INSTITUTIONAL FACTORS OF AGRICULTURAL COOPERATIVE SOCIETIES AND INFLUENCES ON ACCESS TO LOAN FROM MICROFINANCE BANKS IN SOUTHWEST NIGERIA

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Abstract
The study explores the institutional factors of agricultural cooperative societies and influences on access to loan from microfinance banks in Southwest Nigeria. Specifically, it investigates effect of agricultural cooperatives organizational ability, safety quality, leadership qualities and asset quality on access to loan from microfinance banks. As a survey research, a total of 242 samples comprising Managing Director (MD); Head of Credit (HOC); Head of Operations (HOP); and, the Internal Auditor (IA), were explored from three States in the South west geopolitical zone of Nigeria namely Lagos, Oyo and Ogun States respectively. Applying inferential statistics, the study found out that Organizational abilities such as functional structures, regular meetings, decision-making, objective setting, and conflict management significantly improved access to credit, alongside leaders' credit experience. Leadership qualities, including education, credit administration experience, and training exposure, as well as asset factors like leadership worth and physical assets, also positively influenced loan access. The study therefore recommends among others that ii.Improved financial planning and robust business plans could help cooperatives present stronger cases for full loan amounts, potentially reducing the gap between requested and granted funds. It also recommended that enhancing risk management frameworks could allow microfinance banks to approve higher loan amounts with confidence, thus better supporting agricultural projects.

Key words: *Loan Request, Access From Microfinance Banks , Agricultural Cooperatives Organizational, Safety Quality, Microfinance Banks, Leadership Qualities, Asset Quality.*

Introduction

Agriculture is central to rural economic development and has gained heightened importance for food security, particularly during the COVID-19 pandemic. Smallholder farmers remain the backbone of agricultural production in developing economies, contributing over 70% of output (Basavaraj & Babus, 2018), especially in Sub-Saharan Africa where farming is largely subsistence-based. They play essential socioeconomic roles in production, processing, marketing, and household welfare (Adenugba & Raji-Mustapha, 2018). With adequate productive resources and institutional credit, smallholders could increase yields by 20–30% and reduce global hunger by up to 17% (UNO, 2020).

Credit access is therefore vital to improving productivity, supporting technology adoption, expanding farm operations, and strengthening rural livelihoods (Adeniyi, 2015; John & Osondu, 2015; Nchuchuwe & Adejuwon, 2018; Kuye & Ogiri, 2019). It enables farmers to purchase inputs, hire labor, and make long-term investments that enhance sustainability and food security (Ajah et al., 2017; Akinbode, 2013; Attah, 2016; Nwagboso, 2017). Despite its importance, agricultural financing in Nigeria remains limited, with agriculture receiving only 3.4–4.0% of private-sector credit in 2017–2018. Many smallholder and female farmers rely on family funds or informal lenders due to restricted access to formal credit (FAO, 2012; EFInA, 2018). Formal institutions serve only about 35% of economically active citizens, leaving the majority dependent on informal arrangements and rotating credit schemes (CBN, 2002; 2006; 2011; 2020). In this context, cooperative societies have emerged as important institutional mechanisms for mobilizing resources and channeling loans to small-scale producers, supporting both on-farm and off-farm activities.

Statement of the Problem

Despite various macroeconomic policies aimed at revitalizing agriculture in Nigeria including credit-channeling initiatives, favorable exchange rate measures, tax incentives, and duty-free importation of farm machinery, the sector continues to suffer from inadequate financing. Agricultural credit accounted for only 3.4% and 4.0% of total private-sector credit in 2017 and 2018, respectively, leaving smallholder farmers particularly underserved. Consequently, many rely on informal financial sources (Jack, 2015; FAO, 2020), which themselves face limited loanable funds and restricted outreach. Formal financial institutions, expected to bridge this gap, often remain inaccessible due to their limited presence in rural communities and farmers' inadequate awareness of available credit opportunities (Alabi et al., 2021). Additional constraints including long distances to banks, collateral requirements, small loan sizes, high interest rates, communication difficulties, and administrative delays further hinder loan acquisition and use (Ogah et al., 2015).

As a result, agricultural productivity remains low, especially among smallholders who typically operate on less than two hectares and lack sufficient capital to expand production (Sule & Yusuf, 2019). Despite government efforts through development banks, microfinance institutions, cooperatives, and special lending schemes, the supply of microcredit remains far below demand (Adekoya, 2015). This persistent credit gap contributes to the declining role of agriculture in Nigeria's economy. These challenges highlight the need to examine the institutional characteristics of agricultural cooperatives such as organizational ability, safety nets, leadership qualities, and asset strength to determine whether these internal attributes influence financial institutions' willingness to lend to smallholder farmer groups. While existing studies focus largely

on institutional barriers within lending agencies, limited attention has been paid to the cooperative-level factors that may enhance or constrain loan access. This study therefore aims to address this gap and strengthen understanding of how cooperatives can improve credit access for smallholder farmers.

Objectives

The broad objective of the study is to explore the institutional factors of agricultural cooperative societies and influences on access to loan from microfinance banks in Southwest Nigeria. The research therefore intends to achieve the following specific objectives:

1. Examine whether difference exist between loan request and access from microfinance banks by the agricultural cooperative societies;
2. Appraise the effect of the agricultural cooperatives organizational ability on access to loan from microfinance banks;
3. Assess the effect of the agricultural cooperatives safety quality on access to loan from microfinance banks;
4. Determine the effect of the agricultural leadership qualities on access to loan from microfinance banks; and
5. Determine the effect of the agricultural cooperatives asset quality on access to loan from microfinance banks.

Literature Review

The Concept of Cooperative and Participation

A cooperative is an association where individuals pool resources to achieve shared goals that may be difficult to attain individually. According to the International Cooperative Alliance (ICA, 2015), it is an autonomous, voluntary union operating through joint ownership and democratic control. Agricultural cooperatives enable farmers to combine resources for input procurement, production support, and collective marketing, thereby improving efficiency, reducing costs, and strengthening bargaining power (Nweze, 2012; Msimango & Oladele, 2016). They also enhance access to credit, technology, and information, helping farmers overcome challenges related to poverty, market failure, and limited rural services. Participation refers to members' engagement in cooperative activities and decision-making (Duflo, 2015; Narayan, 2012; Akerkar, 2016), although factors such as low income, illiteracy, and limited exposure may hinder full involvement.

Concept of Loan

A loan is money or resources provided with the expectation of future repayment, often with interest (Ettah et al., 2016; Kagan, 2019). In agriculture, credit is crucial for smallholder farmers, enabling them to adopt technologies, purchase inputs, expand operations, and increase productivity and income (Ajah et al., 2017; Kuye & Ogiri, 2019). It helps break the cycle of poverty, improve rural livelihoods, and support food security and economic development (Obisesan, 2018; Kiplimo et al., 2015). Despite its importance, limited access to agricultural credit remains a major constraint on production in Nigeria, restricting the potential of smallholder farmers to contribute fully to national growth (Djoumessi et al., 2018; Nwankwo, 2017)**.**

Sources of Agriculture Loan Facilities in Nigeria

In Nigeria, smallholder farmers access credit from formal, semi-formal, and informal sources. Formal sources include banks and state credit institutions but are often inaccessible to small farmers (Ammani, 2019). Semi-formal sources include MFIs, cooperatives, NGOs, and ROSCAs, while informal sources comprise moneylenders, relatives, and friends, usually requiring no collateral (Silong et al., 2020). Microfinance provides small loans and social support to low-income farmers, enabling them to expand operations, diversify income, and improve livelihoods. It also enhances resilience, nutrition, education, and health, contributing to rural development and agricultural growth (Otero, 2017; Robbinson, 2014; Deshingkar & Start, 2019).

Institutional factors influencing cooperatives access to loan

Access to agricultural credit in Nigeria is influenced by both formal and informal sources, yet smallholder farmers and cooperatives often face significant barriers. Formal institutions such as banks and microfinance institutions are frequently inaccessible due to collateral requirements, high transaction costs, complex procedures, and asymmetric information (Alufohai & Ahmodu, 2018; World Bank, 2020; Daniels, 2017). Informal sources, including cooperatives, self-help groups, and moneylenders, are more accessible but still limited in outreach and funding (Aweto, 2014; Ortmann & King, 2017). Key institutional factors affecting loan access include organizational ability—such as governance, decision-making, documentation, and borrower characteristics (Agbetunde, 2017; Sebatta et al., 2014)—and safety qualities, including membership size, credit history, collateral, and group guarantees (Baiyegunhi & Fraser, 2018; Nawai & Sheriff, 2016). Empirical evidence shows that these factors, along with socio-economic characteristics like education, experience, and asset ownership, significantly determine cooperatives' ability to obtain loans and influence agricultural productivity (Olaoye et al., 2009; Baiyegunhi et al., 2018).

Conceptual Framework

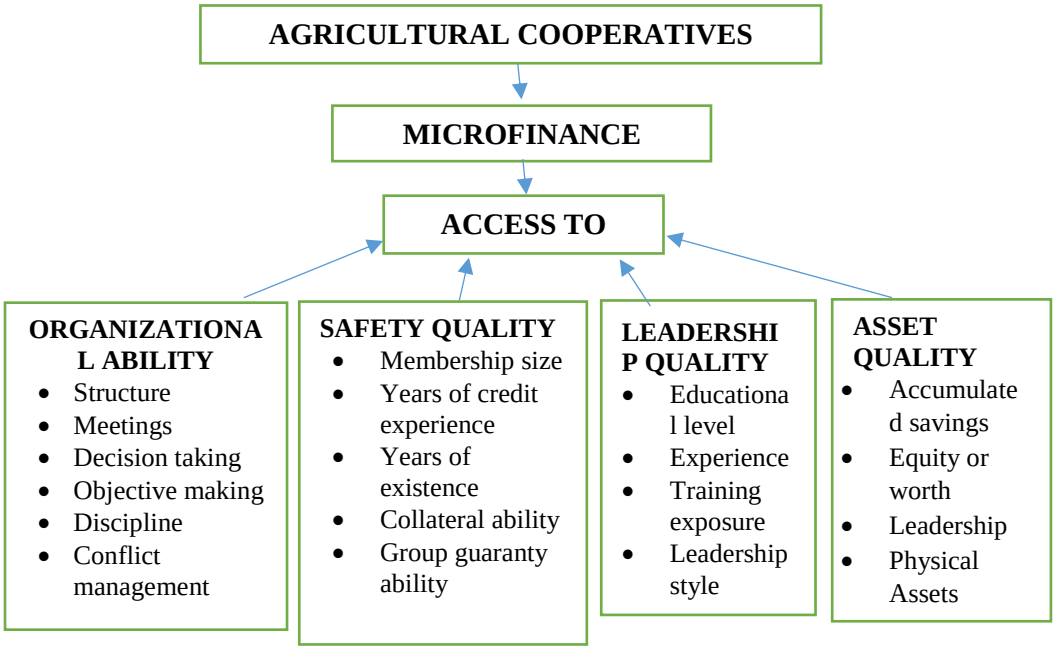


Figure 1: Conceptual framework on influence to agricultural cooperatives access to loan from Microfinance Bank (Source: Author, 2023)

Theoretical Framework

This study is anchored on Institutional Theory, which emphasizes the role of formal and informal rules, norms, and structures in shaping organizational behavior and access to resources (Scott, 2014). Institutional theory posits that organizations including cooperatives must conform to regulatory, normative, and cultural-cognitive pressures to gain legitimacy and secure access to external resources, such as credit from financial institutions. In the context of agricultural cooperatives, formal pressures include legal and regulatory requirements from banks and government agencies, while normative pressures stem from shared values, cooperative principles, and social expectations within the cooperative group. Cultural-cognitive factors relate to members' collective knowledge, skills, and practices in managing resources and demonstrating creditworthiness. These institutional dimensions influence how cooperatives organize, make decisions, maintain records, manage risks, and present themselves to lenders, ultimately affecting their ability to access loans. By applying institutional theory, this study seeks to examine how organizational ability, safety quality, leadership, and other internal cooperative characteristics interact with external institutional expectations to facilitate or constrain access to microfinance loans for women farmers.

Methodology

The study adopted a survey research design. A survey research design is one in which a group of people or items is studied by collecting and analysing data from only a few people or items considered to be representative of the entire group. It specifies how such data was collected and analysed. This method was chosen for data collection because it enables the researcher to solicit information that might npt be available on the pages of the textbook. This study will be carried out in the Southwestern part of Nigeria. Southwest Nigeria is a region of cultural, economic and historical significance within Nigeria. This area encompasses six states: Lagos, Ogun, Oyo, Osun, Ekiti and Ondo. On the global scale, it lies between latitude 6°21'N and 8°37'N and longitude 2°31'E and 6°00'E (Oduntan, and Loy, 2022). The region is bounded to the north by Kogi and Kwara States, to the south by the Atlantic Ocean, to the west by the Republic of Benin and to the east by Edo and Delta States. Having a total land area of 76,853 km^2 with a population of about 25.2 million (National Population Commission, 2006).

Southwest Nigeria is home to various ethnic groups, with the Yoruba being the dominant one. The Yoruba culture is rich in art, music, dance and religion, making it a fascinating subject of study. Yoruba language, one of Nigeria's major languages, is widely spoken in the Southwest. The Southwest has a deep historical heritage, including ancient kingdoms like Ife and Oyo. Exploring the history and traditions of these kingdoms provides valuable insights into Nigeria's past. The region has a diverse religious landscape, with a mix of traditional Yoruba religion, Christianity and Islam. Agriculture, trade and commerce play significant roles in the Southwest's economy. The region is characterized by two climatic seasons: rainy and dry season. The rainy or wet season lasts from March to October, while the dry season, which is shorter, lasts from November to March. The three main agro-ecological zones in the area are the swamp on the Atlantic coast, tropical rainforest in the middle and Guinea savannah in the North. The temperature ranges between 21°C and 34°C while the annual rainfall ranges between 1,500 mm and 3,000 mm. The favourable climatic and soil condition of the area encouraged about 70% of the inhabitants to engage in farming. Farmers grow both permanent and food crops. Prominent crops cultivated are maize, oil palm, cocoa, citruses, plantain, banana, cassava, vegetables, rice, kolanut, cashew, sugarcane, cowpea, and pineapple (Abdulaleem, Fakayode and Adio, 2023).

The study is institutional and solely involved investigation of the credit activities of Microfinance Banks (MFBs) in respect of their financing agricultural cooperatives in Southwest, Nigeria. Out of the six states in Southwest, Nigeria, the study focused on only three states of Lagos, Oyo and Ogun States with greater numbers and more viable microfinance banks. After the last revocation exercise in the mircrofinace banks in

March 2023, the number of licensed MFBs in the three states of study is two hundred and forty two (242) as represented in table 3.1 below. Therefore, the 242 functional MFBs constitute the population of the study.

Table 1: Distribution by Number of Licensed Microfinance Banks in the 3 States Sampled.

S/No	States	Number of MFBs
1	Lagos	149
2	Oyo	48
3	Ogun	45
Total		**242**

Source: CBN, March, 2023

Because of the proximity of the three states, their ease of accessibility and manageable number of MFBs to reach, a complete enumeration was done. Hence, the 242 MFBs constituted the sample frame of the study. Pricesely, a focused-group discussion in each of the banks by the staff responsible for the processing and approval of loans was activated by the researcher and two enumerators trained for data capture. The staff inlude the Managing Director (MD); Head of Credit (HOC); Head of Operations (HOP); and, the Internal Auditor (IA). Together, their responses were syncronized as it relates to their respective banks, since it's an institutional study. Data for this study was obtained from primary sources (members of the microfinance banks). The Primary data was derived using a structured questionnaire which guided the focused-group discussion. The questionnaire to be used for the focused-group discussion/ interview for data collection was subjected to face validation by three (3) experts in the Department of Cooperative Economics and Management, Nnamdi Azikiwe University. The questionnaire will later be modified based on the comments and suggestions given by the experts to ensure that it captured the objectives of the study.

The instrument for data collection was subjected to a reliability test to determine its consistency in measuring the required variables. A pre-test was conducted by distributing ten (10) questionnaires to credit staff of two microfinance banks that will not be part of the study and their responses were taken. After two weeks, the same questionnaire was re-administered to them to ensure that they have forgotten their responses in the first exercise. The data from the two separate responses was subjected to Cronbach's Alpha test of Reliability where the internal consistency was determined at 5% alpha level of significance. A cronbach alpha statistic of 0.085% was gotten, indicating a strong reliability and internal consistency of the instrument. The administration of the questionnaire was done using the services of three Research Assistants or enumerators to facilitate the operation. They were trained on the questionnaire instrument and particularly how to administer group-focused interview on the staff of the microfinance banks. Two hundred and forty two (242) MFBs were

approached for the study, but, in the end only one hundred and ninetyy seven (197) representing 81% participated in the study.

The study applied both descriptive and inferential statistics to analyse the objectives and hypotheses.

For hypothesis 1:

To compare the total amount of credits applied for and the amount of cash disbursed to the respondents, the Z-test will be used as specified below:

$$Z = \frac{\overline{x} - \mu}{\frac{\sigma}{\sqrt{n}}} \qquad z = \frac{\overline{x_1} - \overline{x_2} - \Delta}{\sqrt{\frac{\sigma_1^2}{n_1} + \frac{\sigma_2^2}{n_2}}}$$

For hypothesis 2:

There is no significant influence of farmer cooperatives organizational ability on access to loan from microfinance banks in Southwest, Nigeria.

Which is a bivariate, that takes the value of 1 for beneficiary and 0 otherwise was used as the dependent variable (Y). The Binary Logistic Regression model is specified as:

$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + U$

Where;

Y= Access to loan (dummy);

β_0 = Constant;

X_1 = Structure;

X_2 = Meetings;

X_3 = Decision taking;

X_4 = Objective making;

X_5 = Discipline;

X_6 = Conflict management;

U= Error term

For hypothesis 3:

There is no significant influence of farmer cooperatives safety quality on access to loan from microfinance banks in Southwest, Nigeria.

$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + U$

Where;

Y= Access to loan (dummy);

β_0 = Constant;
X_1 = Membership size;
X_2 = Years of credit experience;
X_3 = Years of existence;
X_4 = Collateral ability;
X_5 = Group guaranty ability;
U= Error term

For hypothesis 4
There is no significant influence of farmer leadership qualities on access to loan from microfinance banks in Southwest, Nigeria.
$Y= \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + U$
Where;
Y= Access to loan (dummy);
β_0 = Constant;
X_1 = Educational level;
X_2 = Experience;
X_3 = Training exposure;
U= Error term

For hypothesis 5
There is no significant influence of agricultural cooperatives asset quality on access to loan from microfinance banks in Southwest, Nigeria.
$Y= \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + U$
Where;
Y= Access to loan (dummy);
$\beta 0$ = Constant;
X_1 = Accumulated savings;
X_2 = Equity and net worth;
X_3 = Leadership worth;
X_4 = Physical assets;
U= Error term

Results and Discussions

Test of Hypotheses

H_{o1}: Significant difference between Agricultural Cooperative Societies Loan Request and Access

The result of the significant difference in loan requests and granted is presented in Table 2.

Table 2 Significant difference between Agricultural Cooperative Society Loan Request and Access

z-Test: Two Sample for Means		
	Loan request	**Loan access**
Mean	11784264.4	9609137.57
Known Variance	2.60934E+13	2.3075E+13
Observations	197	197
Hypothesized Mean Difference	0	
Z – value	4.87***	
z Critical two-tail	1.960	

Source: Field Survey, 2024. Significant @ 1% (***)

The Z-test shows a significant difference between the amount of loan requested by agricultural cooperative societies and the amount granted by microfinance banks ($Z = 4.87$, $p < 0.01$). Since the calculated Z-value exceeds the critical value ($4.87 > 1.96$), the null hypothesis is rejected. This indicates that cooperatives generally receive significantly less than they request.

Hypothesis 2

H_{o2}: Significant Influence of Agricultural Cooperative Society Organizational Abilities on Access to Loan from MFB

The result of the significant influence of agricultural cooperative society organizational abilities on access to loans from microfinance banks is presented in Table 3.

Table 3. Significant influence Of Agricultural Cooperative Society Organizational Abilities on Access to Loan from MFB

Covariates	**Coefficient (B)**	**Std. Error**	**Beta**	**t-stat.**
(Constant)	-2.144	0.711		-3.02
Structure	2.000	0.351	2.694	5.70***
Meetings	1.964	0.371	1.496	5.30***
Decision making	1.000	0.454	0.800	2.20**

Strategic Plan	-1.000	0.112	-0.578	-8.92***
Objective making	1.036	0.098	0.834	10.52***
Discipline	-2.964	0.798	-2.386	-3.71***
Conflict management	1.000	0.272	1.327	3.68***
F-statistics	68.849***			
R-square	0.718			
Adjusted R-square	0.708			
Observation	197			

Source: Field Survey, 2024. Significant @ 5% (**), and 1% (***)

The results show that the organizational abilities of agricultural cooperative societies have a significant influence on their access to loans from microfinance banks ($F = 68.85$, $p < 0.01$). The model explains 71.8% of the variation in loan access ($R^2 = 0.718$). Key organizational factors with positive and significant effects include structure (B = 2.00), regular meetings (B = 1.96), decision making (B = 1.00), objective formulation (B = 1.04), and conflict management (B = 1.00). In contrast, strategic planning (B = –1.00) and disciplinary measures (B = –2.96) show significant negative effects on loan access. Overall, strong organizational abilities substantially improve cooperatives' chances of obtaining loans, while poor strategic planning and overly punitive discipline reduce access.

Hypothesis 3

H_{o3}: Significant influence of Agricultural Cooperative Society Safety Qualities on Access to Loans from MFB

The result of the significant Influence of Agricultural Cooperative Society Safety Qualities on Access to Loans from Microfinance Banks is presented in Table 4.

Table 4: Significant influence of Agricultural Cooperative Society Safety Qualities on Access to Loan from MFB

Covariates	**Coefficient (B)**	**Std. Error**	**Beta**	**t-stat.**
(Constant)	11.6	1.496		7.75
Membership size	-0.528	0.187	-0.231	-2.82**
Years of credit experience	0.796	0.058	0.727	13.67***
Years of existence	-0.399	0.231	-0.14	-1.73
Collateral ability	0.12	0.136	0.108	0.89
Group guaranty ability	-0.323	0.279	-0.158	-1.16
F-statistics	42.93			

R-square	0.532
Adjusted R-square	0.519
Observation	197

Source: Field Survey, 2024. Significant @ 5% (**), and 1% (***)

The results indicate that the safety qualities of agricultural cooperative societies have a moderate influence on their access to loans from microfinance banks ($R^2 = 0.532$). Among the safety factors, years of credit experience has a strong positive and significant effect on loan access ($B = 0.796$, $p < 0.01$), while membership size shows a significant negative effect ($B = –0.528$, $p < 0.05$).Other variables—years of existence, collateral ability, and group guaranty ability—do not significantly predict loan access. Overall, cooperatives with more credit experience are more likely to access loans, whereas larger membership size may reduce access.

Hypothesis 4

H_{o4}: Significant Influence of Agricultural Cooperative Society Leadership Qualities on Access to Loans from MFB

The result of the significant influence of agricultural cooperative society leadership qualities on access to loans from Microfinance Banks is presented in Table 5.

Table 5: Significant influence of Agricultural Cooperative Society Leadership Qualities on Access to Loan from MFB

Covariates	**Coefficient (B)**	**Std. Error**	**Beta**	**t-stat.**
(Constant)	-0.168	1.282		-0.13
Educational level of the leaders	1.472	0.334	1.264	4.41***
Cooperative farming experience of the leaders	-0.594	0.318	-0.51	-1.87
Credit administration experience of the leaders	2.135	0.15	1.826	14.27***
Training exposure of the leaders	1.200	0.237	0.354	5.05***
Business negotiation ability	0.310	0.315	0.265	0.98
Communication skills of the leaders	-1.496	0.304	-1.286	-4.93***
F-statistics	45.90***			
R-square	0.592			
Adjusted R-square	0.579			
Observation	197			

Source: Field Survey, 2024. Significant @ 1% (***)

The leadership qualities of agricultural cooperative societies significantly influence their access to loans from microfinance banks ($F = 45.90$, $p < 0.01$), with the model explaining **59.2%** of the variation in loan access ($R^2 = 0.592$). Key positive predictors include educational level of leaders ($B = 1.47$), credit administration experience ($B = 2.14$), and training exposure ($B = 1.20$), all significant at the 1% level. In contrast, communication skills show a significant negative effect ($B = –1.50$, $p < 0.01$), while cooperative farming experience and business negotiation ability are not significant predictors. Overall, cooperatives led by educated leaders with strong credit management experience and adequate training are more likely to access loans.

Hypothesis 5

H_{o5}: Significant influence of Agricultural Cooperative Society Asset Qualities on Access to Loans from MFB

The result of the significant influence of agricultural cooperative society organizational asset qualities on access to loans from Microfinance Banks is presented in Table 6.

Table 6: Significant Influence of Agricultural Cooperative Society Asset Qualities on Access to Loan from MFB

Covariates	**Coefficient (B)**	**Std. Error**	**Beta**	**t-stat.**
(Constant)	3.222	1.801		1.79
Accumulated savings	-0.775	0.251	-0.178	-3.09***
Equity and net worth	0.248	0.167	0.173	1.49
Leadership worth	1.362	0.181	0.973	7.52***
Physical asset	0.958	0.161	0.403	5.95***
Shares acquisition	-0.033	0.081	-0.024	-0.41
F-statistics	49.25			
R-square	0.563			
Adjusted R-square	0.552			
Observation	197			

Source: Field Survey, 2024. Significant @ 1% (***)

The asset qualities of agricultural cooperative societies have a significant influence on their access to loans from microfinance banks, with the model explaining 56.3% of the variation in loan access ($R^2 = 0.563$). Among the asset variables, leadership worth ($B = 1.36$) and physical assets ($B = 0.96$) show strong positive and significant effects on loan access ($p < 0.01$). In contrast, accumulated savings has a significant negative effect ($B = –0.78$, $p < 0.01$), while equity/net worth and share acquisition do not significantly predict loan access. Overall, cooperatives with strong leadership worth and substantial physical assets are more likely to secure loans.

Conclusion and Recommendations

This study examined institutional factors of agricultural cooperative societies influencing access to loans from microfinance banks in Southwest Nigeria. Findings show that, despite substantial loan requests, the amounts granted were significantly lower, potentially limiting agricultural investment. Organizational abilities such as functional structures, regular meetings, decision-making, objective setting, and conflict management significantly improved access to credit, alongside leaders' credit experience. Leadership qualities, including education, credit administration experience, and training exposure, as well as asset factors like leadership worth and physical assets, also positively influenced loan access. Strengthening these institutional factors can enhance cooperatives' ability to secure funding, supporting agricultural development. Microfinance banks should emphasize institutional capacity building and incorporate these factors into their lending strategies to better support the sector.

Based on the findings of the study, the following recommendations are made:

i. Agricultural cooperatives need to strategize on resource allocation and possibly diversify their funding sources to mitigate the impact of receiving lower than requested loan amounts.
ii. Improved financial planning and robust business plans could help cooperatives present stronger cases for full loan amounts, potentially reducing the gap between requested and granted funds.
iii. Enhancing risk management frameworks could allow microfinance banks to approve higher loan amounts with confidence, thus better supporting agricultural projects.
iv. Policymakers should introduce support mechanisms like credit guarantees or agricultural insurance to encourage more liberal lending practices by microfinance banks

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