



## REPORT OF THE NATIONAL CAPACITY-BUILDING WORKSHOP ON CONTRACT FARMING TO AGRI-VALUE CHAIN ACTORS IN KIGALI RWANDA 15 SEPTEMBER 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 & documentation for Agri-actors.

Following the Regional training, the EABC in collaboration with IMBARAGA Farmers Organisation and Horticulture Exporters Association of Rwanda organised the National Capacity-Building Workshop on Contract Farming on 15 September 2023 in Kigali, Rwanda.

Contract farming for Agri-actors is rooted in the need to strengthen Agricultural value chains, enhance productivity, and promote sustainable partnerships within the Agricultural sector. Contract farming offers numerous benefits, including market access, improved

production practices, risk sharing, and income stability for farmers. However, successful implementation of contract farming requires Agri-actors to clearly understand its principles, processes, and best practices. By providing training on contract farming, Agri-actors such as farmers, processors, and buyers can acquire the necessary knowledge and skills to engage in effective contract farming arrangements.

## **2.0 BACKGROUND AND OBJECTIVE OF NATIONAL CAPACITY-BUILDING WORKSHOP ON CONTRACT FARMING**

Agriculture is a major economic sector for the people of Rwanda, employing about 70% of the total population. The industry contributes about 31% to GDP, and it stands out as one of the most strategic sectors in Rwanda's development. About 61% of Rwandan soil is suitable for agriculture and about 75% of Rwanda's agricultural production comes from smallholder farmers who are affected by the information asymmetry of the markets and fail to effectively market their yields.

The main objective of the training was to improve the capacity and skills of Agri-actors in Contract Farming in Rwanda in a bid to enhance the competitiveness of the Agrifood 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 to deliberate on the farming principles, processes, and best practices of Contract Farming in the Region. The list of participants is attached as an **appendix**.

## **4.0 OPENING REMARKS**

In his opening remarks Mr. Juvenal Musine, Program Manager at IMBARAGA Farmers Association highlighted that contract farming is a major key for enhancing Agri-value chains for Rwandan farmers. He urged the Agri-actors to acquire farming and supply contracts before cultivation to effectively market their yields. He also urged Agri-actors to farm through cooperatives to have a collective voice in price negotiations and knowledge sharing to enhance their productivity.

Mr. Robert Rukundo, CEO of the Horticulture Exporters Association expressed his gratitude to the East African Business Council (EABC) and Partners for organizing the workshop and urged all stakeholders to utilize the knowledge gained to build a resilient economy by enhancing investment in agricultural value chains. He finally urged the Private Sector to continue with the efforts to enhance the capacity of Agri-actors especially in areas of post-harvest losses and smart agriculture.

On behalf of Mr. John Bosco Kalisa, CEO of the East African Business Council (EABC), Mr. Gift Gabriel, EABC Trade Information Officer, expressed virtually his appreciation to the attendees of the national workshop on contract farming to the agri-value chain that was locally organized IMBARAGA Farmers Association and Horticulture Exporters Association. Additionally, he extended appreciation to the German Development Cooperation (GiZ) through SEQUA for their invaluable support in implementing the project

titled 'Enhancing the Competitiveness of the Agri-Food Industry and Mitigating the Impact of Global Crises to Improve Food Security in the EAC Region.

The workshop convened more than 30 Agri-Value chain stakeholders who were trained on the principles, processes, and best practices of Contract Farming.

## **5.0 THE TRAINING SESSION**

Workshop attendees acquired an in-depth understanding of the intricacies of contract farming, encompassing its advantages, challenges, and pivotal role in propelling agricultural development in Rwanda.

The workshop underscored the critical importance of achieving a balance in bargaining power within contract farming agreements. It highlighted the necessity of fostering farmer cooperatives to bolster the negotiating leverage of smallholder farmers.

Transparency emerged as a central theme, emphasising the imperative for clear and transparent contracts. These contracts are designed to explicitly outline terms, conditions, and the equitable distribution of risks and benefits between farmers and agribusiness firms.

Strategies for mitigating market risks, particularly those associated with price volatility, were deliberated. Participants explored mechanisms such as price stabilization and the establishment of commodity exchanges to shield farmers from abrupt price fluctuations.

The workshop highlighted the pressing need to confront challenges linked to insufficient access to credit and inputs. Recommendations included fortifying financial support from institutions and fostering public-private partnerships to ensure smallholders have prompt and affordable access to high-quality inputs.

Effective information dissemination emerged as a crucial factor for successful contract farming. The adoption of digital platforms and mobile applications was suggested to provide farmers with real-time market information, weather forecasts, and technical guidance.

Participants acknowledged the significance of simplifying legal and regulatory frameworks to establish a more favourable environment for contract farming. The emphasis was on streamlining bureaucratic processes to facilitate smoother implementation of contracts.

## **RECOMMENDATIONS**

The following recommendations were provided from the engagements with agri-actors:

- i. Execute specific capacity-building programs tailored for farmers, agribusinesses, and relevant stakeholders. These initiatives should aim to enhance their comprehension of contract farming best practices and foster effective implementation.
- ii. Advocate and provide support for the establishment of farmer cooperatives, empowering smallholders and augmenting their bargaining power through a collective approach to contract negotiations.
- iii. Collaborate closely with policymakers to institute supportive policies that facilitate transparent contract farming practices, establishing a framework for fair dealings between farmers and agribusiness firms.



- iv. Allocate resources for the development and expansion of market information systems, utilising digital platforms. This investment ensures that farmers have access to timely and accurate information, enabling them to make informed decisions.
- v. Work proactively towards enhancing financial inclusion for smallholder farmers by fostering partnerships between financial institutions and agribusinesses, creating avenues for accessible and affordable credit options.
- vi. Cultivate an ongoing collaborative platform for stakeholders, promoting regular knowledge exchange, networking opportunities, and the sharing of success stories and challenges encountered in the implementation of contract farming.
- vii. Institute robust monitoring and evaluation mechanisms to systematically track the outcomes of contract farming agreements. This ensures adherence to agreed-upon terms and facilitates the identification of areas for improvement.

## MEDIA AND PHOTOS



National Workshop on Contract Farming

## Appendix

### LIST OF THE PARTICIPANTS

TRAINING ON CONTRACT FARMING KIGALI, RWANDA			
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Ndizihwe Alex	Iziarwa Farm	788959722	<a href="mailto:alexndizihwe@gmail.com">alexndizihwe@gmail.com</a>
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## POST-TRAINING EVALUATION ON THE PERCEIVED BENEFITS OF THE NATIONAL TRAINING

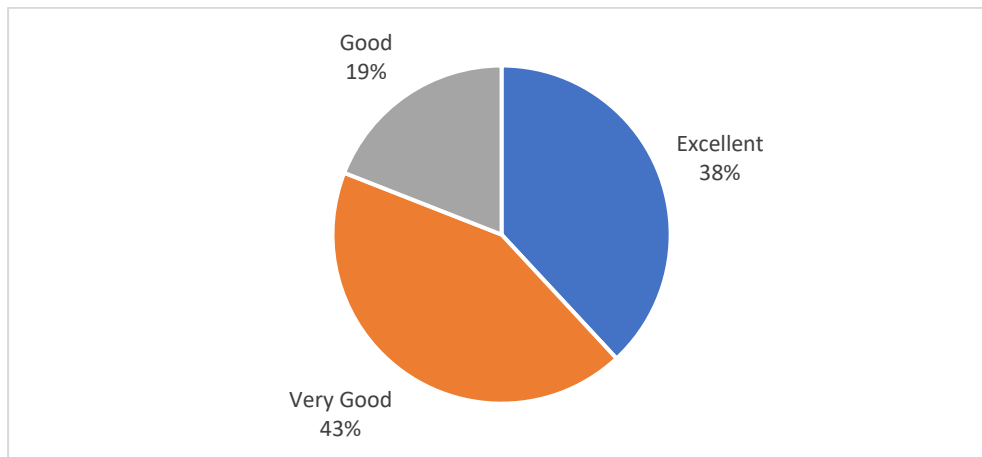
EABC conducted a post-training evaluation to get the perception of the benefits of the training. The following were the comments from the participants are summarised below:

### PART A: GENERAL PERCEPTION OF THE TRAINING

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

43% of the respondents were of the view that the organisation of the workshop was Very Good. Moreover, 38% and 19% of the respondents ranked it as Excellent and Good respectively. The chart below provides a summary of the responses.

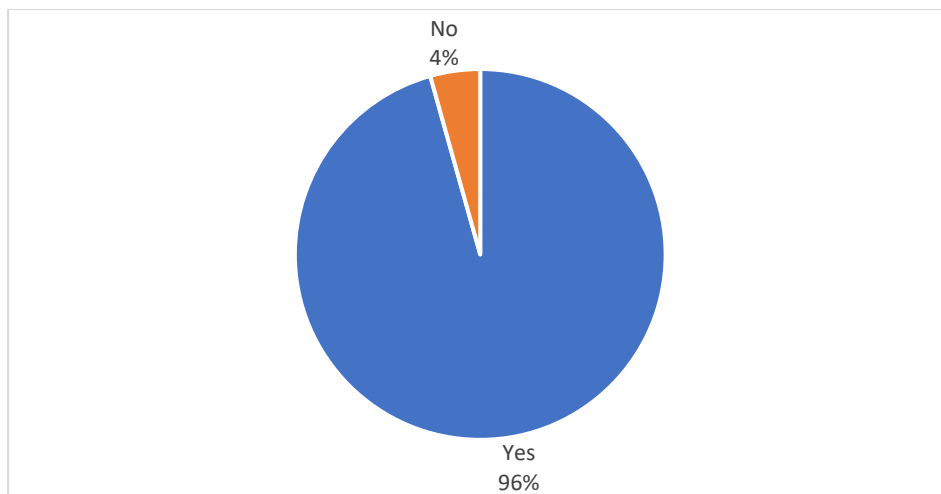
**Chart 1: Overall organisation and structure of the capacity building workshop**



#### 2. Training objectives

96% of the respondents replied that the training objectives were clearly stated and achieved during the training. However, 4% of the respondents had a different opinion. Chart 2 below provides a representation of the responses.

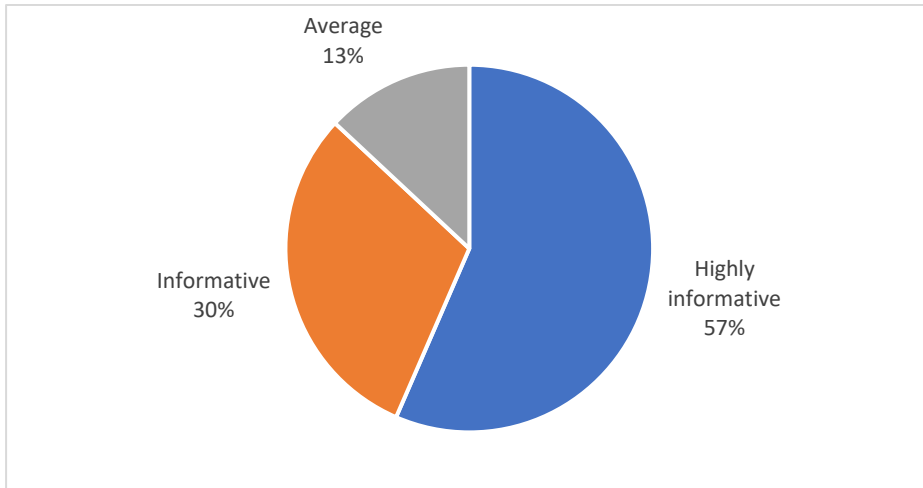
**Chart 2: Clarity in stating and achieving the training objectives**



### 3. Content of the training sessions

Most of the respondents (57%) were of the view that the contents of the training were Highly Informative. The remaining respondents 30% and 13% viewed the content as Informative and Average respectively. The responses are provided in Chart 3 below.

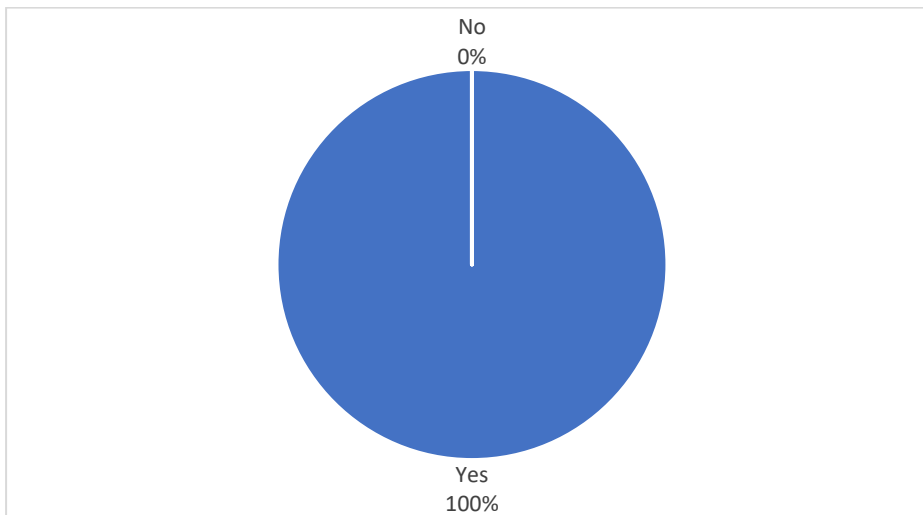
**Chart 3: Rate the content of the training sessions.**



### 4. 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.

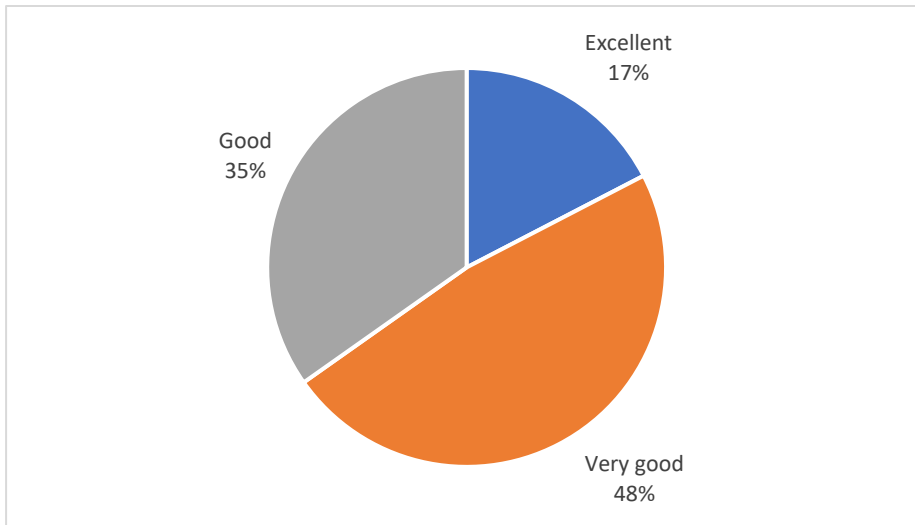
**Chart 4: Usefulness and relevance of the training materials**



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

48% of the respondents rated the knowledge and experience of the trainer as Very Good. Also 35% and 17% of the respondents were of the view that the trainer's knowledge and experience as Good and Excellent respectively. The depiction of the responses is provided in Chart 5 below.

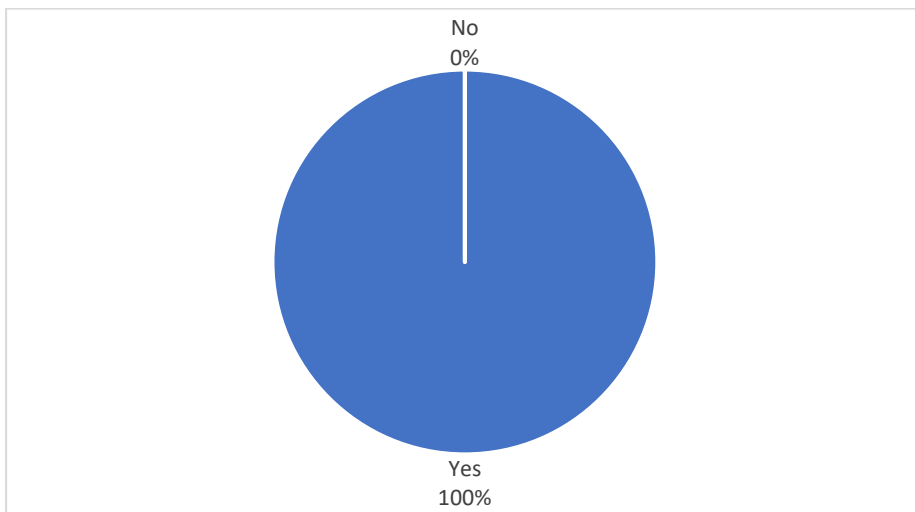
**Chart 5: Rate of the trainer's knowledge and experience**



**6. Quality of interactions and engagements**

All the respondents were of the view that the training sessions were interactive and engaging. Chart 6 below provides the summary of the responses.

**Chart 6: Quality of interactions and engagements.**

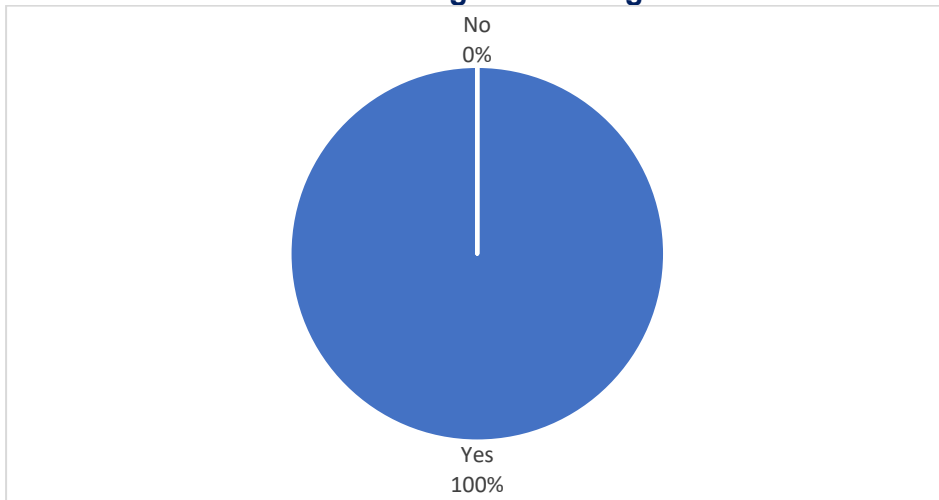


**7. Opportunities for participants to ask questions and seek clarification during the training.**

All the respondents felt that they were given adequate opportunities to ask questions and seek clarification during the training. Chart 7 below stipulates the responses.



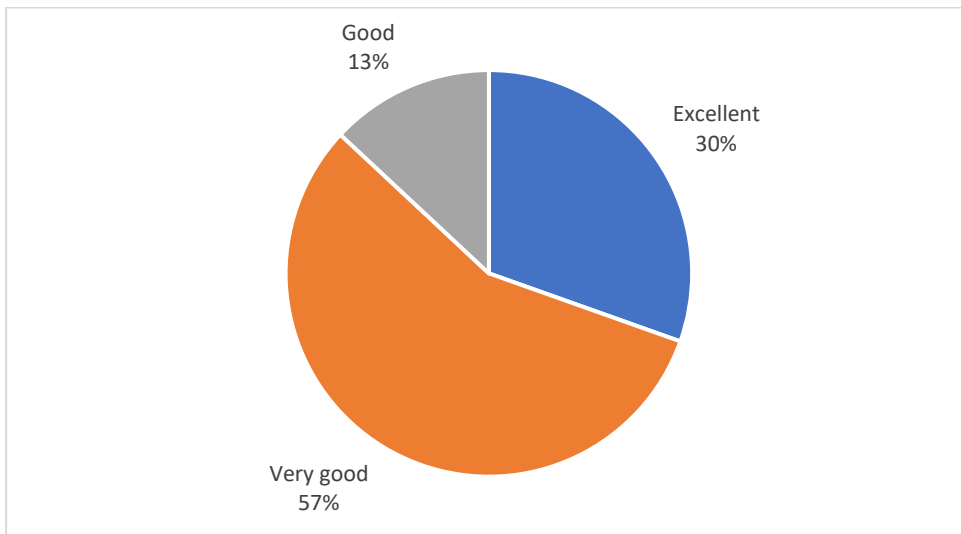
**Chart 7: Opportunities for participants to ask questions and seek clarification during the training.**



**8. Rating of the training facilities and arrangements**

Most of the respondents (57%) reported that the training facilities and arrangements were Very Good. 30% and 13% reported the facilities and training arrangement as Excellent and Good respectively. The results are provided in Chart 8 below.

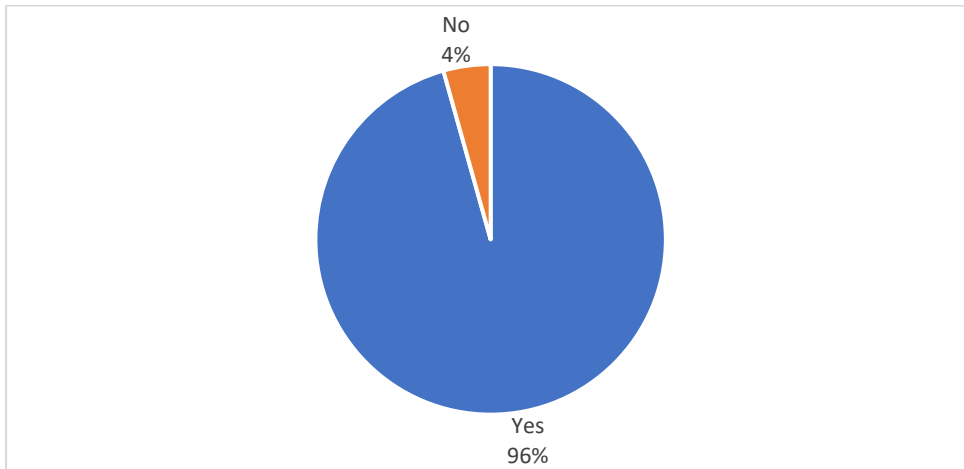
**Chart 8: Rate of the training facilities and arrangements**



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

96% of the respondents were of the view that the training objectives met the requirement to enhance their capacity and skills in Contract Farming. While 4% of the respondents had a different opinion. Chart 9 below provides a depiction of the responses.

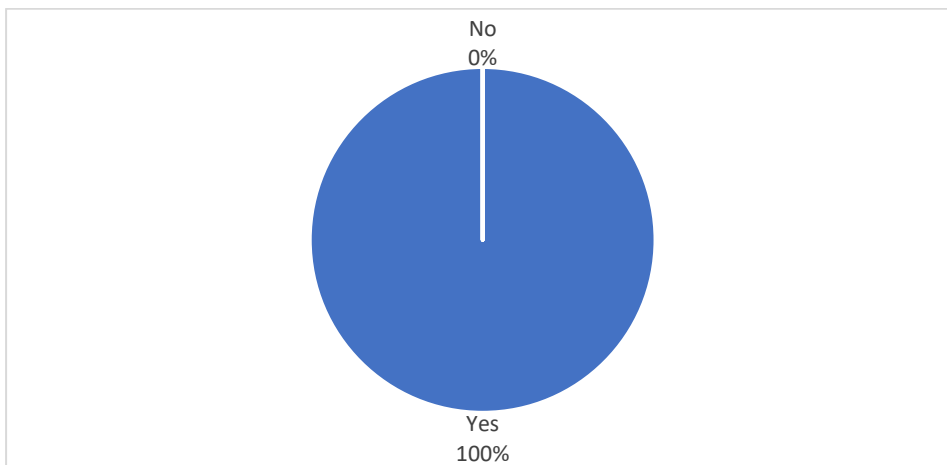
**Chart 9: Perception of the capacity and skills in Contract Farming after the training**



### 10. 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 10 below.

**Chart 10: Perception of the capacity to engage in contract farming arrangements after attending the training**



## PART B: TRAINING IMPACT AND OUTCOMES

### 11. Relevant aspects of the training

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

- i. The contract's delivery and acceptance, along with input provision, prove to be more beneficial.
- ii. The training was particularly valuable for me as it enlightened me about the association's services in providing a collective voice during negotiations with buyers.
- iii. Regarding contract farming.
- iv. Pricing within the contract for both current and future sales.

- v. Considerations include production site, pricing, and contract termination.
- vi. Procedures for the agreement of contracts aim to promote amicable resolutions.
- vii. Different types of contracts include market contracts, resource contracts, and production contracts.
- viii. The significance of contract farming became apparent to me during this training, marking my first extensive exposure to the topic.
- ix. The meeting was both meaningful and educational.
- x. I had been seeking this type of training, which not only creates opportunities for engagement with producers but is also advantageous for both buyers and producers.
- xi. Examples of various contracts presented during the training.
- xii. I acquired the skills to negotiate effectively with buyers.
- xiii. Negotiating with the other party involved in contract farming was well covered.
- xiv. The steps involved in developing a contract were detailed.
- xv. The training covered pricing mechanisms in contract farming.
- xvi. The advantages of engaging in contract farming were discussed.
- xvii. Active participation was encouraged throughout the workshop.
- xviii. Topics covered included production sites, contract delivery and acceptance, renewal, and termination procedures.
- xix. The gathered knowledge was comprehensive and insightful.
- xx. The workshop facilitated the exchange of ideas and experiences among different cooperatives, individual companies, and producers.

## 12. Proposed areas for improvement

Respondents proposed the following areas for improvement:

- i. Producers' and buyers' relationships need to be established and how they will come into contractual engagement.
- ii. The training should be continuous.
- iii. Provision of irrigation equipment **e.g.**, water pump for irrigation for dry season.
- iv. Air conditioning and microphone need improvement.
- v. Legal understanding of the contract and its reputation.
- vi. Provide handouts such as booklets for easy learning or understanding.
- vii. The duration of the workshop was not enough, we need at least a two-day workshop.
- viii. There are challenges and opportunities for both parties should be provided.
- ix. Time management based on the program.
- x. Improving farming skills.
- xi. Dispute resolution between the farmer and the producers.
- xii. Regional context of the contract farming.
- xiii. Mode of session delivery should be participants centered.

### **13. 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. Establishment of relationships between producers and buyers as a crucial step in determining how contracts can be formed.
- ii. Continuous training for ongoing skill development.
- iii. Avail myself for a follow-up training to gain the necessary knowledge.
- iv. The provision of irrigation equipment, such as water pumps for dry-season irrigation, is necessary.
- v. A clear legal understanding of the contract and its reputation.
- vi. Clearly define roles and responsibilities in contract farming for both producers and sponsors/investors.
- vii. Explicitly outline the challenges and opportunities for both parties.
- viii. Continuously improve skills in farming.
- ix. Establish a mechanism for dispute resolution between farmers and producers should be established.

### **14. 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. The members of our organisation will play a role in determining how the contract is formed and identifying the involved parties.
- ii. The training imparts valuable insights into promoting agricultural practices and achieving a balanced approach to business.
- iii. Encouraging increased production will lead to higher income and improved welfare.
- iv. Enhancements in revenue generation, increased production and productivity, and improved welfare are anticipated.
- v. It will improve our ability to conduct business with the second party.
- vi. The acquired knowledge will facilitate agreement on the contract and enable effective management of the cooperative with new skills.
- vii. I will inform my members about contract farming and support them in applying the knowledge to their daily activities.
- viii. Assistance will be extended to small farmers to negotiate their rights.
- ix. Selectivity in crop production and buyer choice will be informed by their acquired knowledge.
- x. Acquired the skills to manage the risks that may arise in the event of contract failure.

## **15. Additional comments**

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

- i. The current training duration is insufficient; furthermore, it should encompass buyers for a more comprehensive understanding.
- ii. Continuous monthly training is essential to enhance farmers' skills in utilizing modern tools.
- iii. Emphasise the need for ongoing and continuous training with specific emphasis on small-scale farmers.
- iv. Extension of the training duration in the future.
- v. Provide handouts to cooperatives for continued learning and future reference.
- vi. Co-operative visitations are crucial as they strengthen observer understanding.
- vii. It is suggested that the training be expanded to the district level, given that most cooperatives are located there.