

Report Highlights Profitable Pathways Created by Heifer International and Hello Tractor for Africa's Smallholder Farmers

Blended Finance Model: Report Highlights Profitable Pathways Created by Heifer International and Hello Tractor for Africa's Smallholder Farmers

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/EINPresswire.com/ -- A new report from Aceli Africa and Dalberg confirms the significant impact of the partnership between Heifer International and Hello Tractor in unlocking agricultural finance for underserved smallholder farmers across Africa. The findings demonstrate how the strategic combination of blended capital, local innovation, and collaborative partnerships is driving profitable, scalable, and inclusive growth within rural economies.



Felicia Gbuuka, a rice farmer, stands near her tractor in Yagba Community, Benue State, Nigeria.

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Adesuwa Ifedi

The 2024 Aceli Financial Benchmarking Report, which analyzed approximately 32,600 loans valued at \$1.98 billion disbursed by 41 lenders in Kenya, Rwanda, Tanzania, Uganda, and Zambia between 2020 and 2023, identifies Hello Tractor as a top performer in agri-SME finance. Notably, Hello Tractor surpassed the average profitability of commercial banks, non-bank financial institutions (NBFIs), and social lenders included in the analysis.

Key findings from the report include:

- Financial Inclusion: 100% of Hello Tractor's borrowers were previously unbanked, significantly higher than the 22% reported by commercial banks.

- **Portfolio Health:** Hello Tractor demonstrated a strong portfolio health of 95%, considerably exceeding the 86% average for commercial banks.
- **Profitability:** Despite serving higher-risk borrowers, Hello Tractor achieved a 7.2% profitability rate, outperforming the industry average, including commercial banks (3.5%), and reversing the negative returns experienced by most social lenders (-16.8%) and NBFIs (-6.8%).



Hauwa Tamuzu bought a tractor via the PAYG financing option and rents it out to local farmers in Awe Community, Plateau State, Nigeria

These results underscore the effectiveness of Hello Tractor's pay-as-you-go model, supported by 60-month loan terms and a growing network of hub-based after-sales support. Through the partnership, Heifer International has facilitated the training and certification of local youth as technicians, ensuring consistent uptime for tractors and building confidence among financiers and farmers.

"This report validates our long-standing belief that rural communities offer significant investment potential," stated Adesuwa Ifedi, Senior Vice President for Africa Programs at Heifer International. "By strategically blending innovation, trust, and local expertise, we are demonstrating that smallholder farmers can be central to Africa's agricultural transformation."

Hello Tractor's success is rooted in its approach of underwriting assets rather than solely relying on individual credit histories. By extending credit based on the productive use of tractors, they are opening opportunities for those previously excluded from traditional financing. Of the 88 loans facilitated with a \$2.5 million investment from Heifer International, 76% ranged between \$50,000 and \$200,000, achieving a 100% repayment rate among first-time borrowers.

"Our collaboration with Heifer International through the Mechanization for Africa Initiative has clearly shown that smallholder farmers and rural entrepreneurs are viable and profitable customers," said Jehiel Oliver, CEO of Hello Tractor. "With the backing of long-term capital, robust after-sales support, and data-driven operations, we can finance a new generation of rural entrepreneurs who are generating significant impact within their communities."

The Aceli report provides compelling evidence for the effectiveness of blended finance as a mechanism to unlock commercial capital for agri-SMEs. Hello Tractor's model, characterized by low credit losses and tech-enabled cost efficiency, challenges conventional perceptions of lending to rural borrowers as inherently high-risk.

This impactful collaboration exemplifies three key pillars of Heifer International's strategy:

- Catalyzing Local Innovation: Investing in and scaling home-grown solutions like Hello Tractor that are specifically designed for the African agricultural context.
- The Power of Partnerships: Strategically aligning philanthropic and commercial actors to achieve sustainable and widespread impact.
- Routes to Profitability: Demonstrating the potential for smallholder finance to evolve from reliance on subsidies to achieving scale and profitability through effective models.

Ultimately, this partnership showcases how impactful collaboration can revitalize African food production systems and drive innovation and change. As mechanization continues to transform farming across the continent, the Hello Tractor–Heifer International partnership offers a valuable blueprint for how inclusive finance and local execution can unlock Africa's vast agricultural potential.

About Heifer International

Since 1944, Heifer International has partnered with over 52 million people worldwide to sustainably end hunger and poverty. Operating in 19 countries across Africa, Asia, and the Americas, including the United States, Heifer supports farmers and food producers in strengthening local economies and building secure livelihoods that provide a living income. For more information, please visit: <https://www.heifer.org>

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