

## NATIONAL CAPACITY-BUILDING WORKSHOP ON CONTRACT FARMING TO AGRI-VALUE CHAIN ACTORS AT CORRIDOR SPRINGS HOTEL ARUSHA TANZANIA 25 AUGUST 2023



### 1.0 INTRODUCTION

The global crises of COVID-19, Conflict, and Climate Change pose challenges to EAC economies and business growth. The East African Business Council (EABC) partnered with Sequa GmbH under the Business Scouts Fund in the project on "Enhancing Competitiveness of Agri-food Industry and Mitigating the Impact of Global Crises to Improve Food Security in the EAC Region." Under the project, EABC organised the Master Trainers Capacity-Building Workshop on "EAC Export procedures and contract farming" on Monday, 24th July 2023 in Kampala, Uganda. During the training participants were exposed to the latest developments in Contract Farming to Agri-value chain and EAC Export Procedures for Food Products. The training sought to improve the technical and contractual capacity as well as enhance the understanding of export procedures and documentation for Agri-actors.

Following the regional training, EABC in collaboration with TAHA organised the National Capacity-Building Workshop on Contract Farming on 25th August 2023 in Arusha, Tanzania.

## 2.0 OBJECTIVE OF NATIONAL CAPACITY-BUILDING WORKSHOP

The main objective of the training was to improve the capacity and skills of Agri-actors in Contract Farming in Tanzania in a bid to enhance the competitiveness of the Agri-food industry and mitigate the impact of global crises on food security in the region.

The training aimed to equip them with the ability to negotiate fair and mutually beneficial contracts, understand their rights and responsibilities and effectively manage the various aspects of contract farming, such as quality control, pricing mechanisms, and dispute resolution.

## 3.0 PARTICIPANTS

The workshop convened **35 Agri-Value chain stakeholders** from the Agri-Value chains, the representative from the District Authority, and the media to deliberate on the farming principles, processes, and best practices of Contract Farming in the Region.

## 4.0 OPENING REMARKS

Mr. Frank Dafa, EABC Manager of Policy & Standards, highlighted, “Global crises, such as COVID-19, Climate Change, and the Russia-Ukraine war, have disrupted global supply chains, leading to increased inflation. As Africa is a net importer of agricultural products including wheat and edible oil, it has been particularly affected, posing a risk to food security.”

Mr. Dafa elaborated on the EABC-GIZ Business Scouts study on Investment Opportunities in the EAC Agriculture Value Chain, revealing the EAC's vast potential to produce wheat grain, edible oil, leguminous plants, root tubers, and fertilizer. He emphasized that, through the EABC-GIZ Sequa GmbH project under the Business Scouts Fund, EABC aims to improve the skills and capacity of agri-actors in contract farming and EAC export procedures to increase agricultural productivity, access markets, and mitigation.

Mr Jerry Moshi, a Policy Analyst from TAHA called on the agri-actors to use the workshop to gain an understanding of key challenges impacting the operations. He added that the capacity-building workshop aims to empower agri-actors, including farmers, processors, and buyers, with the knowledge and skills needed for effective engagement in contract farming arrangements.

Mrs. Martha Ndelekwa, the Chairperson of the Women Farmers' Group in Ngulelo, Arusha, expressed her enthusiasm: “The contract farming training will enable our farmers' group of 35 women to negotiate fair and mutually beneficial contracts with buyers of green peas.”

## 5.0 THE TRAINING SESSION

Contract farming offers several benefits, as it establishes agreements on value distribution, risk allocation, and decision rights. The allocation of value involves determining how gains from the transaction are distributed, including pricing mechanisms and delivery conditions. The practice can reduce uncertainty for producers by providing a guaranteed outlet and offering income certainty through pre-season pricing agreements. By specifying inputs and cultivation methods in the contract, contractors minimize uncertainty about the product's quality.

Smallholder farmers can gain from contract farming through reduced production and marketing risks and improved access to inputs, technical assistance, and credit. Contract farming, when successful, should lead to higher and more stable incomes, contributing to poverty reduction.

There are risks associated with contract farming. Shifting farm production to cash crops as often happens with contract farming, may negatively impact the production of basic food crops. This shift can result in more limited local farm markets, diverting agricultural resources away from non-contract producers. This, in turn, creates challenges for non-contract producers who face thinner markets and lower prices.

## **6.0 RECOMMENDATIONS ON CONTRACT FARMING**

From the discussions and presentation, the following recommendations were provided:

- i. Addressing asymmetric bargaining Power: EABC and TAHA should promote the formation of farmer organisations and cooperatives to fortify collective bargaining power.
- ii. Advocate for transparent contracts that outline terms and conditions, ensuring an equitable distribution of risks and benefits.
- iii. Mitigate unfavourable contract terms: TAHA and EABC should facilitate training programs in legal and financial literacy for farmers to enhance their understanding of contract terms and enable them to negotiate more equitable deals.
- iv. TAHA and EABC should encourage the adoption of standard contract templates that safeguard the interests of both contracting parties.
- v. Addressing price volatility and market risks: Farmers should ensure they implement price stabilisation mechanisms such as price floors or market-linked pricing to shield them from sudden price fluctuations.
- vi. The Government should foster the establishment of future markets or commodity exchanges, providing farmers with tools to hedge against price risks.
- vii. Overcoming inadequate access to credit and inputs: The government and financial institutions should strengthen support from financial institutions by offering accessible and affordable credit options to contract farmers for the procurement of inputs and equipment.
- viii. EABC should advocate for collaborations between public and private entities to ensure timely and affordable access to quality inputs.
- ix. Addressing information asymmetry and lack of technical know-how: The government should develop and expand extension services to educate farmers on best practices, technology adoption, and market trends.
- x. The private sector should also harness digital platforms and mobile applications to disseminate information on market trends, weather forecasts, and agronomic advice.
- xi. Tackling legal and regulatory challenges: Government to streamline and simplify legal and regulatory frameworks to reduce bureaucracy, fostering a conducive environment for contract farming.
- xii. The government should also establish efficient, cost-effective dispute resolution mechanisms accessible to both contracting parties.
- xiii. Ensuring long-term viability and reducing dependency on contracts: TAHA and EABC should encourage farmers to diversify crops and explore various markets to reduce over-reliance on specific contracts or buyers.
- xiv. TAHA and EABC should provide support to farmers in developing value-added products and exploring alternative income streams, contributing to long-term sustainability.



**MEDIA**

<https://dailynews.co.tz/eabc-enhances-agri-business-in-contract-farming/>

<https://www.ippmedia.com/en/news/business-scouts-fund-empowers-35-agri-businesses-contract-farming>

**Appendix****REGISTRATION LIST OF THE PARTICIPANTS, TANZANIA**

NATIONAL CAPACITY BUILDING WORKSHOP ON CONTRACT FARMING TO AGRI VALUE CHAIN ARUSHA TANZANIA				
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## POST-TRAINING EVALUATION ON THE PERCEIVED BENEFITS OF THE NATIONAL TRAINING

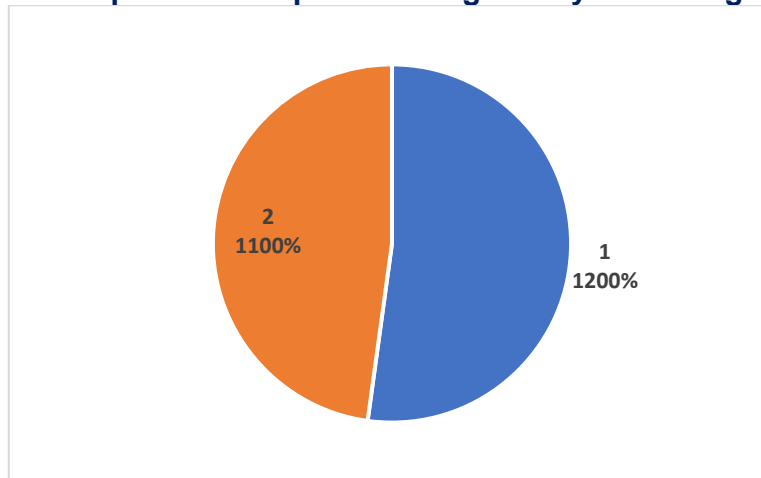
EABC conducted a post-training evaluation to get the perception of the benefits of the training. The following were the comments from the participants are summarised below:

### PART A: GENERAL PERCEPTION OF THE TRAINING

#### 1. Demography:

From the survey about 52% of the participants were Male and 48% were Female as shown in Chart 1 below:

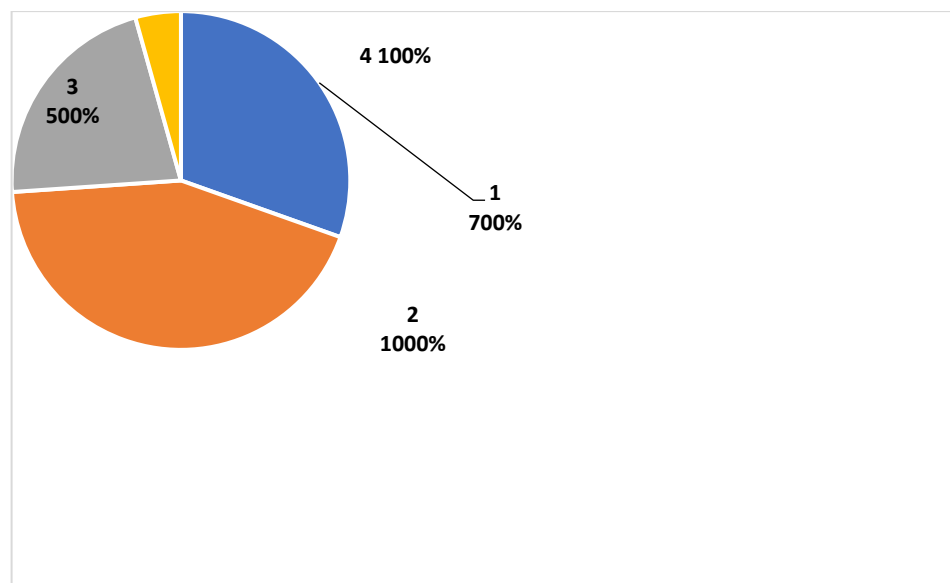
**Chart 1: Participants of the post-training survey according to gender**



#### 2. Overall organisation and structure of the capacity building workshop.

44% of the participants were of the view that the organisation of the workshop was Very Good. Moreover, 30%, 22%, and 4% of the participants ranked it as Excellent, Good, and Fair respectively. The chart 2 below provides a summary of the responses.

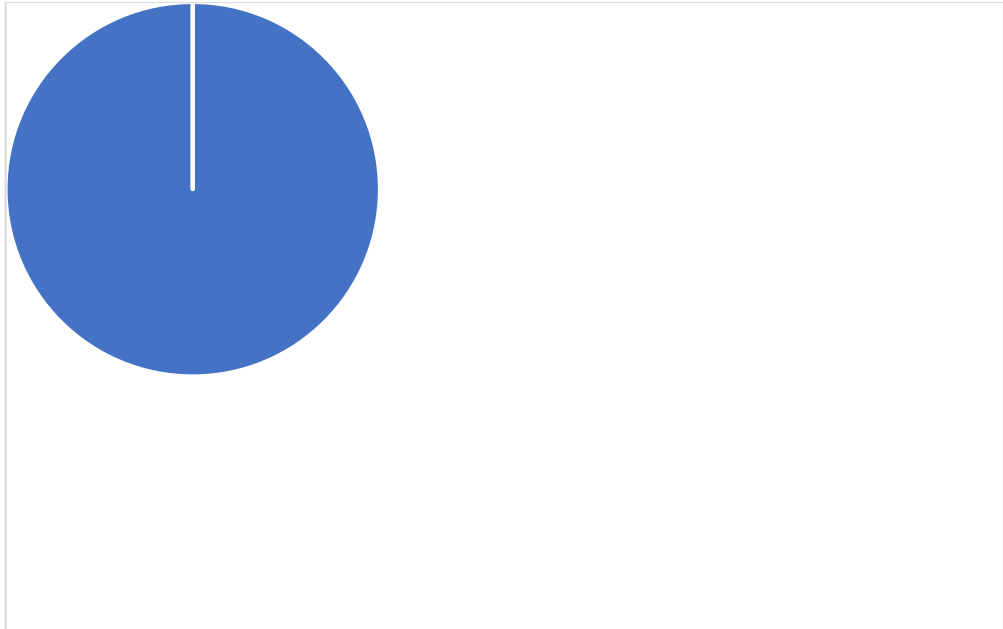
**Chart 2: Overall organisation and structure of the capacity building workshop**



### 3. Training objectives

All respondents replied that the training objectives were clearly stated and achieved during the training. Chart 3 below provides a representation of the responses.

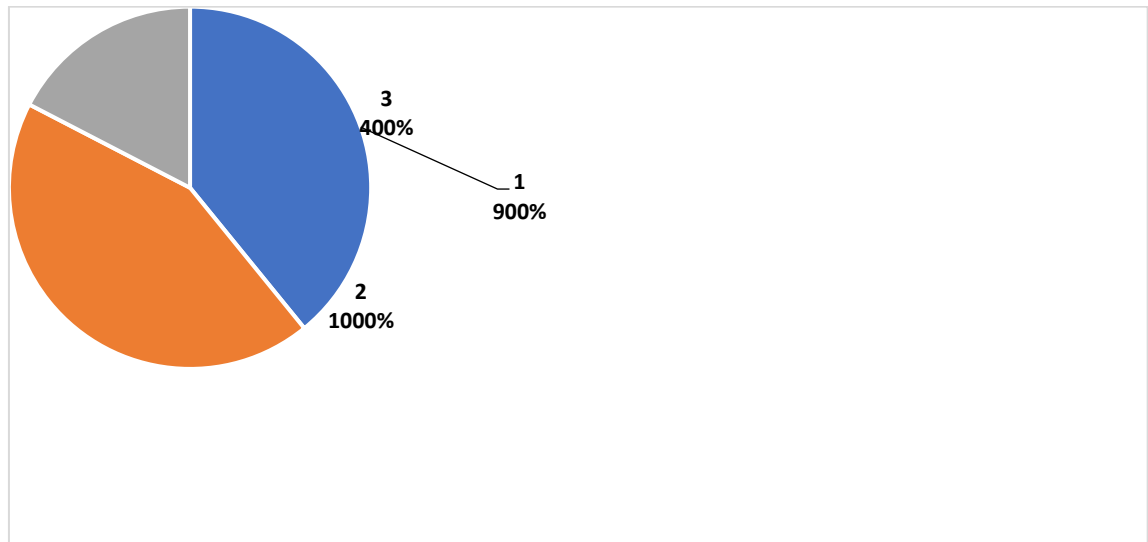
**Chart 3: Clarity in stating and achieving the training objectives**



### 4. Content of the training sessions

44% of the respondents were of the view that the contents of the training were Informative. 39% and 17% of the respondents viewed the content as Highly Informative and Average respectively. The responses are provided in Chart 4 below.

**Chart 4: Rate the content of the training sessions.**



## 5. Relevance of the training materials

All respondents were of the view that the training materials were useful and relevant. Chart 5 below provides a depiction of the responses.

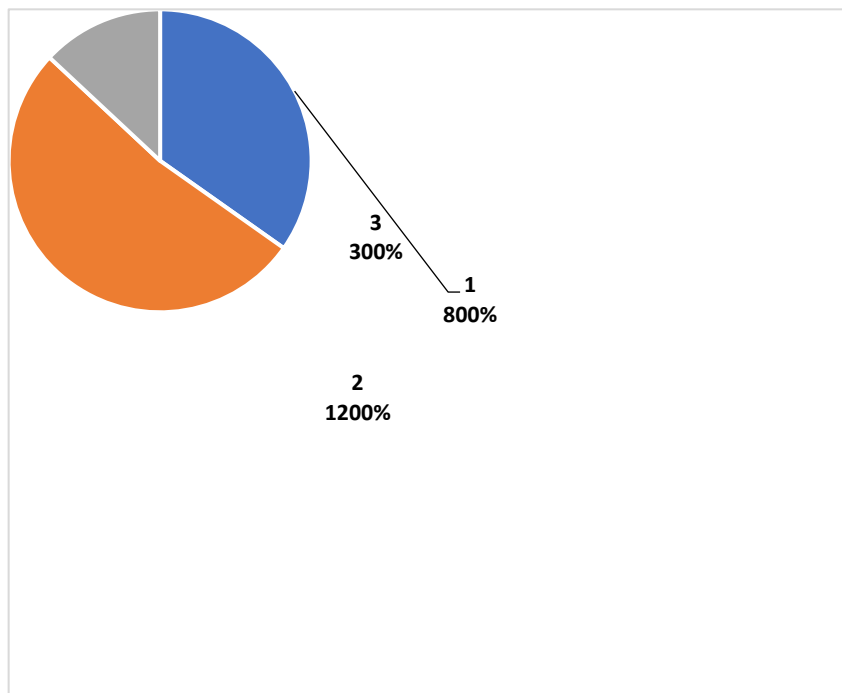
**Chart 5: Usefulness and relevance of the training materials**



## 6. Knowledge and experience of the trainer in delivering the content

52% of the respondents rated the knowledge and experience of the trainer as Very Good. 35% and 13% of the respondents were of the view that the trainer's knowledge was Excellent and Good. The depiction of the responses is provided in Chart 6 below.

**Chart 6: Rate of the trainer's knowledge and experience**

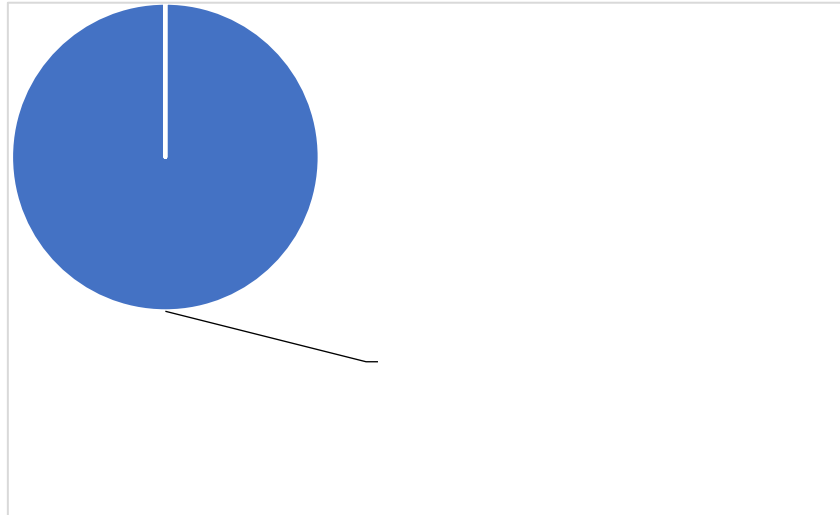




### 7. Quality of interactions and engagements

All the respondents were of the view that the training sessions were interactive and engaging. Chart 7 below provides the summary of the responses.

**Chart 7: Quality of interactions and engagements.**



### 8. Opportunities for participants to ask questions and seek clarification during the training.

All the respondents felt that they were given adequate opportunities to ask questions and seek clarification during the training. Chart 8 below stipulates the responses.

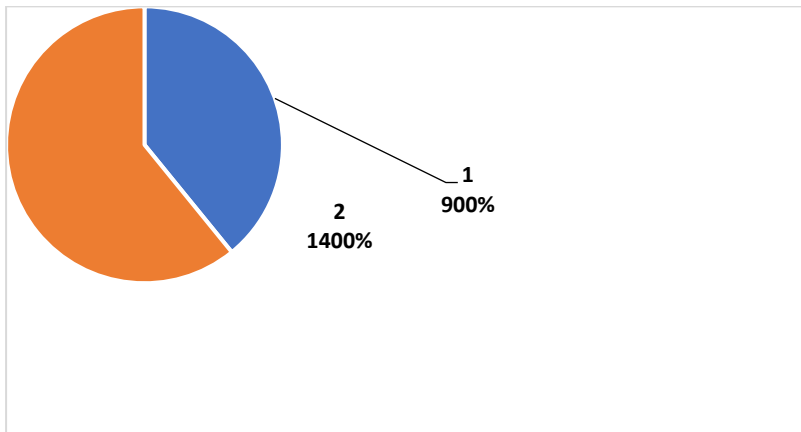
**Chart 8: Opportunities for participants to ask questions and seek clarification during the training.**



### 9. Rating of the training facilities and arrangements

Most of the respondents (61%) reported that the training facilities and arrangements were Very Good. 39% reported the facilities and training arrangement as Excellent. The results are provided in Chart 9 below.

**Chart 9: Rate of the training facilities and arrangements**



**10. Capacity and skills in contract farming**

All the participants were of the view that the training objectives met the requirement to enhance their capacity and skills in Contract Farming. Chart 10 below provides a depiction of the responses.

**Chart 10: Perception of the capacity and skills in Contract Farming after the training**



**11. Level of capacity of the trainees**

Participants were asked to rate their perception of the capacity acquired on contract farming after the training. All respondents felt better equipped to engage in contract farming arrangements after attending the training. Their responses are depicted in Chart 11 below.

**Chart 11: Perception of the capacity to engage in contract farming arrangements after attending the training**



## **PART B: TRAINING IMPACT AND OUTCOMES**

### **12. Relevant aspects of the training**

The responses below highlight aspects of the training that were relevant and useful to the trainees:

- i. Understanding of contracts and relevant arrangements.
- ii. Good communication between parties.
- iii. Contracts between buyer and producer.
- iv. Comply and understand contract terms.
- v. Identification of the parties, their roles, and rights.
- vi. How to Sign a Contract.
- vii. Things to consider when entering contract farming and various ways to solve contractual challenges.
- viii. Rights and responsibilities on both parties.
- ix. Dispute and conflict resolution.
- x. Structure and template of a contract.
- xi. Making contractual agreements legal.
- xii. Definition and scope of Contract Farming
- xiii. Key factors to consider when entering Contract Agriculture
- xiv. Bargaining agreements.

### **13. Proposed areas for improvement**

Respondents proposed the following areas for improvement:

- i. Conduct the training in Swahili language.
- ii. Organise the training four times a year.
- iii. Expand the duration for the training.
- iv. Provide training on use of pesticides and application of fertilisers.
- v. Lessons in the Swahili language. This will ensure that the language used is consistent with the relevant group.
- vi. Train farmers to identify internationally accepted contract crops.
- vii. Educate small-holder farmers about contract farming.
- viii. Develop a guide on contract farming.

#### **14. Possible changes or improvements to be made in the professional practice of the trainees.**

The respondents provided the following areas of improvement in their professional practice following the training:

- i. I'll make sure there is good communication in production practice.
- ii. Create a high yield purchase policy.
- iii. Provide education and awareness.
- iv. Enhance capacity through regular training.
- v. Ability to explain in details contract farming to various people and delegates.
- vi. Capacity to understand terms before signing.
- vii. Resolve challenges in production through contract.
- viii. Knowledge and understanding of legal provisions of the contract.
- ix. Providing charter education to other stakeholders.
- x. Make significant changes in the business.
- xi. Increase specialisation in the cultivation of agriculture.
- xii. Be cautious when entering contract farming.

#### **15. The impact of the training on the members of the trainees' organisation**

The respondents identified the impact of the knowledge gained from the training on the members of their organisation as provided below:

- i. Educate them on how to engage in contract agreement.
- ii. Best contract preparations.
- iii. Provide training on members to review contracts.
- iv. My organization has benefited from the capacity building and increased understanding of the aspects, policies, and contractual laws so it is an opportunity for us to educate members.
- v. Improving contract arrangements.
- vi. Demonstrate the steps to follow in resolving disputes.
- vii. Providing proper clarification in the contract elements.
- viii. They will read and understand the contract before accepting it.
- ix. Disseminate the information on the training we have been given.
- x. Change the perception of my members on contract farming by making them consider the importance of implementing the contract so that they do not suffer legal problems.

#### **16. Additional comments**

The respondents provided additional comments/suggestions regarding the training programme as follows:

- i. Conduct regular training and ensure representation by small-scale farmer groups.
- ii. Organise follow-up training accessible to the beneficiaries especially farmers and buyers at all levels.
- iii. Provide more time for the training sessions.