



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**