



INTERNATIONAL CONFERENCE ON  
**CONTRACT FARMING**

2024

REPORT

**THE INTERNATIONAL  
CONFERENCE ON CONTRACT  
FARMING**

# EXECUTIVE SUMMARY

The International Conference on Contract Farming was held on November 12th and 13th, 2024, at the Edge International Convention Centre in Nairobi. Under the theme **“Revitalizing African Agriculture,”** the conference gathered diverse stakeholders from across the agricultural value chain, including farmers, policymakers, agribusiness leaders, and experts. Organized by Sunflower Events, this two-day event served as a dynamic platform to explore the role of contract farming in improving agricultural productivity, agro-processing, and export market opportunities for producers, buyers, and all stakeholders involved in the crops, livestock, and dairy value chains. Discussions centered on technological innovation, sustainable farming practices, policy frameworks, the role of intermediaries, financing solutions, and collaboration between the government and private sectors.

In her welcome speech, Ms. Peris Wanjiku, the Conference Director, Founder and Managing Director of Sunflower Events outlined the critical role of contract farming in addressing the challenges faced by smallholder farmers and stressed the importance of collaboration between government, private sector,

and farmers in building a sustainable agricultural economy.

The CEO of the Kenya Private Sector Alliance (KEPSA) delivered the opening remarks, emphasizing the importance of contract farming in driving economic growth and ensuring food security. She called on the Kenyan government to provide greater financial incentives and credit facilities for smallholder farmers, underlining the need for supportive policies to enhance agricultural productivity. Her speech also highlighted the government’s recent move to remove taxes on agricultural products, a policy change aimed at reducing the financial burden on farmers and fostering a more competitive agricultural sector. The conference was officially opened by Collins Marangu who delivered a speech on behalf of Dr. Andrew Mwihia Karanja, Cabinet Secretary for the Ministry of Agriculture and Livestock Development. Marangu reiterated the government’s commitment to supporting farmers and ensuring an enabling environment for the growth of contract farming in Kenya, including the removal of taxes on agricultural products.







Throughout the two days, the conference fostered rich discussions on how technology, policy support, and financial solutions can work together to make contract farming more viable and beneficial for all stakeholders. The event underscored the urgent need for strong partnerships between government, private sector, and farmers to scale up contract farming models and ensure that smallholder farmers can access the resources, knowledge, and markets they need to thrive.

By combining technological innovation, financial empowerment, and policy reforms, the conference highlighted a clear path toward making contract farming a cornerstone of Africa's agricultural development. The sessions served as a powerful reminder of the transformative potential of contract farming in addressing food security, boosting agricultural productivity, and improving the livelihoods of millions of farmers across the continent.

## 2.0 SUMMARY OF THE CONFERENCE PROCEEDINGS



### 2.1 The Benefits of Contract Farming for Small-Holder Farmers

Contract farming was identified as an effective way to integrate smallholder farmers into formal markets. It offers numerous benefits, including access to inputs, technology, and market opportunities. Contract farming can also improve the quality and quantity of agricultural produce, thereby increasing farmers' incomes, promoting long-term sustainability, and protecting the environment.

#### **Food Security**

The rising global demand for staple foods, particularly rice, was highlighted as a critical challenge in the face of a growing hunger pandemic. Experts proposed contract farming as a pathway to improving farming practices, enhancing farmer resilience, and boosting production. Contract farming can provide smallholder farmers with guaranteed markets, price stability, and access to sustainable farming technologies.

#### **Soil Health and Sustainable Agriculture**

Several speakers emphasized the importance of maintaining soil health for sustainable agricultural practices. Speakers advocated for a balanced approach to soil management that integrates organic and inorganic fertilizers. This approach, along with practices like regular soil testing and adding organic matter is essential for improving soil fertility and ensuring long-term agricultural productivity. Charles Macharia, General Manager, East Africa, Koppert Biological Systems (K) Limited, pointed out that it is possible to use seemingly invisible tools like bio solutions in value chains, making this a normal practice, not a by-the-way, but rather part of the design process when structuring the value chain. He emphasized that in so doing, farmers can use sustainable methods and fetch premium prices. He noted that bio-solutions are particularly important for crop management, soil health, and the management of aflatoxin contamination.





### **Trust and Transparency**

Building and maintaining trust was identified as a key element for successful contract farming. Transparent and ethical practices were seen as crucial for the long-term sustainability of off-take agreement partnerships. The challenges posed by side-selling, where farmers bypass contracts to sell to alternative buyers were also discussed, as this undermines the stability of the contract farming model.

### **Access to Finance for Farmers**

A major obstacle to contract farming is the lack of financial support for smallholder farmers. The discussions highlighted the difficulties in obtaining loans, primarily due to the absence of digital records among farmers, which limits their access to financial services. Proposed innovative solutions include use of remote sensing technology and the development of tailored financial products, such as agricultural loans and insurance schemes, to address these challenges.

### **Youth Participation in Agriculture**

Engaging youth in agriculture emerged as a critical focus. Panelists urged for a shift in how agriculture is perceived, from a subsistence activity to a viable business opportunity. Encouraging entrepreneurship, creativity, and problem-solving in young people is essential for ensuring food security and fostering economic growth in the agricultural sector.

### **The Role of Government**

The government's role in creating an enabling environment for contract farming was a central theme. Policy support, infrastructure development, and financial incentives were discussed as necessary to ensure the success of contract farming. Additionally, intermediaries play a crucial role in facilitating communication and trust between farmers and buyers, helping farmers navigate contract terms and promoting transparency.

The need for a clear legal framework governing contract farming was highlighted, as current policies do not adequately address the complexities of agricultural contracts. Key legal issues discussed included the need for dispute resolution mechanisms to address challenges like side-selling and fair contract enforcement.

# FULL REPORT OF THE CONFERENCE

## UNPACKING CONTRACT FARMING AND CONTRACT FARMING MODELS

Day 1 of the conference explored the key components of contract farming, with discussions on the drivers of growth, different contract farming models, criteria for model selection, and maximizing impact for sustainable farming. Speakers included Lan Li, Economist at the Agrifood Economics and Policy Division, Food and Agriculture Organization (FAO); and Dr. Erick Ogumo, Agricultural Specialist, International Finance Corporation (IFC), and Eunice Mwongera, Business Executive, Hillside Green Growers and Exporters.

DAY 1: Tuesday NOVEMBER 12TH 2024.

Key Components of Contract Farming  
Drivers of Growth in Contract Farming  
Understanding Contract Farming Models  
Criteria for Model Selection  
Maximizing Impact on Sustainable Farming

### Session 1. SPEAKERS

1. Lan LI -Economist-, Agrifood Economics and Policy Division, Food and Agriculture (FAO)
2. Dr. Erick Ogumo -Agricultural Specialist at the International Finance Corporation
3. Eunice Mwongera -Business Executive at Hillside Green Growers and Exporters







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## Remarks by Lan Li, Economist – Agrifood Economics and Policy Division, FAO. Contract farming: Models, benefits, best practices.

Lan Li expressed her gratitude to the Conference Director, Ms. Peris, for her vision and valuable motivation in organizing the conference. She elaborated on the essential concepts of contract farming, discussing its definition, significance in contemporary agriculture, and the various stakeholders involved, including smallholder producers, commercial producers, companies, and producer organizations such as associations and cooperatives. She further outlined the advantages and disadvantages of contract farming and its impact on countries that have adopted this practice.

While not new, contract farming, Li said, is gaining interest in emerging and developing economies. It's been widely accepted in many countries, particularly in advanced economies with more commercialized agrifood systems like the United States, (US), where livestock production is more commercialized.

In the context of South America, she highlighted that Brazil has effectively adopted contract farming, which serves as a significant driver of success within its agribusiness sector, with approximately 75% of the agrifood industry engaged in this model. This strategy has led to notable increases in productivity, particularly in poultry production,

positioning Brazil as one of the world's foremost leaders in this area.

Ms. Li emphasized that the adoption of contract farming in many African countries is primarily driven by globalization. Key factors include the growing importance of integration into the global marketplace, rising incomes, and an increasing demand for food due to population growth. Additionally, there is a heightened interest in sustainably produced foods and the need for greater efficiency in value chains. She highlighted the vital role of contract farming in the expansion of agrifood sectors in these countries. She elaborated on the 5 main models in contract farming viz centralized model; out-grower model, multi-contract model, intermediary model, and informal models, pointing out that the latter is not to be encouraged.

Ms. Li highlighted several key constraints in contract farming, including a lack of knowledge, skills, and orientation for production; limited access to markets; insufficient inputs; inadequate technology; a deficiency in technical support and capacity building; and poor organization and collective action among producers. She concluded that contract farming has significant potential to provide solutions to address the challenges faced by smallholder farmers.



Considering these numerous constraints, she emphasized the need for strategies that support smallholder farmers engaged in longer-term land leases and purchasing. She advocated for increased collective action among organizations to enhance producers' bargaining power and called for an enabling policy environment. Additionally, she urged for multistakeholder collaboration.

Lan Li, a distinguished expert in agricultural systems, delivered an engaging presentation on the Basic Concepts of Contract Farming. Her address provided foundational insights into the framework of contract farming and highlighted the various stakeholders who can participate in this system. Through her discussion, Lan Li underscored the importance of inclusivity and collaboration to ensure the effectiveness of contract farming models.

## **1. Understanding Contract Farming**

Lan Li began by defining contract farming as an arrangement where farmers and buyers establish agreements to produce and supply agricultural products under predetermined conditions. These agreements often specify the quantity, quality, pricing, and delivery timelines of the produce. This system seeks to integrate smallholder farmers into commercial agricultural value chains, providing them with guaranteed markets and reducing uncertainties.

## **2. Participants in Contract Farming Benefits of Stakeholder Participation**

Lan Li emphasized that the participation of diverse stakeholders in contract farming leads to:

- Improved access to resources and technology for farmers.
- Enhanced efficiency and profitability for agribusinesses.
- Greater agricultural output and food security at national levels.
- Social and economic empowerment of rural communities.



Lan Li concluded her address by highlighting that contract farming thrives on the active involvement of multiple stakeholders working collaboratively. Each participant brings unique strengths and perspectives that contribute to the success and sustainability of the system. By fostering inclusive participation and building trust among stakeholders, contract farming can become a powerful tool for transforming agricultural value chains and achieving global food security.

## Emerging Themes and Insights

### 1. Contract Farming as a Tool for Agricultural Transformation

Ms. Mwongera highlighted the importance of contract farming in tackling the challenges farmers face, such as market instability, low incomes, and disorganization. She pointed out that contract farming is not just a theoretical idea but a practical and effective method used by exporters to boost agricultural productivity and sustainability.

#### 2. Practical Experiences and Challenges in Contract Farming

Drawing from her extensive experience, Eunice discussed several challenges and lessons learned:

- i. **Fragmented Farmer Groups:** Farmers often work alone, which leads to inefficiencies in meeting market demands. Exporters have tackled this issue by organizing farmers into groups and cooperatives, enhancing consistency in supply and quality.
- ii. **Unpredictability in Production:** Variability in output due to factors like weather and crop switching (e.g., farmers opting for different crops instead of those contracted) disrupts value chains.
- iii. **Trust Issues:** Both farmers and buyers sometimes fail to honor contracts. Exporters have focused on building trust through long-term relationships, formal agreements, and community-level interventions.
- iv. **Post-Harvest Losses:** Approximately 40% of agricultural produce is lost due to poor storage and handling. Addressing these losses requires an emphasis on better farming practices, quality inputs, and effective post-harvest management systems.



### 3. Solutions and Strategies

Ms Mwongera proposed actionable strategies to enhance the success of contract farming:

- i. **Farmers' Organization and Capacity Building:** Organizing farmers into cooperatives or "saccos" (savings and credit cooperatives) has proven effective in streamlining production, negotiating better prices, and accessing resources like inputs and training.
- ii. **Investment in Technology:** Exporters are increasingly utilizing drones for mapping and spraying, along with other technologies to boost productivity and efficiency.
- iii. **Capacity Building and Training:** Ongoing education for farmers on agronomical practices, quality standards, and market expectations is crucial for maximizing impact.
- iv. **Infrastructure Development:** Establishing collection centers, cold rooms, and warehouses, often in partnership with the government, helps reduce logistical challenges and post-harvest losses.
- v. **Improved Input Systems:** Ensuring access to high-quality seeds, fertilizers, and pest management solutions enhances productivity.

### 4. Advantages of Contract Farming

Eunice highlighted several benefits:

- i. **Consistency in Supply:** Contracts help regulate production, ensuring steady volumes and minimizing the risks of overproduction or underproduction.
- ii. **Improved Quality:** Regular engagement and support from buyers contribute to higher-quality produce that meets market standards.
- iii. **Increased Incomes:** Farmers, aggregators, and brokers all gain from improved organization and higher returns.
- iv. **Stabilized Prices:** Contract agreements offer price stability, protecting farmers from market fluctuations.

### 5. Role of Policies and Institutions

Ms Mwongera advocated for stronger government policies to support contract farming. She emphasized that policies should be inclusive, addressing a variety of crops beyond staples like tea and sugarcane.



### Remarks by Dr. Erick Ogumo, Agricultural Specialist, International Finance Corporation (IFC),

Dr. Ogumo enhanced Lan Li's discussion on contract farming and globalization, highlighting the increasing pressure on production to meet increasing demand in all sectors of farming, whether crops, livestock, forestry, and many more sectors. Contributing to the various models of contract farming, highlighting the factors that influence a farmer's choice of one model over another. He suggested that these decisions often hinge on the farmer's access to finance, the level of trust between the parties involved, the farmer's knowledge and experience, as well as access to resources like land, capital, and market information.

He emphasized the importance of government-mandated fairness in contracts to ensure that all parties benefit, particularly smaller farmers who might otherwise be exploited. He advocated for a minimum price guarantee to help farmers remain sustainable. Additionally, Ogumo highlighted the necessity of diversifying crops to address food insecurity and combat soil degradation caused by monocropping. He also urged buyers to adopt sustainable agricultural practices.



He further pointed out that farmers frequently lack access to accurate market information; and stressed the need for transparency in negotiations, allowing farmers to understand fair market prices and the appropriate costs buyers should be paying. Finally, he said that farmers need adequate access to finance for more agency in operations and selling/purchasing, as they can often be pushed into inescapable corners due to their lack of finance. He also maintained that it was important that farmers know their economic cost overall, to prevent unnecessary losses.

Dr. Eric Ogumo, an Agricultural Specialist at the International Finance Corporation, a specialist in sustainable agricultural development, gave an engaging presentation called Maximizing Impact for Responsible and Sustainable Farming at the International Conference on Contract Farming. His talk focused on the rising global food demand, which has created significant pressure on agricultural production systems. He suggested that contract farming could be a viable solution to the challenges of food scarcity, if it is executed with care. Dr. Ogumo detailed specific models, essential success factors, and practical recommendations for improving the effectiveness of contract farming.

Dr. Ogumo opened his address by discussing the rapidly growing global population and the corresponding increase in food demand. This has increased the stress on agricultural systems and it is becoming urgent to implement new techniques such as contract farming. He stressed that sustainable and responsible agricultural practices are no longer a luxury, but a necessity for achieving food security while protecting the limited resources for the next generation.

Dr. Ogumo presented various contract farming models that can help overcome food shortage issue by simplifying production, optimizing resource use, and guaranteeing market security. These models include:

- i. Centralized Model: Direct interaction between a company and farmers, centralized gathering and quality assurance.
- ii. Nucleus Estate Model: It integrates a company's production unit with local smallholder farmers engaged to provide extra produce.
- iii. Multipartite Model: Involves multiple stakeholders, including government, private entities, and farmer cooperatives, working collaboratively to manage production and supply chains.
- iv. Informal Model: Focuses on informal agreements between farmers and buyers, often based on trust and mutual benefits.

Each of the models, he added, has different advantages and disadvantages depending on the application.





# 1. Factors to Consider in Contract Farming

Dr. Ogumo listed several important issues of the effective establishment of contract farming system:

- i. **Access to Resources:** Access to Resources: Farmers need access to key resources such as:
- ii. **Land:** Secure land tenure and availability.
- iii. **Labor:** Adequate manpower to manage production cycles.
- iv. **Finance:** Availability of low -cost credit facilities and financial assistance for the purchase of inputs such as seeds, fertilizers, and irrigation tools.
- v. **Knowledge and Experience:** Knowledge and Experience: Farmers and partners will need or have to develop and acquire an adequate level of knowledge and technical skills in order to control farming operations and fulfill contractual obligations. Training courses and extension services have proven to be an important means of getting knowledge from people who know, to the public.
- vi. **Trustworthiness:** Building and maintaining trust between contracting parties is crucial. Transparency, fairness and good communication, are all key to the building of trust, compliance with arrangements, and amicable settlement of disagreements.
- vii. **Contract Types:** The contract structure and wording play an important role in its effectiveness. Dr. Ogumo emphasized the need for contracts that are fair, clear, and enforceable in order to facilitate long-term collaboration.





# Maximizing Impact for Sustainable Contract Farming

Dr. Ogumo, in turn, suggested important actions in order to make contract farming actually have the outcome that it should have at a sustainable and responsible level.

## **a) Enabling Government Policies and Regulations**

Governments must create a conducive policy environment by developing clear legal frameworks for contract farming, protecting the rights of both farmers and buyers, and offering incentives for sustainable practices.

## **b) Enhancing Crop Diversity**

Shifting away from monoculture systems and encouraging crops diversification are mechanisms that can mitigate risks related to market swings, pests, and diseases. Invasive cropping systems, in addition to promoting soil health and ecological balance, provide a source of revenue.

## **c) Transparent Market Information**

Ensuring access to accurate and timely market information empowers farmers to make informed decisions about pricing, production volumes, and crop selection. This reduces exploitation and market inefficiencies.

## **d) Narrowing the Bargaining Power Gap**

Addressing the power imbalance between large corporations and smallholder farmers is crucial. This can be achieved through farmer organizations, cooperatives, and government mediation, enabling farmers to negotiate better contract terms and protect their interests.

In conclusion, Ogumo presented a powerful call to action, saying that stakeholders should adopt contract farming as a change agent for global food security. He emphasized the importance of a holistic approach, combining supportive policies, capacity building, and equitable partnerships, to achieve the dual goals of sustainability and responsibility in farming. His itinerary left the audience with a clear blueprint for how to use contract farming as a pathway to overcome food insecurity, while seeking sustainable agricultural resilience and wealth.



Eunice Mwongera, a seasoned agricultural exporter with over 25 years of experience, shared valuable insights on the vital role of contract farming in modernizing and stabilizing agriculture in Kenya and across Africa. She called for collective action to drive a transformative agricultural revolution like the Green Revolution of the 20th century. Below is a detailed summary of the key points from her address.

Ms. Mwongera highlighted that most African countries have agrarian economies and stressed the importance of 21st-century solutions, such as contract farming, in addressing the challenges these nations face. She built on Dr. Ogumo's insights regarding the need for trust between farmers and buyers, emphasizing the necessity for farmers to be well-organized. This organization is crucial for consistent communication and feedback with buyers, which can help prevent fragmentation and minimize diminishing returns.

She elaborated on Dr. Ogumo's point about farmers' access to market information. Pointing out that improving agricultural literacy is vital. By enhancing farmers' knowledge and skills, she said, farmers can adopt modern, efficient farming techniques, leading not only to increased production volumes but also to more sustainable practices. She called for Governments to seek inspiration from Norman Borlaug, the father of the green revolution in The United States, to counter some of the challenges that are faced in Africa. This would involve:



Making sure farmers have access to hybrid, good-quality seeds. Investing in Research and development (R&D) to advise farmers on how to increase their output and improve its quality.

Have complete impartiality in deploying policies, so that policies for one-grain commodity, for example, do not make it inherently favored in the market over the other. Invest in training, capacity building & extension services to improve the outcomes mentioned before, such as knowledge and output.







## Overview of Contract Farming in Africa: Success Stories and Case Studies, Challenges and Opportunities

### Speakers

1. **Joachim Westerveld, Executive Chairman of Bio Food Products.**
2. **Peter Muthee, Founder and CEO of Pemu Agrifood Academy and Co-founder of Farmworks Agriculture**

Joachim Westerveld's discussion emphasized the critical role of contract farming and agricultural efficiency in addressing food security challenges in Kenya. He outlined the state of agricultural productivity, identified inefficiencies, and proposed actionable solutions to support farmers and ensure sustainable development.

### Key Issues in Agriculture

#### 1. Low Productivity

- Average maize production in Kenya ranges from 1.5 to 2.5 tons per hectare, significantly below the 8 tons achieved in optimal conditions globally.
- Average dairy production per cow is 3–5 liters daily, far below the genetic potential of Holstein Friesians, which can produce up to 14 liters daily.

#### 2. Reliance on Imports

- Kenya imports 15–30% of its maize annually and is also a net importer of milk, indicating inefficiencies in local production.

#### 3. Deteriorating Agricultural Efficiency

- Population growth is leading to land subdivision and reduced agricultural productivity per unit of land and animals.
- Environmental degradation is exacerbated by inefficient practices such as overgrazing and non-regenerative farming.



## Proposed Solutions

### 1. Increase Efficiency

- Focus on improving agricultural yields per acre and per animal to meet the demands of a growing population and reduce reliance on imports.

### 2. Profitability-Driven Farming

- Farmers must be profitable to invest in better practices and technology. Marginalized pricing leads to a marginalized agricultural sector.

### 3. Innovative Pricing Models

- Introduced quality-based pricing: Farmers supplying higher-quality milk (better fat and protein content) receive better prices.
- Implemented cost-based pricing: Prices are calculated to ensure farmers achieve a 35% margin after feed costs.

### 4. Long-Term Contracts

- Bio Food Products provides farmers with year-round guaranteed offtake and stable pricing to reduce risks associated with price fluctuations and enable planning and investment.

### 5. Capacity Building and Ecosystem Development

- Bio supports farmers with training, technical assistance, and access to affordable, high-quality inputs like feed and fertilizers.
- Partnerships with financial institutions and suppliers ensure farmers access the tools needed for success.

## Impact of the Initiatives

### 1. Enhanced Productivity

- Bio farmers produce an average of 18 liters of milk per cow daily, compared to the national average of 3–5 liters.

### 2. Environmental Benefits

Increased efficiency reduces the carbon footprint of milk production. For instance, carbon emissions drop from 5 kg to 1–1.2 kg per liter of milk as productivity improves.

### 3. Economic Gains

- Farmers earn an additional 10,000–12,000 KES per cow monthly, significantly improving their livelihoods.

## Future Opportunities

### 1. Carbon Credits

- By lowering carbon emissions through efficient farming, Bio is exploring how farmers can monetize these gains via carbon credit systems.

### 2. Regenerative Agriculture

- A pilot in Endebes increased maize silage yield per acre by 30% while maintaining soil and water quality through regenerative practices.

Westerveld emphasized that agriculture is the backbone of Kenya's economy and critical to its sustainable prosperity. Increasing efficiency per acre and animal is essential to feed the growing population, reduce imports, and alleviate the tax burden. Collaborative efforts between farmers, processors, and stakeholders can transform agriculture into a profitable and environmentally sustainable sector.



## Peter Muthee, the founder and CEO of Pemu Agri-Food Academy and co-founder of Farm Works Agriculture

In his remarks, offered a critical perspective on contract farming. Drawing on over two decades of hands-on experience in fresh produce distribution and smallholder farming in Kenya, Peter shared valuable insights about the state of contract farming, its challenges, and its future.

### Observations on Contract Farming

#### 1. Decline in Contract Farming

Peter noted that there is a notable decline in contract farming in Kenya, Peter highlighted a notable decline in contract farming across key agricultural sectors. He cited a few value chains in which this is the case:

- **Tobacco:** Once supported by thousands of farmers, participation has drastically reduced.
- **Sugar:** Previously involved hundreds of thousands of farmers, the industry is struggling.
- **French Beans:** Once thriving, particularly in regions like Kirinyaga, this sector has seen a steady decline over the years.

He noted that contract farming often fails to deliver on its promises, such as reliable markets and consistent support for farmers, citing examples such as the short-comings of models such the Kenya Tea Development Authority model which operates as a farmer-owned company, rather than a traditional contract farming model, making it less applicable as a benchmark.



From his perspective, the decline in contract farming stems from various factors, including:

- Lack of reliable data to measure its impact.
- Weak institutional support.
- Market volatility and changing agricultural dynamics.
- Mismatched expectations between farmers and buyers.

Peter concluded by challenging the prevailing optimism about contract farming as a panacea for agricultural challenges in Africa. In his call for action, he cautioned that while contract farming may have some benefits, its limitations must be acknowledged, and alternative approaches explored to bolster agricultural productivity and sustainability.





This session began with a thought-provoking video presentation by Dr. Abdelbagi M. Ismail, Regional Director for Africa at the International Rice Research Institute (IRRI), which highlighted innovative solutions for sustainable farming, aimed at improving the sustainability and profitability of smallholder farms.

Climate change undermines agricultural productivity, with unpredictable weather patterns affecting crops and livestock production. Technological solutions, such as automated irrigation systems and drone technology, were discussed as vital tools for mitigating climate risks and improving resource efficiency. These technologies can help farmers monitor crop health and optimize water usage, ultimately contributing to greater resilience.

### Key Speakers

Steve Wambua opened the session by addressing the pressing issue of climate change and its impacts on agricultural production. He emphasized the challenges faced by farmers in adapting to erratic weather patterns and how these shifts undermine productivity. Steve advocated for the automation of irrigation systems, particularly to conserve water in the face of increasing demand for greening and landscape irrigation. He noted that this technological solution could help mitigate the adverse effects of climate change and promote more sustainable farming practices.

## Innovative Solutions for Sustainable Farming: Technology, Climate-Smart Practices, and Knowledge Transfer

### Improving Resilience in Rice Farming through Contract Farming

Dr. Abel's video presentation highlighted the global issue of hunger and the increasing demand for rice, a staple food for much of the world's population. Dr. Abel argued that improving resilience and efficiency in rice farming through contract farming could significantly enhance production. He stressed that contract farming presents several benefits for smallholder rice farmers, including access to markets, guaranteed pricing, and sustainable farming practices.

### The Role of Drone Technology in Farming

In a session led by Jan Willem, the potential of drone technology in agriculture was explored. Drones, as an example of appropriate technology, are proving to be valuable tools for both small and large-scale farmers. Jan Willem noted that while every farmer is eager to increase their yield, barriers like unfavorable weather often hinder progress. Drones can provide real-time data on soil health, crop conditions, and water usage, helping farmers make informed decisions. KUZA, a company working with farmers, emphasized that it is possible to combine sustainability with profitability in agriculture, using technology like drones.

### **Embedding Biological Solutions in Contract Farming**

Charles Macharia discussed how biological solutions could be embedded within contract farming systems. He explained that leveraging biological solutions—such as natural pest control, crop rotations, and soil enrichment—could boost productivity while reducing the reliance on chemical inputs. He highlighted the importance of integrating these practices into contract farming agreements to promote sustainability and ensure long-term benefits for both farmers and buyers.

### **Climate-Smart Agriculture and Farmer Support**

Ishamba focused on climate-smart agriculture, which incorporates principles of sustainable agriculture, livestock management, and water management. She presented how call centers could be used to manage farmer inquiries and provide them with timely agricultural advice. Climate-smart practices aim to conserve resources and improve farm productivity, especially in the face of changing weather patterns. This initiative supports the growing recognition of agricultural extension services in contract farming.

### **Offtake Agreements and Long-Term Contracts**

Mbugua discussed offtake agreements, which are long-term contracts where a buyer and a farmer enter into an agreement to buy and sell goods over an extended period. He pointed out the challenges of delayed payments in export contracts and how brokers often take a disproportionate share of the value chain. Addressing these issues, he called for a more streamlined system to ensure that farmers are paid promptly and fairly.

### **Certification and Safety Management in Farming**

Mourine Mwangi spoke about ongoing efforts to engage farmers in the process of obtaining certifications for safety management practices. Muthoni added that certification remains a challenge for many farmers, particularly in ensuring compliance with international food safety standards. However, he expressed hope, noting that cooperatives are increasingly helping farmers navigate the complex certification process.

### **Soil Health and Sustainable Farming Practices**

Gibson Langat's presentation centered on the importance of soil health in achieving a green agrarian revolution. He explained that there is a strong interrelationship between contract farming and soil health. He warned that practices like excessive fertilizer use and improper ploughing could lead to soil degradation and the loss of biodiversity. Langat emphasized the need for soil management practices that prioritize cultural biodiversity and sustainable agricultural techniques.





## DAY TWO: WEDNESDAY 13TH NOVEMBER 2024

***Keynote Address by Dr. George Kimiri Karanja,  
Kenya National Chamber of Commerce and  
Industry.***

Dr. George Kimiri Karanja, representing the Kenya National Chamber of Commerce and Industry (KNCCI) on behalf of its President, Dr. Eric Ruto, delivered the opening keynote at the Inaugural International Conference on Contract Farming.

He emphasized the pivotal role of contract farming in driving sustainable agricultural growth in Africa by fostering mutually beneficial partnerships between farmers and buyers. Key benefits highlighted included secure markets, financial support, technical expertise, and improved production standards, which collectively strengthen value chains and empower farming communities.

Dr. Karanja also underscored KNCCI's commitment to advancing contract farming through its extensive presence in all 47 counties of Kenya. This enables the Chamber to address regional agricultural challenges, foster local solutions, and facilitate meaningful linkages among stakeholders.

He lauded the conference as a vital platform for exchanging ideas, discussing best practices, and shaping policies to transform African agriculture. Dr. Karanja called for bold collective actions to enhance food security, uplift livelihoods, and unlock Africa's agricultural potential.

He concluded by encouraging participants to actively engage in the conference discussions and collaborate on actionable strategies for impactful outcomes.



## Day 2: Wednesday

The second day of the International Conference on Contract Farming (ICCF 2024) featured a range of insightful discussions on the potential of contract farming to revolutionize African agriculture. The event included remarks from key speakers, presentations by agricultural stakeholders, and engagements with participants.

### Soil Health and Organic Farming

#### • Presentation by OFIMAK Chair, Ms Junnie Wangari:

- Organic Fertilizer and Input Manufacturers Association of Kenya (OFIMAK) advocates for local organic fertilizer production and sustainable soil health practices.
- Current soil health challenges include acidity, nutrient deficiencies, and overreliance on inorganic fertilizers.
- OFIMAK promotes blending organic and inorganic fertilizers to improve soil fertility and long-term productivity.
- Local manufacturers are using agricultural waste to produce environmentally friendly fertilizers.

#### Key Soil Health Statistics in Kenya

- 40% of arable land in Kenya is highly acidic, affecting crop yields.
- 97% of Kenyan soils are carbon-deficient, reducing fertility.
- Combining organic and inorganic fertilizers can rehabilitate soils and support sustainable farming practices.

#### Recommendations and Practical Actions

- Farmers were encouraged to consistently integrate organic inputs into their farming practices.
- Participants were urged to adopt mixed fertilizer use (organic and inorganic) to transition toward healthier soils.
- Stakeholders were invited to visit exhibition stands showcasing certified organic products and innovative farming solutions.











***Leonard Kubok - Assistant Director of Agriculture, Ministry of Agriculture of Kenya representing Dr. Kiprono Ronoh, Principal Secretary, State Department for Agriculture, Ministry of Agriculture and Livestock Development.***

Representing Dr. Kiprono Ronoh, Principal Secretary, State Department for Agriculture, Ministry of Agriculture and Livestock Development. Leonard Kubok highlighted critical issues affecting food security across Africa. Speaking at the conference, he commended the active involvement of youth in addressing the continent's food security challenges and emphasized the Ministry's commitment to supporting recommendations emerging from these discussions.

Kubok acknowledged Africa's significant food security challenges, with particular emphasis on child nutrition. He cited food poverty in Kenya's northern regions as a pressing concern, pointing to the prevalence of unhealthy food as a paradoxical contributor to both food scarcity and poor nutrition outcomes.

He emphasized the potential of contract farming as a transformative solution to these issues, suggesting that it can help address nutrition challenges by promoting sustainable and consistent food production. Kubok expressed optimism that initiatives like contract farming could contribute significantly to alleviating food insecurity and malnutrition in Kenya and across Africa.

Dr. Kipronoh Ronoh affirmed the importance of contract farming as a driver of agricultural growth in Africa. He discussed his organization's commitment to supporting contract farmers and highlighted the economic benefits of well-structured contract farming models. Dr. Ronoh also emphasized the need to address food insecurity, particularly in terms of child nutrition across the continent.

## Government's Role in Contract Farming

Kubok discussed the challenge of food poverty in northern Kenya and called for a stronger role for the government in ensuring efficiency, reliability, and fairness in contract farming. He urged the government to play a more active role in enforcing legal frameworks for contract development and resolving contract disputes. Kubok also highlighted the importance of government-led education and financial support initiatives to help farmers succeed in contract farming.

### SESSION ONE:

#### The Role of Intermediaries in Contract Farming

#### SESSION SPEAKER

1. **Jane Musindi** - Chair of ASNET Policy and Advocacy Committee
2. **Divinah Musota** - Head of Monitoring, Evaluation, Accountability and Learning Kenya National Farmers Federation (KENAFF)
3. **Daphne Muchai** - Executive Director, Women Farmers Association of Kenya (WoFaAK)
4. **Everlyn Lusenaka** - Director Stewardship Africa Middle East, Crop Life Africa Middle East
5. **Eva Muthuri** - Managing Director, Eva's Coffee Kenya
6. **Nancy Gitonga** - Chief Executive Officer, African Women's Entrepreneurship Program-AWEP Kenya Chapter





### **Contract Farming as a Pathway for Agricultural Growth**

Jane Musindi, Chair of ASNET, shared insights into how contract farming has been identified as a strategic pathway for improving smallholder farmer incomes and promoting agricultural value addition. She noted that the government's role is crucial in creating policies that attract more investment into the agricultural sector and ensure the sustainability of contract farming.

### **Intermediaries and the Role of Trust in Contract Farming**

In a panel discussion moderated by Eve Odete, the role of intermediaries in helping farmers navigate contract farming was explored. Intermediaries are crucial in facilitating communication between farmers and buyers, ensuring that both parties understand each other's cultural sensitivities and business practices. Eva Muthoni emphasized the importance of trust in business relationships and how intermediaries work to build this trust by mediating disputes and fostering collaboration.

Nancy Gitonga raised the issue of side-selling, where farmers bypass formal contracts by selling their produce to alternative buyers. She argued that side-selling remains one of the biggest obstacles to the success of contract farming, as it undermines the stability and predictability that contract farming offers.

### **Demand for Livestock and Contract Farming Models in Kenya**

The demand for livestock in Kenya is on the rise, spurring interest in integrating livestock into contract farming. Various contract farming models are being implemented in Kenya, which can be broadly categorized into:

1. Companies contracting farmers to grow for them: In this model, agribusiness companies enter into formal agreements with farmers to produce specific crops or livestock under agreed-upon terms.
2. Traders with connections to growers: This model involves traders who establish informal contracts with farmers to supply them with fresh produce, often without long-term commitments.
3. Individual farmers selling locally: This is the most informal model, where farmers sell their produce directly to local markets without binding agreements.



## SESSION TWO:

### Maximizing Market Access through Contract Farming

#### SESSION SPEAKERS

1. **Hosea Machuki** - Chief Executive Officer, Fresh Produce Exporters Association of Kenya (FPEAK)
2. **Gerald Makau Masila** - Executive Director, Eastern Africa Grain Council
3. **Anthony Kioko** - Chief Executive Officer, Cereal Growers Association
4. **Penny Musengi** - CEO and Founder, Pesira Limited

These models, while facilitating access to markets, often face challenges such as side-selling, which erodes trust between farmers and off-takers. Machuki emphasized the need for farmers to insure their farms against weather-related risks, highlighting how weather volatility could impact production.

#### Trust and Ethics in Contract Farming

Gerald, an industry expert, discussed the success of contract farming practices, attributing it to the strong moral obligations between farmers and buyers. He explained that trust, transparency, and fair dealings are vital for the sustainability of contract farming.

#### Barriers to Accessing Financial Support

Penny Musengi identified a key challenge: the lack of digital records among farmers. This issue severely hampers farmers' ability to access financial services, especially from traditional banks. She highlighted how this situation is risky for smallholder farmers who need reliable financial products to grow their operations.

Antony further stressed that contract farming is one of the best ways to integrate small-scale farmers into formal markets. He discussed the role of land leasing and efficient contract models in helping farmers gain market access.





Additionally, he mentioned, Kibok's principles of efficiency, emphasizing trust and transparency in contract farming.

Penny also highlighted the importance of technology integration in farming, such as remote sensing, to enable farmers to monitor their crops and livestock better. Technology could provide farmers with real-time data, improving decision-making and farm management practices.

### **Government and Private Sector Collaboration**

Hosea illustrated how public-private partnerships are crucial in facilitating land leasing, which could drive up agricultural productivity. However, Gerald urged the government to clearly define its facilitation roles, especially in providing necessary infrastructure and setting transparent production goals.

A major challenge discussed was Aflatoxin contamination in food safety. Gerald proposed measures for establishing proper food handling and safety systems to address the risk of aflatoxin contamination.

### **Overview of the Livestock Sector**

Rajab Obama gave an insightful overview of Kenya's livestock sector, noting that 80% of Kenya's land is arid or semi-arid, but livestock farming remains a critical livelihood for a significant portion of the population. Integrating livestock into contract farming models could help improve productivity, providing sustainable livelihoods and boosting the sector's resilience.



## Policy and Legal Framework for Contract Farming in Kenya

The policy framework surrounding contract farming is supported by key national initiatives and strategies, including:

1. Vision 2030 (BETA): A national long-term development plan aimed at transforming Kenya into a newly industrializing, middle-income country by 2030.
2. The Agricultural Sector Transformation and Growth Strategy (ASTGS) 2019-2029: A framework designed to transform Kenya's agricultural sector by focusing on market-driven initiatives.
3. The Livestock Policy: A policy that supports the sustainable development of the livestock sector in Kenya.

In terms of contract models, dairy and poultry farming dominate the livestock sector, with production contracting and buy-back contracts being the most common. These models ensure farmers have guaranteed markets for their produce, but they also highlight the power imbalance between companies and farmers, with companies often setting prices that may disadvantage farmers.

### Financing Agriculture and Insurance Solutions

- Access to Financing for Farmers and Agribusiness
- Agricultural Insurance: Reducing Risk for Sustainable Farming
- Exploring Investment Opportunities in Agriculture

### SESSION SPEAKERS

1. **Dr. Esther Muchemi** - Chief Executive Officer, Samchi Group and Director Janari Farms.
2. **Wycliffe Kiplagat** - Director of Programs, IBISA NETWORK
3. **Angela Mwirigi** - Director DFS, KCB Kenya
4. **Jackson Echoka** - Chief Risk and Compliance Office, Agriculture Finance Corporation





In the afternoon session, discussions centered on the issue of access to finance for farmers. Dr. Esther underscored the importance of agriculture as the backbone of Kenya's economy. She pointed out that the lack of market access and interest from young people in agriculture contributes to its stagnation. Dr. Esther called for the government to come up with financial pools to help support farmers in overcoming these barriers.

Wycliffe spoke about the role of insurance in mitigating risks faced by farmers. He noted that IBISA (Insurance Brokers of Africa) is developing new products to help manage agricultural risks, particularly emergency risks. However, he emphasized the challenge of moral hazard, which occurs when parties fail to fulfill their obligations, leaving insurers exposed to unnecessary risk.

Muthoni highlighted the need for tailored financial solutions for farmers. She noted that KCB Bank offers agri-loans specialized for contract farming, including loans for agribusiness ventures. Additionally, she pointed out the role of Mobi-Grow, an app that provides farmers with access to agribusiness loans and financing options.

## Legal Considerations and Dispute Resolution

### SESSION SPEAKERS

1. **Dr. Keni Kariuki** - Director, Impact Hub
2. **Christine Murangi** - Senior Advocate, IKM Advocates

A key issue raised during the conference was the absence of specific laws addressing contract farming in Kenya. While the Kenyan Constitution provides for general principles of contract law, such as a meeting of the mind, authority, capacity, and rights and obligations, there is no clear legal framework to govern contract farming.

Common disputes in contract farming include side-selling (when farmers sell their produce to alternative buyers outside of the agreement) and issues related to group engagements in contracts. Panelists suggested the need for alternative dispute resolution mechanisms to ensure fair and efficient contract enforcement.





## Encouraging Youth Participation in Agriculture

A critical theme throughout the conference was the need to engage youth in agriculture. The panelists advocated for a shift in the education system to encourage young people to view agriculture not just as a subsistence activity, but as a viable business opportunity. They pointed to the example of “The Boy Who Harnessed the Wind,” which highlights how innovation and entrepreneurial skills can lead to success in agriculture.

The panelists stressed the importance of cultivating creativity, entrepreneurship, and problem-solving skills in young people to prepare them for careers in agriculture. There was a strong consensus that promoting youth engagement in the agro-economy is critical for ensuring food security and economic growth.







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