



Outline for a publication on
Contract Farming for Development

Intended audience

Agricultural development practitioners
Companies planning to set up contract farming linkages
Agencies (e.g. NGOs) interested in fostering such linkages
Policymakers

Draft Outline Contents

Preface

Why the book; what's covered; who should read it

Introduction

- Why contracting? Supply chain coordination in agrifood systems
- CF cases of success and failure
- Impacts of CF on smallholders
- Overview of following sections

(This will be drafted by the editors)

Part One – Good practices in setting up and managing CF schemes

Issues that we hope will be covered.

- Identifying opportunities and challenges for successful CF implementation
 - sector specifics impacting on prospects for CF
 - experiences/approaches of private companies in identifying whether success conditions are in place
 - implications of poorly developed input, service and output markets
- Management and resource providing contracts
 - factors taken into account by companies when deciding on different types of contract, such as:
 - market specifications only
 - resource specifications
 - management and resource provision specifications
 - approaches taken by companies to pre-finance inputs, etc. (e.g. own finance; working with Development Banks)
 - Contract design: the do's and don'ts
- Collective arrangements to reduce transaction costs

- factors taken into account by companies in deciding on different linkage options (direct; with groups or associations; with or without support from external intermediaries)
- private sector experiences with working with pre-existing groups, forming groups
- Group management arrangements to link with the company
- Learning through experience
 - examples of where companies have adapted their business models as they have gone along
 - Contract adjustments (particularly related to reducing “side-selling”)

Part Two – Fostering successful contract farming

Issues that we hope will be covered.

- Enabling environments
 - What lessons can be learnt from actions taken by governments to support the development of contract farming?
 - Are there examples of where companies have ceased CF operations because of a lack of an Enabling Environment and an unwillingness of governments to provide support?
 - Is the ability to enforce contracts a component of an enabling environment or is it ridiculous to resort to the law for such matters?
 - Public-private partnerships to reduce risks
- Roles for NGOs and similar organizations
 - What lessons can be learnt from the experiences of NGOs and others in acting as links between companies and farmers?
- Building trust among value chain stakeholders
 - Good examples of where necessary trust has been achieved, either by companies working with farmers and their groups or where other agencies and/or governments have played a role
- Contract compliance capacity
 - Lessons learned on compliance difficulties of farmers, mainly those related to technical and managerial skills
 - Lessons learned on compliance difficulties of companies, mainly those related to unanticipated market changes
 - What strategies and actions can be used to increase contract compliance?
- CF in clusters, corridors, and other development initiatives
 - Are prospects for CF greater when CF is one element of larger development initiatives or programmes such as cluster or corridor development?
 - What adaptations to CF are necessary or possible in such cases?

Part Three: Enhancing developmental impacts

Issues that we hope will be covered.

- Ensuring commercial viability and sustainability
 - CF cannot lead to development if contracts collapse and businesses fail: What is known about risks to commercial viability and sustainability

- What are the main lessons on steps to enhance viability and sustainability that can be drawn from private sector experiences?
 - Do these lessons have universal applicability or are they always case-specific?
- Protecting the farmer
 - risks and impacts of asset specificity
 - steps that companies have taken to provide such protection
 - policy and institutional approaches for increasing the voice of farmers
- Need for a CF code of conduct
 - Is there concrete evidence of unfair governance?
 - What examples are there of where CSR has been extended to the realm of contract farming?
 - Are there elements that might be considered in a CF code of conduct; how would this be approached practically?
- Mainstreaming CF at scale
 - Are there experiences in which CF has taken hold other than for industrial export crops and differentiated niche markets?
 - What adaptations might have to be considered in order to make CF relevant to companies buying staple food crops?

Conclusions