



Food and Agriculture Organization  
of the United Nations



# Enabling Legal Environment for Contract Farming

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- The importance of having a good regulatory framework for contract farming.
- How to ensure an adequate regulatory framework for contract farming?
- Other alternatives to promote CF.

# 1. THE IMPORTANCE OF HAVING A GOOD REGULATORY FRAMEWORK FOR CONTRACT FARMING



# Benefits of regulatory frameworks



**Recognize and protect  
people's rights**



**Provide legal security**



**Facilitate  
enforcement**



**Solve disputes**

Laws are harder to change than policies and are thus likely to survive longer

# Regulatory framework for CF: options



Specific



Non-Specific



# Specific CF Laws



Can regulate all usage of contract farming

Common features:



Written contracts



Minimum content



Dispute resolution

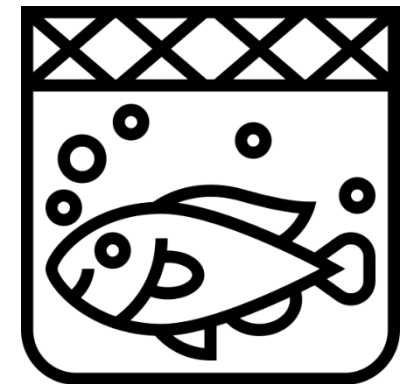
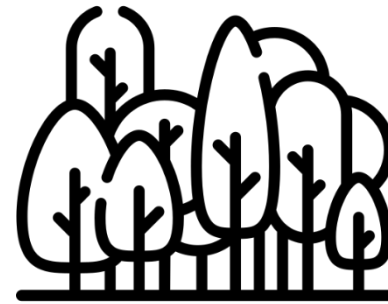
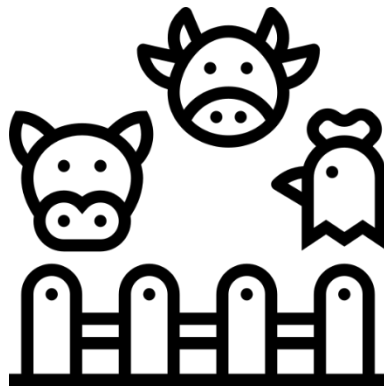
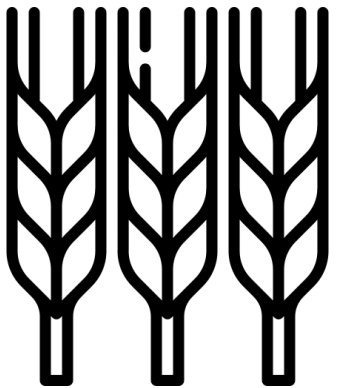


Examples: France, Morocco, Malawi, Brazil, India...

# Specific CF law - Brazil



- Prior to 2016 Civil Code covered the use of CF
- New law adopted in 2016, process started in 1998!
  - Aimed to defend interests of farmers
- Scope to cover all agriculture



# Specific CF law - Brazil



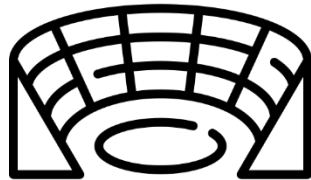
Contracts in writing and  
clear language



Rights and  
obligations



Pre-contract  
information



National discussion  
forums



Differentiate CF from  
employment



# Non-specific laws



- Non-specific CF relevant legislation can be found in:
  - Civil codes and general contract laws;
  - Agricultural laws and codes;
  - Supply chain legislation;
  - Commodity-specific legislation;
  - Or any combination of these.



# Wider regulatory framework



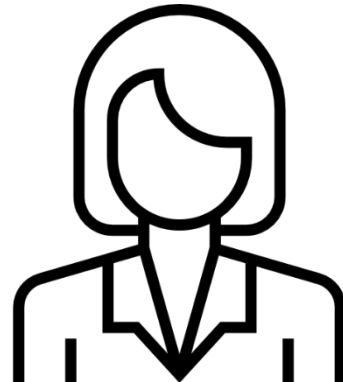
Relevant laws



Soft law instruments



Self- and co-regulation



# Laws relevant to CF



- Other laws and regulatory instruments can influence CF:
  - Human rights;
  - Competition laws;
  - Input legislation;
  - Intellectual property rights legislation;
  - Quality standards;
  - Food safety;
  - Land tenure;
  - Environmental rules...



# Soft law instruments



- **Soft law** may also be relevant: Codes of conduct, good practices, etc.

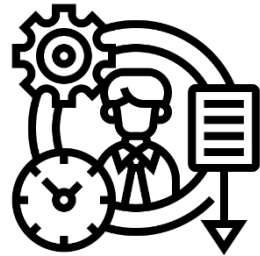
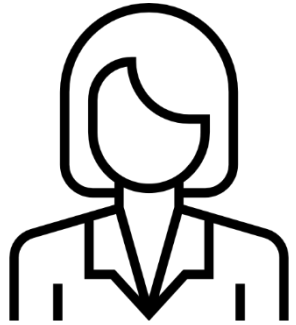
Ex: UNIDROIT/FAO/IFAD Legal Guide on Contract Farming

FAO Guiding principles for responsible CF operations

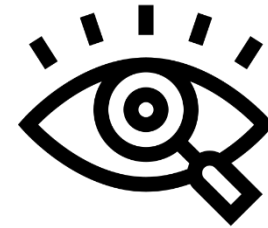
- Common purpose
- Adherence to a legal framework
- Contract clarity
- Transparency
- Prevention of unfair practices
- Open dialogue
- Dispute settlement mechanisms
- Force majeure and contractual flexibility



# Self- and co-regulation



**BUT**



**Cost-effective and flexible**

**Needs support and oversight**



Codes of  
practice

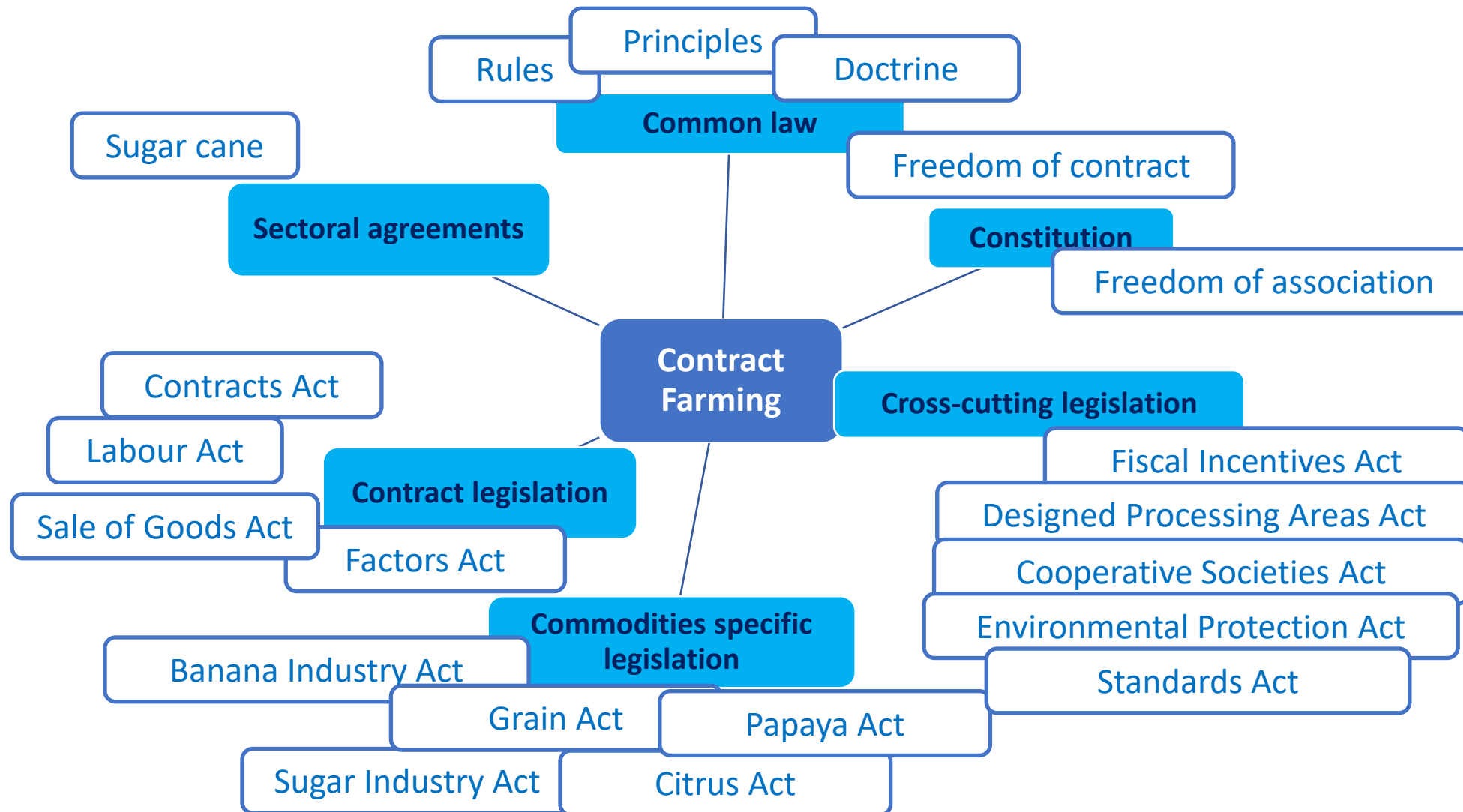


Standard  
agreements



Guidance  
documents

# Example of a legal framework - Belize



# Which type of regulatory framework works best for CF?



- There is **no need for specific legislation** on CF and there is no one regulatory approach to CF that can be recommended as best for all countries.
- Countries should look for their best regulatory option in consideration of their legal framework, system and policy priorities.
- Countries may want to improve enforcement and implementation of existing legislation before initiating a new legal reform process.

## 2. HOW TO ENSURE AN ADEQUATE REGULATORY FRAMEWORK FOR CONTRACT FARMING?





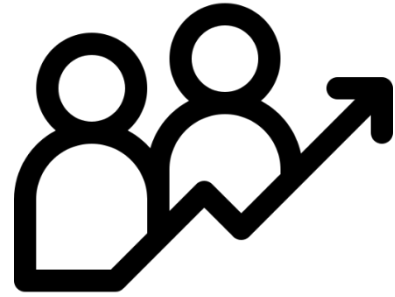
# Criteria to determine whether an existing regulatory framework enables CF



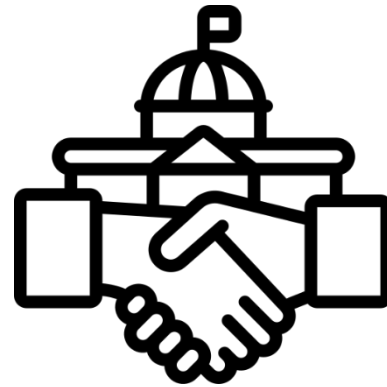
- It is developed following participatory processes involving all stakeholders;
- It is clear and easy to understand;



# Criteria to determine whether an existing regulatory framework enables CF



Supports mutually beneficial CF relationships



Provides a clear role for the government



Provides tools for dispute resolution



Written contracts



Rights and obligations



Implementing and overseeing authority



Transparency and enforcement

# 3. ALTERNATIVES TO PROMOTE CONTRACT FARMING



# CF policies and programmes



**Ensuring that CF is adequately regulated is an essential condition for fostering sustainable CF, but there are other alternatives :**

- Governments can also:
  - Implement CF policies;
  - Design and implement **programmes and projects** supporting CF schemes.

# Other alternatives



- Both CF policies and programmes are flexible and efficient instruments, but they do not ensure long-term continuity.
- They are useful for introducing CF in a country or a value chain (pilot initiatives).
- They can align various existing support tools around CF, such as technical assistance, public-private partnerships, financial instruments, etc.

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# 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](http://www.fao.org/in-action/contract-farming)

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