

Agriculture Sustainability Activity

Contract Farming Agreement Establishes Effective Mutual Relationship Between Landowners, Producer Organizations, and Farmer Groups

PROJECT LOCATION	Liberia
TIMEFRAME	2021-2022
COUNTRY PROJECT	Rice
HOST	<ul style="list-style-type: none"> Foya Rural Women Cooperative, Intofawor Farmers Cooperative Mayor Women Farmer Cooperative Meinah Farmer Cooperative Jef's Merchandise & Services Corporation

In October 2021, Joe Gartor finished his first Farmer-to-Farmer assignment. Mr. Gartor, an agriculturalist specializing in sustainable agriculture and agribusiness from Montserrado County, enjoyed his experience and was eager to extend his knowledge and support more hosts in Liberia. He reached out to the United States Agency for International Development (USAID) funded Catholic Relief Services (CRS) implemented Agriculture Sustainability Activity (ASA) for additional opportunities. An upcoming assignment focusing on contract farming for five hosts was a great fit for Joe's skillsets. His U.S.-based counterpart for this assignment was Patrick Shandonay, a business strategist from California.

ASA uses the F2F model to provide technical assistance to agriculture organizations through volunteer trainings to increase the availability of domestically produced and processed rice and cassava. During implementation, the Activity shifted to a Paired Remote Volunteer (PRV) model – a local volunteer paired with a U.S.-based volunteer to allow program implementation during COVID-related travel restrictions.

Foya Rural Women Cooperative, Intofawor Farmers Cooperative, Mayor Women Farmer Cooperative, Meinah Farmer Cooperative, and Jef's Merchandise & Services Corporation are registered farmer-based organizations and private enterprises operating in Foya Statutory District in Lofa County. The organizations work in the rice value-chain and play a vital role in the supply of paddy rice to AIIC Mill, whose annual input consumption is 4,608 metric tons. Through a technical needs assessment, it was found that these organizations did not have any formal agreement between them and buyers.

This problem hindered their abilities to access working capital and guaranteed rice markets. The lack of access to working capital negatively impacted productivity and led to food insecurity. The lack of guaranteed markets could eventually lead to a loss of income as a result of a negative price structure; specifically, producer organizations will sell their paddy rice at lower prices if the supply of paddy rice exceeds demand.

The hosts reached out to ASA for assistance on developing a template for contract farming. This would help producer organizations, purchasing managers, lead aggregators, and agro-input dealers in developing customized contract farming agreements. This arrangement would integrate small-scale farmers into modern agricultural value-chains, providing them with inputs, technical assistance, and assured markets. Conflicts are common between buyers and farmers, and alternative dispute resolution methods could help resolve them.

"The producers, processors, and agrochemical dealers saw the need to establish a standard contract agreement for their agribusiness activities because, in the past, their indulgence into gentlemen contracts ended in losses (illegal business without evidence)," stated Mr. Gartor. "AIIC shared their experience wherein they signed a contract agreement with over three thousand farmers to support them in the provision of tools, chemicals, and seeds and to purchase the paddy at 10 USD per 50 kg bag. However, the cost of materials per item was not mentioned and the contract lacked important information that any party who forfeited the agreement could take legal action. This affected both parties."



Figure 1. Training participants with ASA volunteer Joe Gartor (far left).

Before the assignment, Mr. Gartor and Mr. Shandonay worked together to create a comprehensive plan to best assist the five hosts. They developed a detailed training focusing on contract farming agreement design, administration, and management. The training took place in Foya Town, Lofta County from November 22 – December 6, 2022, for 38 participants (25 male and 13 female, 6 of whom were youth) with the overall goal to strengthen their socio-economic empowerment and improve their livelihood.

“The farmers demonstrated a high level of cooperation and appreciation due to the volunteers’ simple English methodological approach and making the teaching more participatory. The farmers’ opinions or ideas were freely welcomed during training sessions thereby allowing them to contribute by sharing their past experiences and willingness to accept new techniques,” said Mr. Gartor. “Before the training, almost all of the participants experienced frustration over gentlemen agreement (illegal agreement) that caused great pains and setbacks. This training was an eye-opener for all parties. A sample contract agreement was provided to all members of each group as a guide.”

Together, Mr. Gartor and Mr. Shandonay recommended the following five recommendations to the five host organizations: use a contract farming agreement template to develop or design contracts for all agribusiness transactions to avoid future risks; plan regular meetings among actors for improvement in the rice value-chain; build a shelf or wooden box for the storing of all records and purchase paper or plastic folders for documents; all actors need to develop and build trust to help them achieve their business objectives; and, penetrate markets and create market linkages to maximize results from training.

The five hosts successfully adopted all recommendations. The most impactful result following the completion of the assignment was the crafting of a contract farming agreement between landowners, producer organizations, and farmer groups that will increase commercialization and establish effective mutual relationships. As a result, the hosts hope to increase commercialization, increase agricultural productivity, and increase access to finance. Moreover, the farmer-members will increase their production yield, and individual entities will increase their profitability, overall stimulating growth and ensuring sustainability.

Kumba Saah, the Chairlady of Foya Rural Women Cooperative, was especially pleased with the training and the outcomes. “We the members of Foya Rural Women Cooperative are happy with the training we received from CRS on contract farming. The contract farming training facilitated by CRS for us, opened our eyes on how to engage with people, especially landowners and farming groups. Foya Rural Women Cooperative was cheated before with L\$10,000.00 by a landowner. We paid the money to use the land for farming but when we got ready to use the land, the owner denied us and there was no written document between us and him. Also, some of the farmer-groups play games with us; most of the time we provide support to them but during harvest time, most of the farmer-groups will sell the paddy rice to other people and tell us they will pay. But with the contract farming training, we have decided to enter into a written contract farming agreement before support is provided.”

As Mr. Shandonay summarizes, “This project is another great example of what the Farmer-To-Farmer program has become. Agricultural assistance is no longer defined only by the sharing and transfer of agricultural knowledge and techniques to farmers in developing economies. Through the use of soft and business skill training, this project is helping farmers and agribusiness personnel to better realize their business' potential and to build more sustainable businesses. Potential that will allow farmers to better provide for their families today while preparing for the farming and agribusiness challenges of tomorrow.”



Figure 2. Mr. Gartor (far left) discussing the contract farming assignment with members from Intofawor Farmers Cooperative.