

GUIDES & HANDBOOKS

Loan Application Guide for Agribusiness

Get credit-ready, apply with confidence and manage your loan well.

A loan can help you buy inputs, expand your farm, add equipment or bridge the gap between planting and selling. But lenders say yes to businesses that are **prepared**. This guide walks you through what to do before, during and after a loan application, so you can present your business clearly and borrow with confidence.

GOOD TO KNOW

Every lender and every loan product has its own rules. Use this guide to get ready, then always confirm the exact requirements, costs and repayment terms with your lender before you apply.

1. Before you apply: ask yourself four questions

- 1 Why do I need this money?**
Name the exact purpose, for example seed and fertiliser for 2 hectares, or a feed mill for the fish farm. A clear purpose is easier to fund than "to grow my business".
- 2 How much do I really need?**
Add up the real costs. Borrowing too little leaves the project unfinished. Borrowing too much leaves you with a heavy repayment.
- 3 How will I repay?**
Identify where the repayment money will come from: harvest sales, contracts, or other regular income. Be honest and conservative.
- 4 What if things go wrong?**
Think about bad weather, pests, late buyers or price drops. A lender is reassured when you have already thought about these risks.

2. Know the sources of finance

Agricultural finance can come from different places. Choose the one that matches your need, not just the one that is closest.

Source	Best for	Things to check
Banks and development finance institutions	Larger loans, working capital, equipment and expansion	Interest rate, fees, collateral, repayment schedule
Microfinance institutions	Smaller, quicker loans for working capital	Total cost of the loan, group or individual terms
Cooperatives and thrift groups	Seasonal needs and small inputs	Group rules, contribution requirements, repayment period
Government and agency programmes	Targeted support for specific crops or activities	Eligibility, how to register, how long approval takes
Buyers and input suppliers	Inputs on credit, repaid at harvest	Price of inputs, agreed buying price, written agreement

3. Prepare your documents

Lenders commonly ask for the items below. Not every lender asks for all of them, so confirm your lender's list and tick off what you already have.

Personal and business identity

- ☐ Valid means of identification
- ☐ Proof of address
- ☐ Business or cooperative registration documents, where applicable
- ☐ Passport photographs, if requested

Your business

- ☐ Farm or business location and size of land or facility
- ☐ Proof of ownership or right to use the land (for example a lease or agreement)
- ☐ Records of production and sales for past seasons
- ☐ Contracts, purchase orders or letters of intent from buyers

Your money

- ☐ Bank account statements (or mobile money statements) for the period requested
- ☐ Income and expense records (see the NAA Farm Record Book)
- ☐ Details of any existing loans and how you are repaying them

Your plan and security

- ☐ A simple business plan or loan proposal (outline in section 4)
- ☐ Details of collateral, guarantors or other security the lender accepts
- ☐ Any permits, certificates or insurance cover related to the project

4. Write a simple business plan

It does not have to be long. Two pages that answer the questions below are far better than ten pages of unclear writing.

Section	What to write
About the business	Who you are, what you produce, where, how long you have been doing it and who works with you.
The need	What you want to do with the loan and why now.
The market	Who buys from you, at what price and how often. Mention any buyer agreements.
The costs	A list of everything the project needs, with the cost of each item.
The expected income	What you expect to produce and sell, using realistic figures from past seasons.
The repayment plan	How much you will pay, how often and from which income.
The risks	What could go wrong and what you will do about it.

5. Work out what you can afford to repay

Use this simple check before you sign anything. Use conservative figures: expect a little less income and a little more cost than you hope for.

Step	Item	Amount (R)
A	Expected income for the season or period	
B	Expected costs of production (inputs, labour, transport, other)	
C	Money left after costs (A minus B)	
D	Money you need for family and basic living costs	
E	Money available for loan repayment (C minus D)	
F	Total repayment the lender is asking for, including interest and fees	

THE TEST

Is **E** comfortably bigger than **F**? If E is only just enough, or smaller, the loan is too big or the repayment too short. Discuss a smaller amount or a longer period with your lender.

6. Complete the application well

1

Ask for the list

Ask the lender for the application form, the document list, the interest rate, all fees and the repayment schedule.

2

Fill in every section

Do not leave blanks. Write "not applicable" where something does not apply.

3

Keep your figures consistent

The numbers in your form, business plan and records should match. Differences make lenders doubt the rest.

4

Be honest about existing debts

Lenders can often see your credit history. Honesty builds trust.

5

Keep copies of everything

Keep a copy of every document you submit and note the date and the name of the person who received it.

6

Follow up politely

Ask when you should expect a decision and who to contact.

7. Common mistakes to avoid

- Applying without a clear purpose or without costing the project.
- Borrowing more than the business can repay.
- Mixing farm money with household money, so there are no clean records.
- Signing without reading the interest, fees, penalties and repayment dates.
- Using the loan for something other than the purpose you stated.
- Waiting until you have missed a payment before talking to the lender.

8. After you receive the loan

- ☐ Use the money only for the purpose in your application.
- ☐ Keep every receipt and record how each naira is spent.
- ☐ Mark every repayment date on a calendar and set a phone reminder.
- ☐ Pay on time. A good repayment record helps you borrow more in future.
- ☐ If a problem is coming, talk to your lender early, before you miss a payment.
- ☐ Review the season afterwards: what worked, what you would change, what you learned.

KEEP LEARNING

Continue with the **Access to Finance for Agribusiness** course on the National Agricultural Academy to go deeper on each step in this guide.