

# Contract Farming and Export Agriculture Facility (ConFarm)

## 1.0 INTRODUCTION

EDF's Contract Farming Export Agriculture Facility (ConFarm) was developed to improve the country's commercial farming by focusing on increasing productivity in a bid to promote high value agricultural exports. ConFarm aims at assisting farmers with active farms to engage in contract farming with off-takers (manufacturers or direct exports of commodities) so that the country can achieve its full export potential from the agriculture sector.

## 2.0 PRODUCT RATIONALE

The facility aims to address four main challenges that the sector faces which include limited access to financing and inputs for farmers; serious threat of climate change on yields; limited capacity to efficiently meet national and international demand; and serious under capitalization of agro-enterprises. The facility has the following benefits:

- Financing the establishment/ expansion of contract farming;

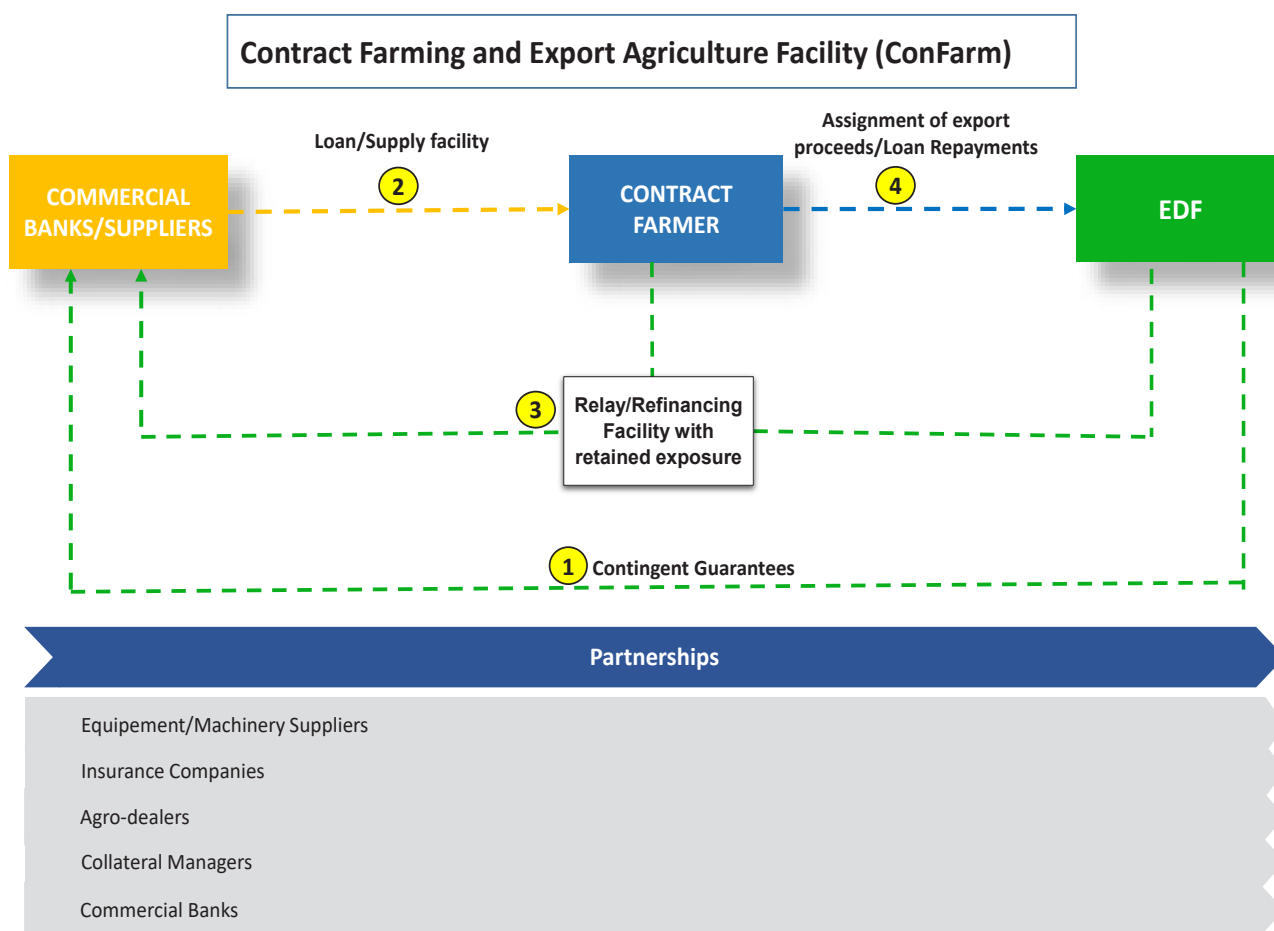
- Supporting commercial farms in export agriculture, especially those implementing out-grower schemes;
- Helping commercial farmers to find readily available markets for their products;
- Earning extra revenue through hiring out machinery.

## 3.0 PRODUCT FEATURES

The product is structured to intervene in the agricultural sector in the following ways;

- Procurement of farm machinery and implements to facilitate production, processing and transportation of farm produce.
- Provide working capital finance to contract farmers for the purchase of agriculture inputs.
- Support contract farmers in construction of production support infrastructure such as irrigation and warehousing infrastructure.
- Provide Guarantees to commercial banks and input suppliers involved in providing loans/credit to contract farmers.
- Provide Project Preparation and advisory services to take the projects to a bankable stage.

## 4.0 STRUCTURE OF CONTRACT FARMING EXPORT AGRICULTURE



## 5.0 PARTNERSHIPS

EDF liaises and partners with Contract Buyers, Farmer Organizations, Insurance Companies, Financial Institutions and Agro dealers that engage with farmers in the contract farming value chain.

## 6.0 APPLICATION REQUIREMENTS

### A. FOR LOAN PRODUCT

- Land holding size of not less than 100 ha with tittle deeds.
- Owner's contribution of at least 20% of the total project cost for Working capital and 30% for Capital Expenditure and Guarantee facility.
- The farm should have sound management structures.
- Confirmed export orders or contract for any targeted and approved commodities.

- Promoters must have a track record of at least 3 years in farming.
- Assets to be insured with comprehensive insurance cover.

### B. PROJECT PREPARATION FUND

- Project should demonstrate high level of economic impact;
- Promoters must have a track record in farming of at least 3 years
- Promoters to contribute a minimum of 20% of the total cost of the proposed preparatory activity; and
- Promoters should own a minimum of 200 ha of farm land;