

# Household access to agricultural credit and agricultural production in Nigeria: a propensity score matching model

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## Abstract

**Background:** Agricultural production is low in Nigeria as a result of low utilisation of farm inputs facilitated by farmers' inability to save and invest. Therefore, credit is needed by farmers to enhance their productive capacity and efficiency in agriculture.

**Aim:** Given the importance of credit to farmers, this study examined the nexus between households' access to credit and agricultural production in Nigeria.

**Setting:** The study made use of data from the Living Standard Measurement Study-Integrated Survey on Agriculture (LSMS-ISA) consisting of 4210 households across the 36 states in Nigeria, as well as the Federal Capital Territory, Abuja.

**Methods:** The study employs the propensity score matching (PSM) technique.

**Results:** The main result from the study suggests that households who had access to agricultural credit facilities had yields that are thrice those of their counterparts who did not benefit from such facilities. In the event of a shock, the farmers who did not have a source of credit are often forced to adopt measures such as lowering consumption and selling assets, which in the long run worsen their poverty levels.

**Conclusion:** The study recommends that policymakers should address underlying factors that prevent access to credit for agricultural production, which is capable of raising the productive capacities of farmers.

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