

**FACULTY OF AGRICULTURE AND ANIMAL SCIENCES
DEPARTMENT OF AGRIBUSINESS AND EXTENSION**

**FACTORS INFLUENCING CONTRACT FARMING AMONG SMALL SCALE
SUGARCANE FARMERS IN BUWAYA SUB-COUNTY, MAYUGE DISTRICT**

BY

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DECLARATION


This study is original and has not been published for any other degree award to any other university before.

Signature  Date 20th March 2024

Name: MASIKA MORIAN

APPROVAL

This special project report has been submitted to the Department of Agribusiness and Extension with approval of the University supervision

Signature  Date 22/03/2024

MR. APPELI SAIDI

DEDICATION

I dedicate this work to the Almighty God for the gift of knowledge and health and my family for the financial support and guidance during this period of my study.

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LIST OF ABBREVIATIONS AND ACRONYMS

| | |
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| Km | kilometer |
| CF | Contract Farming |
| SCOUL | Sugar Corporation of Uganda Limited |
| MAAIF | Ministry of Agriculture Animal Industry and Fisheries |
| SPSS | Statistical Package for Social Scientists |
| FAO | Food and Agricultural Organization for United Nations |
| SSGs | Small Scale Growers |

ABSTRACT

Contract farming (CF) has been used extensively to integrate small scale farmers in the developed and developing countries. Participation in CF helps provide farmers with access to inputs, technical assistance, credit, and guaranteed markets, thus improving the livelihoods and welfare of smallholder. Therefore, the purpose of this study was to examine factors that influence the participation of small-scale sugarcane farmers in contract farming in Buwaya sub-county, Mayuge district, Uganda. This study used the primary data collected from 80 small scale farmers. Multivariable logistic regression model was used to examine factors that influence the participation of small-scale sugarcane farmers. The study revealed that about twenty-eight (27.5%) of the farmers were under contract farming. Education level (primary or secondary) of the farmer, and access to a market were the factors associated with contract farming. Therefore, more efforts in education are required since majority were illiterate in this study. Access to market is an important economical factor with positive effect on contract farming and sugarcane marketing. Policy reforms that support farmers, build their capacity, improve their educational opportunities, enhance market access, and ensuring fair contract farming should be promoted. Further research could be to qualitatively understand factors affecting contract farming in sugarcane growing.

CHAPTER ONE: INTRODUCTION

1.1. Back ground to the study

The agriculture sector plays a vital role in the social and economic development of Africa, especially in sub-Saharan Africa, where it employs more than 60% of the population and contributes to about 23% of the GDP (Goedde, Ooko-Ombaka and Pais, 2019). However, the sector faces many challenges, such as low productivity, market access, climate change, and food insecurity. One of the potential solutions to these challenges is contract farming (CF), which is a form of partnership between farmers and agribusiness firms that involves mutual obligations and benefits (Eaton & Shepherd, 2001).

Sugarcane is one of the key crops that can benefit from CF, as it is a major source of income and employment for millions of people worldwide. Sugarcane is used to produce sugar, ethanol, and other products that have high demand in both domestic and international markets. The global sugar production is projected to increase from about 179 million metric tons in 2017-2019 to about 203 million metric tons in 2029, with most of the growth coming from developing countries (FAO, 2020). Brazil and India are expected to remain the top two producers, accounting for about 21% and 18% of the world's total output respectively by 2030.

In sub-Saharan Africa, sugarcane production is also expected to grow from about 7.6 million metric tons in 2017-2019 to about 10.2 million metric tons in 2029, representing about 5% of the world's total production and consumption. The main sugarcane producing countries in the region are South Africa, Sudan, Swaziland, Malawi, Zambia, Zimbabwe, Kenya, Tanzania, Ethiopia, and

Uganda (FAO, 2020). Uganda is one of the leading producers of sugar in East Africa, with an annual output of about 500,000 metric tons. The country has three major sugar factories: Kakira Sugar Works, Kinyara Sugar Limited, and Sugar Corporation of Uganda (SCOUL), which rely heavily on the out-grower scheme for their sugarcane supply. The out-grower scheme is a type of Contract Farming that involves farmers who own land and grow sugarcane to sell to the sugar factories under a contractual agreement (Atwine, Nakazi and Mbowe, 2022).

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