

Agricultural Credit Facility and Performance of Agri-Business Enterprises in Lango Sub Region

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Background: This study examined the agricultural credit facility and performance of agri-business enterprises in Lango Sub-Region. The purpose of the study was to examine the effects of agricultural credit facility on the performance of agri-business enterprises in Lango Sub-Region focusing on cotton and simsim enterprises in Lira and Kole Districts. The objectives of the study were to determine the effects of agricultural credit facility, interest rates, loan limit, loan periods and collaterals on the performance of agri-business enterprises in Lango Sub-Region.

Methods: The study used quantitative approach with cross-sectional survey design and guided by theory of constraints (TOC). A study population of 454 with a sample size of 246 respondents. The study employed simple random sampling technique and purposive sampling to reach the respondents. Quantitative data was analyzed using descriptive and inferential statistics (regression) with the aid of Eviews version 9.

Results: The findings showed that ACF collateral requirements have a positive significant effect at 5% level ($p < 0.05$) on performance of agri-business enterprises. It was also noted that the effects of credit size on performance was insignificant ($p\text{-value} > 5\%$). The credit period was found to have negative coefficient of $(-0.0219, p > 0.05)$ implying a weak insignificant negative effect and the interest rate had coefficient of $(0.0645, p > 0.05)$, hence showing a weak positive insignificant effect.

Conclusion: The study concluded that ACF collateral requirements are the major factors responsible for the effectiveness of ACF on performance of agri-business enterprises, specifically, cotton and simsim.

Recommendation: The study recommends that ACF collateral requirements be relaxed and objectively valued, and well aligned to the value of the loan so that many farmers can access credits. Meanwhile, sensitization of farmers on how to apply and get ACF loans should be intensified and that government and agency should set deliberate credit system for cotton and simsim and also to reduce on the costs of the agricultural inputs such as fertilizers, tractors among others and that future studies examine the effects of monetized economy on household production and consumption pattern in Lango Sub Region.

Keywords: *Agricultural Credit Facility, Performance, and Agri-Business Enterprises*