Abstract

Contract farming (CF) has evolved as an organisational framework providing farmers with a united bargaining front in the course of agricultural commercialisation. While in colonial Africa, Asia and Latin America out-grower schemes were associated with enclave plantation and estates farming for traditional export crops such as tea, rubber, sisal and sugar, in recent years contract farming has been adopted as an institutional innovation for promoting diversification into non-traditional agricultural exports. Diversification has been dictated by the instability of export earnings from the traditional commodity exports and a surge in foreign demand for organic foods. This paper examines how practical contracting is in poor rural areas. It identifies the prospects and practical contracting difficulties faced by smallholder farmers of paprika and onion, potential non-traditional exports, in Iringa region of Tanzania where a survey of 200 farmers was made in 2006.