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An Initial Investigation into the Financing of Agriculture and Small Farming Enterprises in Emerging Economies

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ABSTRACT
This paper reports on an initial investigation into the financing of agriculture and Small Farming Enterprises (SFEs) in emerging economies in terms of global dynamics. The research question addresses 'What is the nature of financing agriculture and small farming enterprises in emerging economies?' The methodology used is a comparative study of three countries involving an investigation of the economic background and agriculture sector, financial bodies, farming enterprises, and funding SFEs to determine the nature of financing agricultural enterprises. In response to the research question, it was found that financial bodies have an important influence on farming enterprises especially in terms of the way SFEs are funded. From the findings of the study, a fundamental model was developed as the main contribution to knowledge concerning the financing of SFEs in emerging economies taking into account important financial aspects, the process of farming entrepreneurship, and the outputs of SFE activities and growth.

Keywords: finance; agriculture; entrepreneurship; emerging economies; financial bodies; enterprises; funding; SFEs; SMEs.

INTRODUCTION
The investigation of financing the agricultural sector and SFEs has involved the study of access to enterprise financing, small business finance, and international financing of SFEs (Paravisini, 2008). The scholarly value of a study into the area of agricultural financing in emerging economies like Ghana, Pakistan, and Yemen is interest in this field by academics and practitioners and also by a number of leading academics currently researching the field. In this context "agricultural finance covers the funding needs of farmers or other forms of agribusiness" (Martin, 2024), and "an emerging market economy is the economy of a developing nation that is becoming more engaged with global markets as it grows" (Scott, 2025). The methodology was undertaken in three stages for a comparative study of three countries to compare background and agricultural sector, financial bodies/institutions, farming enterprises, and funding of SFEs. Here, "agricultural sectors comprise establishments primarily engaged in growing crops, raising animals, and harvesting fish and other animals from a farm, ranch, or their natural habitats" (USEPA, 2024), and a "financial institution (FI) is a company engaged in the business of dealing with financial and monetary transactions such as deposits, loans, investments, and currency exchange" (Hayes, 2024). By using a systematic process (Umphrey, 2002) appropriate methods for each research stage were used (Schumaker and McMillan, 1993). Analysis for each stage used the most suitable method, taking into account potential downfalls by not relating some hidden underlying trends. In order to answer the research question, primary sources (literature) and secondary sources (government and bank reports) were investigated in the first stage to obtain an understanding of financing the agriculture sector and farming enterprises in the three countries investigated. Analysis of the country case studies and synthesis of information was undertaken in the second stage to determine the different factors involved concerning financial bodies, farming enterprises, and funding of SFEs to determine the nature of accessing finance by these enterprises. The third stage examined in detail the nature and importance of factors to formulate conclusions.

In the agricultural sectors of the countries investigated they have SFEs trading within them. The financial bodies operating in the countries provide services to SFEs, and involve international banks, private banks, and indigenous retail and savings banks. In emerging economies, there has been a need in recent years for there to be reforms for financial bodies. This is especially the case with Yemen where the banking sector and ability to support SFEs has been impacted by non-performing loans, low capitalisation, and the weak enforcement of regulatory standards (LCFRD, 2006). There are many advantages of SFEs to emerging economies and these include their activities as a basis for entrepreneurship, employment generation through the utilisation of labour-intensive technologies, and inter and intra-regional decentralisation, and this is especially the case in Ghana (Cook and Nixson, 2000). It is also evident that the SME sector forms more than ninety percent of business and around seventy percent of industrial employment in emerging economies which is evidenced in Pakistan (Sherazi et al., 2013). Policy and regulatory systems need to be conducive to SME growth (Khawaja, 2006), as evidenced in Pakistan, as well as there being large firm development (Sherazi et al., 2013).

In emerging economies, SFEs have limited access to credit and tend to be marginalised (HFC Bank, 2004), and limited support exists through personal savings and this affects the ability of SFEs to adopt modern technology (UNIDO, 2002). Therefore, access to finance is a major constraint for SFEs (Abor and Biekpe, 2006). Even though access to funding is a single limiting factor for SFEs (Liedholm, MacPherson, and Chuta, 1994), access to finance is a major challenge for SFE development (Bigsten et al., 2000; Buatsi, 2002). This is found to be especially the case with Ghana. Further to this in Pakistan in recent years financial credit has risen for the SME and informal sector (Ali and Khan, 2005), although financial institutions in Pakistan are reluctant to provide finance to SMEs (Sherazi et al., 2013). Due to banks being risk averse and avoiding associated uncertainty (Ali and Spira, 1998) this has resulted in difficult procedures for SMEs involving collateral requirements to obtain credit (World Bank, 2001). In many emerging economies the funding of SMEs is influenced by International Financial Institutions (IFIs) (public development and investment institutions owned by member governments) which provide non-financial support, research, policy advice, technical assistance, and funding to governments (BIC, 2007). For example, the International Development Bank (IDB) portfolio in Yemen has included projects involving SFEs in agriculture (ISDB, 2007).

The paper is structured with sections on background, research methodology involving a comparative study, findings for the emerging economies investigated, and discussion of findings and conclusions for the study. The next section provides the background to the study.

BACKGROUND

A number of agricultural definitions have been used for this research and these include those for agriculture, agribusiness, agricultural value chain, and small farming enterprise (SFE). Simply, agriculture refers to on-farm production, agribusiness represents organised agricultural firms, and the agricultural value chain is the sequence of value-adding agricultural activities (Byerlee et al., 2013a&b; Miller and Jones, 2010). Additionally, farm holdings that are less than 50 acres (Broadwell, 2005) can be considered small farming enterprises (SFEs) (Thomas et al., 2004; Thomas and Metcalfe, 2008). Further to this a “farm enterprise means the business of producing crops, livestock products and aquatic organisms through the utilization and management of land, water, labour, capital, and basic raw materials including seed, feed, fertilizer, and fuel” (Law Insider, 2025). Also, “agricultural enterprises refer to businesses involved in the production of crops or livestock for domestic or international markets” (Science Direct, 2025).

Due to many years of neglect by international donors, agriculture has been affected by high food prices which have caused poverty and insecurity, and due to this, it will be important to increase food productivity and production in emerging economies (Dethier and Effenberger, 2012). One possible way to improve agricultural productivity is through agricultural investment and appropriate technologies (Dethier and Effenberger, 2012). In order to implement investment into appropriate technologies this needs to be considered at the various stages of the agricultural value chain (Figure 1).

FIGURE 1: Agricultural Value Chain.
Sources: Mohamed and Gombe (2017) and De Silva and Ratnadiwakara (2008 p.10).

Further to this for the various stages, there are actors in the value chain and these can be shown as follows in terms of the agriculture value chain for financing (Figure 2).

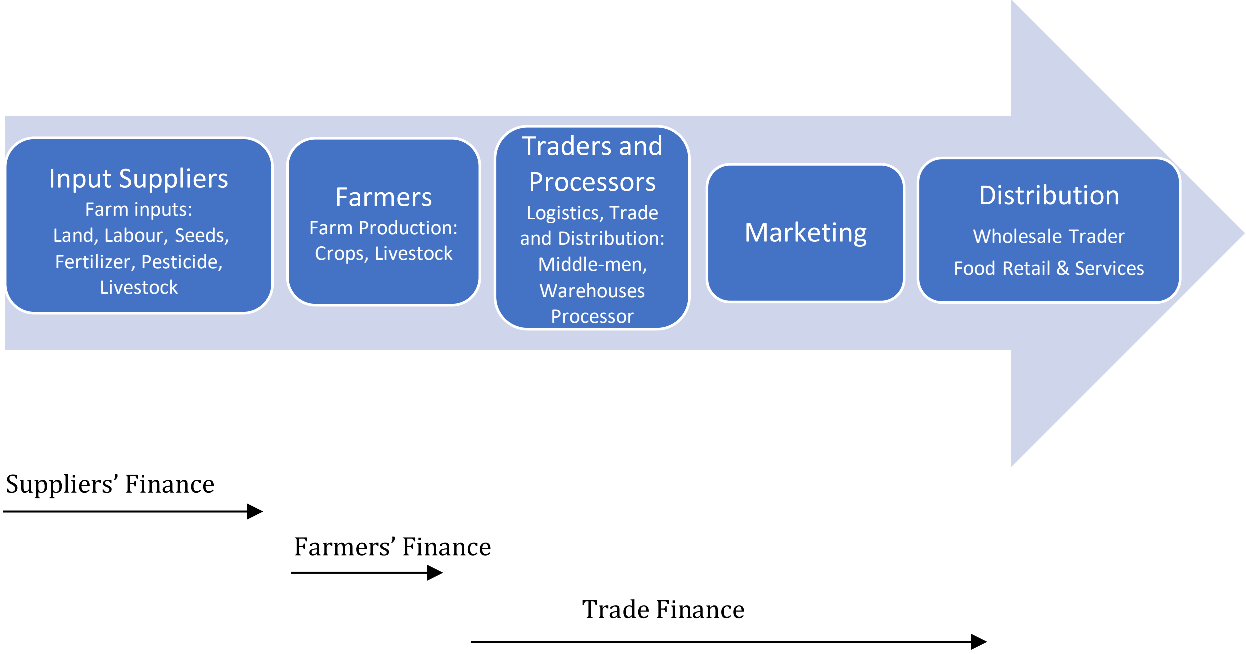

FIGURE 2: Agriculture Value Chain for Financing.
Sources: IFC (2012), Varangis et al. (2012) and World Bank (2016).

Developing the discussion on the financing of agriculture in emerging economies, with regard to who needs finance in the agriculture sector, it is apparent that agriculture involves a broad range of activities from small-scale farming involving SFEs to infrastructure projects, and research and development (R&D) (Ruete, 2015). According to the International Institute for Sustainable Development, for agricultural finance the market clusters into four groups, and these require different approaches to address the needs of the sectors: (a) needs of farmers and small agricultural entrepreneurs, (b) transactions between actors along the value chain, (c) rural infrastructure needs, and (d) generating knowledge involving R&D to develop the sector (Ruete, 2015). Further to this financial instruments for the rural sector and SFEs include: (i) direct finance (savings, inclusive finance (or micro-finance), traditional finance, leasing, and factoring, weather-based insurance, and credit guarantee schemes), (ii) value-chain finance (internal and external finance), (iii) infrastructure finance, and (iv) financing for R&D (Ruete, 2015).

Agricultural finance has a number of levels and involves different actors as financers with a variety of instruments and risks, and these include farmers and SFEs, co-operatives and credit unions, private sector finance from branches of foreign banks, local commercial banks, and insurance companies (who finance SFEs directly, facilitate microfinance schemes and rural infrastructure financing) (Agrifin Facility, 2010). Infrastructure financing usually involves a number of actors comprising development banks, donors, financial institutions, national and local governments, and private partners (Agrifin Facility, 2010).

An important role played by development banks in agricultural finance fills financial gaps in emerging economies by financing programmes in the public sector with local enterprises or banks playing an intermediary role to provide domestic market access (IADB, 2014).

Government financing of agriculture is largely through governmental intervention and usually involves managing risks (Ruete, 2015). This involves (i) supporting farmers through exemption of taxes in crisis periods, reduction in social security contribution, payment of indemnities, or private insurance scheme subsidy (OECD, 2011), (ii) support for credit guarantee schemes or credit guarantee fund creation through counter guarantees by private institutions (FAO, 2013), and (iii) government support through providing information on potential risks to the sector where risk management is left to the farmer (IFAD, 2012).

The challenges facing SFEs include access to finance and access to markets (Eskesen et al., 2014). With access to finance, there are four main contributors to gaps in funding with challenges that financial institutions face (access to rural areas is costly, inability to assess risks) and challenges that SFEs need to address (informal status, lack of business or financial credentials) (Eskesen et al., 2014). For access to markets, SFEs require infrastructure, information about markets, consistent quality standards, and marketing capability and skills (Eskesen et al., 2014). Therefore, SFE financing instruments need to provide accessibility to funds, favorable loan terms, and credit guarantees (Eskesen et al., 2014).

The three countries investigated are all emerging economies and they have varying statistics and demographics which provide interesting comparisons and findings. Ghana is the third largest producer of cocoa therefore supplying one-third of the World's requirements. Exports of cocoa represent over ninety percent of the country's agricultural exports. Other exports include gold, diamonds, manganese, timber, palm kernels, palm oil, copra, and kola nuts. Agriculture in Pakistan is important with the main food crops of rice and wheat, and commercial crops of cotton, rape, mustard, and jute. Important industries in Pakistan are jute, paper, chemicals and fertilizers, cement, iron and steel, sugar, textiles, and crude petroleum production. In the Republic of Yemen about seventy varieties of grape are grown. Trade involves exports of coffee, food grains, hides and resins, cotton, and oil.

The literature on financing agriculture in SFEs has been investigated according to the role of financial bodies, enterprise activity, and the funding of SFEs in emerging economies. The role of financial bodies is affected by the banking sector in emerging economies and the ability to support SFEs (LCFRD, 2006). Enterprise activity in these economies is responsive to policy and regulatory systems and the need to be conducive to SFE growth (Khawaja, 2006). Similar to developed economies access to finance is a major factor for SFE development (Abor and Biekpe, 2006; Liedholm, MacPherson, and Chuta, 1994; Bigsten et al., 2000; Buatsi, 2002), and the funding of SFEs is influenced by international financial institutions (BIC, 2007). We therefore investigate the main areas of the role of financial bodies, enterprise activity, and the funding of SFEs in this paper.

METHODOLOGY

The methodology was undertaken in three stages for the comparative study to compare the agricultural background, financial bodies, small farming enterprises, and funding of SFEs. Using a systematic process (Umphrey, 2002) for the three stages of the research appropriate methods for the research stage were used (Schumaker and McMillan, 1993). Analysis for each stage used the most suitable method, taking into account potential downfalls by not relating some hidden underlying trends. The research question addressed 'What is the nature of financing agriculture and small farming enterprises in emerging economies?' In order to answer this question, primary sources (literature) and secondary sources (government and bank reports) were investigated in the first stage to obtain an understanding of financing agriculture and small farming enterprises in the three countries. Analysis of the country case studies and synthesis of information was undertaken in the second stage to identify the different factors involved concerning financial bodies, enterprises, and funding of SFEs to determine the nature of financing small farming enterprises. The third stage examined in detail the nature and importance of factors to formulate conclusions.

The research stages considered the following aspects of the nature of financing agriculture and small farming enterprises in the three countries of Ghana, Pakistan, and Yemen as emerging economies:

RS1 – A review of financial bodies, small farming enterprises, and funding of SFEs

The research set out to obtain an understanding of financing agriculture and small farming enterprises in the three countries investigated. It has drawn primarily on existing research and secondary data sources. Secondary data sources have included literature in the area.

RS2 – Investigation of financing farming enterprises taking into consideration the three country case studies

This part of the research consisted of the analysis of information concerning the three case study countries of Ghana, Pakistan, and Yemen. The countries have been investigated to determine the different factors involved concerning financial bodies, small farming enterprises, and funding of SFEs to determine the nature of financing farming enterprises. Case studies provide information and rich data for a greater understanding of poorly understood phenomena supporting the transferability of the researcher's findings (Yin, 2012).

RS3 – The nature and importance of SFEs in the three emerging economies

The objective of this stage of the research has been an assessment of SFEs and their importance in the three emerging economies. This was determined from information, concepts, and factors identified in the literature, data available, and findings from the country case studies.

The results of the research are presented in the following sections of the paper under the headings of findings, discussion, and conclusions.

FINDINGS

The findings of the study are reported according to the background of agriculture, financial bodies, small farming enterprises, funding of SFEs, and a summary for Ghana, Pakistan, and Yemen.

Ghana

- *Background to agriculture in Ghana*

The background to agriculture in Ghana is characterised by a number of agricultural products which form an established economic sector, providing both informal and formal employment (FAPDA, 2016; Clark, 2018). A variety of crops are produced in various climatic zones running in east-to-west bands across the country ranging from wet forest to dry savanna (Clark, 2018; FAPDA, 2016). Crops include cocoa, grains, kola nuts, oil palms, timber, and yams and these form the agricultural base of the economy. Agriculture employed 53.6% of the total labour force in Ghana in 2013 (FAPDA, 2016; Clark, 2018). An important industry related to agriculture is textiles with the four major companies being Ghana Textile Manufacturing Company, Printex Ghana, Tex Style Ghana Limited, and Akosombo Textiles Limited (DGN, 2014).

In the three main sectors agriculture has SFEs trading within it similar to SMEs in the other sectors of manufacturing and services.

• *Financial Bodies in Ghana*

Financial bodies operating in Ghana, that provide services to SFEs, involve indigenous Ghanaian offshore banks, Ghanaian private banks, and indigenous retail, savings banks, and microfinance institutions. In recent years there have been many reforms for financial bodies in Ghana. Retail and savings banks in Ghana include UT Bank, Home Finance Company, GCB Bank Ltd., CAL Bank, and the Agricultural Development Bank of Ghana, together with indigenous Ghana savings and loan institutions, Savings and Loans Company, and ABii National (Heritage, 2013).

• *Small Farming Enterprises in Ghana*

SFEs, similar to SMEs, are of importance to economies, especially those that are developing, since they have a high capacity for absorbing labour, wider presence in rural areas, wider geographic spread, lower cost per job created, are innovative, utilise dormant financial resources, are a cradle of entrepreneurship, a source of skill creation, and make efficient use of resources (Buame, 2004). In a country like Ghana, where there are fewer bureaucratic firms and the role of job creation (Mensah, 2004) if the correct strategies are developed to solve SFE problems, they can make an important contribution to the development of the economy. The advantages of SFEs to Ghana include inter and intra-regional decentralisation, employment generation through the utilisation of labour-intensive technologies, and as a basis for entrepreneurship (Cook and Nixson, 2000).

• *Funding SFEs in Ghana*

In Ghana, only around five to six percent of people have access to finance through the banking sector (Basu, Blavy, and Yulek, 2004). SFEs in Ghana have limited access to credit and tend to be marginalised (HFC Bank, 2004). Access to finance is a major constraint for SFEs in Ghana (Abor and Biekpe, 2006), and although access to funding is only one limiting factor to SFE development (Liedholm, MacPherson and Chuta, 1994), access to funding and finance are major challenges to SFE development (Bigsten et al., 2000; Buatsi, 2002).

• *Summary*

Out of the three main sectors industry is characterised by larger enterprises together with SMEs in manufacturing whereas the services sector has SMEs, and similarly agriculture has SFEs trading within it. Although access to funding is only one limiting factor to SFE development (Liedholm, MacPherson, and Chuta, 1994), access to funding and finance are major challenges to SFE development (Bigsten et al., 2000; Buatsi, 2002).

Pakistan

• *Background to agriculture in Pakistan*

With regard to the agricultural background of Pakistan principal natural resources are arable land and water (Bookhut, 2018). Around 25.0% of agriculture in Pakistan accounts for 21.0% of GDP employing some 43.0% of the workforce (Bookhut, 2018). The province with the most agriculture is Punjab with cotton and wheat grown (Bookhut, 2018). In Sindh and Punjab provinces mango orchards are mostly found making Pakistan the World's fourth largest mangoes producer (GoP, 2018). With respect to financing agriculture in Pakistan similar to the country's other main sectors of manufacturing industry, and wholesale and retail services, which involve SME activity, the agricultural sector has SFEs operating within it. In terms of industrial-agricultural interactions, there is a semi-industrialised economy and along the Indus River there are growth centres (Henneberry, 2000; World Bank, 2008; PCR, 2010). As well as chemicals and sports goods, the agriculture-associated commodities of carpets and rugs, leather goods, and textiles are primary export commodities (IPTU, 2016).

• *Financial Bodies in Pakistan*

Since 2000 the Pakistani government has made considerable economic reforms providing resources and finance for poverty reduction and job creation (LSE, 2007). The banking sector in Pakistan was strong during the financial crisis, 2008-9, resulting in considerable Foreign Direct Investment (FDI), and following this large banks were robust with small and medium-sized banks in niche markets with the banking sector profitable and the credit market showing good sales and growth in mid-2005 (DAWN, 2005).

• *Small Farming Enterprises in Pakistan*

SFEs face problems of non-competitive products, outdated production facilities, low technological capabilities, and insufficient funds (Raouf, 1998). These suggest that SFEs can be in a low growth trap, having limited agricultural production capability and an inability to progress on the ladder of technology (Khawaja, 2006). According to Khawaja (2006), the policy and regulatory system of Pakistan is conducive to SFE growth although government efforts have concentrated on large firm development in other sectors (Sherazi et al., 2013).

• *Funding SFEs in Pakistan*

Factors creating problems for the SFE in Pakistan, in terms of financing from institutions, include the opportunity cost of equity and financing from family and friends is lower than banks (Ali and Sipra, 1998), SFEs will tend not to have complete business records which restricts them with bank financing (Hamid and Abaidullah, 2006), and small loans they apply for create large unit loan costs which are uneconomic for banks (Khan, 1997).

• *Summary*

In recent years the opportunity for financial credit has risen for the SFE and informal sector (Ali and Khan, 2005), although financial institutions are reluctant to provide finance to SFEs (Sherazi et al., 2013). Due to banks being risk averse in Pakistan and avoiding the associated uncertainty with SFEs

(Ali and Spira, 1998) This has resulted in difficult procedures involving collateral requirements to obtain credit (World Bank, 2001).

Yemen

• *Background to agriculture in Yemen*

In the three main sectors of the Yemen economy, there are SMEs in the services and industry, and SFEs in agriculture. GDP by sector shows agriculture with the second largest percentage (19.0%), industry 10.6%, and services 70.4% (2014 est.) (World Bank, 2014). The labour force by occupation involves most people employed in services, industry, commerce, construction, and agriculture (World Bank, 2014). As well as the main industries of commercial ship repair, cement, small aluminum products, handicrafts, petroleum refining, and crude oil production there are also the agriculture-related industries of food processing, leather goods, and small-scale production of cotton textiles (World Bank, 2013). Exports totalled $1.426 billion in 2015 (est.), and as well as export goods of liquefied natural gas and crude oil, there were also agriculture-related goods of dried and salted fish, and coffee (CIA World Fact Book, 2013a). Imports of $10.19 billion in 2014 (est.) consisted of chemicals, machinery and equipment, and agriculture-related imports of food and live animals (CIA World Fact Book, 2013b). Despite a large area of agriculturally productive land and significant gas and oil resources, Yemen is still one of the lowest-income countries in the World and the population has more than forty-five percent living in poverty (LCFRD, 2006).

• *Financial Bodies in Yemen*

The financial services sector in Yemen is underdeveloped with domination by the banking system, no public stock exchange, and consists of the Central Bank of Yemen with fifteen commercial banks (2 state-owned banks, 4 private foreign banks, and 9 private domestic banks including 4 Islamic banks), and 2 state-owned specialised development banks (World Bank, 2014). The Credit and Agricultural Co-operative Bank which is state-owned owned is the largest commercial bank, and the Yemen Bank for Reconstruction and Development is state-owned on a majority basis (World Bank, 2014).

• *Small Farming Enterprises in Yemen*

With regard to small farming enterprises in Yemen, the industries which are of particular interest include agriculture and fishing. Due to agriculture and fishing contributing between 15 to 20 percent of GDP and employing more than half the working population (54.2%) they are considered to be the mainstay of Yemen's economy (World Bank, 2014). The production of khat, which is a mild narcotic and heavily cultivated plant, has accounted for 5.8% of GDP (Central Bank of Yemen, 2005) playing an important role in the agricultural economy, accounting for 10% of GDP with 150,000 people employed (World Bank, 2014). Other exported agricultural products include vegetables, fruits, and coffee (LCFRD, 2006).

• *Funding SFEs in Yemen*

The funding of SFEs in Yemen has been influenced by International Financial Institutions (IFIs) which are public development and investment institutions owned by member governments that provide non-financial support, research, policy advice, technical assistance, and funding to governments in emerging economies (BIC, 2007). They also provide financing to companies investing in developing countries (BIC, 2007). IFIs involved in Yemen include the Islamic Development Bank (IDB), International Monetary Fund (IMF), International Finance Corporation (IFC), and the World Bank Group (WBG) which includes the International Development Association (IDA) (BIC, 2007). The IDB portfolio in Yemen has included projects involving SFEs in agriculture, and SMEs in energy, transportation, and also education (ISDB, 2007).

• *Summary*

The funding of SFEs has been influenced by International Financial Institutions (IFIs) which are public development and investment institutions owned by member governments that provide non-financial support, research, policy advice, technical assistance and funding to governments in emerging economies (BIC, 2007). The IDB portfolio in Yemen has included projects involving SFEs (ISDB, 2007).

DISCUSSION

In the discussion, we compare and discuss the findings of this initial investigation into financing agriculture and small farming enterprises in the three emerging economies of Ghana, Pakistan, and Yemen. This is discussed according to the background of agriculture, the financial bodies operating in the countries, the types of small farming enterprises that are active, and the funding of SFEs. In the main sectors of the countries, there are SMEs trading in the manufacturing and services sectors and SFEs operating in the agricultural sector. The financial bodies operating in the countries provide services to SFEs, and involve international banks, private banks, and indigenous retail and savings banks. In emerging economies, there has been a need in recent years for there to be reforms for financial bodies.

In emerging economies, SFEs have limited access to credit and tend to be marginalised (HFC Bank, 2004), and limited support exists through personal savings and this affects the ability of SFEs to adopt technology (UNIDO, 2002). Therefore, access to finance is a major constraint for SFEs (Abor and Biekpe, 2006). Even though access to funding is a single limiting factor for SFE development (Liedholm, MacPherson, and Chuta, 1994), access to finance is a major challenge for SFE development (Bigsten et al., 2000; Buatsi, 2002). This is found to be especially the case with Ghana. In Pakistan, in recent years the ability to access financial credit has risen for the SFE and informal sector (Ali and Khan, 2005), although financial institutions are reluctant to provide finance to SFEs (Sherazi et al., 2013).

In emerging economies, the funding of SFEs is influenced by International Financial Institutions (IFIs) which provide non-financial support, policy advice, technical assistance and funding to governments in emerging economies (BIC, 2007). The IDB portfolio in Yemen, for instance, has included projects involving SFEs in agriculture, and SMEs in energy, transportation and also education (ISDB, 2007).

From the findings of this initial investigation into Ghana, Pakistan, and Yemen, taking into consideration the exploration of financial bodies, small farming enterprises, and funding of SFEs, the following model concerning the financing of agriculture and small farming enterprises in emerging economies is posited (Figure 3).

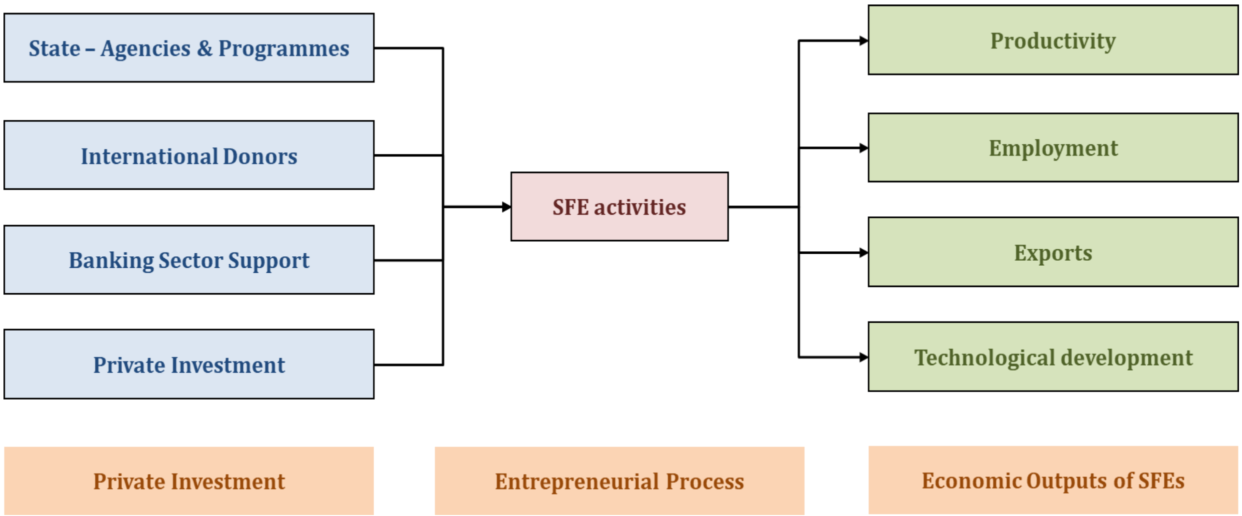

FIGURE 3: Financing SFEs in Emerging Economies.

Important inputs to SFE activities in emerging economies involve state agencies and programmes, international donors, banking sector support, and private investment. Outputs include enhanced productivity, employment, increased exports, and technological development, especially with labour intensive technologies.

CONCLUSIONS

The paper has reported on an initial investigation into financing agriculture and small farming enterprises in three emerging economies including Ghana, Pakistan, and Yemen. These economies have been investigated in terms of the role of financial bodies, farming enterprise activity, and SFE funding. The potential contribution of the paper has been to bring together preliminary findings on the financing of agriculture and small farming enterprises in emerging economies which will have an impact on the agri-food academic area. This paper provides a basis for future study into financing agriculture in emerging economies and further potential investigation and contexts in the area of financing small farming enterprises.

The methodology involved a comparative study of the three countries to compare their agricultural background, financial bodies, small farming enterprises, and funding of SFEs. Using a systematic process (Umphrey, 2002), appropriate methods for each stage were used (Schumaker and McMillan, 1993). The research question addressed 'what is the nature of financing agriculture and small farming enterprises in emerging economies?' In order to answer this question, primary sources (literature) and secondary sources (government and bank reports) were investigated in the first stage to obtain a preliminary understanding of the financing of agriculture and SFEs in the three countries. Analysis of the country case studies and synthesis of information was undertaken in the second stage to determine the different factors involved concerning financial bodies, small farming enterprises, and funding of SFEs to determine the nature of financial support. The third stage examined in detail the nature and importance of factors to formulate conclusions.

In response to the research question, it was found that financial bodies can have an important influence on farming enterprises especially in terms of the way SFEs are funded. This was on the basis that financial bodies operating in the countries provide services to SFEs in various ways including access to finance, loans, capitalisation, and the enforcement of regulatory standards. This involves international banks, private banks, and indigenous retail and savings banks. In emerging economies, there has been a need in recent years for there to be reforms for financial bodies. In many emerging economies the funding of SFEs is influenced by International Financial Institutions (IFIs) which provide non-financial support, policy advice, technical assistance, and funding to governments (BIC, 2007). From the findings of this initial investigation a fundamental model has been developed as the main contribution to knowledge concerning the financing of SFEs in emerging economies taking into account important financial aspects, the process of entrepreneurship, and the significant outputs of SFE activities and growth.

Study limitations arose from the analysis for each research stage which used the most suitable method, with potential downfalls through not relating some hidden underlying trends. Due to the initial investigation considering general trends with regard to financing agriculture and small farming enterprises this was not a problem. Other limitations envisaged were the need for further investigation preferably involving quantitative analysis, to investigate other emerging economies, and to compare developed with developing countries with emerging economies. Future research needs to consider financing agriculture and SFEs in emerging economies using quantitative studies, other emerging economies, and making comparisons between more established and emergent economies. By doing this it will be possible to identify policy implications of enhanced financing of agriculture and SFE activity in these economies.

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