german cooperation
DEUTSCHE ZUSAMMENARBEIT

Implemented by:
giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

AGRI-JOBS 4 YOUTH!

GFA CONSULTING GROUP

AFRISCOPE RESEARCH

LEARNING BRIEF

From Pilot to Scale

Methodological Insights, Operational Hurdles, and Strategic Recommendations for Inclusive Contract Farming

1. Methodological Learnings: Why Structure & Sequencing Matter

The assessment revealed that sustainable inclusive contract farming cannot rely on legal paperwork alone; **contract depth, operational transparency, and trust dictate success**.

- **Contract Form vs. Contract Depth:** A legally signed contract in English provides zero protection if the farmer does not understand the terms, as observed in high-leakage formal schemes. Conversely, structured informal models with transparent pricing and weekly cash settlements (e.g., Greentex) achieve under 10% diversion without written documents.
- **The Power of Clustering:** Organizing farmers into Common Interest Clusters (seen in Harvester Road Organics) drastically reduces extension and logistics costs while boosting peer accountability, group governance, and quality compliance.

Under the Agri-Jobs **4 Youth** initiative, GIZ in partnership with GFA Consulting Group, has implemented the Inclusive Contract Farming (iCF). The approach strengthens inclusive, commercially viable partnerships between agribusinesses and smallholder farmers through structured market linkages, capacity building, and investor readiness support.

Headquartered in Nairobi, with a regional office in Kisumu, Afriscope Research Limited is an enterprise support organization offering tailored business development services and fundraising solutions to SMEs. With over 70 years of combined experience, the team has worked with a diverse range of organizations, from start-ups to established businesses, providing advisory services that drive strategic and financial success. Their focus is on fostering Structure, Sustainability, and Scalability for their clients.

Duration: March to October 2026

2. Key Challenges Encountered and Adaptive Solutions

- **Challenge: The Working Capital Bottleneck.** Enterprises must pre-finance farmer inputs and pay upon delivery, yet wait 30 to 90 days for institutional buyers, processors, or supermarkets to settle invoices. This cash-flow mismatch throttles growth and forces smaller firms to delay payments.

  Adaptive Solution: Leveraging catalytic development funds, structuring invoice/receivables financing, and linking mature schemes to patient capital providers and financial institutions.



Demonstration plot preparations at Greentex Global



Soybean seed distribution by Nyabon Enterprises

- Challenge: **Side-Selling and Market Gluts.** When harvest gluts occur, informal traders arrive at farm gates offering immediate cash without quality deductions, tempting farmers to divert committed produce.

  Adaptive Solution: Implementing dynamic price-monitoring, establishing same-day mobile money payments at collection points, and fostering strong group-level discipline (e.g., Agano FFS).

- Challenge: **Comprehension and Literacy Gaps.** Complex legal contracts drafted in English alienate rural smallholders and youth.

  Adaptive Solution: Translating agreements into Swahili and local languages, utilizing plain-language summaries, and conducting mandatory comprehension checks during signing events.

3. Lessons Learnt

- **Services Retain Only When Cash Rhythms Fit:** Heavy input bundles tied to a single annual lump-sum payment often fail to prevent leakage because household cash emergencies force farmers to sell early. Frequent, reliable payments outperform bulky seasonal advances.
- **Compliance Unlocks High-Value Markets:** Enterprises that integrate food safety standards, KEBS certification, and lot-level traceability (e.g., Harvester Road Organics, Nyabon Enterprises, Mzuri Organics) successfully transition from local spot markets into regulated, high-margin commercial chains.

4. Key Recommendations for Future Programming

STRATEGIC RECOMMENDATIONS

01

Institutionalize Graduated Contracting

Move toward standardized, plain-language, bilingual contracts that explicitly define pricing formulas, dispute mechanisms, and delivery schedules.

02

Establish Value Chain Working Capital Facilities

Partner with commercial banks and impact investors to deploy tailored invoice discounting and warehouse-receipt financing mechanisms.

03

Scale Local Business Development Service (BDSP) Anchoring

Transition iCF training, quality assurance, and enterprise coaching into local private and county institutional structures to ensure longevity beyond donor exit.

References & Source Documents

1. **GIZ Agri-Jobs 4 Youth (AJ4Y).** (September 2026). *An Assessment of the Inclusive Contract Farming (iCF) Model: A Model-Centred Analysis for Western Kenya*.
2. **GIZ AJ4Y & Asinza, K.** (August 2026). *Inclusive Contract Farming in Western Kenya: iCF Enterprise Profiles (Profile Volume)*.
3. **GIZ AJ4Y.** (September 2026). *Inclusive Contract Farming: Marketing Product Deck & Case Studies*.

Published by

Deutsche Gesellschaft für
Internationale Zusammenarbeit (GIZ) GmbH

Registered offices Bonn and Eschborn, Germany

Agri-Jobs **4 You**th
P.O. Box 2968
40100 Kisumu
Kenya
Email: agri-jobs4youth@giz.de
www.giz.de
www.gfa-group.de

As at November 2026

Text Karen Asinza, Eunice Kandia and Anthony Nyandiek

Design Lugaka Eric, Nairobi

Photo credits © GIZ/Stephen Kariuki

GIZ is responsible for the content of this publication.

On behalf of Federal Ministry for Economic Cooperation and Development (BMZ)