

Contract Farming:

Expanding Agribusiness Links with Smallholder Farmers in Africa

Workshop held at Imperial Resort Beach Hotel. Entebbe Uganda, 21–25 November 2005

Communiqué

Noting that agriculture remains the engine of growth in most African economies - accounting for more than 35 percent of African GDP, 40 percent of exports and 75 percent of employment;

Considering the declaration by African Heads of State and Government in 2003 in Maputo, Mozambique endorsing the Comprehensive African Agricultural Development Program (CAADP) as a framework for restoration of agricultural growth, food security, and rural development in Africa;

Recognising the role Contract Farming plays in increasing agricultural growth, productivity, food security, employment and rural livelihoods, and following the progress made in developing and promoting Contract Farming in Africa;

Appreciating that the New Partnership for Africa's Development (NEPAD), the Government of Uganda, ICRAF, Sida and development partners, organised a workshop to understand the contributions and potential pitfalls of contract farming to agricultural growth, income generation and modernization of agriculture with a view to charting the way to more successful, efficient and equitable contract farming schemes in Africa;

With key representations from selected COMESA and SADC member countries, development partners, NGOS, Farmers and business community.

The workshop identified factors associated with successes that include:

- ☉ Appropriate legal, policy and institutional frameworks including workable and enforceable contract mechanisms;
- ☉ Equitable distribution of risks and benefits between farmers and agribusiness firms;
- ☉ Effective and efficient farmers organisations;
- ☉ Favourable market conditions including better market access and information issues;
- ☉ Better infrastructure and more responsive and effective research, technology and extension systems

In the light of the above, there is an urgent need for:

- ☉ Clear policies and legal frameworks to facilitate efficient and equitable contract farming in Africa.
- ☉ Harmonisation of national and regional pieces of legislation and institutions relevant to Contract Farming;
- ☉ Improved infrastructural services including roads, irrigation , research, science and technology and capacity development;

Participants recommended the following:

- ④ National governments need to accelerate the implementation of the agenda for further improvement of the environment for the private sector development taking into account the specific need for contract farming
- ④ Institutions at regional and Pan-African level should increase the efforts to reduce or eliminate formal and informal trade barriers;
- ④ Formation of multi-stakeholder-based country task forces on contract farming to kick-start the harmonization process.
- ④ Align national and regional infrastructural planning with the infrastructural demands of contract farming
- ④ Urged national governments, RECs, and development partners to facilitate the provision of infrastructural services in contract farming areas in Africa.
- ④ The need for enhanced partnerships, networks and linkages between various players, most notably, private, public and civil society sectors, farmer organizations, institutions of higher learning and national extension systems as a mechanism for addressing the multidimensional capacity constraints facing contract farming;
- ④ Strengthen the capacity of farmers organisations in leadership and business skills;
- ④ Monitor and assess impacts of contract farming on poverty reduction, competitiveness of agriculture and equity;
- ④ Strengthen market information at national, REC and continental level.