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A Literature Review on Smallholder Agricultural Finance in Nigeria

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Abstract

This study aims to review existing literature on agricultural financing in Nigeria and examine the different financing streams and their effects on smallholder farmers to recommend future research directions to improve the use of these funds for the sustainable development of smallholder farming in Nigeria. The examination of publications found using the following search technique served as the basis for this study: "agricultural," "finance," "funding," or "credit," "Africa," and "Nigeria." The application of contemporary farming technology, the degree of farm production, and the farmers' means of subsistence were the basis for designing a framework for assessing the demand for smallholder agricultural financing in Nigeria. In this study, the term "agricultural financing" concerns smallholder farmers' supply of loans for agricultural operations. Although funding for Nigeria's smallholder farming sector has been reported in several reviewed literature, it is unclear how these funds will affect farm productivity, the use of modern farming technology, and the farmers' standard of living. This study found that there are limited studies conducted on the assessment of financing in the agricultural sector especially in Nigeria.

Keywords: Agricultural finance, Agricultural credit, Agricultural finance impact, Smallholder farmers.

1 | Introduction

Global government attention has been focused on the development of agriculture because it has been recognized as a key factor in achieving the second-millennium development goals, which include the eradication of extreme poverty and hunger [1], [2]. According to Jones and Ejeta [3], "if the goal of the world is to end poverty through the use of agriculture as a means of production", then more funding for agricultural

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research as well as potential technical advancements aimed at improving agricultural farming systems are needed [4].

roughly 25% of the world's impoverished reside in rural regions with a predominance of agricultural industries [5], [6]. Furthermore, the "agricultural goods from these rural regions account for the majority of the agricultural products in terms of crops and animal produce consumed in the cities around the world" [7]. To meet the demands of the growing global population which is estimated to be growing at a rate of 1.7% annually [8]. Smallholder farmers must "inevitably transition from their traditional farming practices to more advanced and technologically advanced ones" [9].

Nations are now concentrating on smallholder farming as a result of the renewed recognition of the industry's significance in the elimination of poverty, the development of jobs, and the supply of food for population subsistence [10]. A steady supply of funding is necessary for the transition from the traditional rural agricultural farming method to the contemporary agricultural farming method [9], [11], [12]. Therefore, agricultural financing which is essential for the much-needed expansion of the agricultural sector requires smallholder farmers to have constant and regular access to funding [13].

A vital and significant component of agriculture has been identified as the financing of agricultural activities, also known as agricultural financing. This is because it is a necessary first step in determining the amount and quality of inputs that is, labor, materials, and technology that can be used on the farm [9], [11]. Agriculture financing enhances the right mindset toward social, economic, and environmental sustainability [14], [15].

Although various authors have given varying definitions of agricultural finance, for this study, it will be defined as the financial services provided for agricultural production, processing, and marketing; these services can include leasing, short-, medium-, and long-term loans, as well as institutional, non-institutional, and informal financial sources [16]. Ejiogu [17] defines agricultural finance as the act of obtaining control over the use of money, goods, and services (for agricultural purposes) in the present in exchange for a commitment to repay a specific amount at a later date. Additionally, it involves having access to loans to adopt better technologies and increase the productivity of farms [16]. Combining the two definitions of agricultural financing suggests that "it includes having a source of funding, being able to access the money, using it for agricultural purposes, and having a repayment plan in place for the money" [16].

According to Dercon and Gollin [18], the MDGs include the provision of employment, food supply, and export revenue, all of which are primarily generated by the agricultural sector in African countries. High population densities are another characteristic of African nations, which makes it necessary to continuously feed the growing population and develop cutting-edge agricultural enhancement techniques. The aforementioned antecedents function as markers of the significance of agriculture in Africa [19]. In contrast to industrialized nations, agriculture in emerging nations, primarily in Africa, is still characterized by poor productivity, and it will not reach its full potential in the absence of an immediate intervention aimed at the sector's expansion [16], [20].

Many African nations spend less on agriculture than what is required by the Comprehensive African Agriculture Development Program (CAADP), which was established in the July 2003 Maputo Declaration. The agreement stated that each state government must devote 10% of its annual budget to agriculture [21]. The premise for this research article is the shortfall in the availability of the capital that smallholder farmers require.

2 | Methods

Several articles that addressed specific solutions to agricultural financing were published before 2024, but this review of the literature focuses on journals and papers that have been published between 2015 and 2024 that deal with the study of agricultural financing, particularly financing for smallholder farmers [22]. In this study, the finance of Nigeria's smallholder farmers in the twenty-first century was given special attention [23]. Several contributions concentrated on the impact of institutional agricultural financing on Nigerian smallholder farmers, with particular attention to how these loans affected the sector's ability to employ contemporary farming methods, boost farm productivity, and support smallholder farmers' livelihoods.

Additionally, because of at least some of the contributions made about the influence of finance on smallholder farming activities, various papers that addressed the topics of agricultural credit, the Impact of credit on agriculture, agricultural finance, and rural finance have been incorporated into this study. Contributions concerning "the distribution, source, and use of farm finance were specifically covered" [24].

2.1 | Article Selection

There are two distinct phases to the procedure used in choosing which papers to evaluate. Using several keywords and strings, including "agricultural," "finance," "funding or credit," "Africa," and "Nigeria," a search was carried out in stage one utilizing two significant library databases, sciencedirect and Emerald insight. These terms were also looked for in the titles, abstracts, and main body of the papers. The world development, journal of development economics, international journal of social economics, agricultural finance review, and African journal of agricultural research were the main agricultural finance and research publications that were analyzed using this methodology. Published books and journals from international conferences were also included in the search.

Articles that addressed agricultural credit and financing exclusively in the introduction or as a by-inquiry were eliminated; they included pieces that focused on promoting rural development and reducing poverty. The papers underwent a thorough examination. Ultimately, 91 articles that were published between 2015 and 2024 were selected for a thorough analysis. The second step involved going through every article in the initial sample set of 971 journals and finding those that weren't included in the first stage's keyword search but were still relevant to the research [25], [26].

As a result, 129 publications were found and excluded only based on their methodology, title, or context. Thirty-five (35) further publications were removed from consideration after it was discovered that they were reports or working papers rather than the in-depth examination required for this investigation. In the end, 94 papers were chosen for this investigation.

2.2 | Review Method

Several review techniques from the publications under study were looked at [1], [27]. As per Adeniran and Tayo-Ladega [25], Gelsomino et al. [27], the papers were classified utilizing the two-pronged method for this literature review. Based on their content and the research methods employed, the publications were analyzed and categorized. The problems being studied and any pertinent solutions were first identified by analyzing the literature on farm credit and general agricultural finance. After that, publications about the solution were examined, and the papers were grouped based on the notion and definition of agricultural financing, as well as its kinds, sources, and benefits, as well as its present positions.

In order to determine the patterns of the link between the examined articles and the subject and to identify potential research gaps, these publications were examined, evaluated, and summarized in accordance with predetermined criteria.

2.2.1 | Smallholder finance: findings from the literature

A synopsis of the attributes and content of the 59 papers that were examined may be found in this section. The other subsections in this part address the subjects covered in the previous section, while the brief introduction and research technique viewpoint are covered in this section.

2.3 | Literature Research Method

According to Mattia et al. [27], the analysis divides the reviewed papers into five categories based on research methods: theoretical frameworks, analytical models, case studies, interviews, and surveys. Most authors used analytical models to determine the relevance and scope of smallholder farming finance, and a large portion of the reviewed articles relied on their use; the remaining articles combined theoretical frameworks and conceptual studies.

Analytical modeling was utilized by Afolabi [28], Evbuomwan [24], Taiwo and Olurinola [29], and others to demonstrate the link between the consequences of agricultural financing, credit, and microfinance on smallholder farmers. Conversely, Akinola [30] and Okoro and Nwali [31] used the analytical model to identify the issues with agricultural financing; Coker and Audu [32] and Ayadi et al. [33] used the analytical method to show how smallholder farmers can use agricultural finance and provide significant insights into how agricultural finance can be better administered and better utilized for enhanced development of smallholder farms. However, Martin and Clapp [27] and Orebiyi et al. [34] used analytical modeling to ascertain smallholder farmers' needs and desires for agricultural financing.

The studies that employed the theoretical framework for agriculture and microfinance were mostly concerned with identifying the parameters of this investigation. However, rather than addressing the issues with the smallholder financing system, a large number of the conceptual papers that were assessed concentrated on how frequently smallholder farmers needed financing and credit. Omorogiuwa et al. [35], on the other hand, offered a thorough analysis of the participants in the Nigerian smallholder farmer finance system who lend money to the farmers and their attitudes toward the repayment of the loans. Furthermore, Tersoo [36] included information on how smallholder agricultural operations might be impacted by sufficient and easily available financing.

The literature that was evaluated included a characteristic of the use of surveys and statistical analyses of data as examined by other works concerning the methodology of empirical research [28], [37]. For example, surveys in Minna, Nigeria, and Oyo, Nigeria, were undertaken by [28], [32] respectively, to determine the impact of agricultural micro-credit on smallholder farming and the repayment attitudes of the recipients. Notably, Afolabi [28] reviewed recipient farmers' attitudes toward credit repayment using the statistical technique.

3 | Concepts of Agricultural Finance

This section covers the several definitions of agricultural financing provided in the numerous reviewed articles. The definitions make it clear what the situation of agricultural finance is at the moment and how different scholars have treated the subject.

Two variables were taken into consideration to classify the several definitions of agricultural financing that were provided: the role of smallholder farmers and loan providers, as well as the author's perspective. A number of the reviewed articles provide different perspectives on agricultural finance. Some see it as a fixed, short-term financial solution from financial providers, while others see it as a long-term financial solution for smallholder farmers, and still others see it as financial aid from donor nations or organizations.

In general, the financial provider's engagement is viewed as offering a solution to the smallholder farmers' agricultural endeavors. In addition, the word “agricultural finance” was further categorized according to the lender's repayment schedule. One of the main features of every paper that was reviewed was that agricultural finance deals with lending money, or credit, to smallholder farmers for use on their farms. These loans can be given for short, medium, or long terms [38], [39]. Another major feature of every article that was reviewed was that farmers are required to repay the funds at a later time [28] unless they are grants or aid that doesn't need to be repaid [40].

3.1 | Financing Agriculture in Nigeria

Nigeria, a nation in western Africa, is similar to other African nations in several ways that affect agriculture. Nigeria is a popular destination for agricultural activities due to its year-round agricultural climate. The country has a lot of potential to help produce and export agricultural goods including groundnuts, cocoa, cassava, yam, and maize because of its large fertile land. Financial aid and support are being directed toward Nigeria's agricultural industry as a consequence of the desire of several foreign countries, organizations, and the government to invest in the country's agricultural growth.

Additionally, the Nigerian government banks and donor organizations have consistently funded the agricultural sector throughout the years, realizing that over 60% of the country's workforce works in agriculture and food-related industries [41]. This amount, it has been suggested, is insufficient for the necessary growth of Nigeria's agricultural industry because the country's smallholder farming system still uses traditional farming methods [24].

Agriculture development among Nigeria's smallholder farmers remains in its primitive state despite over 50 years of funding from international organizations, which averaged approximately USD 185 million annually as of 2001 and USD 15,870 million as of 2015 [42], [43]. Additionally, government funding averaged USD 48,621 million as of 2001 and USD 41,245 million in 2015 [44]. Banks also committed 1.4% of their credit portfolio to agriculture in 2008, and this increased to 1.7% in 2010 [45].

It is indisputable that agriculture plays a significant role in Nigeria's economy and contributes significantly to the GDP of the nation [46]. Thirty-two percent of Nigeria's GDP in 2006, 32.71% in 2007, 32.85% in 2008, and 37.05% in 2009 came from agriculture [47–49]. These numbers show that, in 1957, its contribution decreased by 67.5% [50]. Long before crude oil was discovered in Nigeria, the country's economy was based mostly on agriculture. Not only has agriculture increased the nation's GDP, but it has also helped to create jobs.

Agriculture employed over 48% of the labor force in 2006, 49% in 2007, 44% in 2008, 31% in 2010, and finally 27% in 2015 [6], [47], [48]. Financial interventions are necessary because of the multiple ways in which agriculture contributes to Nigeria's economy and its declining state. These include empowering the populace and facilitating their access to credit and other factors of production [9], [51].

3.1.1 | The sources of agricultural finance in Nigeria

Smallholder farmers in Nigeria may primarily obtain money for their agricultural endeavors from two main sources [7]. The institutional/formal financial sector or the non-institutional/informal financial sector may provide this money.

3.2 | The Non-Institutional/Informal Sources of Agricultural Finance in Nigeria

Smallholder farmers in Nigeria may primarily obtain money for their agricultural endeavors from two main sources. These funds may come from the official, institutional financial sector or the informal, non-formal financial sector. The non-institutional/informal financial sector is characterized by the money acquired through loan operations from cooperative organizations, commonly referred to as esusu, borrowings from family members, or money lenders. Exorbitant interest rates charged by monopolistic money lenders control the non-institutional/informal financial sector. Furthermore, they need the farmers to provide collateral. Personal items are frequently used as collateral. The cooperative society, also known as the credit thrift society or esusu, is a kind of contribution among like-minded individuals and is a non-institutional/informal financial system.

Smallholder farmers in Nigeria may primarily obtain money for their agricultural endeavors from two main sources. These funds may come from the non-institutional/informal financial sector or the institutional/formal financial sector. Weekly, monthly, or daily payments are accepted. There are two approaches to managing this kind of finance. The funds can be distributed in one of two ways: either all members of the society get money on a rotating basis at the end of each week or month, or money can be contributed by all members and given to the member who asks for it at a specified interest rate [28]. Though not established, moneylenders are a type of local bank. They offer quick financing to rural residents, but the high interest rate associated with this kind of fund is its defining feature. In some circumstances, the monthly payback interest may reach a maximum of 10% to 15% [28].

Smallholder farmers in Nigeria may primarily obtain money for their agricultural endeavors from two main sources. These funds may come from the non-institutional/informal financial sector or the institutional/formal financial sector. Unless required, it is better to avoid using such informal or non-institutional sources of agricultural support. The farmer would have been paying interest on the loan throughout this period since it takes many months for the agricultural process to develop before planted crops can be harvested or animals reared can be sold. The interest that must be repaid on the loan might reduce the farmer's capital and profit if the proper measures are not taken.

3.3 | The Institutional/Formal Sources of Agricultural Finance in Nigeria

Smallholder farmers in Nigeria may primarily obtain money for their agricultural endeavors from two main sources. These funds may come from the non-institutional/informal financial sector or the institutional/formal financial sector. Nigeria can fulfill the high needs of both internal and international markets by achieving its maximum agricultural output potential. However, this potential cannot be fully realized in the absence of an adequate funding framework. The provision of structured agricultural financing, which is frequently obtained from three sources banks, governments, and international organizations/countries may hold the key to the solution.

4 | Government Funding

Smallholder farmers in Nigeria may primarily obtain money for their agricultural endeavors from two main sources. These funds may come from the non-institutional/informal financial sector or the institutional/formal financial sector. The government's substantial involvement in the agricultural sector is a must for the expansion of agriculture and the country's overall economic progress [52]. Over the years, the Nigerian government has created a variety of organizations, initiatives, and tools to provide financial assistance to the nation's smallholder farmers.

However, since the early 1980s, the government's assistance to the agriculture sector has been inconsistent. In 2013, just 1.70 percent of the overall budget was allocated to agricultural development. In 2014, this dropped to 1.47%, and in 2015, it dropped to 0.90% [49], [53]. The government's allocation to agriculture increased from 1.25 percent in 2016 to 1.26% in 2017 and 1.38% in 2018, demonstrating a good trend in the industry. However, this is still less than the 10% needed budgetary contribution for agriculture that was proposed by the Comprehensive Africa Agriculture Development Program (CAADP) in 2015 [53], [45].

4.1 | Banks' Funding

Banks make up the majority of Nigeria's financial industry and offer financial services to the nation's rapidly growing population [22]. Contract and local purchase order financing, lending to the deficit sector, and client deposit collection are a few examples of these services. Smallholder farmers are part of the deficit sector, which is financed by the banks. According to Coker and Audu [32], and Taiwo and Olurinola [29] banks' advantages include their capacity to overcome challenges, their competitiveness, their adaptability, their knowledge of lending, and their speedy customer service. However, it is debatable if the Nigerian financial industry can still support this level of variety. Credit deposits can be produced by Nigerian banks.

Even though they can be a major source of funding for agricultural loans, their portfolio of loans to the agricultural sector is smaller than that of loans to other economic sectors. Agriculture accounted up 1.4% of the bank's lending portfolio in 2008, 1.5% in 2009, and 1.7% in 2010 [45]. However, to give agriculture more priority, there was a high bank credit of 3.5% to the agricultural sector in 2011 [31], [54], [55],

4.2 | International Donor Funding

Since the early 1950s, international governments and donor organizations have contributed large sums of money to agricultural lending schemes in Nigeria, and other donors have made significant global contributions to the development of agriculture, especially in developing countries [56]. The world bank, as an organization, committed over US$16 billion to these efforts between the mid-1950s and the late 1980s.

Like many developing nations, Nigeria is dependent on donations, grants, financial assistance, and interventions from other organizations and donor nations. According to the OECD [57], the purpose of these funds is to sustain agricultural production by enhancing agriculture in developing nations. Its goal is to help nations with large populations of smallholder farmers satisfy their national food production needs. The government aggregates the cash from donor nations, agencies, and organizations before distributing it to smallholder farmers via a systematic procedure that carries no interest in return.

The integrity of the distribution of this money is sometimes a point of contention since the administrators of these funds may favor those from whom they directly benefit. Additionally, it has been claimed that a large number of this fund's recipients frequently get the money without using it for farming operations since they are aware they are not obligated to repay it [30], [55].

For example, the International Fund for Agricultural Development (IFAD) has invested USD317.6 million in 10 projects in Nigeria since 1985 [58]. Nigeria received USD212.7 million on average between 2007 and 2009, USD205.7 million between 2010 and 2012, and USD348.9 million at its highest point between 2013 and 2015 [50], [57]. Some of these monies were provided by the department for international development, the international center for agricultural research in the dry areas, the world bank, the international water and sanitation center, and the food and agricultural organization [31].

5 | Anticipated Benefits

From the perspective of lenders, it is impossible to overstate the advantages smallholder farmers receive from having access to and using agricultural finance for their farming operations [39]. These advantages are well recognized and have been noted in research on the financial advantages for farmers [43], [52]. These advantages include but are not limited to, having access to more sophisticated and costly technologies, better agricultural inputs, and skilled specialists [20], [36], [59].

However, the United Nations [2] notes that smallholder farmers who have access to funding, credit, and/or aid can also benefit from low repayment interest rates and the convenience of having a flexible repayment period [28]. These benefits are not the only ones that smallholder farmers can obtain. The advantages of agricultural finance extend beyond the accomplishment of farming operations and have an impact on smallholder farmers' personal lives as well [24]. These farmers' livelihoods are affected by changes in agricultural credit that arise from their farming activities.

Funding for smallholder farmers is embedded in its policy [60]. The benefits of government funding for smallholder farming and how it has affected the sector's success were reviewed by [61], Eze et al. [62], [22] . On the other hand, Birthal et al. [63], Okoro and Nwali [31], and Yahaya and Osemene [51] concentrated their research on the advantages that smallholder farmers have received from bank funds and how this has given them an advantage over their counterparts. Ndikumana and Pickbourn [64], on the other hand, focused their research on the effects of aid and grants from donor organizations and donor nations.

Overall, the reviewed articles emphasized the advantages of sufficient funding and credit availability for smallholder farmers. However, Coker and Audu [32] and Afolabi [28] expressed apprehension regarding the beneficiaries' perspective towards the repayment of the credit or funds they have received. In conclusion, an overview of the examined articles pointed out that for smallholder farmers to benefit from agricultural finance, the funds from different sources must be increased through sufficient cooperation between the fund providers and the farmers who will receive the funds [20], [40].

6 | Agricultural Finance Projects

Generally speaking, several authors whose works were assessed have made an effort to examine agricultural funding initiatives; these publications may be broadly categorized into two kinds based on the purpose of the research. Some of the descriptive papers offered case studies of smallholder farmers who had effectively profited from loans for use on their farms, while an exploratory piece presented a collection of techniques connected to the use of agricultural financing for farming objectives.

The descriptive articles were intended to complement the idea being used in the study by providing a descriptive analysis of the instances reviewed and by highlighting examples of the effective application of agricultural financing. Articles by Okoro and Nwali [31], Eluhaiwe [55], and Adesugba and Mavrotas [65] are a few examples of case studies including the application of descriptive methodology. Other papers focused on presenting a predetermined strategy for the adoption and use of agricultural financing through the use of exploratory approaches. Articles by Falola et al. [37], Afolabi [28], Orebiyi et al. [34], Taiwo and Olurinola [29], and Yahaya and Osemene [51] are among these exploratory works. These papers used a variety of approaches, empirical models, and contextual factors that influence the choices beneficiary farmers make about obtaining and applying for financing.

7 | The Research Gap and Future Research

Following the colonial era and the start of the independence of several African nations, including Sudan in 1956, Ghana in 1957, and 16 other nations, including Nigeria in 1960, Africa and Nigeria historically exported little more than cotton, oil palm, cocoa, and groundnuts [66]. But with the discovery of crude oil, the government's attention shifted away from agriculture, and the population grew at a rapid pace roughly 2.7% as of 2012 agriculture was disregarded and its activities came to a standstill [23], [49].

Nonetheless, Nigeria, which had previously been an exporter of agricultural products, now imports food items as a result of the strong and growing need for agricultural products to feed the populace. The government was challenged by this, and to prevent the nation's agricultural status from deteriorating, several plans, policies, and initiatives were implemented by succeeding governments [10]. The country's agricultural development is expected to deteriorate shortly due to the projected 410 million population, but after years of agriculture investment by the government, international agencies, and banks, the results of these investments appear to not justify the expenditures made [49].

This highlights the need for an assessment of the influence of institutional financing on Nigerian smallholder farming. The impact of institutional finance on smallholder farming in Nigeria has not been thoroughly studied; most of the prior research has focused on the need for funding for agricultural activities in Nigeria; other studies have examined the country's different funding policies and programs [59], [65]. The government, foreign donor organizations, and commercial banks now provide the majority of the agricultural finance that Nigeria's institutional sector provides to smallholder farmers in terms of its structure, size, and breadth [13].

Given the amount of money coming from the institutional sector, one would expect to see a corresponding rise in farming productivity, technological advancements, and farming techniques, as well as an eventual exaggeration of the contribution of agriculture to the nation's gross domestic product. However, these anticipated effects have not yet been felt by the smallholder farming sector the agricultural sector is still much in the same place as it was more than 50 years ago, with minimal mechanization and rudimentary farming methods [4].

8 | Recent Issues Regarding Foreign Aid to Africa

Foreign aid to Africa has been cut recently by several nations, including Germany, France, and the UK. While some view the cuts as a chance for Africa to become less dependent on foreign aid, others are deeply concerned about the impact on vulnerable populations and the possibility of setbacks in development progress [67]. Although it is incorrect to say foreign aid has completely stopped in Africa, there has been a significant reduction, particularly from the United States, due to budget cuts and a review of foreign aid programs [68]. This has had a significant impact on various sectors, including health, humanitarian aid, and development projects [69].

In January 2025, President Trump signed an executive order to suspend foreign aid programs for 90 days, followed by substantial cuts to the United State Agency for International Development (USAID). This has been a major shock to Africa, as the US was a significant donor, providing billions of dollars annually [70].

The cuts have affected a wide range of programs, including:

I. Institutional capacity: the cuts have generated worries about the ability of African countries to continue advances in infectious disease response, economic growth, and education.

II. Developmental projects: projects like power Africa and prosper Africa, intended to support economic growth, have also been damaged.

III. Humanitarian aid: US-funded food aid initiatives in nations like Ethiopia have been interrupted.

IV. Health Aid: President's Emergency Plan for AIDS Relief (PEPFAR) and other HIV/AIDS treatment initiatives have been affected[1].

Notably, some waivers have been granted to permit the continuation of some "life-saving humanitarian assistance," such as HIV care and treatment, despite the initial freeze. In other words, although a total cessation of foreign aid is untrue, the substantial cuts in aid from the United States and other donor countries have left many African countries in a difficult position, affecting different sectors and raising questions about development progress and the health of vulnerable populations [68]. [71].

9 | Conclusion

This primary objective is to provide an overview of the field of agricultural finance and function as a reference for scholars and practitioners studying agricultural finance in Nigeria. It also aims to illustrate the viewpoints of scholars who have already investigated this topic, the observable advantages of agricultural finance, and the study methods. The second goal of this report is to identify areas that warrant further investigation. Overall, the literature analysis has shown that both the perspective of the finance provider and that of the farmers who benefit from the financing have been explored when it comes to the topic of agricultural finance.

The literature analysis indicated that the smallholder farmers who benefit from the offered cash have observable advantages. These advantages are related to the beneficiaries' point of view. These benefits include but are not limited to the capacity of the smallholder farmer to be able to obtain contemporary machinery, purchase improved types of agricultural inputs, and employ the requisite skilled workers.

However, the literature review that examined the financial providers' point of view highlights their concerns about smallholder farmers' ability to repay the funds that banks and government agencies have advanced to them. In the case of those who have benefited from aid, the providers' concerns center on whether the beneficiary smallholder farmers will be able to use the funds appropriately for their farming activities while knowing that they may not be required to repay the funds. The analysis of methodology reveals that the majority of research on the broad subject of agricultural finance used conceptual approaches, whereas analytical models are employed in studies on the financing of agriculture.

In addition, the analysis indicates that there are some gaps in the examined literature, suggesting a path for more investigation into the financing of agriculture in Nigeria. First and foremost, a more comprehensive theory of agricultural financing in Nigeria must be developed, as monies come from various sources and have

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varying terms of application. Second, because the empirical methodologies only examine the relationship between smallholder farmers and the cash they get for agricultural growth, the findings of the study on how smallholder farmers use agricultural finance are inadequate.

The research must take into account the spillover impact of the monies given to the farmers since, as should be emphasized, smallholder farmers do not function as a separate entity; rather, they are influenced by several other elements that make up the system which they operate. Thirdly, a lot of smallholder farmers lack literacy, which leads to inadequate record-keeping practices. Lastly, only a tiny percentage of smallholder farmers are prepared to willingly divulge financial details unless they are certain that doing so will benefit them.

Still, there is a limitation to this study. Although much efforts were made to ensure that this review is thorough and includes all pertinent publications, it is still conceivable that any essential research in this field was missed. Nonetheless, the author thinks that the amount of research on agricultural financing in Nigeria that was published during the understudied period is accurately represented in this evaluation of the literature. Regarding the recent cut in foreign aid to Africa, Sub-Saharan Africa must look into alternative strategies to continue making progress in crucial areas, such as locating new funding sources, enhancing local capacity, and diversifying development strategies most especially in agriculture.

Author's Contribution

AAF: conceptualization, design, writing; ODO: introduction, literature review; MA: design, resources

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Conflict of Interests

The authors declared there are no conflicts of interest for this study.

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