

SNAPSHOT

CONTRACT FARMING – PARTNERSHIP FOR SUCCESS OF PROCESSED VEGETABLES VALUE CHAIN



Photo: AgBiz PV VC Lead Facilitator

The production expert controls the quality of the crops as one of the prerequisites for fulfillment of the contracting obligation



Macedonia's Minister of Agriculture, Forestry and Water Economy, Mr. Ljupco Dimovski, participated on the Contract Farming Brochure promotional event in Strumica



The cover of the brochure on Contract Farming

In order to improve overall welfare of the farming community through stabilizing sales of their horticulture products as well as to secure stable quantities and quality of raw materials for the processing industry, the USAID AgBiz Program in cooperation with the Macedonian Consulting Group (MCG), Ministry for Agriculture, Forestry and Water Economy (MAFWE), Foundation – Agro Center for Education (FACE) and Federation of Farmers of Republic of Macedonia (FFRM) conducted extensive activity for implementation of Contract Farming. The model aims to strengthen and sustain vertical linkages between all value chain participants and to set the solid base for long-term incorporation of the Integrated Supply Chain Concept in Macedonian agribusiness.

During implementation, the team has been working with more than 460 farmers and eight processing companies including Vipro, Bonum Plus, Dentina, Lars, Jomi Food, Vori, Unierzal Promet and Green Product to facilitate contract farming and promote closer cooperation and long-term joint planning within the Processed Vegetable Value Chain. Beside the formalization of cooperation through written contracts, that define terms and conditions including products prices, quantities, quality and delivery timing, the activity also encompassed active involvement of experts in advanced horticulture production technologies. They provided onsite technical assistance and training to ensure production quality, fulfillment of contracting obligations and regular information transfer between the contracted parties.

The Contract Farming model contributed to guaranteed buy-out and income generation for the farmers included in the activity and more standardized and secured supplies of raw material for the processing companies.

For the purposes of broader introduction of the concept the team prepared and issued a brochure on Contract Farming to be distributed through FFRM network all over the country striving to reach much greater number of farmers and processors from different regions and types of production.

“The activity helped me to better understand the problems that the processors are facing with. We coordinated harvesting period with Dentina and thanks to the production experts I had better and bigger production and what is most important, a known buyer. I would be willing to expand the amount of contracted production in the next season with the same buyer”, said Nikola Gjorgjiev, farmer from village Bosilovo, Strumica.