriculture, a risk management portfolio was developed in Brazil. The majority of banks' failure to carry out their mandate in agricultural financing activities in Brazil made the research necessary. The study sought to determine

whether raising interest rates above the rate of inflation would increase Brazilian banks' engagement in agriculture. The analysis made clear that an increase in the rate of inflation, which was having an impact on the agricultural sector, was what led to the reduction in agricultural lending. The study's conclusion was that after the adoption of the real in 1994, hyperinflation was eventually brought under control. Due to lower inflation, people and businesses in Brazil are now more confident about borrowing as a result of the adoption of this new currency.

2.4 Empirical Findings on Agricultural Financing Sources

The impact of Agricultural loans on farmer's productivity

The empirical research on the effect of agricultural loans on productivity has shown that agricultural loans have an impact on productivity; nevertheless, it's also plausible that productivity has an impact on loans. Therefore, it's probable that when agricultural output rises, households will have more financial resources, which will raise their need for and capacity for accessing financial services. Additionally, general/community-wide increases in agricultural production will stimulate general economic activity, resulting in a development of the financial sector, which will enhance families' and enterprises' exposure to financial services. The result is that it might be challenging to establish a causal relationship between agricultural productivity and loans.

2.5 Research Gap

The previous studies focused on the importance of agricultural financing in the improvements in the livelihoods of small to medium farmers. These studies looked at how crucial and necessary funding is for the agricultural sector and how the commercial banks are playing a part in the availability of funds for the small to medium farmers. However, this research differs from the previous studies as is focusing on the key areas of financial needs and others factors that contribute to how the small scale farmers are going to access loan. Taking for example the need for collateral for communal farmers to be able to qualify for a loan.

2.6 Summary

The study aimed at presenting the theoretical underpinning of access to financial services and developing a conceptual framework for analysis. Based on the above theories, an analysis of access to financial services should be done by examining dimensions, that is, the supply-side and demand-side dimensions. This suggests that a multi-empirical analysis should be used to conduct an empirical analysis of access to financial services using both qualitative and quantitative research techniques. While the quantitative approach should be used to investigate the quantity of supply and demand as well as factors that raise the supply and demand, the qualitative analysis should be used to examine the behaviour of both the supply and demand side. To determine the variables determining access to financial services and how this access affects farmers' productivity, a comprehensive empirical analysis is thus necessary. This would encourage the creation of a suitable legislative framework that would favourably affect farmers' access to financial services, have a beneficial effect on farmers' productivity, and ultimately lead to increased national food security, reduced poverty, and economic growth. The methods chapter comes next.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter outlines numerous approaches the researcher wants to take when conducting his fieldwork. It concentrates on the population, sample, and study design. Additionally, sources and types of data were examined. Following that comes a review of the research tools, including a thorough explanation of questionnaires. Techniques for qualitative and quantitative research will both be employed.

3.1 Research Design

A systematic strategy known as a research design describes the study, the researcher's methods for collecting data, and the specifics of how the study comes to its conclusions. The goal of the study design is to make sure that the data collected will help the researcher clearly solve the research challenge. Explanatory design, descriptive design, and exploratory research case study design are some of the different research designs that can be employed in a research project. In this study, the researcher used a descriptive research design.

3.1.1 Descriptive Research Design

A descriptive research design refers to a study whose goal is to offer a true picture of the people, events, or circumstances under study. The goal, according to Kengler (2019), is to collect factual, precise, and organized data that may be applied to statistical computations. Descriptive research, according to Saunders (2019), is either describing a thing that has been seen or looking into potential relationships between two or more occurrences. Descriptive research attentively examines a situation as it is and does not include changing the situation under consideration. It is also not designed to identify causes and effect linkages, according to Omron (2014). Different strategies are used in descriptive research, and they all produce quantitative data that may be compiled via statistical analysis. The deductive technique was chosen by the researcher because it allowed for the gathering of quantitative data, the application of controls to assure the validity of the data, and the requirement to explain the haphazard correlations between variables. It was able to explain the connection between commercial banks and the agricultural industry by using a deductive strategy. Correlation, developmental designs,

observational studies, and survey research are just a few of the several descriptive research designs that are available.

3.2 Target Population and Sampling Design

3.2.1 Population

Our sampling components are drawn from the population, a bigger group of people, in order to simplify our findings. The population includes each component that makes up our unit of analysis, theoretically. Population, according to Steyn (2011), is the entire group of persons to which a study is related. Population is another term used by Keller and Warrick (2015) to describe the set or accumulation of all things relevant to a statistical issue. A sample was taken from this population since, for the sake of this study, the term "population" would refer to all of the employees in the financial sector, including clerks, assistants, and accountants. The researcher attempted to obtain data from all pertinent participants, but was unsuccessful. However, the researcher did not limit the results to the participants in the interviews and questionnaires; they were also generalized to the achieved population.

3.2.2 Sample

A sample, according to Keller and Warrick (2015), is a collection of data taken from the target population. Steyn et al. (2011) continued by stating that the sample represents a subset of the target population. Due to the size of the population, the Finance department of AFC Commercial Bank was chosen for the sample, which consisted of 18 farmers, 10 of whom were newly resettled farmers and 8 of whom were communal small-scale farmers. Data was gathered in order to pinpoint the precise agricultural financing sources that farmers were actually using. The study is being conducted at AFC Commercial Bank in Harare on a sample of 18 employees.

Table 1 AFC Commercial Bank Sample Composition

Participants	Target population	Sample	% of total
Clerks	20	3	15

Students on attachment	5	5	100
Supervisors	15	4	26.67
Assistance accountants	5	4	80
Accountants	5	2	40
Total	50	18	36

Source: Primary Data

Table 2 Questionnaire Allocation

	New Farmers	Old/Settler Farmers
Male Farmers	5	5
Female Farmers	3	4
Total	8	5
Farm Sizes	15-20 hectares	10 hectares

Source: Primary Data

A sample is a portion of the intended population that ought to represent the whole group. Out of a possible total of eighty (80) respondents, a sample of thirty-six (36) respondents was also utilised in this research study. 18 farmers, 16 of whom are newly resettled farmers and 14 of whom are communal small-scale farmers, or settler or old farmers in the area, made up this sample, together with top management from AFC Commercial Bank, finance personnel, and students on attachment.

To lessen bias and simultaneously boost the dependability of the study results, the researcher made sure that every AFC Commercial Bank employee had an equal probability of being chosen within the sample. The researcher employed both probability and non-probability sampling techniques to determine the sample size, drawn from the intended population, which are explained below:

3.2.3 Sampling procedures

According to Leedeey (2010), the key components of survey research are sampling, questionnaires, interviews, and observations. According to Dawson (2019), sampling can be divided into two categories:

3.2.4 Non random sampling

The researcher has no method of ensuring that each component of the population will be represented in the sample thanks to non-random sampling. Non-random sampling, according to Leary (2014), is a sample technique where the selection of items is not based on chance. According to Leedy and Omrod (2014), purpose sampling can also be referred to as judgmental sampling, and elements are selected or chosen for a specific purpose or after the researcher considered that the group has typical characteristics of an issue or problem under study. Random sampling can also be referred to as non-probability sampling, and there are three types: convinced sampling, purpose sampling, and quota sampling. The researcher chose or chose specific departments to respond to interviews and surveys using judgmental sampling or purposive sample. The decision to choose specific departments was made in order to improve the relevancy and validity of the data. The researcher chose the AFC bank employees because he felt that they might have important information and were more familiar with the idea of how merger operations affect business performance.

3.3.5 Random sampling

Each component of the sampling has an equal and independent probability of being chosen using the random sampling technique. Additionally, this sampling technique is grounded in Saunders' mathematical theory of possibility (2019). Random selection is the process of selecting a sample so that every member of the population has an equal probability of being chosen. When such a sample is chosen, the researcher makes the assumption that its features are roughly similar to those of the entire population. Probability sampling is another name for random sampling. The main benefit of random sampling is that biases may be more clearly identified. Random/probability sampling can take many different forms, including proportionate stratified, basic random, stratified random, cluster, and systematic sampling. Only simple random and stratified random sampling were used in the study.

3.4 Data sources

Steyn (2011) argued that the dependability and correctness of the data utilized have a noticeable impact on the findings of statistical analyses. The three sources of statistical data identified by Keller and Warrick (2015) are published data, data derived from observations, and data derived from experimental investigations.

3.4.1 Primary data

Steyn (2011) defines primary data as information that is gathered directly from sources by a researcher for a specific study. Data gathering tools like questionnaires and interviews would be used to get this information. The utilization of primary data results in a greater and more desirable response rate, which increases the reliability of the study's findings. Interviews in person would be performed with the supervisors of the finance section and the accountant. The remainder of the members of the chosen sample will receive questionnaires.

3.4.2 Secondary data

Donald (2011) described secondary data as information gathered and used for purposes aside from the issue at hand. Secondary data is information that has previously been made available by other individuals or organizations. Secondary data is used to define knowledge gaps, find out what has already been explored on a subject, and generate new ideas. Additionally, used and searched for any articles relating to agricultural finance were agricultural journals and bulletins from the Ministry of Agriculture as well as financial union magazines. Articles about agriculture and finance, conference papers, reports, earlier studies, and surveys. Also employed was the internet.

3.4.3 Justification of using secondary data

The researcher had access to information regarding the bank and farmers thanks to secondary data. Secondary data used to be restricted to libraries or certain organizations, but nowadays you can access it online, making it simple for the researcher to acquire information. It also allowed the researcher to draw fresh conclusions from the earlier research. Due to its accessibility, it took less time as well. However, the researcher also had to deal with difficult-to-understand technical jargon and other symbols. To solve this issue, the researcher had to consult dictionaries and the internet to learn the meaning of the technical jargon.

3.5 Data collection Instruments

The administered questionnaires to the chosen AFC bank divisions and its randomly chosen competitors were the data collecting tools used to gather the information needed to address the study's research problem. The investigation of the roles played by commercial banks in the financing of agricultural projects was the subject of in-depth interviews with top managers or senior members of several departments. Additionally, the researcher used document analysis as additional tool for gathering data.

3.5.1 Questionnaires

Leary (2014) claims that questionnaires use all methods of data collection and ask the identical set of questions of each participant in a predetermined order. With the help of questionnaires, the researcher was able to get a lot of data from a lot of respondents quickly and for very little money. Additionally, respondents supply more accurate information via questionnaires compared to other approaches because of the greater level of privacy they offer. The researcher can swiftly and simply quantify the results of questionnaires by using an excel analysis in addition to SPSS. Finally, since questionnaires are simple to standardize and ask every participant the same questions in the same way, they offer a superior foundation for analysis. However, because respondents' interpretations of the questions varied, responses were dependent on the respondents' personal interpretations, which occasionally resulted in subjective rather than objective answers. Last but not least, the way the questions were designed made it challenging for the researcher to analyse complex concerns and possibilities. The researcher did, however, presume that all respondents provided correct and factual information.

3.5.2 Justification of using questionnaires

Most study problems were tackled from the perspective of a questionnaire, which is the biggest benefit of using questionnaires. The researcher was able to get the right information about how agricultural funding affects agricultural productivity thanks to the questionnaire. Compared to an interview or an observation, they didn't put as much pressure on the respondents for quick responses. It allowed the respondent to reflect and provide thoughtful responses. The researcher had to leave the questionnaire and collect the response on another day, which saved both the respondent and the researcher time and money. It was very simple to organize and carry out. It was practical for the researcher and guaranteed anonymity, boosting the likelihood of an honest response. The researcher employed a software tool, which made it very simple to read and analyse the data the questionnaires gave. Self-administered questions have no room for clarity,

which results in wrong feedback or some questions being left unanswered. To avoid this, the researcher encouraged due sensitivity and confidentiality of information. This was another disadvantage the researcher faced. To solve this, the researcher had to reassure the respondents that the provided information was confidential.

3.5.3 Interviews

According to Scanlan (2020) a research interview is one where knowledge is created in the communication process of the interviewer and the interviewee. Semi-structured interviews, these interviews are those where the interviewer asks a few predetermined questions, but the other questions may not be planned. With the help of semi-structured interviews, you may have the best of both worlds in terms of structured and unstructured interviews at once. They provided a good objective comparisons of respondents in this situation as well as the possibility to examine themes pertinent to the study challenge on an ad hoc basis.

3.5.4 Justification of using interviews

The researcher chose interviews since they facilitated observation of non-verbal cues from the respondents, such as facial expressions or change in tone of the voice. Probing was used by the researcher where the researcher detected a degree of inconsistency between verbal responses and non-verbal signals, in order to derive actual facts of the matter at hand.

3.6 Data validity and Reliability

The degree to which an instrument accurately measures a variable is known as its validity. The idea that the variables being researched can be recorded or assessed forms the foundation of validity. Validity demonstrates that the results reached may be trusted and that the procedures employed support the conclusions. According to Trondheim (2012), dependability is the consistency of a measurement or level that a data instrument measures in the same way each time it is used with the same participants and under the same conditions. For instance, would the outcomes of a similar study that was conducted repeatedly (theoretically) be the same? (Cobb 2012). Validity is the degree to which an instrument or attest measures a variable, according to Settler (2016).

Validity, in its simplest form, asks whether an evaluation or piece of research genuinely measures what it sets out to do. Internal and external validity are two categories of validity. External validity relates to the ability to apply the research findings to a larger community,

whereas internal validity often demonstrates how accurately the research results represent the study population.

Reliability is concerned with the issue of whether or not the inquiry would yield the same results if done again. Therefore, given the same study protocols, independent researchers must be able to obtain consistent results. This improves the knowledge of hypotheses and the drawing of conclusions from studies. The researcher made sure that the procedures used in this study were documented in order to assure reliability. As a result, anyone conducting a case study using the same methodology will be able to get the same results and conclusions.

3.7 Data analysis

Data analysis entails looking closely at the information provided in order to draw a conclusion. It is a procedure for reviewing, purifying, manipulating, and modelling data with the aim of emphasizing pertinent data, offering hypotheses, and assisting in decision-making. Without the use of computers, data analysis can be challenging, claim Swimmer and Dominick (2018), since computers make it easier for researchers to retrieve and analyse data. EDP systems were used for data processing, storing, retrieval, analysis, and further processing. To draw conclusions from the analysis of each item individually (ordinal data), the variability was summarized using the median, mode, range, and interquartile range.

3.8 Data Presentation

Presentation of the data should be done. The most appealing approach possible must be used to present data. The information should be communicated as effectively as possible through the presentation of the data. Readers should have no trouble understanding any used charts and tables. The percentages of various participant responses were shown visually in the quantitative data, which was tallied. The data were presented by the researcher in the order listed below, with questionnaire results followed by interview results. Tables were employed because they are good at accurately and succinctly displaying summarized information. Graphs were also employed since they make data easy to display and understand.

The acquired data was presented and depicted using various statistical graphics, including pie charts and graphs. These graphs typically result in a political portrayal of the data being examined. The researcher can generate the tables more easily and display the detailed

numerical data more succinctly by using statistical tables. Chats allowed the researcher to quickly form conclusions about the results.

3.9 Chapter Summary

The research design, data sources, targeted population, sample techniques, data collection tools, data validity and relevance, data analysis, and data presentation were all examined in this chapter. In general, this chapter clarifies the project's overall structure. Every action the researcher took during this research was described in detail and supported by evidence in this chapter. The approaches for presenting data, discussions of the findings, and their interpretation in light of the research question will be the main topics of the following chapter.

CHAPTER FOUR

DATA PRESENTATION, ANYLSIS AND DISCUSSION

4.0 Introduction

This chapter's primary goal is to present, evaluate, and talk about the research's findings. Reviewing the findings from the researcher's analysis of primary and secondary data is the major goal of this project. In order to ensure the validity and reliability of the research findings, primary data were collected through the use of questionnaires and interviews. Both primary and secondary data were presented using graphs, tables, and pie charts.

4.1 Questionnaires and Interview Response Rate

Questionnaire response

The percentage of questionnaires returned that were issued to respondents from different AFC Commercial bank divisions that were completed and collected by the researcher for data presentation and analysis is known as the questionnaire response rate. The table below shows how respondents to the questionnaire rated the research's findings;

Table 3 Questionnaire response rate from AFC Commercial bank

Description	Target sample	Achieved Sample	Response Rate %
Asset management department	3	2	66.67
Risk department	5	5	100
Treasury department	4	3	75
Corporate banking	6	5	83.3
New farmers	9	5	55.56
Old farmers	19	8	88.89
Total	36	28	77.78

Source: Primary data

n=28

The target sample of questionnaires and interviews that were given to four AFC Commercial bank departments asset management, risk, treasury, and corporate banking and their respective response rates are shown in the table above. After a total of 13 out of 18 respondents returned their surveys with the intention of becoming indispensable, the response rate is shown as 72.22% in table 4.1 above. The risk department had 100% of the responses, which was the highest response rate. Only a sample of two of the three surveys sent to the asset management department were completed, yielding a 66.67% response rate. Response rates for the Treasury, Corporate Banking Department, Old Farmers, and New Farmers are correspondingly 75%, 83.3%, 55, 56%, and 88.89%. Jackson (2011) suggested that if the research is conducted using questionnaires, a response of 70% to 80% is extremely good. The overall response rate of 73%, which is within the range of excellence as mentioned by Jackson (2011), makes this research good and trustworthy enough for the analysis and integration of the questionnaire data.

Interview Response

After a sample taken of 5 people at random each from one department for the interview, the response rate was 100% as all of the interviewee responded to the interview questions.

4.2 The impact of credit disbursed by Commercial banks to farmers

Fig4.1 Source: primary data

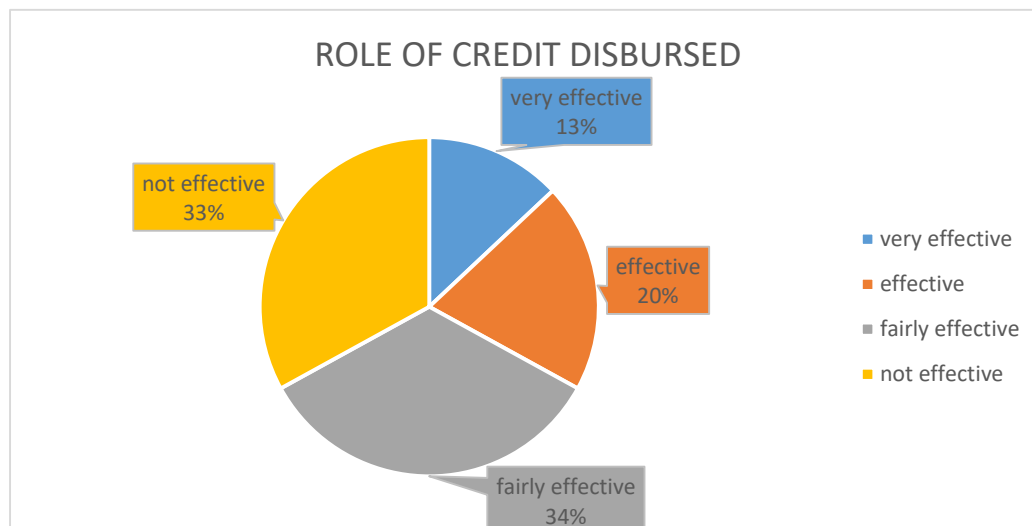


Figure 1 The impact of credit disbursed by Commercial banks to farmers

Figure 4.1's data from AFC Commercial bank shows that (13%) strongly agreed that the impact of the bank's (AFC Commercial bank's) disbursement of credits is very effective; (20%) effective; (34% somewhat effective); and (34% disagreed and said the impact was ineffective.

It demonstrates that 34% of respondents believed that the prosperity of the agricultural industry was significantly impacted by the loan that was disbursed. This is consistent with a research by Gunter (2010), who found that 34% of farmers believe that exposure to the farm sector through loans does not always improve a bank's ability to successfully disburse credit. Costly funding arrangements, rising interest rate risk, and declining asset quality are the problems the bank is currently facing. These issues may have been present up to two or three years prior to the bank's eventual failure.

The long-term self-interest of banks, however, is almost equally compelling. Commercial banks arbitrage from interest rate differentials, as Locket (2008) found. Commercial banks use interest rate differentials to arbitrage their interest rates.

4.3 Recommendations by farmers about the credit disbursed by banks

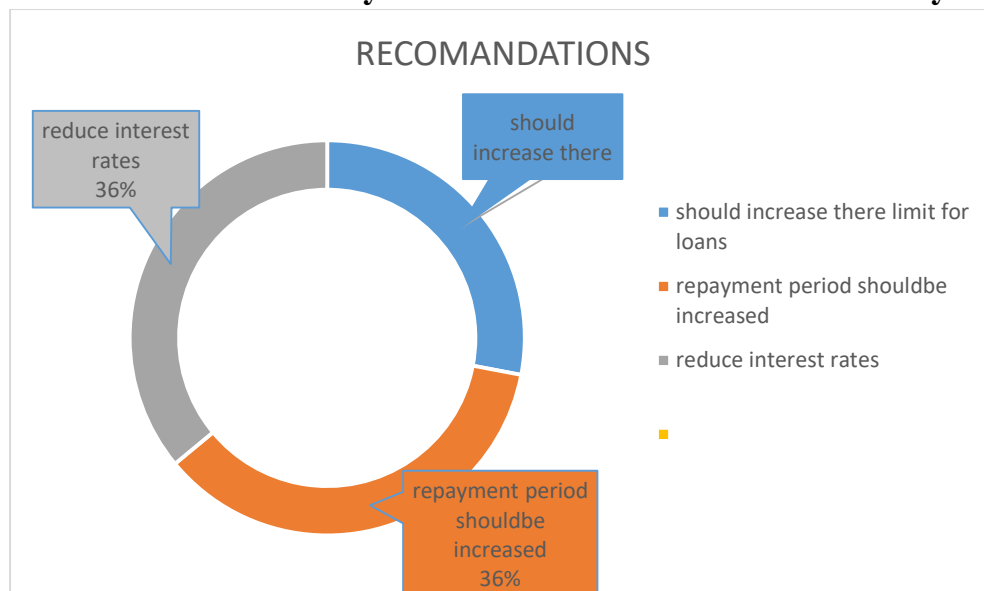


Figure 2 Recommendations by farmers about the credit disbursed by banks

The recommendations made by farmers regarding the bank loan disbursed, as mentioned in the chat above, are explained in fig. 4.2. 28% of respondents stressed that loan limits should be raised, and 36% said that the length of the payback period for agricultural financial credits should be lengthened. However, of this 36%, the difficulty of repayment was the one that was highlighted the most, with low mentions of high interest rates and collateral security. This is due to the fact that these farmers are primarily focused on cash crops, particularly cotton, soya beans, and wheat. Depending on the supply, the price of these crops changes periodically. They receive extremely little money for their crops, notably cotton, during times of surplus supply,

which leaves them vulnerable to payback issues. Additionally, the primary purchaser of soy beans, the Grain Marketing Board (GMB), pays later for soy bean deliveries, making the producer price occasionally less profitable. After this group of farmers borrowed money and used it well, all these circumstances result in repayment issues. The remaining 36% favoured lowering interest rates. Payback issues, which are often closely related to high interest rates, are a concern for these farmers who receive loans when the markets for their produce are weak, increasing the likelihood that they may have repayment issues as a result of their crops' subpar yields.

However, the bank's own long-term self-interest argument is nearly as compelling. According to Lucket's (2018) research, commercial banks generally use interest rate differentials for arbitrage. The interest rates that commercial banks charge are mostly based on interest rate arbitrage. The core of commercial banks' liquidity was described as the interest rates they assessed on loans.

With these results from the two reaches in hand, the researcher remarked that credit issued consist of changing the banks' discretionary items to offset the nondiscretionary flows in order to fulfil the banks' short-term goals.

4.4 Major areas that farmers need to be financed

This study's goal was to identify the key areas where financing for farmers is required. The outcomes are displayed below.

Table 4 Major areas that farmers need to be financed

AREAS	RESPONS E FROM ASSET MANAGE MENT	RESPONSE FROM RISK DEPARTME NT	TREASUR Y DEPARTM ENT	CORP ORAT E BANKI NG	NEW FARM ERS	OLD FARM ERS	%
Buying farming equipment	1	2	0	1	3	4	39.29
Purchasing supplies	1	1	1	1	0	1	17.86

Refinancing an older loan	0	1	1	2	0	1	17.86
Making land improvements and repairs	0	0	1	1	0	1	10.71
Covering land costs	0	1	0	0	2	1	14.29

Source primary data

According to the research's findings, 39.29 percent of respondents said that farmers needed funding in order to buy farm equipment, and 17.86% said they had thought about refinancing an older loan and buying supplies. 14.29% of the respondents said they had thought about financing land expenditures, and the remaining 10.71% said they had thought about funding land improvements and repairs.

Nearly majority of the respondents to the questionnaires concurred with these points. Farms cannot be operated by farmers without sophisticated machinery. Tractors, irrigation systems, and silos are just a few examples of the equipment you might employ. Although it costs a lot more, high-quality, dependable equipment will last longer and make your task easier. You can grossly underestimate the cost of specialist equipment if you're just starting out in the agriculture industry. Farms require ongoing maintenance and upkeep to operate effectively, which brings us to the topic of land improvements and repairs. An agricultural loan may be used to pay for expensive infrastructure or land improvements or repairs. The study's conclusions are contrasted with those of Wesley (2016), who found that the same type of capital upgrade can assist increase the value of your farm, make your business more efficient, and enhance your products. You'll also want to stay current on the most recent developments in ethical farming and land preservation in today's market of conscientious consumers. This entails spending some money up front on upgrades but reaping significant rewards later. Just be sure to allocate some of your funds for marketing your significant advancements.

4.5 Problems faced by farmers in procuring agricultural finance

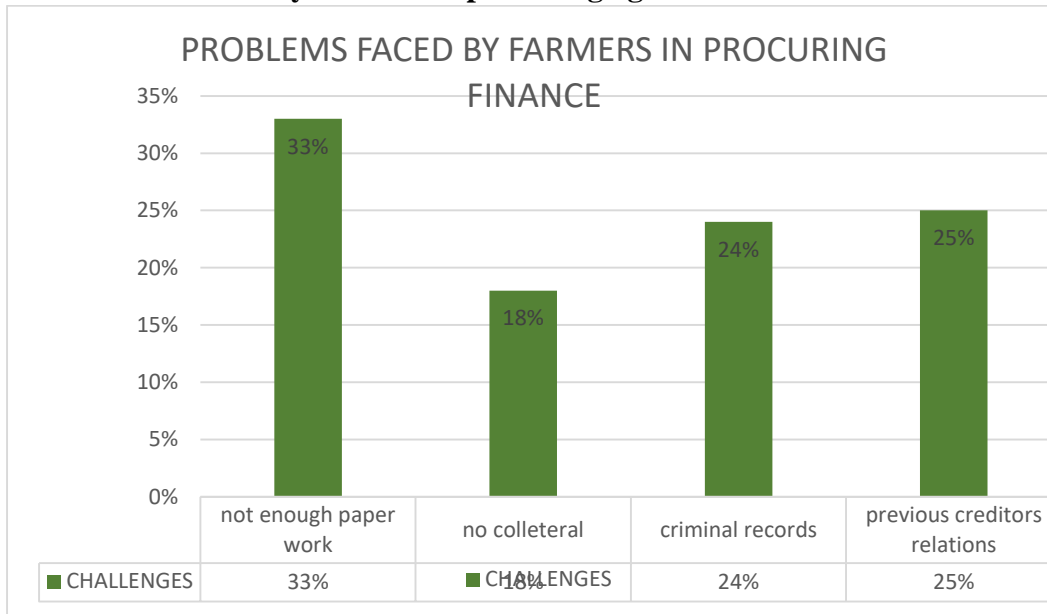


Figure 3 Problems faced by farmers in procuring agricultural finance

Source: primary data

According to the graph above, 33% of respondents believed it was difficult for them to receive agricultural financing since there wasn't enough paperwork. Many respondents suggested that there wasn't enough paperwork, making it the top priority to resolve issues with obtaining bank financing. According to a local agronomic, most borrowers of agricultural loans divert the money to other purposes, thus banks are making every effort to assist farmers by providing ample documentation to support their claims, according to the Zimbabwean (2012).

usage for agriculture, and the loans will only be used for agriculture. Other respondents (18%) believed that it would be challenging to acquire loans because there was no collateral security. Because the land is state-owned, financial firms are now not allowed to use the user permits that these farmers have on it. Therefore, additional assets, such as a title-deeded urban home, are required so that the lending institution can recoup its losses in the event that the farmer defaults on the loan instalments. Due to the fact that the majority of these farmers lack strong assets with adequate safety margins to serve as collateral security for the financial institution, they have difficulty employing banks or other financial institutions to finance their farming activities. Another 24% of respondents believed that their prior criminal histories prevented them from obtaining bank financing for agriculture. According to a study by Ngongoni, Mapiye, Mwale, and Mupeta (2016), it would be difficult for a farmer to obtain agricultural

financing if he or she had a criminal record or unpaid debt from a prior encounter. This is because banks check past records to determine a farmer's ability to pay in the future. Finally, 25% of the target audience believed that prior credit relationships made it harder to receive agricultural loans. If a person has a history of poor credit, whether it be with banks or other microfinance institutions, that history will make it difficult for them to receive financing because no organization wants to deal with problems down the road.

4.6 Other problems that farmers face in procuring agricultural finance

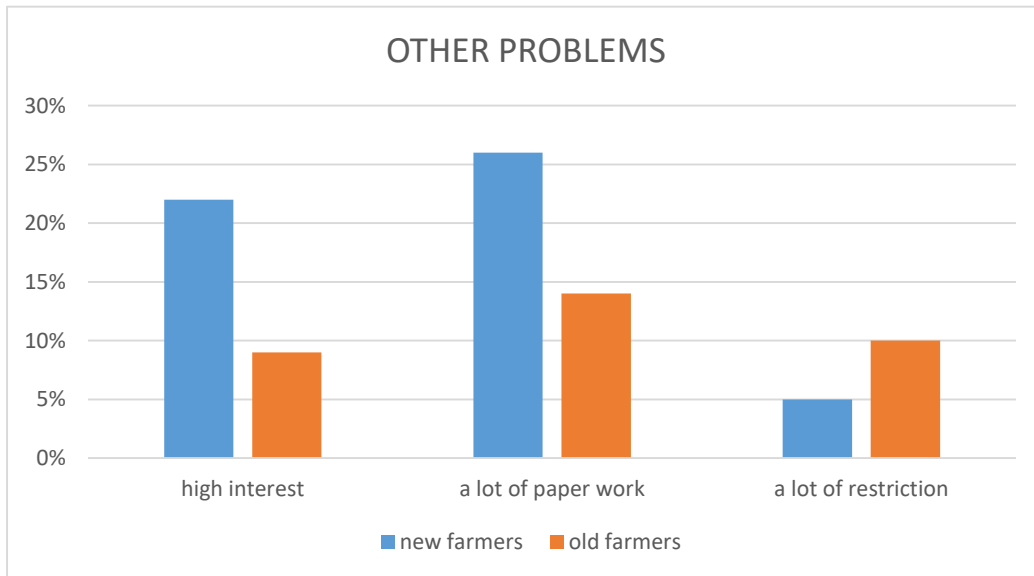


Figure 4 Other problems that farmers face in procuring agricultural finance

Source primary data

According to the graph, 22% of new farmers, compared to 9% of experienced farmers, cited interest rates as a barrier to obtaining long-term finance. According to the findings of the respondents, new farmers are more likely to experience high interest rates since they take out larger loans than older farmers do, and larger loans have interest rates. Due to the fact that they have more needs than experienced farmers, rookie farmers will require substantial loans. In comparison to older farmers, who had a 13% opinion, 26% of young farmers felt that having to deal with a lot of paperwork was difficult. The reason why new farmers have a higher proportion than established farmers is that creditors, or commercial banks, need to have proof of a number of things since the new competitors must not be thieves. 10% of respondents believed there were too many limits, and 5% thought they were a challenge. Numerous stipulations and covenants, such as limitations on the range of business activities the company may conduct and capital requirements, are frequently included in long-term debt financing arrangements.

4.7 Effectiveness of Agricultural financing sources

The researcher's goal in exploring the subject of the study was to look at the connection between agricultural funding and agricultural productivity. According to Sarfraz, H. (2019), agricultural financing has a significant impact on agricultural productivity. We will analyse the respondents' views based on how they rate the efficacy of the agricultural financing sources in order to ascertain whether there is a relationship between agricultural financing sources and productivity in this regard. A few questions were posed to the respondents, and the answers are shown in the chart below.

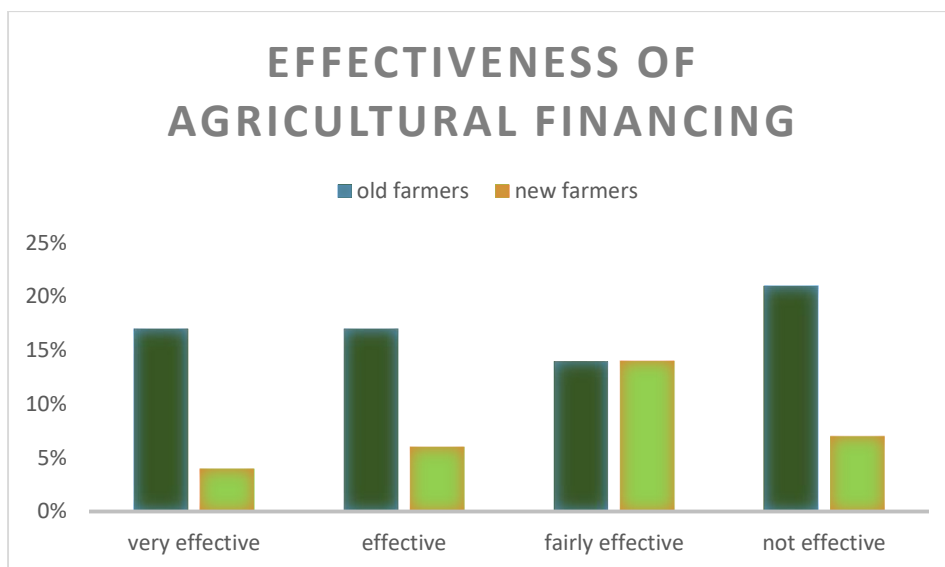


Figure 5 Effectiveness of agricultural financing

Source primary data

According to the findings, 17% of veteran farmers and 4% of young farmers believe that agricultural financing is extremely effective. According to study by Hassan (2009), credit has a favourable impact on productivity and is thus a key tool for raising agricultural sector production. The coefficient of credit was shown to be highly significant. The targeted groups demonstrated that they use a variety of financial resources, and that those financial sources' impact on agricultural output varies. As implied from the previous statement, another 21% of respondents (old farmers) believed that agricultural financing sources were ineffective. This brings up the point that agricultural financing sources are unique and that they also have effects that are distinct from those of other financial sources. For instance, other farmers from the targeted populations used loans as their financial source. Loans have high interest rates in

repayments, and the larger the amount you borrow, the higher the interest rate. 17% and 6% said agricultural funding was successful.

4.8 Agricultural Finance used by farmers

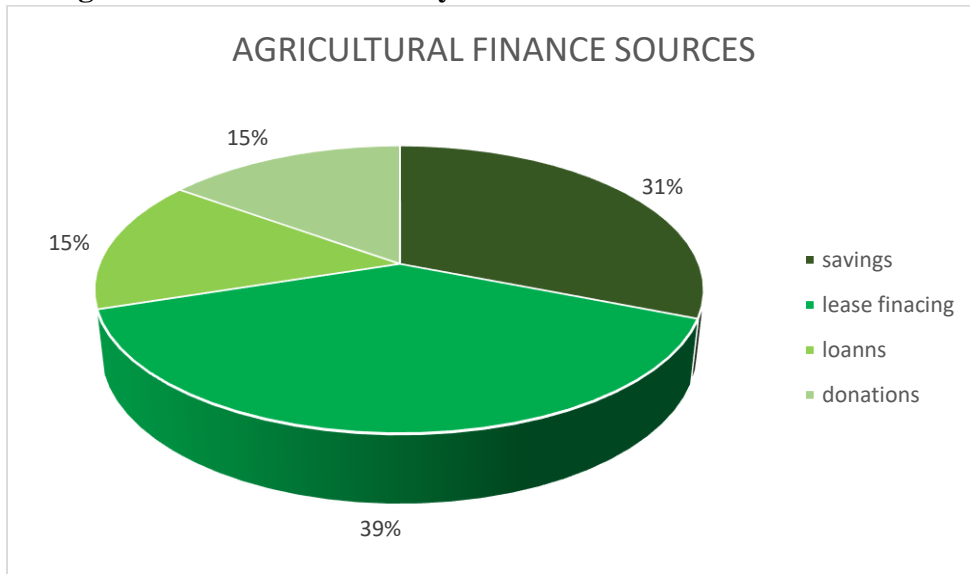


Figure 6 Agricultural Finance used by farmers

Source primary data

It is evident from the following figure that the majority of farmers' favour employing lease financing for agricultural financing. 15% of farmers take loans, while the chart above showed that there aren't many of them. This may be explained by the fact that most of them are not yet completely commercialized, which makes it difficult for them to obtain agricultural loans. Additionally, some farmers may not be in favour of loans due to the related borrowing costs. And 39% said they make use of leasing financing. Since a higher section of the population used this as their primary source of agricultural financing, their observations revealed that leasing finance offers more benefits than using loans or any other forms of funding provided by commercial banks. Leasing finance has lower interest rates than loans, which is why it is increasingly popular. The remaining 31% said they utilize their savings, while the last 15% said they use donations.

According to donations and savings, respondents used this as a source of funding in 15% and 31% of cases, respectively. The survey's conclusion that farmers can use a variety of resources to increase production in the agricultural sector was supported by studies of a similar nature conducted by Akhavern (2011).

4.9 Discussion of findings

The research findings indicated that the role played by agricultural financing is very little in the productivity. This reveals that more farmers are using other alternatives of agricultural financing rather than agricultural loans. While a study conducted in Bangladesh by Alam (2015) suggested that farmers who use agricultural financing put about 81.5% of their arable land under production compared to 76% use of cultivable land on farmers that do not use agricultural financing. This entails that Alam's research had more farmers using agricultural finance more to increase their productivity than those in Zimbabwe.

From this study the researcher found that there are a number of reasons why farmers cannot access agricultural financing among them is the interest rates, the unavailability of collateral and not enough paper work. Putting more emphasis on high interest rates, the commercial banks are operating in an inflationary economy so they increase their interest rates in trying to curb inflation but this comes as a disadvantage to farmers who want to borrow. This is evident also in the study conducted in Brazil, where the research sought to determine whether raising interest rates above the inflation rate will make banks in Brazil want to lend more in the agricultural sector but the conclusion was that there was a reduction in agricultural lending as more farmers are scared away by the level of interest rates.

4.10 Summary

This chapter presented the study's findings. This investigation highlighted what other scholars claimed as well as the similarities between findings from similar researchers. The response rate obtained from the targeted sample, data presentation, and data analysis are all covered in this chapter. This chapter also discussed the effects of bank credit distribution, the difficulties farmers experience in obtaining loans, the efficiency of agricultural finance, and the sources of bank financing. The final chapter of the research study includes a summary, conclusions, and suggestions.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

In this study, the functions of commercial banks in financing the agricultural industry were analysed. This Chapter reviews the solutions to the problem by summarizing the preceding chapters, in which this Chapter provided all of the research findings. Additionally, this chapter offers suggestions for the future for the farming community, AFC Commercial Bank, as well as the banking industry.

5.1 Summary

The context of the study, which examined the involvement of commercial banks in the funding of agricultural projects, was the subject of Chapter 1. It highlighted the problems with agricultural project financing that contributed to a decline in Zimbabwe's agricultural productivity in the Southern market. The chapter also provided a synopsis, definitions of key terminology, significance of the study, delimitations, research aims, and research questions. The research analysed material that was pertinent to solving the research challenge, and chapter two laid the research's foundation. To gain a thorough understanding of the roles played by commercial banks in financing, an account of research findings by other writers was provided in this chapter.

Agriculture industry. The researcher sought to assess the effects of credit provided by commercial banks, identify the link between agricultural finance and agricultural productivity, and identify financial issues. As literature sources, journals, textbooks, and the internet were used. Chapter 3 also described the methodology used in conducting the research. A case study approach was extensively used in this study. A questionnaire was used to collect responses, which enabled the researcher to draw conclusions about the issues under study. The findings from chapter 3, which were summarized and presented, were used in chapter 4. Percentages,

means, and ranges were used to evaluate the results and draw inferences. In certain statements, correlation was utilized to examine the relationship between two variables. The order in which the questions were organized on the questionnaire is followed in the question analysis. To show research findings, the study used descriptive statistical tools, which included tables, pie charts, and graphs.

5.1.1 Summary findings

- The researcher found that while AFC Commercial Bank is reasonably effective at disbursing agricultural financing, the banks' efficiency is limited by their exposure to credit risk, high funding costs, and deteriorating asset quality.
- The majority of respondents said that the influence of strict restrictions had an impact on how easily agricultural financing could be accessed. The study's empirical findings are based on time series data, but since they cannot be generalized to describe what is happening across the board in the agricultural sector, their conclusions cannot be considered firm.
- According to the study, banks are concerned about concerns relating to land tenure systems and how they may affect consumers' access to agricultural lending markets. The association between tenure and product and its impact on the accessibility of financial markets can subsequently be used to connect this to agricultural productivity. Banks have an impact on agricultural output, according to the report.
- Based on the first objective, the researcher found that commercial banks that operate in a multicurrency environment struggle to settle their debts. The majority of respondents stated that commercial banks in deficit should think about raising new money to improve their position. because the RBZ was broken.
- The researcher highlighted that for increased agricultural output to be realized, agricultural policies should interact very closely with financial institutions. The study also observed that in order to facilitate financial inflows or investment in agriculture, which subsequently has a favourable influence on the agricultural

sector, a consultative strategy should be employed that includes both stakeholders from financial institutions and agriculture.

- The researcher also found that farmers without access to financing had low productivity since they couldn't afford to buy inputs, employ workers for farm operations, or rent farm machines for harvesting and digging.
- The researcher found that farmers faced greater difficulties due to a lack of collateral. This was connected to the fact that the majority of these farmers lack assets that may be guaranteed as security to financial institutions and are not fully commercialized. However, new farmers reported difficulty repaying the loan and hefty interest rates. These difficulties are linked, thus new farmers highlighted them as the main difficulties they encounter when utilizing financial institutions or banks to fund agricultural production.

5.2 Conclusions

- The study found that the absence of collateral from the majority of farmers and a shortage of resources to finance the agricultural industry were the main reasons for AFC Commercial Bank's decline in agricultural financing from 2010 to 2021.
- These reasons functioned as obstacles for AFC Commercial Bank and other commercial banks in carrying out their orders. Conclusion: Commercial banks must establish credit lines in order to enhance financing of the agricultural sector since they need to have sufficient capital to do so.
- In addition to the government's efforts to raise the economy's Gross Domestic Product, AFC Commercial Bank plays a significant part in providing loans to farmers. In light of this significant challenge, methods must be developed to enhance banks' financing of the agricultural sector. Credit is impacted by agricultural collateral because there aren't many other applications for it.
- Farmers use a variety of agricultural financing methods, and it has been determined that each has its own set of difficulties.

5.3 Recommendations

The study suggests the following to establish a properly functioning agricultural financing system:

- ❖ If increased Agricultural production is to be achieved, agricultural policies and financial institutions need to work closely together.
- ❖ To encourage financial inflows or investments in agriculture, which then has a favourable impact on agricultural productivity, a consultative strategy should be employed that includes both stakeholders from financial institutions and agriculture.
- ❖ The banks should start using growth strategies like backward or forward integration with the important stakeholders. It should guarantee ideal resource distribution and efficient loan disbursement.
- ❖ The lowering of interest rates on loans for agricultural purposes. The bank will be able to do a risk return trade-off as a result.

5.4 Suggestions for future research

This study's goal was to examine how commercial banks contribute to agricultural funding. The ultimate objective, however, is to create a thriving agricultural funding system in the economy, led by the banking sector, that is efficient and boosts the nation's economy.

REFERENCES

Administrator of National Bankbook on Agricultural lending (2015) comptroller Alam. V., (2015), Agricultural productivity, Grameen Bank.

Adrian, T., and Shin, H.S., 2017. Financial Intermediary Sheet Management.

Akhtar, C.S., Ismail, K. and Hussain, M.A. (2015). Social capital and organisational sustainability: Case of Malaysian SMEs. *Recent Advances in Environmental Sciences and Financial development*, 87-91.

Babbie, .G. (2018). Agricultural financing, *Journal of Agricultural Financing*, Volume 32(1) 58-68

Baker, M. & Wurgler, J. 2002. Market timing and capital structure. *The Journal of Finance*, 57(1): 1-52

Barry, W. (2015), *business Research Methods*, Auckland

Baxter, S., and Oslem. (2012), *Commercial Banking, the Management of risk*, west Publishing Company, Minneapolis st Paul.

Brien, E.O. and Hamburg, I. (2014). Supporting sustainable strategies for SMEs through training, cooperation and mentoring. *Higher Educational Studies*, 4(2): 61-69.

Chitema, P.T. and Chitongo, L., , 2020. . Group savings and lending schemes for rural women livelihood development in Ward 15 Chishakwe Village, Mutare, Zimbabwe. *Journal of Public Administration and Development Alternatives (JPADA)*, pp. 5(1), pp.133-144.

Cooper, D. R. and Schindler, P. S. (2014), *Business Research Methods*. Twelfth Edition. New York: McGraw-Hill/Irwin.

Fink, A. (2014), *Conducting Research Literature Reviews From the Internet to Paper*, Fourth Edition. Los Angeles: Sage Publications Ltd.

Flyvberg, D, (2018), *Economic Analysis of Agricultural Projects*, 8th Edition, New York Wiley Finance.

Gittenger JC (1976), *Economic Analysis of Agricultural projects*, a World Bank Publication

Johnson, D.T, (1982), *the Business of Farming, a Guide to Farm Business Management*,

Leedy, W. (2014). Lending Rates. *Journal of Agricultural finance*. Volume 6:117 -39. Leary, D, (2014). *Practical Research: Planning and design*, 9th Edition, Merrill Prentice Hall, New Jersey, Columbus.

Martin, S., Rieple, A., Chang, J., Bonaventure, B. and Ahmed, A. (2015). Small farmers and sustainability: institutional barriers to investment and innovation in the Malaysian palm oil industry.

McGraw Hill Companies New York

Mueller, D.C., (2015). Agricultural financing. *Review of Economics and Statistics* 37:2,25487.

Murray.K, (2015). *The Business of Farming, a Guide to Farm to Business Management*, 3rd Edition, McGraw Hill Company. New York.

Onwuegbuzie, A. J. and Frels, R. (2016), *7 steps to a comprehensive literature review: A multimodal & cultural approach*. London: Sage Publications Ltd.

Ong, C.H., Salleh, S.M. and Yusoff, R.Z. (2015). Brand experience, trust components and customer loyalty: sustainable Malaysian SME brands study. *Asian Social Sciences*, 11(26): 252-266. Canadian Center for Science and Education: Canada.

Ozatay, F. & Sak, G. 2002. Financial liberalisation in Turkey. Why was the impact on growth limited? *Emerging Markets Finance and Trade*, 38(5): 6-22.

Pillof, .A. (2010). Sources of Capital. *Review of Industrial Organisation Journal*, Volume 12 (1):95-139.

Raziq, A. and Wiesner, R. (2016). High performance management practices and sustainability of SMEs. Evidence from manufacturing and services-based industries in Pakistan. *Journal of Management Sciences*, 3(2): 83-107.

Reedy, .U, (2014). *Commercial Banking. The human side of farmers: Managing collisions between people and organisation*. 4th Edition, Hermitage Publishing Company, USA.

Rukuni. X. and, Eicher. (2014). Commercial farmers before land reforms, *Journal of Business* Volume 25:36-25.

Rural Credit Survey report (2010), a World Bank publication

Saeed et al (2016) *Economic Analysis of Agriculture Projects*, A world Bank Publications.

- Sanders et al (2013) *Business Research Methods*, 3rd edition, Pearson
- Saunders, A. and Cornet, M. M. (2008), *Financial Institutions Management: A Risk Management Approach*, Sixth Edition. New York: McGraw-Hill/Irwin
- Sachitra, V. and Siong-Choy, C. (2017). Relationship between institutional capital, dynamic capabilities and competitive advantage: empirical examination of the agribusiness sector. *International Review of Management and Marketing*, 7(1): 389-397.
- Singh, V. a. P. P., 2019.. Factors influencing outreach performance of agriculture sector in India.. *Asia-Pacific Journal of Management Research and Innovation*, , pp. 15(4), pp.162-176..
- Stephen, S.M., Gregory, N. and Makokha, E.N., 2021.. Determinants of Financial Performance of agricultural Finance In Kenya..
- Tchakoute-Tchuigoua, H. a. S. I., 2019. The effect of loan approval decentralization on microfinance institutions' outreach and loan portfolio quality.. *Journal of Business Research*, pp. 94, pp.1-17..
- Thompson, .J. (2015). Why Banks finance Agricultural Sector? , *Journal of Money, Credit and Banking*, Volume 34(4): 1047-1066.
- Todd (2010), *Economic Analysis of Agricultural projects*, west publishing company, Minneapolis st Paul.
- Todd, F. (2010), *A Practical Research Methods*, How to books Ltd, London, UK
- Tuan Hassan, T.M.R., Yaacob, M.R. and Abdullatif, N.K. (2014). Sustaining SMEs wood-based product manufacturing through best practices- the case of indigenous entrepreneurs in Kelantan. *Procedia Social and Behavioral Sciences*, 115(2014): 221-234. Retrieved on Jun 30th, 2017 from <http://www.sciencedirect.com>.
- Wegner (2015), *Quantitative analysis*, 3rd edition
- World Bank (2017), 'Agriculture and Climate Risk Enterprise (ACRE) Kilimo Salama—Kenya, Rwanda, Tanzania.' [Online] Available from: <http://documents.worldbank.org/curated/en/858031490693709582/Agriculture-and-climate-risk-enterprise-Kilimo-Salama-Kenya-Rwanda-Tanzania>. [Accessed: 05/09/18].

World Bank. (2012), 'Mobile Money for Financial Inclusion.' World Bank. [Online] Available from:<http://siteresources.worldbank.org/EXTINFORMATIONANDCOMMUNICATIONANDTECHNOLOGIES/Resources/IC4D-2012-Chapter-4.pdf>. [Accessed: 7/9/18]

Yusi, M.S. and Idris, U. (2016). Rural banking: the strategic solution in capital strengthening and performance of micro and small agribusiness enterprises in South Sumatera Indonesia. *Journal of Internet Banking and Commerce*, 21(2): 1-18.

Friedrich, N., Heyder, M. and Theuvsen, L. (2013). Sustainability management in agribusiness: challenges, concepts, responsibilities and performance. Department of Agricultural and Rural Development, Georg-August University of Gottingen: Germany.

APEDIX 1

QUESTIONNIRE



Dear Sir/ Madam

RE: REQUEST FOR INFORMATION

My name is Rectise Nyasha Kwecha and Bindura University of Science Education offers a Bachelor of Commerce Honors Degree in Banking and Finance, which I am now pursuing. I'm working on a research based on the role of agricultural finance on agricultural productivity for small and medium scale farmers in Zimbabwe.

This study is basically academic in purpose, and the researcher would appreciate your insightful feedback. All information collected will be used only for academic reasons and will be treated with the highest respect and confidentiality.

For any amplifications, please feel free to contact the researcher on 0784214711.

(Please tick the appropriate response)

SECTION ONE

Demographic Information

1. Which department do you work in the banking institution / are you a new farmer or old farmer?

Asset management department	<input type="checkbox"/>	risk department	<input type="checkbox"/>
Treasury department	<input type="checkbox"/>	corporate banking	<input type="checkbox"/>
Other (new farmers)	<input type="checkbox"/>	old farmers	<input type="checkbox"/>

2. If employed in the banking institution, specify your current working position at the bank?

Credit analyst	<input type="checkbox"/>	Relationship manager	<input type="checkbox"/>
Loan officer	<input type="checkbox"/>	Recoveries/monitoring officer	<input type="checkbox"/>

3. What is the Highest Academic Qualification you have attained?

Doctoral degree	<input type="checkbox"/>	Bachelor's degree	<input type="checkbox"/>
Master's degree	<input type="checkbox"/>	Diploma	<input type="checkbox"/>
A-level	<input type="checkbox"/>	O-level	<input type="checkbox"/>

4. Indicate your experience in the banking industry/farming industry

Less than one year	<input type="checkbox"/>	6-10 years	<input type="checkbox"/>
1-5 years	<input type="checkbox"/>	11-15 years	<input type="checkbox"/>
Above 15 years	<input type="checkbox"/>		

SECTION TWO

Questions on the impact of agricultural finance on agricultural productivity for small and medium scale farmers in Zimbabwe

5. Identify the farmer's major areas of agricultural finance needs

.....
.....
.....
.....
.....
.....

6. Identify the challenges of farmers in procuring agricultural finance

.....
.....
.....
.....
.....

7. Assess the adequacy of agricultural finance offered to farmers by commercial banks

.....
.....
.....
.....

8. Is there any impact of credit disbursed by commercial banks to farmers?

.....
.....
.....

.....
.....

9. Are there any other recommendations you have as farmers about this credit disbursement?

.....
.....
.....
.....
.....

10. Highlight any agricultural finance that farmers you are using

.....
.....
.....
.....
.....
.....

THANK FOR YOUR ASSISTANCE!!!

APENDIX 2

INTERVIEW GUIDE

The interview guide was directed to workers in the banking sector and small to medium scale farmers.

- 11) May you please describe any difficulties that you might have encountered while trying to acquire a loan?
- 12) How has interest rates affected your willingness to borrow from the banks?
- 13) Identify the farmer's major areas of agricultural finance needs.
- 14) What is the level of adequacy of the finances provided by the commercial bank?
- 15) Do the amount of credit disbursed, has an impact on farmers?
- 16) What is the level of effectiveness of agricultural financing of farmer's productivity?
- 17) What other source of finance would you recommend for famers to use?