

## Agricultural Production Contracts

### Description

By Dagnachew Tesfaye, Managing Partner at DMLF



Handshake. Two farmer standing and shaking hands in a wheat field. Agricultural business.

Agricultural Production Contract Proclamation No 1289/2023(the Proclamation) done as of July 6,2023 governs the particular nature of agricultural produce including **processed feed, seed, breed**; of **plant**( *cereals, pulses, oil crops, vegetables, fruits, root crops, spices, forage, non banned stimulants, industrial crops, forest and forest products and other cultivated crops*), **animal** (*cattle, sheep, goat, draft animals, camel, chicken, bee, silkworm, pig, and any others that can be domesticated in the future* ) and **fish** and their products in a raw or produced and processed form between a producer and a contractor with a comprehensive legal framework. Agricultural Production Contracts(APC's) are defined as agreements between agricultural produce contractor and producer that is registered by an appropriate body to register contracts. Within APC, there are four types of contracts. These are out-grower contracts, centralized contracts, multiparty contracts and intermediary contracts.

The Proclamation covers the contractual journey of producer and contractor from the start to the end. APC's can start through written or oral offer and acceptance. Once the offer and acceptance are known, the APC's shall be made in writing attested by 3 witnesses and shall be registered.

The content of the APC's should reflect among others the names and addresses of the parties, the

rights and obligations of the parties, type, quality and quantity of the agricultural produce and description of units of measurement, price and term of payment, system of transportation and related costs, the duration and validity date of the contracts, dispute resolution mechanisms.

Force majeure circumstances are redefined taking into consideration the particular relationship of the producer and contractor. Serious illness of producer, if he himself is responsible to perform, extreme high or low temperature, fire accident, earthquake or landslide, man made accident affecting more people including the producer and extreme animal or crop disease or pest outbreaks are the force majeure conditions included in the Proclamation.

Producer and contractor can agree on specific conditions that entitles them to **terminate** the contract. However, the party that terminates without mutual consent shall be liable to compensate the other party for the damage arising from termination of the contract. Council of Ministers shall determine the calculation of the compensation for damage due to termination by a **regulation**.

Disputes shall be first settled amicably. When amicable settlement fails to produce result, then the parties may **agree** to resort to mediation by a 3rd party **or** settle the matter by arbitration. Where the parties fail to resolve the dispute through mediation or arbitration, they may take the matter to court of law with relevant jurisdiction.

To sum up, APC Proclamation aims to modernize transactions in agricultural produce and bring the agricultural sector intertwined with customary practices to a level of standard laws and procedures of transaction. Due to this, the Proclamation declares that no law or customary practice shall insofar as the laws are inconsistent with the Proclamation shall have no effect on matters provided in the Proclamation. The aim of the Proclamation is to bring the agricultural sector to a modern level of contractual agreement, ensuring the sector benefiting itself and the agro processing transformation of the country.

For related inquiries, you may contact us at info@dmethiolawyers.com

- 

## [Ethiopia's New Health Service Administration Proclamation: A Step towards Modern Healthcare](#)

By DMLF Team In a significant move for Ethiopia's healthcare landscape, The Ethiopian House of People's Representatives has approved the Health Service Administration Proclamation No. 1362/2017. This new legislation aims to enhance the quality and accessibility of health services. The new law introduces a host of progressive measures that promise to modernize healthcare and better...

February 24, 2025

-

## [New Proclamation for Special Economic Zones in Ethiopia](#)

By DMLF Team In a pivotal move, the Ethiopian Parliament has approved Proclamation No. 1322/2024, which establishes guidelines for Special Economic Zones (SEZs). This legislation aims to enhance investment activities through a robust framework of support, including policies that streamline trade, bolster infrastructure, and improve amenities for investors. Within these SEZs, a variety of specialized...

February 8, 2025

- 

## [Key Decisions of the House of Federation Regarding Property Rights and Marriage in Ethiopia](#)

By DMLF Team The House of Federation in Ethiopia plays a pivotal role in adjudicating matters that significantly impact the CONSTITUTIONAL rights of citizens, particularly concerning property rights and marriage. Below is an overview of critical decisions rendered by the House, which elucidate the legal framework governing these issues. Immovable Property as Common Property In...

January 25, 2025

- 

## [General Overview about Joint Venture in Ethiopia](#)

By DMLF Team The Ethiopia Commercial Code Proclamation Number 1243/2021 defines a joint venture as a business organization established by an agreement among two or more persons. Joint venture has no legal personality and its existence is unknown to third parties. Registration formalities required of other business organizations do not apply to a joint venture. ...

January 18, 2025

-

## Period of Limitation: Federal Cassation and House of Federation Decisions

By DMLF Team In Ethiopia's judicial system, the decisions made by the Federal Cassation Bench, comprised of five judges, hold binding authority over all courts in the country. This principle is established under Proclamation No. 454/1997 and has been practiced for nearly two decades. Later, Proclamation No. 1234/2013 reaffirmed this binding effect in Articles 10(2)...

January 11, 2025

•

## Franchise Agreement and Legal Requirements

By DMLF Team <https://youtu.be/X4vN1vbC7LU> In Ethiopia franchise agreement is governed by Commercial Registration and Business Licensing Proclamation (here in after CRBLP), investment law, IPRs protection laws, civil code etc. 'Franchise agreement' is defined under the Commercial Registration and Business Licensing Proclamation No. 980/2016 and its amendment No. 1150/19. Accordingly, 'franchise agreement' is defined as: an agreement...

January 4, 2025

### Category

1. Latest Posts

### Date Created

December 10, 2023

### Author

dmethiol\_admin