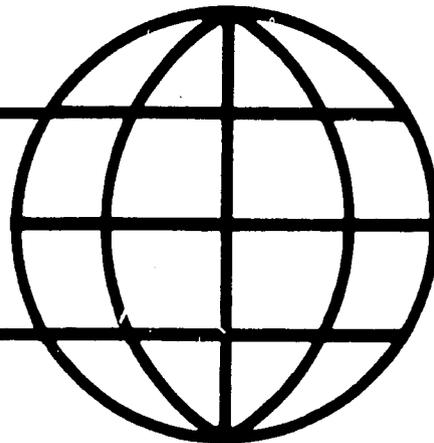


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**COOPERATIVE AGREEMENT ON HUMAN SETTLEMENTS
AND NATURAL RESOURCE SYSTEMS ANALYSIS**



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CONTRACT FARMING IN SUB-SAHARAN
AFRICA

A Research Proposal

Contract Farming in Africa Project
Working Paper No.1

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WORKING PAPERS ON CONTRACT FARMING

This series of Working Papers is the output of a research project on contract farming in Africa conducted by the Institute for Development Anthropology on behalf of the United States Agency for International Development. The objective of the study is to assess the form, organization and impact of a variety of contracting arrangements on the basis of field research and reviews of the literature. A major part of the field research will consist of detailed case studies of contract farming operations involving different commodities, forms of organization, and contractual control. These case studies include research in West and Eastern Africa, of private, state and joint venture schemes, and of both classical export commodities (palm oil, cotton) and of staple foodstuffs, vegetables, poultry and livestock. The first Working Paper by Michael Watts addresses the research design which lays out the methodological and theoretical aspects of the IDA contract farming project. The second paper consists of an annotated literature review and assessment by Diana de Treville. Subsequent working papers will appear in the course of 1986 and 1987 as the research is completed. These working papers include studies of tea and tobacco in Malawi, vegetables and canning in Kenya, rice production in Gambia, Nigeria and Cameroon, palm oil in Ghana, cotton in Senegal, poultry in Senegal, and several comparative studies of animal protein contracting (meat, milk, eggs) in Africa, the Nile Valley and Latin America. In addition, other anticipated papers will cover agribusiness aspects of contract farming schemes and their relationship to the state sector and the world economy.

Michael Watts
Team Leader and
Principal Investigator

I. CONTRACT FARMING IN AFRICA

Production contracting in agriculture can be defined as a "transactional relationship" or a form of "vertical co-ordination"* between growers and buyers/processors which directly shapes production decisions (Scott 1984, Mighell and Jones 1963). Contract farming (CF) had three main aspects: (i) a futures or forward market in which a processor/buyer commits purchase in advance for a crop acreage or volume (though the contract completeness varies considerably); (ii) the linkage of product and factor markets insofar as a purchase commitment by the processor/buyer rests on the use of inputs and knowledge (usually provided by the processor's extension service) in a specified production routine; and (iii) the differential allocation of production and market risks (embodied in the contract form itself).

* Vertical co-ordination refers to the process by which supply and demand are adjusted toward each other with regard to product quality, quantity, location, timing of delivery, etc. This co-ordination is transmitted along a vertical chain of functions from production to distribution, linkages which tend to be especially problematic in agriculture due, for example, to perishability, quality variation, the biological growth cycle, geographic dispersal of production and so on (see Minot 1986 for a full discussion). Vertical co-ordination in this sense is to be distinguished from "vertical integration" within the same firm (Mitterdorf 1978).

Contract farming therefore attempts to harmonize different stages of the production-distribution commodity system and as such may be seen as an alternative to both open or spot markets (which may be problematic in terms of quality, information or price distortions) and vertical integration in the form of plantation-processing complexes (which may suffer from the absence of scale economies at the point of production). Contract farming is thus an intermediate co-ordination mechanism which provides some of the advantages of integration but avoids the scale complementarity (and political) problems of plantations or estates. It is intermediary in another sense, however; namely as a form of agricultural organization (Ruthenberg 1973), located between large farms and centralised (closely supervised) systems on the one hand, and minimum extensions programs on the other.

CF is found in a variety of contexts (in First World capitalist industrial states and in Third World socialist regimes) and in a variety of institutional arrangements (private nucleus estate-outgrower schemes, parastatal core-satellite systems, small merchant-grower export schemes) but seems most appropriate for commodities that have important quality variations, long production cycles, complex marketing arrangements, and specialized inputs. Contract farming also tends to be favored over vertical integration among labor-intensive crops that require careful husbandry. The use of owner-operators is particularly suited to labor intensive work regimes by virtue of the logic of the household economy (the so-called capacity for self-exploitation), and the fact that some

contractual relations can have built-in incentives (i.e., are de facto piece-rate systems).

Contract farming has been, of course of great significance in the United States since at least the 1930's, currently accounting for 17% of crop production and 31% of livestock production. Over 80% of sugarbeets, fluid-grade milk, vegetables for processing and seed crops are produced under contract, i.e., commodities with high value: bulk ratios, high perishability or quality standards, and raw materials for processing industries. It is generally assumed that growers benefit from the reliability of supply and quality control, while the grower is assured of markets, technical inputs and services and the income benefits conferred by high-value crops and improved productivity. In practice, however, the literature reveals important differences over the monopsonistic exploitation of growers by processors, incomplete specification and violation of contracts, technology transfer versus deskilling, trends in the bargaining power of growers, and capital concentration (see Pfeffer 1984).

The literature pertaining to the Third World is much more incomplete and uneven (CDC 1984, Glover 1983, Sanderson 1986, Thosanguan 1983), particularly for Africa. With regard to the latter, there are two major flaws in the published work on CF: first, there is an overwhelming bias toward the firm/parastatal and much less work on buyer-grower relations, the equity and welfare aspects of CF schemes, and longer term impact assessments (see Williams and Karen 1985 as a particularly horrific example, but also Harvard Business School). And second, that analysis

terds to be highly ideological rather than empirically informed (Williams and Karen 1985, George 1977), i.e., there is too little fact chasing, too much theory. All the evidence suggests, however, that contract farming is growing in significance and already constitutes a major form of agricultural organization. Our study documented roughly 60 schemes covering 16 commodities from published work but this massively underestimates the universe (see Figure 1). There are, for example, over 100 registered horticultural exporters in Kenya alone, the majority of whom contract with growers (Jaffee 1986). Furthermore, some governments (e.g. Nigeria) have been actively promoting such forms of co-ordination and some of the large parastatals (for example, cotton in Nigeria and The Ivory Coast) are actively moving toward and/or deepening their contractual forms of production. And not least, contract farming is emerging in association with staple foodstuff production, often on large-scale irrigation schemes (Watts 1985; Carney 1986; Beckman 1985, 1986; Jones 1983, 1983a). The focus on these larger, more visible schemes also neglects the multitudes of small, private "quasi-contractual" schemes, characteristically associated with the provision of fruits, vegetables and staples for local markets, tomato paste factories, local government institutions and so on.

The published data suggest that almost 75% of the CF schemes are accounted for by horticulture and the "classical tropical export commodities" (tea, tobacco, sugar and palm oil). Figure 1 indicates, however, that the diversity is considerable. To take

Figure 1
 TYPOLOGY AND CLASSIFICATION OF CONTRACT FARMING SCHEMES IN AFRICA BASED ON PUBLISHED SOURCES

Commodity	Class ^a	No. of countries with CF schemes	No. of CF schemes in sample	% of schemes with nucleus estate	Ownership ^b			Av. No. of outgrowers	Av. contracted acreage per outgrower (ha)	Av. size of nucleus estate (ha)	Export or domestic market	Services (C, E, I, T) ^c	Organizational form ^d
					% of all schemes	Pr	St						
Tobacco	Q	6	6	0	10	45	45	5,500	0.6	0	D	C, E, I, T	3
Spices	Q	1	1	0		na		100	small	0	E	E, I, T	3 / 4
Coffee	Q	4	4	50	50	50	0	500	1.5	na	D/E	C, E, I	1 / 3
Seed Mlt.	Q	2	2	na	50	50	0	100	na	na	D	E, T, I	3
Tea	P/R	5	7	60	33	67	0	26,000	0.5	8,600	D/E	C, E, I, T	1 / 2
Horticulture	P/Q	9	10	10	80	0	20	1,160	0.2	na	E	C, E, I, T	2 / 4
Dairy	P/T	3	3	25	0	100	0	4,000	na	na	D	na	1 / 4
Cotton	Pr	4	4	50	33	67	0	9,500	na	na	D/E	C, E, I, T	3
Palm oil	Pr	5	8	100	0	80	20	2,000	4.0	10,500	D/E	C, E, I, T	1 / 2
Sugar	P/Pr	6	12	90	33	33	33	5,000	2.3	5,000	D/E	C, E, I, T	1 / 2
Pineapples	Pr	2	2	50	50	0	50	25	na	na	E	E, I, T	1 / 2
Rubber	Pr	2	2	100	0	50	50	1,200	5.0	12,600	E	C, E, T	1 / 2
Oilseeds	Pr	1	1	0	100	0	0	1,500	1.5	0	D	E, T	3
Poultry	T	1	1	100	0	0	100	20	400 ^e	120,000 ^e	D	C, E, I, T	1 / 2
Rice	F	2	2	0	0	0	100	2,000	0.2	0	D	C, E, I, T	2
Gari (cassava)	F/Pr	1	1	0	100	0	0	141	1	0	D	E, I, T	2

^a Q Quality control
 P Perishability
 Pr Large-scale processing
 T Throughput
 F Food contracts

^b Pr Private
 St State
 P/S Joint venture

^c C Credit
 E Extension
 I Inputs
 T Technical

^d 1 Nucleus estate + processing
 2 Centralized outgrowers + processing
 3 Decentralized outgrowers + processing
 4 Outgrowers + marketing company

^e Number of birds

four simple cases: the Mumias Sugar scheme is a large joint venture involving 2,300 outgrowers and a centralized nucleus estate-processing system for import-substitution; the Kenya Tea Development Authority is a statutory public monopoly with 137,000 participants (each with roughly 1 ha. of tea) and 34 tea factories processing green tea for domestic and international markets; Texagri is a private cassava processing project in Nigeria consisting of 141 outgrowers for a domestic market; the Limukuyu Horticultural Co-operative consists of 300 co-operative members growing fresh flowers on contract to a Dutch buyer for European markets.

In this study we wish to examine this diversity. We will focus on contract farming that transcends simple forward contracts (i.e., price and volume determination only) to include control over growing practices and which also embraces the various organizational, technical and contractual forms. We believe that this variety of forms can be manageably reduced by concentrating on three inter-linked fundamental variables:

1. Technical Aspects of Crop Production: each commodity is associated with crop-specific technical conditions. Green tea must be processed within 8 hours, sugar cane requires a moisture threshold for crushing, vegetables must meet certain size, taste, and quality standards, and virtually all the crops have quite specific labor and production regimes. Quality control, perishability, large-scale processing, and constant throughputs represent the important aspects of crop characteristics.

2. Forms of CF Organization: CF is found in a great number of institutional organizational, and management arrangements but can, for the purposes of discussion, be reduced to the following (see Williams and Karen 1985, and Thosanguan 1983): Nucleus estates with processing facilities, centralized outgrower schemes (with processing), decentralized outgrower schemes (with processing), and outgrowers with marketing companies (both large centralized schemes, and smaller, "informal," decentralized projects). All of these schemes can of course be public, private (local or TNC's) or joint ventures.

3. Contractual Forms: Contracting is fundamentally a way of allocating the distribution of risk between grower and buyer but quite how it is done and borne (production versus price risk, for example) varies considerably. On the one hand, one should distinguish between "market specification" (price-volume), "resource providing" (inputs, credit) and "production-management" (extension, regulation contracts. And on the other, there are important temporal differences which are usually related to crop characteristics. Some perennials such as tea (which cannot be harvested until the fourth year) are often contracted over ten years, whereas vegetable contracts are renegotiated annually (see Appendix 1 for examples).

This classification of schemes provides a framework to reduce the complexity of CF and to ensure that the major classes are represented in our study (see Section III). All of these schemes can be assessed (in terms of performance and socio-economic impact) in terms of eight broad structural variables (see

Appendix 2 for a discussion):

Production Technology

Organizational and Institutional Arrangements

Commodity Characteristics

Market Structure

Social Organization of Production

Scale/Concentration of Production

Duration

External Environment

This provides an organizing frame into which the multiplicity of hypotheses concerning CF can be situated.

II. RESEARCH PROGRAM

This study program consists of two major sorts of activities: first, a series of field studies of 10 specific CF schemes in at least 8 African countries, the choice of which is representative of the most important variations in commodity and organizational form (see Section III for a full discussion). And second, comparative/general research using both project case studies and secondary literature to address the questions posed in the TOR.

We have provided a general structure to the project that rests on four broadly defined questions:

1. Context: what determines the contexts in which CF can arise, be promoted, and succeed (i.e. why CF, not open market or plantation).
2. Institutional and Organizational Structures: what distinguishes the variety of CF forms (legal, institutional,

organizational) from other production/marketing arrangements, how do they evolve over time, and how is CF facilitated by national policy/state intervention.

3. Socio-Economic Processes: how is risk/uncertainty born by growers, firms, etc., patterns of decision-making authority, technical and allocative efficiency, equity considerations.

4. Impacts: costs and benefits to participants/actors, how is risk shifted in CF schemes, positive and negative impacts on growers.

This is nonetheless an enormous mandate and in view of the limited fieldwork, the scale of the project, and the patchy nature of published material, we have decided that each PI should concentrate on specific and limited questions within this broad mandate. This is particularly the case in assessing local level (grower, community) issues where data is weakest and not readily generated in two weeks. A great deal of obviously desirable information on nutrition, income distribution, labor allocation, and changes in standards of living over time, will be difficult if not impossible to obtain. In this sense, a major thrust of this study is "pre-feasibility" and can contribute toward an understanding of what is and is not known and what work needs to be conducted.

The primary foci for the three PI's will be as follows:

1. Agribusiness: (i) what are the organizational and legal arrangements that facilitate CF schemes? (ii) What is the significance of national policy (price, trade, public services) for CF? (iii) What is the significance of (i) and (ii) for the

sorts of the distribution of risks/costs for private, public, financial and other actors? (iv) An assessment of the "internal" organizational and management structures of CF projects in relation to CF performance.

2. Agricultural Economist: (i) Efficiency questions (technical and allocative) and their relationship to overall equity/welfare. (ii) Authority and decision-making in the CF schemes (i.e., management intensity, quality and production control, monitoring costs, contractual forms, role of debt, grower-company conflicts, bargaining/negotiation, implications of contract/authority for distribution of risk).

3. Social Scientist: (i) social organization of production (recruitment, status of growers, turnover, tenure status, contracts, (ii) technology transfer/deskilling, (iii) grower impact (focus on 1. income and investment patterns, 2. resource control/access, 3. non-participants/local economy/community/labor markets, 4. food security).

III. RATIONALE FOR COUNTRY AND PROJECT SELECTION

The preliminary field visit by Ms. Mock in March/April demonstrated quite clearly that the universe of contract farming, in its myriad forms, is enormous and is endemic across West Africa. To make this diversity manageable for research purposes, we have provided a simple classificatory scheme (Figure 1) which distinguishes contract farming schemes on the basis of commodity characteristics and organizational forms (i.e., forms of vertical

co-ordination). As we have shown in Section I, this taxonomy has much in common with other classifications based on contract exchange (Mighell and Jones 1963), and processing/marketing arrangements (Williams and Karen 1985). On the basis of this typology, our choices reflect the desire to represent each of the broad types/classes (commodities/organizational-contractual forms), with a particular geographic (West Africa) and distributional (i.e., under-researched) bias. The country/scheme choices, therefore, reflect a series of complex determinations: we have been swayed by the density of previous or ongoing research, the particular characteristics of the schemes themselves, and the ease with which fieldwork can be conducted in various countries. The specific criteria employed for the selections are as follows:

- (1) Representation from the five major classes of CF schemes: tea, horticulture (fresh vegetables, canning and seed multiplication), palm oil, poultry, foodstuffs (rice and wheat).
- (2) Representation of those commodities/organizational forms about which almost nothing is known though, on the basis of our field visit and thorough literature review, they are recognised to be important and widespread (i.e., vegetables and poultry, and small-scale, private "quasi-formal" contract schemes).
- (3) Non-duplication with respect to the on-line IDRC projects (viz., a primary focus on West Africa and tropical products excluded from the IDRC study, such as palm oil and food staples). While the Kenya and Malawi cases may seem to contradict this

criteria, they in actuality do not. First, the IDRC study is not focusing on smaller, private schemes including commodities such as fruits and vegetables for which Kenya constitutes perhaps the single most important case. While IDRC has a study in Malawi on tea, we feel that our study, building on three years research by Dr. Palmer-Jones, will greatly facilitate the IDRC study. Dr. Nankumba of Bunda College has been informed of Palmer-Jones' studies and will be able to work closely with him during his field visit.

(4) Avoidance of schemes/commodities about which a great deal is already known (for example, the Mumias sugar scheme: see Allen 1981, Williams and Karen 1985, Mulaa 1981, N'yonggo 1981, Barclay 1977, Graham and Floering 1984, Scott 1979) and the deliberate selection of commodities/organizational forms for which sufficient research had been conducted to permit comparative generalizations (for example tea [cf. Kenya work of Lamb and Muller 1982; Stern 1972; Buch-Hansen 1980, 1981], palm oil [cf. Cameroon work of Achala 1982, Ivory Coast work of Chaveau 1977, Torp and Marcussen 1982] and rice [cf. Cameroon work of Jones 1983a, 1983b]).

(5) To build upon ongoing research using consultants who already have data and/or projects/collaborations with host country institutions and researchers (Jaffee in Kenya, Palmer-Jones in Malawi, Watts in Nigeria and The Gambia, Daddieh in Ghana). In view of the limited time horizons and the potential scale of this project, we feel that such a criterion facilitates a highly cost

effective (and high quality) research program and one in which collaborative interactions with host country scholars are necessarily considerable.

(6) To select cases which have a history. A critical aspect of contract farming pertains to the evolutionary changes of the schemes themselves. Some CF projects are volatile and have on occasion disappeared (and reappeared) in the course of ten years of operation (this is especially so for fruit and vegetables, cf. Jaffee 1986 but also Palmer-Jones 1985). Wherever possible we have tried to incorporate schemes that have a history in this sense and through which the dynamic and changing aspects of risk, bargaining, organizational change, market fluctuations and so on can be charted.

The country/commodity choices are as follows:

Quality_Control: seed multiplication (Kenya), tea (Malawi)

Perishability: vegetables/fruit (Kenya, Senegal, Nigeria)

Large_Scale_Processing: palm oil and cotton (Ivory Coast/Ghana, Cameroon)

Constant_Throughput: poultry (Senegal/Mali)

Staple_Foodstuffs: The Gambia (rice), Nigeria (wheat)

These choices cover a variety of organizational forms: (i) the centralised nucleus estate-outgrower scheme with processing [oil palm], (ii) the large scale (parastatal), decentralised outgrower scheme with some processing [tea], (iii) the private (local and TNC) CF schemes with processing/canning [green beans] and without, i.e., direct marketing of fresh produce [Asian

vegetables) to foreign markets, and (iv) highly controlled, centralized (usually irrigated), large-scale "tenant" CF schemes (rice, wheat).

This clearly leaves some important commodities (but not organizational forms) unaccounted for: for example, tobacco, cotton and dairying. We feel justified in our selection, nonetheless, on the grounds that: (i) some important work has been done or is under way (Bassett 1984 on cotton in the Ivory Coast and various D.R.S.T.O.M. work; Heald 1984 and Shipton 1985 on tobacco in Kenya; Boeson and Mchele 1979 on tobacco in Tanzania; Buch-Hansen, et al. 1980, 1981 and Bates 1986 on sugar tea and tobacco in Kenya); and (ii) we will be able to make use of the important study being currently conducted by Ellman on behalf of the Commonwealth Development Corporation and which includes studies of rubber in the Ivory Coast, coffee in Malawi and dairying in Zimbabwe (Ellman, personal communication 1986).

The specific schemes selected are as follows:

Kenya (3 schemes):

1. Njoro Carriers (Njoro and Western Province). 16,000 farmers growing green beans for Njoro cannery for export to France. 70% are women outgrowers, average contracted holding is 0.5 ha.
2. Vegetable and Flower production for Seed (Busia, Western Province). Close to 2,000 outgrowers for two small companies, average contracted area is 5-10 ha. Well-organized private extension service.

3. Kenya Horticultural Exporters (Nairobi based).

The major exporter of fresh fruit and vegetables. 300 regular farmers, with 2,000 more from whom it buys irregularly. Focus will be on Asian vegetables on 0.5-1 ha. plots in Machakos District.

The Gambia [1 scheme]:

1. Jahally-Pachar Project (MID Region. Roughly a 1,000 ha. scheme principally funded by IFAD for the double-cropping of irrigated rice. Jahally scheme has 440 ha., 1,663 farmers, 776 households, 90% are women.

Malawi [1 scheme]:

1. Malawi Smallholder Tea Authority. Almost 5,000 outgrowers and one factory. Average contracted tea area is 0.7 ha. per family.

Ghana [1, possibly 2 schemes]:

1. Ghana Oil Palm Development Corporation (Eastern Ghana). A joint state and World Bank scheme consisting of a nucleus estate and 315 household outgrowers. 20 ha. of palm plus 2.5 ha. for subsistence for each official project participant. 10,000 ha. nucleus estate plus mill.

The cases and/or locations for poultry and vegetables in Senegal and Mali, cotton (CIDT) and the palm oil project (SODEPALM) in Ivory Coast and Cameroon have yet to be selected.

IV. METHODS AND WORK PROGRAM

Each of the principals will be responsible for (i) contributing to the CF inventory, (ii) field studies, (iii) synthesizing secondary literature in the area of their project responsibility. The selection of countries and schemes was discussed at length in Section III. Broad areas of research responsibility for the PI's are as follows:

Watts: Case studies of CF schemes in Nigeria and The Gambia. Overview of the social context of CF operation and the socio-economic consequences of CF schemes for grower participants.

Mock: Case studies/histories of businessmen CF, and work with private sector entrepreneurs/parastatal managers in Ivory Coast, Senegal and Mali (possibly Burkina Faso). Overview of the legal, institutional and organizational relationships associated with CF performance.

Billings: Case study of poultry/livestock and cotton in Cameroon, Senegal and Ivory Coast. Overview of efficiency (allocative and technical) and equity questions on CF schemes, decision-making authority re: investment, production, marketing, and technology transfer.

All of the PI's will work on questions of costs, benefits and risks as they concern the various levels of the projects/schemes on which they work in the field and in their comparative literature reviews.

Painter, Daddieh, Palmer-Jones and Jaffee will all be responsible for local level studies focusing primarily (but not exclusively) on questions of effects on growers, decision-making authority, technology transfer, and risk distribution in relation to contractual form. Using these individuals will also facilitate co-operative research with host country researchers since working relationships are currently in place (see also Section VII, No. 5).

A major thrust of the field research will focus on what one might call local, i.e., grower, issues, since this is the area in which least is known. However, data on grower issues (income distribution, nutrition*) is also the most difficult and time consuming to collect and cannot be readily obtained through short term or rapid rural appraisals. This obviously places important constraints on what can be done given the time frame of this study. This provides a major rationale for using PI's and consultants who have considerable experience (and data) with CF schemes (Palmer-Jones, Jaffee, Watts, Daddieh). Extensive surveys are out of the question and strategic interviews with growers, management, and extension officers is the most that can be expected (see Appendix II). In view of Dr. Palmer-Jones' extensive research on CF in Africa we also anticipate that he can be profitably utilized later in the project, after the fieldwork period, to synthesize and review important policy aspects of the

*Nutrition studies are currently being conducted by IFFRI on two CF schemes in Africa, and their first phase data and findings should be available to this project.

efficiency and equity issues on large-scale CF schemes.

It should be made clear that this project will also actively participate in the IDRC methods workshop in Nairobi in July and that every attempt will be made to ensure that comparability exists between our respective studies.

V. RESEARCH TIMETABLE AND WORK ORGANIZATION

The scope of the project and the geographic dispersion of the case studies in a multi-country study have necessarily presented problems of co-ordination and integration in the CF study. Ideally, the principals would have all worked on a sample of the selected schemes but in view of the multiple work responsibilities and duties, the number of case studies and difficulty of scheduling, this is clearly impossible. Rather, the work plan has adopted a middle-ground strategy to ensure that (i) there is replicability in case studies, (ii) a sufficient country overlap such that at least two of the principals/consultants work in the same country, and (iii) a work organization that ensures integration and maintenance of a multi-disciplinary approach. The logic of the work program is broadly that case studies will be prepared that will provide the empirical basis -- in conjunction with published and secondary research -- for the final project synthesis. The local case studies will be, as far as is possible, standardized and hence comparable.

The comparability, integration and multi-disciplinary concerns will be integrated into the research agenda in the following manner:

(1) Standard information will be collected on each study scheme -- and on other CF projects that are examined for purposes of the inventory -- as detailed in Appendix 3.

(2) Individuals who are conducting essentially local level analyses of projects (Watts, Jaffee, Daddieh, Painter) addressing questions of socio-economic impact, allocation and distribution questions, and cost-risk, have met in Washington D.C. on April 11th to discuss how these studies can be made systematic and comparable. Agreement was reached on what sorts of measures and methods might be employed to provide empirical data (from short-term field visits) compatible with the questions raised in Sections II and III.

(3) Project researchers would work with local counterparts, most particularly in those areas in which they have limited expertise.

(4) Some continuity will be provided in most of the country case studies by the fact that two or more researchers will conduct some work there (albeit at different periods). For example Mock and Daddieh in Ivory Coast, Watts and Palmer-Jones in Nigeria, Painter and Mock in Senegal, Jaffee and Palmer-Jones in Kenya etc.

(5) In spite of the decentralized character of research, a multi-disciplinary approach can be maintained in part by the framing of the research questions themselves. Rather than asking only economic or managerial questions, for example, one can facilitate inter-disciplinary study by examining risk, the history of

project failure or success, the social organization of growers, variability of organization by commodity and labor process.

(6) After the completion of the case studies, the three principals responsible for final analysis and write-up will meet for a three-day workshop in December 1986 to facilitate effective integration and the production of a balanced final report.

The field work schedule is presented below and a more comprehensive work program is presented graphically in Figure 2.

Fieldwork Timetable:

Principals:

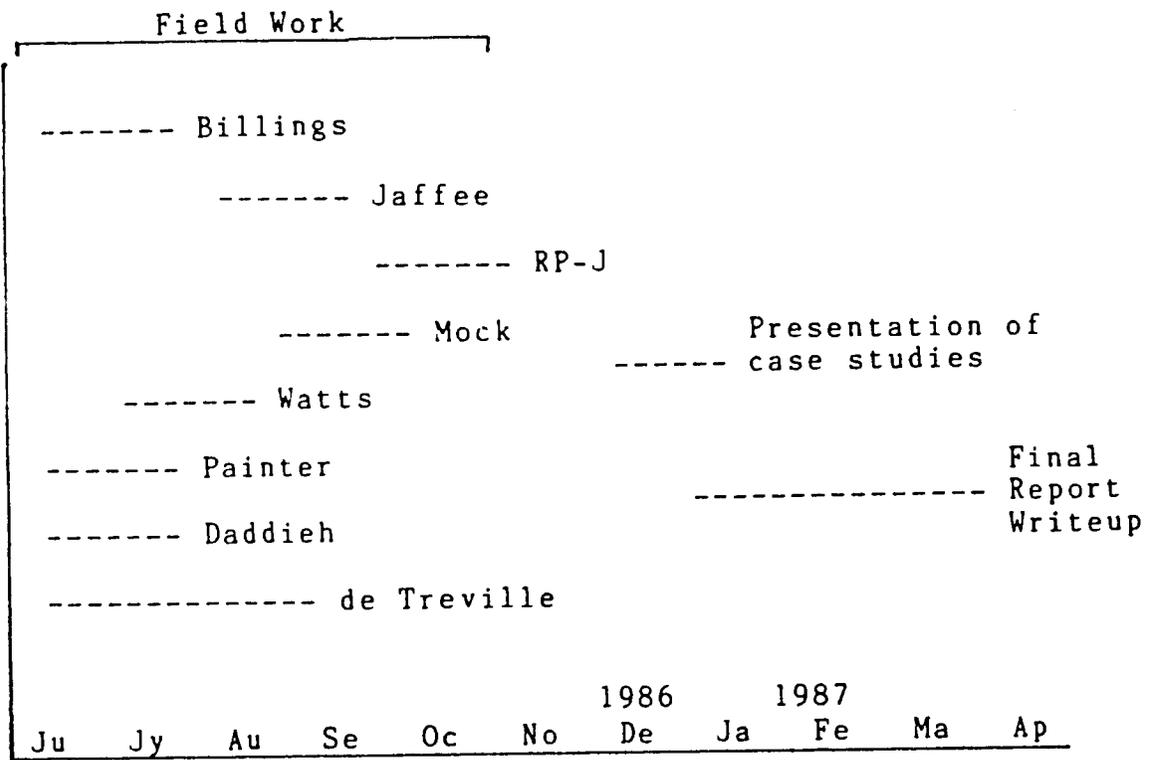
Michael Watts: Gambia, Nigeria	June-July 1986
Chris Mock: Senegal, Ivory Coast, Burkina Faso	July-August 1986
Martin Billings: Cameroon, Senegal, Ivory Coast	June-July 1986

Case Studies:

Cyril Daddieh: Ivory Coast, Ghana	June-July 1986
Stephen Jaffee: Kenya	July-August 1986
Tom Painter: Senegal	June-July 1986
Richard Palmer-Jones: Malawi	September-October 1986

It is anticipated that all field work and the production of case study reports will be completed by December 1986.

Figure 2



VII. OUTPUTS

In addition to the preliminary outputs which have already been produced as the project has progressed (these are detailed in Appendix IV), it is anticipated that there will be four major, final outputs from the contract farming study project. In view of the decentralized character of the research and support activities and the phased character of the work schedule, the outputs will be produced throughout the course of the contract farming study. They are as follows:

(1) A comprehensive annotated and cross-referenced bibliography of contract farming to be presented by September 1st, 1986. A preliminary bibliographic report will accompany this project proposal. The bibliography will consist of three main sections, each with an explanatory introduction pertaining to the important conceptual, methodological and policy issues contained therein: (i) contract farming in Africa, (ii) important contract farming research in other parts of the world, (iii) relevant theoretical and conceptual literatures. An index will access these sections by commodity, country and subject. This bibliography will be available for distribution to the IDRC project members and to organizations and institutions that have assisted the SARSA study in the course of the research program. A preliminary draft will be circulated to the IDRC researchers in Africa in June prior to the Nairobi Conference since it is clear from our networking that many of the Africa-based scholars are woefully short of published secondary sources. Indeed, it is our belief that a major

contribution of the first phase of the study will be the facilitation of the IDRC studies through bibliographic support.

(2) Case Study Working Papers. It is anticipated that on the basis of the field work conducted by PI's and consultants, there will be at least six field studies (rice in The Gambia and Nigeria, oil palm in Ivory Coast and Ghana, horticulture in Kenya and Senegal, tea in Malawi, poultry in the Sahel, cotton in Ivory Coast) of one or more contract farming schemes. These reports will of course be the basis for a larger integrated project report and executive summary, but they will also be presented as IDA Working Papers to be distributed to IDRC colleagues and relevant institutions/researchers. Working Papers will be produced variously throughout the period July-December 1986.

(3) Final Project Report and Executive Summary. Represents an integration of both field research and comparative secondary work, focusing specifically on the broad questions articulated in the TOR. A draft will be available in the Spring of 1987 and presented formally to USAID thereafter. This report will also be available as an IDA Working Paper for distribution to relevant institutions and researchers.

(4) Networking. In the first phase of the CF study, a great deal of networking has been undertaken among researchers, FVO's, research institutions and applied/development agencies. In view of the widespread interest in contract farming in Europe and Africa, and in light of the obvious avenues of research that will be identified in the course of the IDA/SARSA study, we anticipate

that IDA can contribute an important networking function. IDA will prepare an inventory of individuals and institutions who are actively working in/on CF or have expressed interests in the outputs of the CF project. A particularly critical networking function has already been initiated between the major Commonwealth Development Corporation contract farming study conducted by Dr. Anthony Ellman.

(5) Collaborative Research. An important output from the CF project will be the collaborative research efforts with the IDRC project. The collaboration will be facilitated through (i) the exchange of research documents, (ii) participation in IDRC training workshop in Nairobi in July 1986, (iii) the sponsorship of a comparable long-term CF research project in West Africa as discussed at the February Meeting at USAID. We have currently targeted three major possibilities for this long-term research:

(i) The Department of Agriculture, University of Dschang, Cameroon [two U.S. trained professors who have researched CF].

(ii) CIRES at the University of Abidjan who have already conducted some research on oilpalm.

(iii) ISRA and CREA in Dakar, Senegal who have expressed interest in CF in fruit and vegetables.

(6) A final workshop in Washington, D.C. at the termination of the project that would ideally include African and IDRC representation in addition to USAID Africa Bureau personnel.

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Research Networks:

In the course of our preparatory research we have established connections with the following individuals/institutions conducting research on contract farming in Africa: Dr. Jean-Pierre Chaveau, ORSTOM, Paris; Drs. Kennedy and von Braun, IFRPRI, Washington, D.C.; Dr. Suzette Heald, University of Lancaster, England; Dr. Francis Idachaba, University of Ibadan; Director, CREA, Dakar; Dr. Richard Palmer-Jones, Oxford University; IDRC Contract Farming Participants; Dr. Francois Abina-Tchala, University Centre of Dschang, Cameroon.

Appendix I
SAMPLE CONTRACTS

ETS MOUSSA NDOYE

CAMPAGNE 1985/1986/

PRODUCTEUR & IMPORTATEUR-EXPORTATEUR

KM 5:5 ROUTE DE RUFISQUE

N° 34- 04- 35 - D A K A R -

FICHE D'ENGAGEMENT

Je soussigné Monsieur.....

Adresse..... C.N.I. N°.....

Reconnais avoir pris livraison auprès des Ets Moussa NDOYE, Les semences de pommes de
Terre ci-après :

Calibre.....Quantité.....Kilogramme Variété:Claustar au prix de.....Le KG

Calibre.....Quantité.....Kilogramme Variété:Claustar au prix de.....Le KG

Soit une valeur globale de.....de Frca.

Je m'engage :

1°/- A verser à titre d'acompte la somme de.....frca à la livraison

2°/- A verser le reste du montant soit.....Frca, au plus le.....

....., 1986

En cas de non remboursement à l'échéance indiquée ci-dessus, les
Ets Moussa NDOYE se réserve tous droits de poursuite notamment par voie judiciaire
pour récupérer le montant de sa dette majorée des frais de recouvrement.

DAKAR, le.....1985

LU & APPROUVE
LE CLIENT

LES ETS MOUSSA
NDOYE

LE COMMISSAIRE DE POLICE

ETABLISSEMENT SIDIKI SOW
SERVICE FRUITS ET LEGUMES

B.P. 1231
TEL. : 22-56-85
B A M A K O

CONTRAT DE COMMERCIALISATION
CAMPAGNE HARICOT VERT ET HARICOT
BOBY 84/85

ENTRE

LES ETABLISSEMENTS SIDIKI SOW REPRESENTES PAR
SON GERANT ABOU BABA TRAORE.-

ET

de Mr.....producteur demeurant à.....
dans l'arrondissement de.....

d'autre part,

Il a été convenu et arrêté ce qui suit :

ARTICLE 1.- Par le présent contrat, Mr.....
producteur s'engage à produire, et à vendre aux établissements SOW,
la totalité de sa production exportable de Haricot vert Royalnel ou
de haricot boby Vadenel aux Etablissements SOW.

ARTICLE 2.- Les établissements SOW s'engagent à commercialiser dans
les meilleures conditions la production de haricots verts ou haricots
boby exportables de Mr.....
pendant la période du 20 Novembre au 20 Janvier pour le haricot vert,
et du 20 Décembre à fin Mars pour le haricot boby.

ARTICLE 3.- La vente est effectuée en ferme dans tout village ou sera
installée une bascule des Ets SOW. Le prix du haricot vert "très fin"
est fixé à 175 F CFA/kg catégorie "fin" 125 F CFA /kgs. Haricot boby
85 F CFA/kgs. La taxe d'encadrement de 5 F CFA/Kgs est prévue pour le
secteur encadré par l'Opération Développement intégré de Baguineda.

ARTICLE 4.- Les producteurs s'engagent à respecter les dates de semés
à savoir du 1 au 10 Octobre pour le haricot vert et du 1 Novembre au
30 Novembre pour le haricot boby.

ARTICLE 5.- Toutes les conditions énumérées ci-dessus concernant du
haricot frais cueilli du jour. Le producteur s'engage à cueillir son
haricot vert tous les 2 jours et à les classés en catégorie "très fin"
et catégorie "fin". Quant au boby la cueillette à lieu tous les 2
jours aussi./.-

ARTICLE 6.- Les établissements SOW, s'engagent à peser tous les haricots cueillis et à les réclamer à sa Station de froid, ou à l'aéroport.

ARTICLE 7.- Tout lot de haricot vert, comportant un pourcentage de très fin et de fin, sera considéré comme du haricot vert "fin". Le producteur s'engage à lever son haricot dans le carton, le haricot verveux, atteint de moisissure ; ayant dépassé le stade de bonne cueillette est impropre à l'exportation.

ARTICLE 8.- Tout litige, ou contestation pouvant découler du présent contrat sera soumis à la juridiction compétente du Mali.

FAIT à BAMAKO, le

Le GERANT,-

Le PRODUCTEUR,-

Abou Baba TRAORE

Mr.....

Appendix II
PAPER BY TOM ZALLA

SOME OBSERVATIONS ON THE
IDA STUDY OF
CONTRACT FARMING IN SUB-SAHARAN AFRICA

TOM ZALLA
Agricultural Economist
Senior Rural Development Specialist
April 25, 1986

As I read through the work already done by de Treville, Minot, Watts and others I am impressed with the detail and thoroughness with which the project is approaching the study of contract farming. I am concerned, however, that the more difficult task of pre-selecting the really key variables on which the project should focus its efforts remains to be done. Many of the potential issues and questions identified thus far cannot be answered nearly as easily as they can be raised. The next step is to identify those variables which tend to be common to a large number of contract farming projects and which appear pivotal to success as indicated from available secondary sources.

Assessing contract farming requires some notion of what constitutes desirable forms and outcomes of contract farming operations. These criteria need to be made explicit. Presumably, a desirable form would allow ample scope for decisionmaking by participating farmers. Other desirable outcomes would no doubt include increases in income, efficiency, equity and social cohesiveness. They might also include balance of payment, regional development and other objectives that typify development projects in general. In real life these objectives often are in conflict with each other. For this reason it would be wise for the project to spell out the precise criteria it will use to identify "successful" contract farming operations.

There is no single impact of contract farming. The impacts, in turn, may not be consistent between projects with similar form and organization. The most I think it is reasonable to expect is to identify those variables and factors which seem common to many successes and failures respectively. Even this may be ambitious considering the myriad of variables and interactions that act on development projects at all times.

I think it would be helpful to identify broad structural variables that influence the effectiveness of most contract farming operations. Ideally, these variables would describe dimensions that are common to most such projects. A first cut might look something like the following.

A. Structural Variables Influencing Contract Farming

1. **The Technology of Production.** Presumably, the more economically and technically sound is the basic technology employed in a contract farming operation, the more likely it will be to produce positive results. This includes such aspects as the enterprise selected, breeds of livestock or varieties of crops grown, and production techniques used relative to the physical and social environment. These factors will influence yields, cost of production, demand for labor, area cultivated per outgrower and, with some crops, the efficiency of processing. The technology of production will also create a set of demands for resources that will compete with other economic activities of the household. Obviously, the more this technology is consistent with existing production patterns and household goals, the more likely it will be adopted. This does not imply that entirely new technologies will not be successful, only that they will require more careful study and organization in order to ensure their adoption and success.

2. **The Organization Of Production.** This includes how well the project organizes its operations. It covers such things as identification and selection of participants, the contracting mode used, delivery of inputs, provision of extension, credit and other services, the modality for repaying credit or otherwise recovering project investments, and the overall quality of project management. The ratio of extension agents to farmers, their level of training, the ratio of outgrower production to estate production, and quality control are some organizational variables having considerable bearing on project performance.

3. **Commodity Characteristics.** Each commodity will impose a set of constraints that will limit the range of choices relating to the technology and organization of production. Sugar production demands estate production and a refinery as well as contract cane production. Rubber and oil-nut production will usually require some level of extraction and

refining at the project level in order to produce competitive returns for producers. High bulk products such as sisal will also need project level processing facilities. Highly perishable commodities such as fresh fruits and vegetables require production, selection, handling and packaging procedures that must be closely attuned to the markets for the products.

4. Market Structure. Many contract farming operations provide a vertically integrated marketing structure. The projects may have a legal or de facto monopoly on marketing the product. De facto monopolies resulting from the limited alternatives faced by growers improve the chances of project success if they do not squeeze the growers too hard. Where contract farming operations cannot provide producers with larger markets or higher prices as compared with locally available markets, projects will have difficulty getting enough throughput to cover their overheads and processing infrastructure. The locus of the market and the level of processing required for the raw commodity to find a ready market sometimes provide de facto monopsony power that contributes to project success if not abused.

5. Social Organization Of Production. This structural variable constrains the range of choices readily available for organizing producers. Land tenure will constrain who will be willing to make what kind of investments. The social cohesiveness of the local farming communities will have a bearing on how cooperatives or credit programmes organized under the project should be structured and how effectively they will operate. The size of farm holdings and the structure of household social and economic relationships will also condition approach and result.

6. Concentration/Scale of Production. Because of the overheads that need to be covered and the high output bias of most processing technologies, contract farming operations often need to attain a certain minimum level of production to be financially viable. Generally, dispersed production adds to collection costs. At the same time, many projects will have

to cast a wide net to get enough output to reduce processing costs to acceptable levels. On the other hand, it is usually more economical to run a small processing operation at full capacity than a larger, more technically efficient facility at 2/3 capacity.

7. Time In Operation. During the first few years of a project's life farmers are learning, extension support is high and quality is probably improving. The scale of operations is probably growing as well. All these factors add to costs and constrain yields until the new system is firmly established. Beyond the initial start-up phase, however, the time in operation will probably not be a major factor conditioning the performance of contract farming operations.

8. External Environment. This includes, among other things, the overall policy environment imposed by a government, the level of development and maintenance of marketing, transportation and other infrastructure, labor legislation, investment codes, and enforcement of contract law as it pertains to both national and international investors. These often have a profound effect on how a project may legally organize itself and what recourse it has to protect itself from growers, intermediaries and local leaders who violate contract provisions or normal operating procedures.

These eight structural variables condition the economic, social and political effects of most contract farming projects. Many of the hypotheses and questions relating to contract farming which IDA researchers have raised to date could be grouped under one or more of them. This smaller grouping has the advantage of creating classes of variables which affect each project. For this reason it will tend to focus efforts on identifying common themes and their effects rather than getting bogged down in an analysis of all possible ramifications.

B. The Effects Of Contract Farming

The analysis of the effects of contract farming would benefit from a similar aggregation in order to yield generalizable results which emanate from various dimensions of the structural variables. I would concentrate on the financial, economic and social effects and consider the technical aspects only to the extent they have a bearing on the others. It is important to note that the various effects will not emanate from contract farming per se but from a particular type and structure of contract farming. Presumably, the project should be identifying those structural characteristics which consistently yield favorable economic and social consequences.

1. Economic And Financial Effects

All of the structural variables will condition the economic and financial returns of contract farming for producers, the project and the economy. With minor exceptions, a project would presumably not be considered successful unless it provided adequate returns for at least the first two.

Returns to the farmer need to take account of any added risk assumed by growers; often in the form of excessive specialization in one crop or additional exposure to crop or market failure. Ability to shift from the contract crop to other crops quickly and easily would also influence a grower's perception of risk adjusted returns. Household income lost by not producing those crops which compete with the contract crop for land, labor and capital resources, and the impact of contract production on the household distribution of income would also affect a household's perception of its net benefit.

The company or project authority, of course, needs to make a profit but real profits at this level are not always easy to determine. Many contract farming operations are affiliated with multinational companies with ample opportunity to depress the profits of the national firm by shifting them to the parent or sister firms. Overinvoicing of plant and equipment

expenditures, packaging and other intermediate and operating expenditures, and underinvoicing of exports or transfers to other affiliates are common extraction techniques which do not admit to easy control. Many such companies continue operating year after year in spite of chronic losses. Others extract marketing, trade, pricing and other concessions that assure their financial viability from governments anxious to industrialize. Oftentimes such concessions come at the expense of producers, consumers of taxpayers and generate net negative returns to the economy even though returns to producers or to the project are good.

Economic benefit to the national economy is the more difficult to assess since one cannot rely with confidence on observed prices and quantities of output from the project to make this determination. Oftentimes high returns to producers or processors come at the expense of consumers via higher prices which are sustained, in turn, by high import duties or quantitative restrictions on imports. Favorable rates of exchange or direct subsidies by government can restrain price increases for consumers but these are costs to the taxpayer and the economy as a whole. Assessing the success of such projects requires some interpersonally valid measure of individual and collective welfare, something we do not yet have.

It would probably be wise in this study not to spend too much time on national economic benefits of contract farming since these will vary depending on several factors not essential to contract farming per se. The study could concentrate instead on organizational and micro-level issues that relate to establishing and operating such projects. Donors could then examine the macroeconomic context as part of the project preparation and appraisal process.

2. Social And Other Effects.

It will be a lot easier to identify the important structural characteristics and their financial effects than to identify and quantify the non-financial aspects. Assessing

social, nutritional and indirect economic effects will require a great deal of field level observation and analysis in those cases where studies are not already available or give such issues short shrift.

To assess nutritional effects, for example, one needs to look not only at consumption of those products produced under the project but also at other crops produced by the household and purchases made by it. These must then be reduced to nutrients and compared to similar households not participating in, or indirectly benefiting from the project. All this must be done with sample sizes of sufficient size to have confidence in the inferences drawn from the study. Because seasonal factors are so important to rural consumption patterns in Africa such a study would have to allow for seasonal variation in diets and incomes for both groups of households, especially during those periods when they are receiving income from the project or forgoing income from competing crops. Clearly, such a study is beyond the scope of the project unless already conducted by someone else. Anything less in magnitude is not likely to be much more accurate than anecdotal observations made by persons familiar with the project. Even if such a study were done in one area, its conclusions could not be safely generalized to other areas without considerable additional study in those areas.

Analysing social effects will require a similar degree of study of the local situation. Contract farming will probably affect the timing, the recipient and the use of income within the household. It will often shift the distribution of household and farm chores and change the structure of farm household and community decisionmaking. Understanding such phenomena takes time and requires observing both participating and nonparticipating households.

C. Methodology For Studying Contract Farming

The actual effects of contract farming will vary depending on its structural composition. Unless there is considerable secondary information already available on the projects it is

difficult to see how several months of field work in a few areas will provide much information which has widespread applicability. About the best that can be expected is some confirmation of hypotheses formulated on the basis of a review of the literature. To do even this the researchers will have to select field sites very carefully.

I would proceed with the review of the literature to identify common problems and to prioritize and answer the more important questions raised by de Treville and Minot in their papers. On the basis of this work I would formulate hypotheses concerning the conditions under which contract farming can succeed and identify areas for further research. These hypotheses should be limited in number, and as solid and firm as available data will allow. Once all of this is completed I would identify those projects which seem to provide information on one or more of these hypotheses but for which secondary information is limited. I would then schedule a field review of as many of those projects as possible, spending no more than two or three weeks per project to speak with government and project officials and spend a week with farmers directly concerned by the project. Getting better information than this on a particular project will require a quantum jump in the amount of time required. I would not go into the field until I had a good idea of what I expected to find.

It's hard to see how spending more time on one case could yield as much information as reviewing additional cases in the same amount of time. This means that much of the information will be anecdotal but so is much of the information contained in already published studies. Researchers will simply have to be careful to corroborate as much of this information as possible before forming their conclusions on a particular project. This approach also means that some of the more esoteric questions relating to possible effects of contract farming will not be answered by the study, even granting that they could be answered with a much more detailed study--something I would not be willing to grant in any case.

To structure the literature review as well as the fieldwork, I would organize available case studies along commodity lines as suggested by Minot. With the exception of economic and financial factors, I suspect that the technical and market aspects of a commodity and how a project organizes itself to deal with them will explain a substantial amount of the difference in results between projects dealing with the same commodity.

Next, I would look at the growth of production under the projects and at costs and returns for both the producer and the project. These two pieces of information should corroborate each other. Stagnant or declining production and low returns would dictate a careful look at prices paid to producers and those received by the project. This analysis should look both at world market prices and prices received by producers not in the project in order to assess the competitive position of the project at both the world and the national level. It should also include a look at dimensions of the macro policy environment that may be causing problems.

After reviewing aggregate performance and pricing information the analysis should look at technical input/output relationships, especially if the initial analysis indicated poor growth and returns. This will reveal the effects of poor organization, management and technical support or poor quality inputs. Unfortunately, I suspect that available studies will not go into much depth in this area. Some such cases would be logical indices for field studies.

A more direct review of project organization and management would follow the analysis of input/output relationships. This would include a review of technical recommendations, actual levels of use of inputs, input delivery, extension and marketing services and credit mechanisms. These aspects should be examined from the perspective of the producer as well as that of the project since these two perspectives are frequently at variance with each other. It should go beyond mere numbers of extension agents and availability of inputs. Poor quality agents, inadequate supervision, untimely distribution of inputs

to producers, and poor quality control are frequent problems in centralized projects.

To the extent possible with available data, the case study analysis should look carefully at the provision of credit and the mechanism used for repayment. Many contract farming operations are viable only because they make large amounts of inputs available to farmers who could not afford them or get access to them outside of the project. With the opportunity cost of capital in rural areas often approaching 100% per year during those periods when the demand for inputs is greatest, farmer interest in using inputs will be very sensitive to when they have to pay for them. Their willingness to take risk will be less than that of the project as well, if they must recover potential losses in the face of such high interest rates.

Only after being satisfied that economic and managerial factors were not responsible for poor performance would I make a major investigation into social factors. If everything seemed to be going well I would limit this component of the analysis to assessing the social impact of the projects in a general, anecdotal way--again, being careful to corroborate such information as much as possible. This part of the analysis can be done quite effectively with a small number of well structured group interviews of producers. Producers are almost always more sensitive to social dimensions than are project personnel.

Beyond a small number of representative interviews with individual farmers and groups of farmers I would not spend much time on assessing the social impact of contract farming projects. What producers don't recognize as obvious is seldom of great consequence. In any case, with such a limited amount of time it will not pay large dividends to focus on much more than the obvious.

In a similar vein, I would not look beyond the direct income benefits and consequences of a project except to the extent that such effects are recognized by farmers. There will no doubt be shifts in income flows, consumption patterns, responsibilities of individual household members and standards

of living. But again, unless farmers recognize these, they are not likely to be of much import.

Appendix III

GUIDE TO DATA COLLECTION DURING FIELD RESEARCH
PHASE OF STUDY

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Data requirements

Company data

Ownership: % local/international, % public/private
Duration: in country, in contract farming
Functions performed by company: input distribution, production, transport, grading, processing, management,
Area cultivated on company land
Yield on company land
Differences between company production and contract production with respect to input use, planting density, harvesting methods, etc.

Grower data

Area contracted and cultivated per grower (mean, distribution)
Number of growers and geographic distribution
Production practices: use of inputs, functions performed at farm-level, harvesting methods, particularly differences with estate production
Land tenure: owned, rented from company, rented or sharecropped from others, mortgaged (paying company in installments)
Previous livelihood and experience with crop
Income and home production in scheme relative to outside scheme

Production and technical characteristics of crop

Characteristics of commodity: value/bulk, perishability, ease of measurement of quality differences, labor intensity of production, importance of careful management, economies of scale of processing
Production cycle
Competing crops and factors affecting choice of crop
Yields of contract growers relative to growers of commodity outside scheme and relative to estate production
Important quality characteristics and performance of outgrowers relative to estate production

Contract provisions

Contract: time period, whether oral or written, degree of specificity particularly in production practices
Sources of inputs such as planting materials, chemicals, tools, services, and labor
Purchases are voluntary or required under contract
Deduction for inputs and technical assistance is explicitly deducted from crop price or implicitly included in crop price
Sources of credit: company, other formal sources, informal sources
Credit in kind or in cash
Company policy toward crop failure/indebtedness: is there an implicit partial insurance policy in the relationship
Type of recommendations made to growers: timing, practices, inputs, pest control, farm-level grading and/or processing
Organization of assistance: farmer:agent ratio, organization, type of field agents used (urban or rural background, level of education, knowledge of and attitude toward locals
Intermediary organization: type, activities, farmer participation

Marketing the good

Alternate markets: ease of access, price and quality differences
Prevalence of "leakage" of goods to alternate markets
Allocation of marketing functions (grading, packing, processing, transport, etc.) among growers, intermediaries, and company
Quality standards and enforcement, does company just use minimum standards or is there also a price scale according to quality
Volume and timing restrictions and enforcement method (standards or price scale)
System of price determination and when determined in crop cycle
Conflicts over quality standards, timing, and price determination
Types of processing, grading, and packaging by company
Market faced by company: urban/rural, local/international, industrial/retail/export firms/etc.
Final demand: income and price elasticity, prospects in medium and long term, type of consumers

Role of intermediaries

Type of intermediary: cooperative, farmers' organization, non-profit organization, public entity
Functions performed: credit, input supply, technical assistance, collection, bargaining, channeling grievances
Method of payment for services: commission, flat fee, membership dues

Role of donor agencies

Assistance in financing, farm credit, extension, infrastructure
Technical assistance in production, processing, and management
Provision of physical infrastructure

Role of government policy, regulation, and assistance

Assistance in financing, farm credit, extension, infrastructure
Market services: grading, marketing information, maintenance
Price policy regarding inputs, seed, and commodity
Marketing board activity in commodity
Controls and management of foreign exchange for traded goods
Regulation of contracts, agribusiness, trade, etc.

Appendix IV

PRELIMINARY OUTPUTS OF CONTRACT FARMING STUDY
AS OF 15 MAY 1986

A. MAJOR WORKING MEETINGS

Date and Place	Participants
25 November 1985 African Studies Association New Orleans, LA.	Robert Bates Diana de Treville John Holtzman Peter Little Nicholas Minot Timothy Mooney Thomas Painter Michael Watts Michael Weber Simon Williams
02 February 1986 Bureau of Science and Technology Roslyn, VA.	Michael Watts Christopher Mock Nicholas Minot Diana de Treville
4-6 February 1986 Bureau of Science and Technology Roslyn, Va.	Eric Chetwynd Pat Fleuret Michael Watts Christopher Mock David Glover Peter Little Marianne Maghenda Nicholas Minot Thomas Painter Bob Walter Diana de Treville and others...
24 February 1986 Bureau of Science and Technology Roslyn, VA.	Michael Watts Christopher Mock Nicholas Minot Diana de Treville
10-11 March 1986 Institute for Development Anthropology Binghamton, N.Y.	Michael Watts Christopher Mock Nicholas Minot Peter Little Diana de Treville

09-10 April 1986
Resources for the Future
Washington, D.C.

Michael Watts
Cyril Daddieh
Stephen Jaffee
Diana de Treville
Thomas Painter

16-17 April 1986
Resources for the Future
Washington, D.C.

Michael Watts
Thomas Zalla

07-08 May 1986
Bureau of Science and Technology
Roslyn, VA.

Pat Fleuret
Bob Walter
Michael Watts
Christopher Mock
Thomas Painter

B. INTERNATIONAL TRAVEL

<u>Date and Person</u>	<u>Destination(s)/Purposes</u>
27 February - 13 March 1986 Thomas Painter	Preliminary reconnaissance trip to Senegal for purposes of CF study. <u>Trip made at no expense to the CF study.</u>
29 March - 24 April 1986 Christopher Mock	Reconnaissance trip to Ivory Coast, Cameroon, Mali, and Senegal for purposes of CF study.

C. DOCUMENTS PRODUCED

de Treville, Diana

1. Contract Farming Study: Comprehensive Bibliography - One. October 1985 draft. 20 pp.
2. Contract Farming Study: Annotated Bibliography - One. October 1985 draft. 12. pp. 8 items.
3. Contract Farming Study: Issues Developed from the Literature - One. October 1985 draft. 10 pp.
4. Report on the First Contract Farming Study Meetings, New Orleans, LA. December 1985. Draft One: 18 pp. Draft Two: 7 pp.
5. Contract Farming Study: Trip Report, Washington, D.C., 09-15 December 1985. 9 pp.
6. Contract Farming Study: Liaison Activities from 15 September to 15 December 1985. December 1985. 9 pp.

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7. Contract Farming Study: Annotated Bibliography - Two. January 1986 draft. 28 pp. 17 items plus topical index.
8. Contract Farming Study: Comprehensive Bibliography - Two. February 1986 draft. 35 pp. ca. 380 items.
9. Contract Farming Study: Report on Future Activities Meeting, Bureau of Science and Technology, Washington, D.C. 10 February 1986. 6 pp.
10. Contract Farming Study: Liaison Activities Form Design. March 1986. 1 p.
11. Contract Farming Study: Comprehensive Bibliography - Three. March 1986 draft. 42 pp. ca. 420 items.
12. Contract Farming Study: World Bank, March/April Liaison Activities Document. 13 April draft. 5 pp.
13. Contract Farming Study: Annotated Bibliography and Content Analysis - Three. April 1986 draft. 89 pp. 38 items plus analyses of all former annotations, with topical index update.
14. Contract Farming Study: World Bank, March/April Liaison Activities Document. 29 April draft. 6 pp.
15. Contract Farming Study: Annotated Bibliography and Content Analysis - Four. April 1986 draft. 38 pp.; 13 items, with update of topical index.
16. Contract Farming Study: Annotated Bibliography and Content Analysis - Five. May 1986 draft. 20 pp. 7 items, with update of topical index.
17. Contract Farming Study: Comprehensive Bibliography - Four. May 1986 draft. 53 pp. c. 500 items.
18. Contract Farming Study: Comprehensive and Annotated Bibliography: Revisions to date. May 1986 draft. c. 210 pp.
19. Contract Farming Study: Liaison Activities, February - May. Forthcoming, May.
20. Contract Farming Study: Intermediaries and Contract Farming. Forthcoming, May.

Holtzman, John

21. Notes on the Analysis of Contract Farming and Comparative Institutional Analysis in the Food Security Cooperative Agreement. 10 December 1985. 12 pp.

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Little, Peter

22. Contract Farming in Sub-Saharan Africa: A Preliminary Proposal. 30 November 1985. 8 pp. + appendixes.

Mooney, Timothy

23. Contract Farming: The Agribusiness Perspective. November 1985. 1p.

Minot, Nicholas

24. An Annotated Bibliography on Contract Farming in Developing Countries. March 1986 draft being revised. Forthcoming as IDA/SARSA Working Paper. 15 pp.
25. Inventory of Contract Farming Schemes in Africa. March 1986. 37 pp.

Painter, Thomas

26. Notes on Contacts made for Contract Farming Study during Trip to Dakar, Senegal from 02-12 March 1986. 17 March 1986. 6 pp.

Watts, Michael

27. Notes on Contract Farming. 01 December 1985. 5 pp.
28. Proposal to Study Contract Farming in Africa. 04 May 1986. 28 pp. + appendixes.

Williams, Simon

29. The Role of Agribusiness in Contract Farming in Sub-Saharan Africa. November 1985. 16 pp.

Zalla, Thomas

30. Some Observations on the IDA Study of Contract Farming in Sub-Saharan Africa. 12 April 1986. 11 pp.

M.