



Food and Agriculture Organization
of the United Nations



Developing Contract Farming Agreement—Legal Considerations

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Contents



- What is in the draft law?
- What needs to be included in a CF agreement under the law?
- What to do if things go wrong?

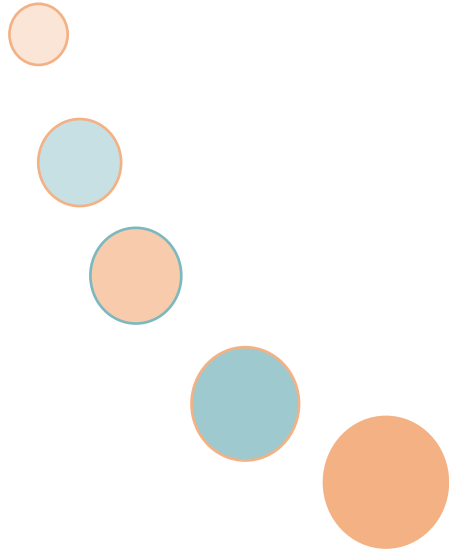




I - Draft Contract Farming Act

- Promotes complete contracts
- Promotes a system of CF through voluntary registry
- Rights and obligations for both parties
- Support to empowerment of women
- Basis for contract enforcement
- Alternative dispute resolution and fair remedies

II – What goes into a contract?



Contract form



- Freedom of contract!
- Contracts should be in **WRITING**
- Contracts should be in simple language



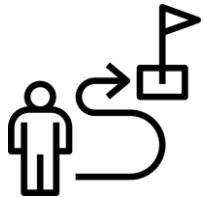
Contract content required by the law



Parties



Consent of the parties

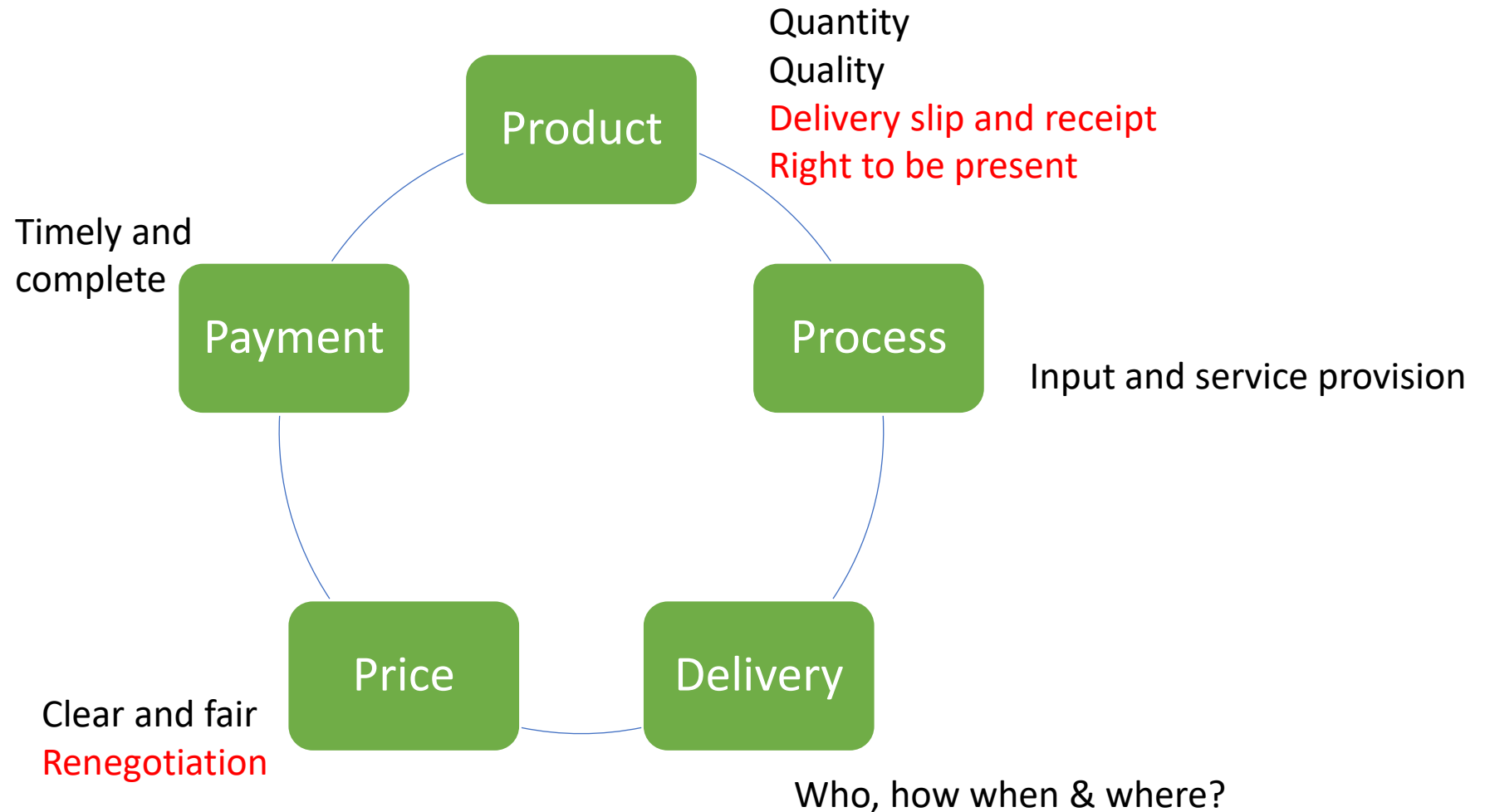


Objective of the contract



Production site

Contract content - obligations



Contract content



Force majeure - clause



Remedies

Any legal measure provided by law or by contract to protect the interest of one party against the failure of another party to perform properly.



Dispute resolution

Later

Contract content



Duration, renewal and termination

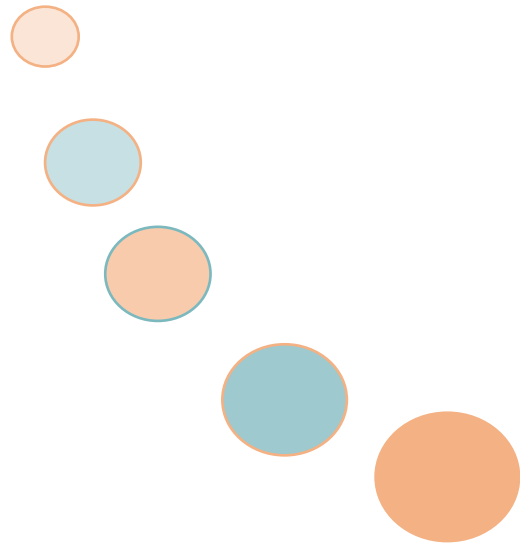


Farmer's right to cancel

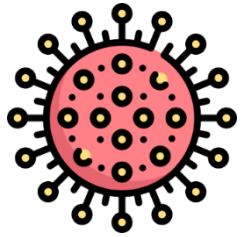


Signature of the parties

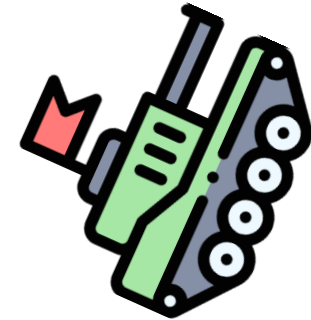
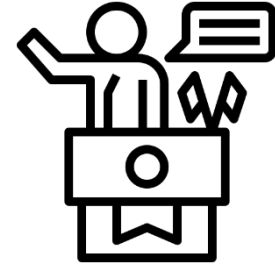
III - What to do if things go wrong?



Neither party is at fault



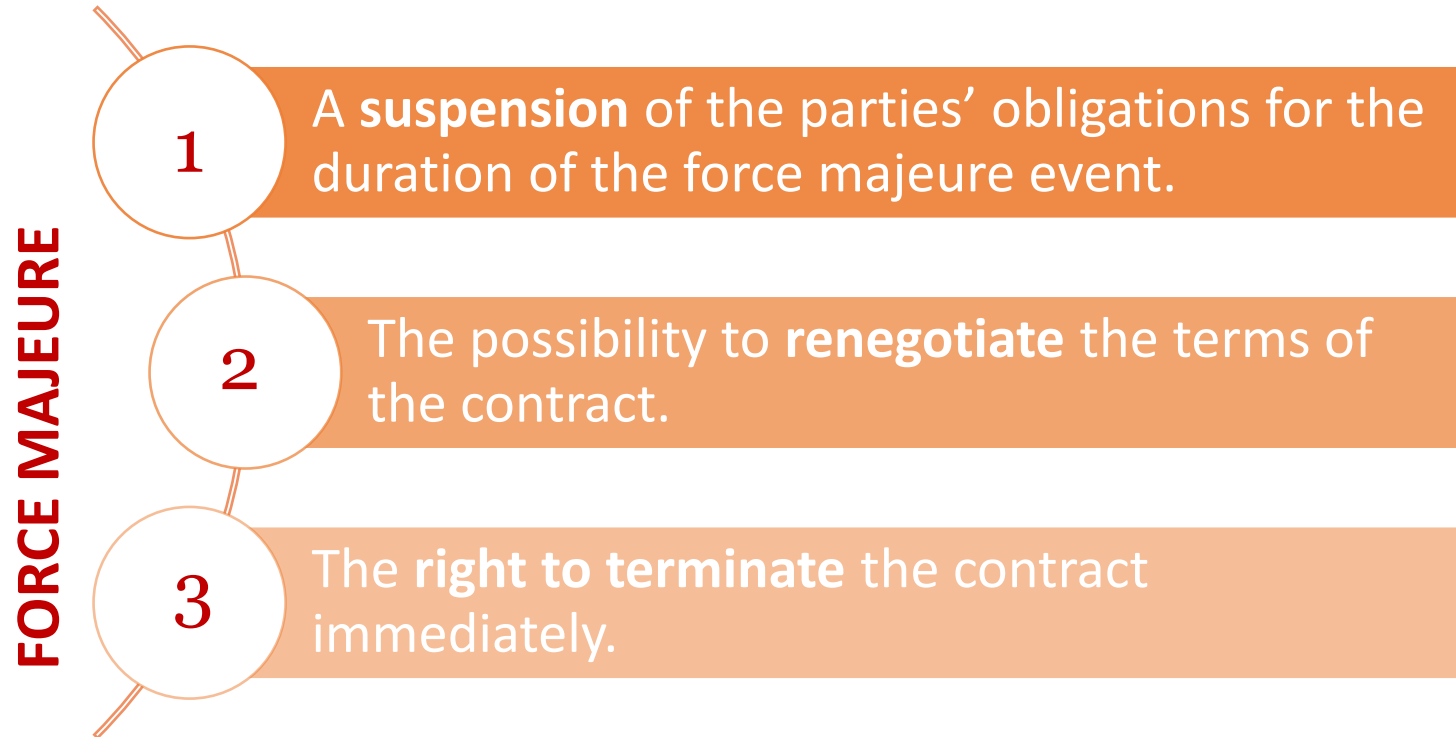
- Sometimes, things can happen out of the parties' control, with negative impacts on contractual performance.
- Legal systems often define events like these as *force majeure* and excuse the affected obligations.



Neither party is at fault



- The draft Law requires a *force majeure* clause in the contract



One party is at fault - Remedies

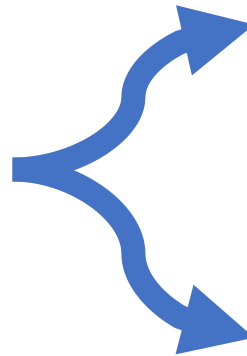


- Aimed at preserving the relationship, as far as possible.
- Mediator, arbitrator or court may direct that the breached obligation to be performed.
- Special guidance on remedies for failures to supply or use inputs.
- Damages & Termination

Dispute resolution



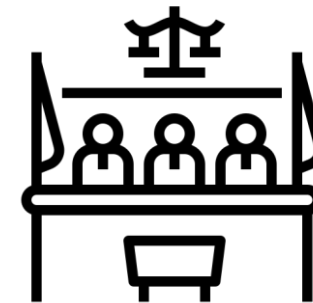
Mediation



Arbitration



Judicial dispute resolution





THANK YOU !

FAO Contract Farming Resource Center

Please visit CFRC for more information and resources on contract farming

www.fao.org/in-action/contract-farming

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<https://www.fao.org/legal-services/en/>