



Large - scale production - low yields

Improving the performance of investor farmers

Executive Summary

Close to half of the sesame acreage in North-West Ethiopia is cultivated by a few thousand investor farmers, who got long-term land leases from the Government to apply modern production techniques and contribute to the national agricultural production. The land under long-term leases is generally flat and very appropriate for mechanized farming and for the application of recommended agricultural practices. In actual practice, the performance of large-scale farmers is however much lower than the performance of small-scale farmers. Investors and their managers do not apply recommended practices and often use loans for other purposes. Because of insufficient soil fertility management, soils risk to be depleted. It is both in the interest of the large farmers and the country at large to improve the production of large farmers. The recommendations for action below aim at transforming large farmers in veritable investor farmers.



Recommendations for action

- Vision 2025: all investor farmers apply the full package of modern production methods and achieve on average at least 6 quintals of sesame per hectare.
- To move to this outcome, the following practical actions are recommended:
- Ensure that the GPS coordinates of the land allocated to investor farmers are available and use these for monitoring and evaluation, which is even possible with satellite imagery.
 - Train and coach investor farmers and farm managers to develop and implement multi-annual cropping schemes that are based on crop rotation and integrate the production of cereals, pulses, sunflower in the farming system. In addition, the land use plan should provide for the required plantation of indigenous trees and possibly fruit trees.
 - Ensure that required seeds for investor farmers are available. Certain investor farmers could specialize on professional seed production and storage for their colleagues.
 - Encourage investor farmers to set-up a system for professional agronomic services. This could be based on a levy system (e.g. a certain amount per quintal of marketed sesame).
 - Continue demonstrating evidences on the yield gain and additional income (MRY/MRR) resulting from improved land preparation, the use of quality seed, fertilizer use, row planting, thinning, three weedings and other recommended practices in investor farmer areas.
 - Conduct agronomic research in investor areas, based on investors' demand.
 - Have an inventory of the machineries that are held by investor farmers and require that investors invest in required machineries in the period 2020-2025, commensurate to their farm size.
 - Promote privately held agro-input shops that deliver seeds and agro-inputs to investor farmers.
 - Apply strong selection procedures for investors' loan applications and ensure close follow-up to ensure that loans are used to purpose and to reduce credit default. A fertilizer voucher system could also be developed for investor farmers, to better ensure that loans are used for purpose.
 - Require that investors have professional staff.
 - Verify the working and living conditions of labourers and inspect whether regulations for housing, water and food are respected.
 - End the land lease when investors do not improve their performance and allocate the land to youth who would like to become professional farmers.

Problem statement

- The production of investor farmers is very low, reportedly 2 Qt/ha in Amhara and 1.5-2 quintal/ha in Kafta Humara. This is half of the production that small-holder farmers are getting. Investor farmers are thus not a role model for smallholders (on the contrary).
- Investor farmers' productivity could/should triple. This represents a value of millions of dollars.
- Investor farmers have tractors and disc ploughs, but hardly any other implements, whereas their farms are very appropriate for row planting, mechanized cultivation and harvesting.
- Most investor farmers do not use quality seeds and do not apply row planting. The use of fertilizer is below the recommended dosage.
- The largest part of investor farms are under sesame; monocropping induces the risk of increased pest infestation and insufficient attention for crop rotation based soil fertility management (nitrogen fixing effect of pulses).
- Most investor farms do not have skilled farm managers nor agronomists. Extension services for investor farmers are limited. Sometimes there is unwillingness of investors and managers to attend trainings.
- Investor farmers have access to bank loans who provide millions of ETB to them, but it seems that these are often not used for the intended purpose and invested for other (urban) economic activities. The default on credit taken is reportedly high.



Experiences and lessons learned

- Some efforts of demonstrating recommended agricultural practices are raising investor farmers' awareness that applying these practices pays off.
- Some investor farmers are truly innovating and can be an example and/or even a benchmark for others.
- Investor farmers have obligations vis-à-vis the labourers they employ (working conditions, shelter, clean water and nutritious food). These obligations are often not respected. Again, there are some investor farmers who do well and can be an example and/or benchmark.



Opportunities

- With the application of good agricultural practices, MRY/MRR trials have shown that yields can reach at least 5 to 7.5 qt/ha on investor farms.
- Investor farmers have tractors, which can be used/adapted for different implements.
- Investor farmers have collateral (land certificate, houses, stores, machineries) and large investors (>150 ha) are eligible for CBE loans.
- Investor farmers could invest in value creation (cleaning, oil extraction, tahini production) and could have direct marketing relations with foreign buyers for sesame and domestic buyers for rotation crops and fruits.