

# Custom Hiring of Agricultural Machinery



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# Current Regional Scenario

- Growing scarcity of labour in agri-food systems, and increasing labour costs.
- Small holders are under continuous pressure to increase production and overall returns from their production output – crops, fishery, livestock, etc.
- New technologies, while available are out of reach of small holders, who cannot afford to purchase of these items of machinery.





# Custom Hiring

Is an important mechanism through which most small holders can access services of agricultural machinery.

Is one option that can ensure the use of improved farm machinery even to small and marginal farmers.

Offers prospects for facilitating rapid mechanization of agricultural systems in the region.

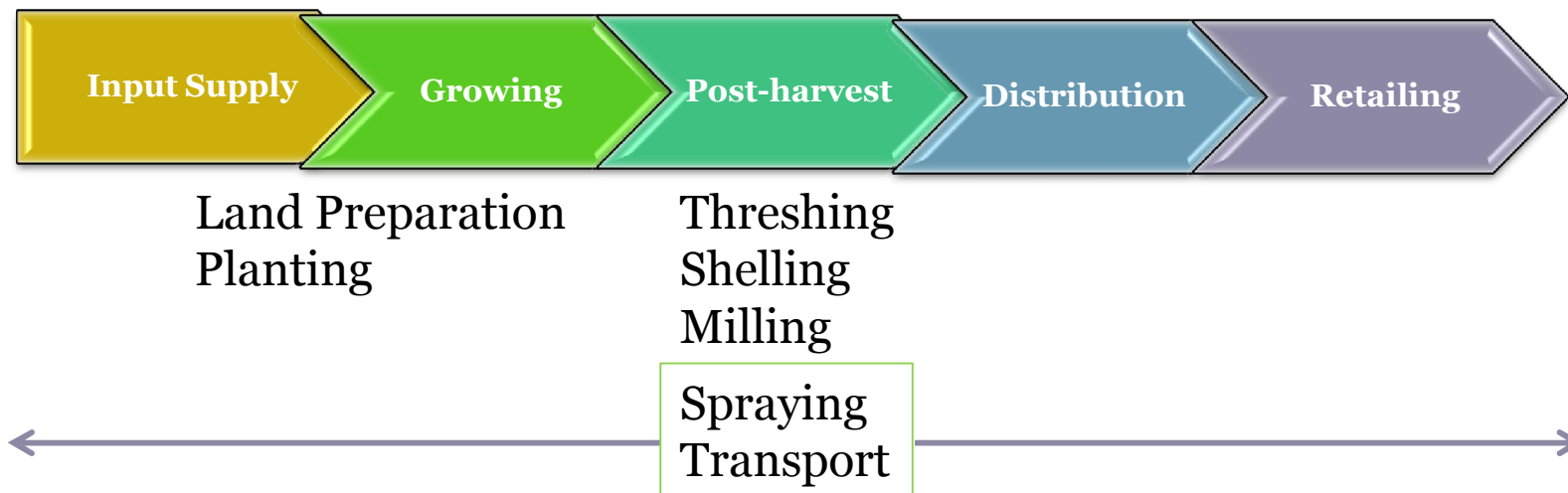


# Custom Hire Services

Custom hire services enhance technical and economic efficiency across agri-food value chains.

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## Types of Custom Hire Services Used to Support Agri-Food Value Chain Activities





# Benefits of Custom Hire Services

- Reduce drudgery
- Expand or intensify production.
- Reduce production, post-harvest and marketing costs
- Increase smallholder incomes



# Suppliers of Custom Hire Services

- Are provided by cooperatives/producer organizations, the private sector, including poor landless farmers and through public-private partnership.





# Success Factors

Quality and Competitive Service Delivery to Meet  
Market Demand

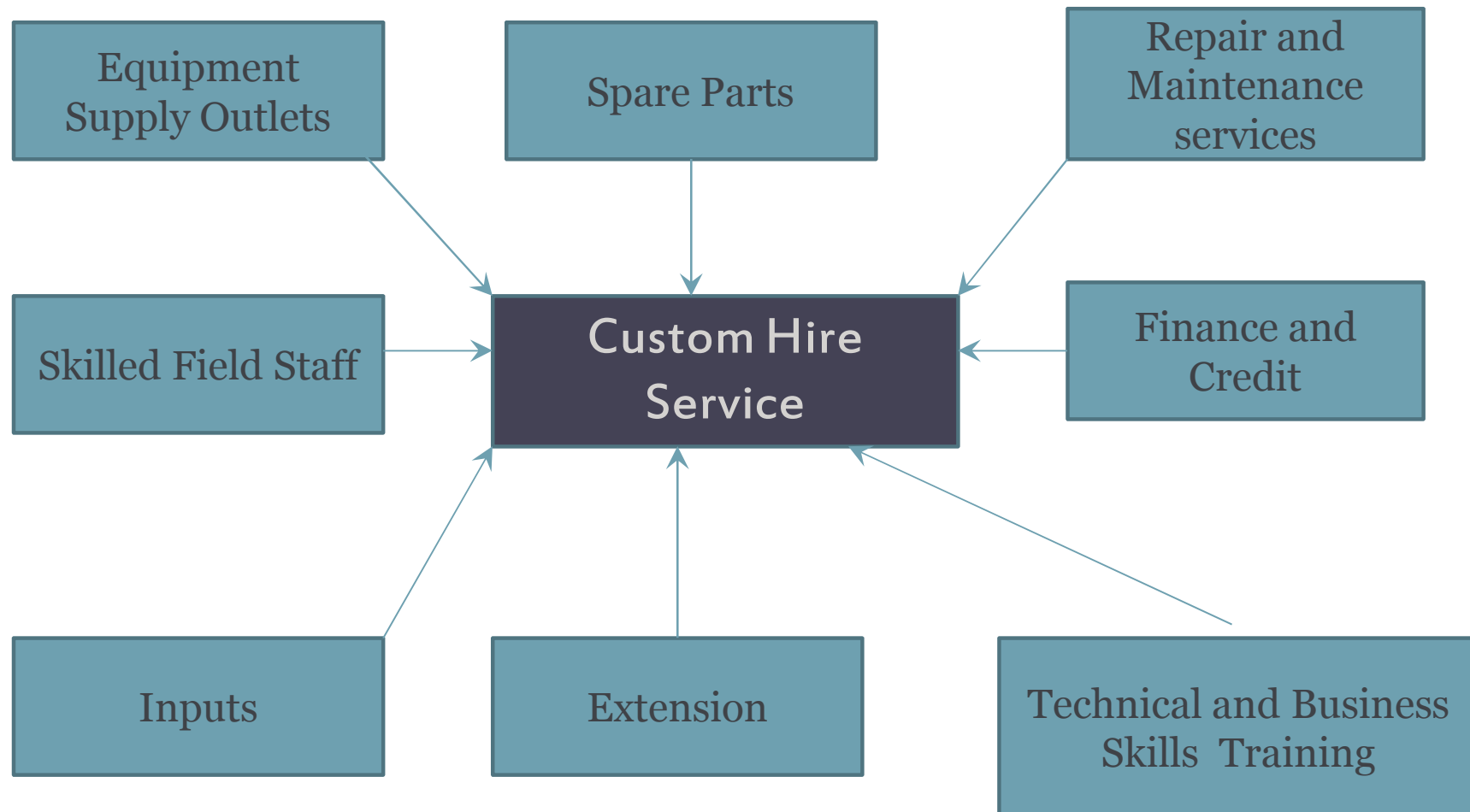


A Good Business Plan, Skilled Labor  
and Support Services to Sustain the Enterprise

**A supportive enabling environment**



# Support Services Are Essential for sustainability of operational continuity and integrity of custom hire services







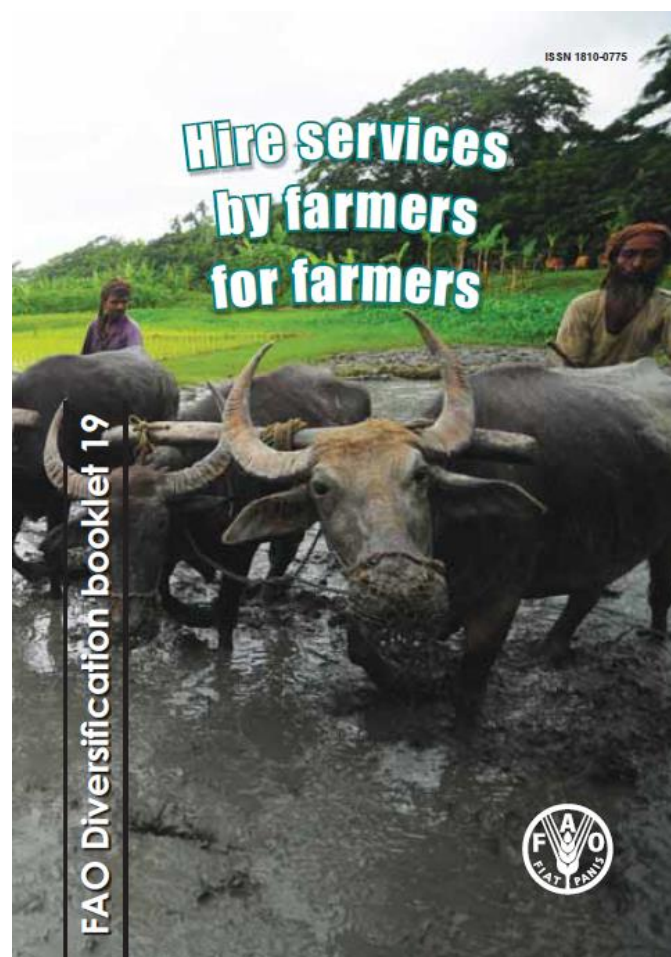
# An Enabling Environment is Critical

- Government commitment with a clear sustainable agricultural mechanization strategy (SAMS).
- A suitable regulatory framework and support policies to attract private sector investment for providing custom services.
- Financial mechanisms and incentives to facilitate the procurement of machinery and equipment by smallholders.
- Policies including those for land tenure and technology that support small farmers to access mechanization services.
- Infrastructural support base to facilitate use of machinery.



# Areas of FAO's Work That Address Custom Hiring

- Development of inclusive financial models to support smallholders and the landless to take part in providing custom hire services.





## Some Relevant Areas of FAO's Work That Support Custom Hiring in the Context of SAMS

- Facilitating the development of producer organizations/cooperatives that allow small holders to benefit from capacity building and access to institutional credit to procure mechanization inputs.
- Development of inclusive business models for smallholders engaged in custom hire based on analyses of successes achieved.

The background features a large, light-colored watermark of the Fiat logo. The logo is circular and contains a central emblem of a five-pointed star with a flame at its base, set against a background of radiating lines. The words "FIAT" and "PANIS" are visible at the bottom of the circle, and a large "A" is at the top.

**Thank You**