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Can tractor sharing boost the incomes of small-scale farmers?



With its Smart Tractor, the Hello Tractor platform gives small landowners access to affordable farm machine services to increase their productivity.

Nigeria is a net importer of food despite having more than **80 million hectares** of arable land, vast amounts of water and a big labour force. Back in the 1960s, it was self-sufficient in food production but the oil boom of the 1970s led to the neglect of the agricultural industry.

Recently, there have been efforts to revive **agriculture**, some of which are paying off. But reports show Nigeria still spends billions of dollars annually on wheat, rice and sugar imports.

Nigeria's low agricultural production is linked to many factors, including its land tenure system, under-cultivation, poor infrastructure and low farm mechanisation. This has led to widespread poverty, with more than half of the rural population living below the poverty line because of low farm output and poor access to markets.

Agricultural technology company Hello Tractor hopes to address some of these challenges through its tractor sharing platform.

Tractor sharing

Hello Tractor has developed low-cost 'Smart Tractors' fitted with a GPS antenna that tracks usage and location, thereby enabling its owners to share with nearby farmers. The 'Smart Tractor' has three wheels and less horsepower compared to the traditional big machines.

"What we are offering the market is a sustainable way to access a tractor," says Hello Tractor co-founder and CEO Jehiel Oliver.

When small-scale farmers want to make use of a tractor, they send an SMS to Hello Tractor and pre-pay using mobile money. Hello Tractor then forwards the texts to nearby Smart Tractor owners, who then lease out a tractor to the farmer. Once the work has been completed, the payment is automatically released to the Smart Tractor owner.

"The core idea is that through shared usage of tractors the cost per use can go down enough to make it economically viable for the smallholder farmer, but commercially sustainable for the [tractor owner]," explains Oliver.

Rapid urbanisation and better pay in other sectors are eroding access to manual labour needed on the farms. Therefore farmers either plant late or plant just a portion of their fields.

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Currently only 40% of Nigeria's 64 million hectares of arable land is cultivated.

“There simply isn't enough manpower to work the land so it goes uncultivated. Easier and cost-effective access to tractors will enable farmers to increase their productivity and income. [The Smart Tractor] is cheaper and faster than manual labour which benefits the farmers, allows them to plant on time and optimise their yield,” he says.

The Smart Tractors are manufactured in China and sell for US\$3,500. They come with various attachments for ploughing, irrigation, fertiliser distribution, transport and a thresher for processing.

“It really serves the farmers throughout the production cycle and beyond. The tiller is the most economically attractive attachment in terms of income generation. But the trailer attachment can be used all year round for hauling in rural communities, which is hugely beneficial due to the poor infrastructure,” Oliver explains.

Growing the business

Hello Tractor has raised about \$250,000 from investors and will be closing another investment round in coming weeks. The company has piloted its service and done demos across **Nigeria** and **Ghana**, letting farmers interact with the Smart Tractor. It has received purchase orders from individuals and state governments that will be delivered by the next planting season.

“It's an exciting sales pipeline,” says Oliver. “But what is really important is the customer experience of the farmer texting for tractor services and the Smart Tractor owner who is receiving those texts. I think the sales volumes will go up when we have a service that people enjoy.”

Despite a “huge amount of demand” for the Smart Tractor, affordable financing is challenging since banks charge interest rates of 30%-plus.

Although many other African countries could use Hello Tractor's services, Oliver says he settled for Nigeria because of its shortage of tractors and its sheer size.

“It is a huge market for what we do and the opportunity is completely untapped. I thought Nigeria would be a great market for us to start and eventually scale to other countries.

“We just launched in Ghana, [and] my hope is to be in Kenya before the end of the year.”