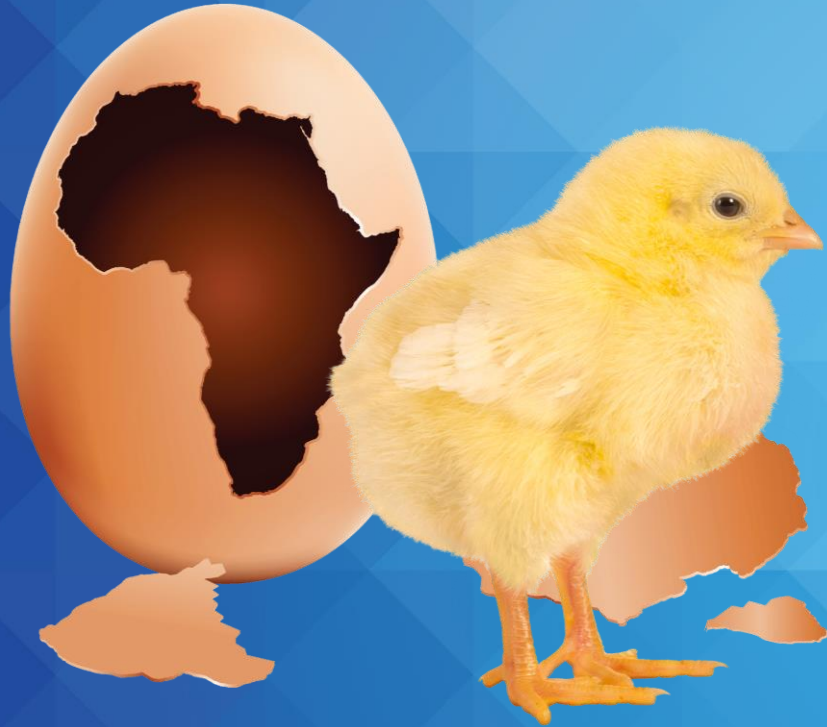


 Prevent event



# Contract farming Kenchic

Julian Davidson

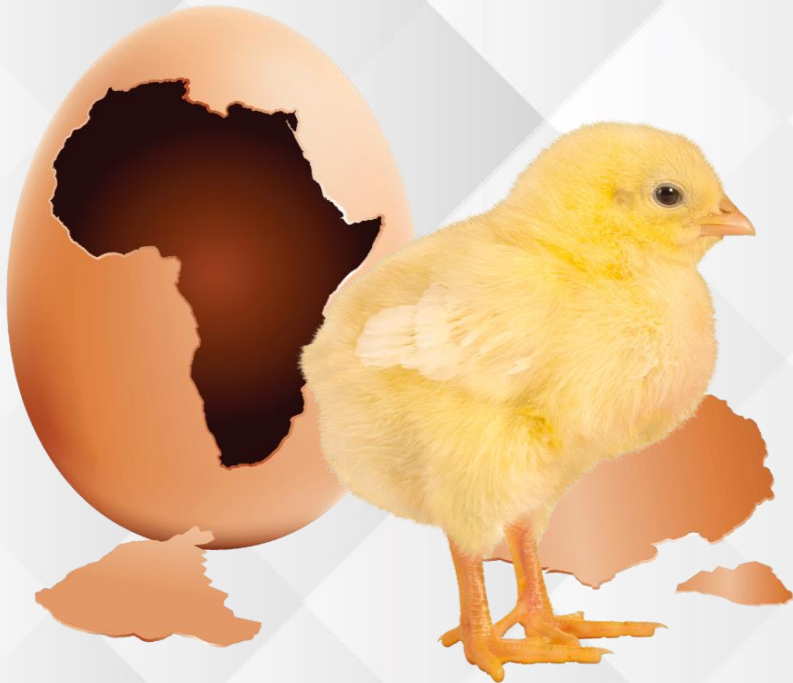
# What is it?

FAO definition:

“An agreement between farmers (producers) and buyers: both agree in advance on the terms and conditions for the production and marketing of farm products.

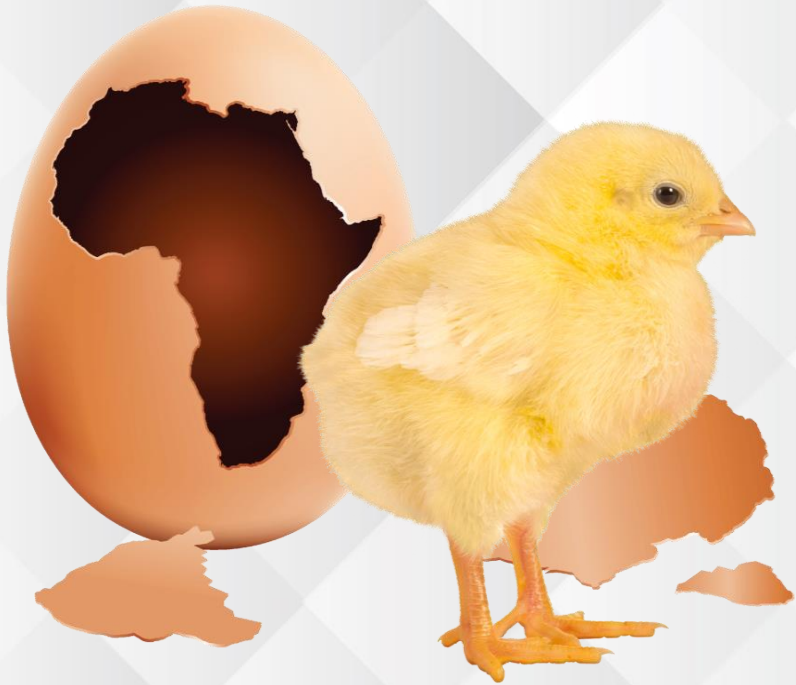
These conditions usually specify the price to be paid to the farmer, the quantity and quality of the product demanded by the buyer, and the date for delivery to buyers.

In some cases, the contract may also include more detailed information on how the production will be carried out or if inputs such as seeds, fertilizers and technical advice will be provided by the buyer.”



# Performance over the years

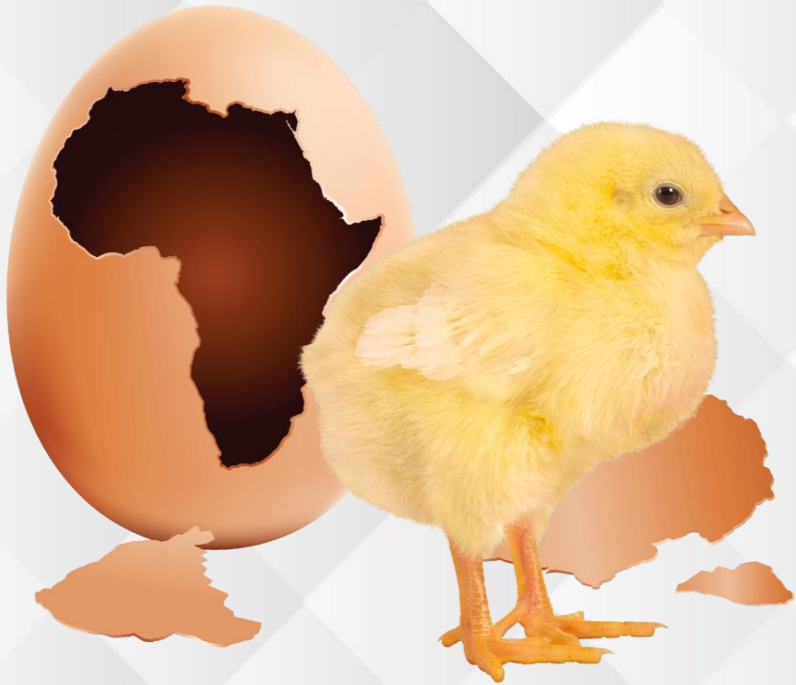
- 1997:
  - 184,164 birds on contract farms
  - 42 farmers, average size 4414 DOC
  - PIF 155, FCR 2.272, Mort 9.59%, Age 41.1, ALW 1.605
- Current:
  - 840,888 birds
  - 35 farmers, average size 23,554 DOC
  - PIF 286, FCR 1.75, Mort 3.78%, Age 33.6, ALW 1.75





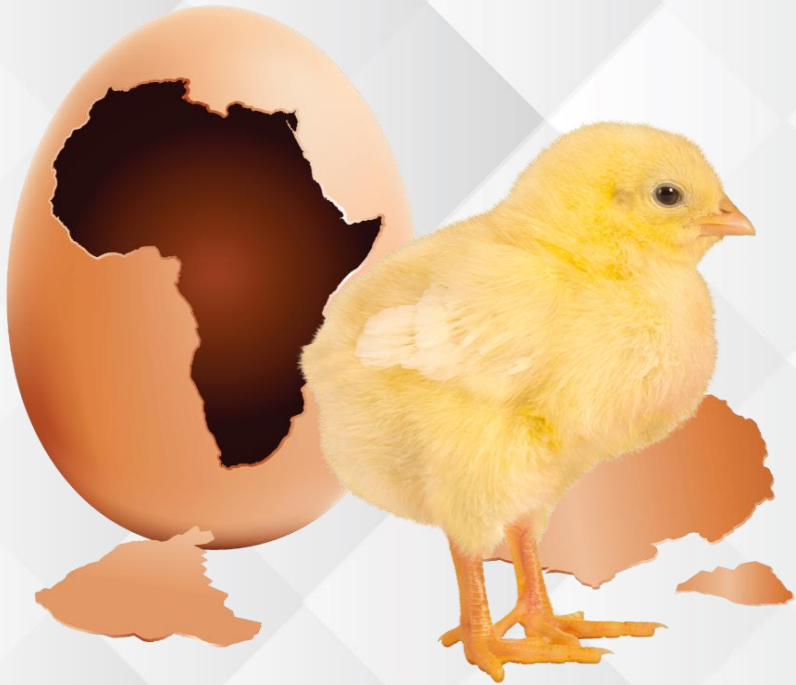
# Impact on the industry/country

- Key to building an industry
- Overall flock health
- Develops a sector of the economy that traditionally does not have high returns
- Job creation
- Food security/traceability



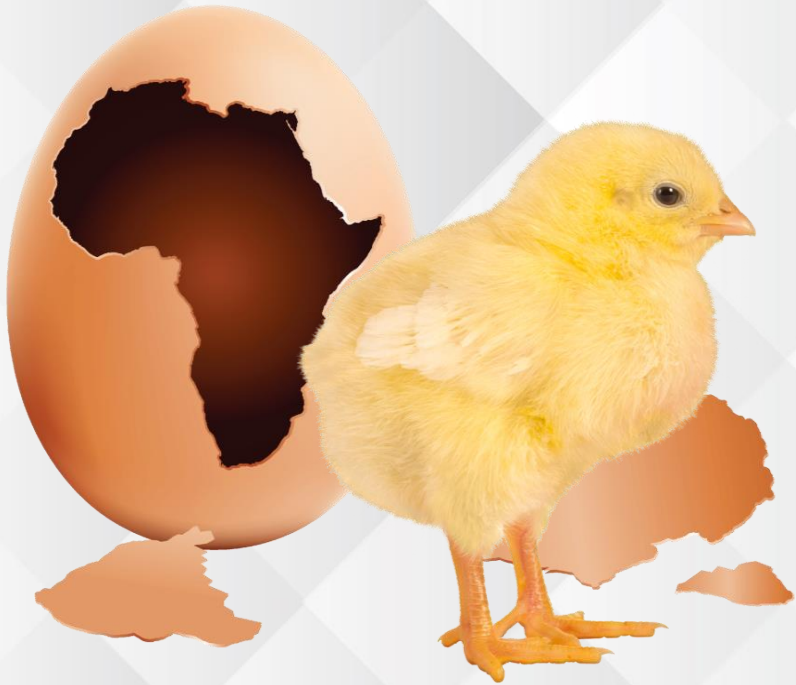
# Benefits

- Company:
  - Offsets risk
  - Allows for considerable expansion with minimal investment
  - Theoretically increases buy-in from farms (own farms are employee run, contract farmers are owner run however this is not always the case...)
- Farmer
  - Guaranteed market
  - Credit line (depending on how the contract is structured)
  - Technical support
  - Access to the best of the industry (genetics, vaccines, disinfectants etc.)



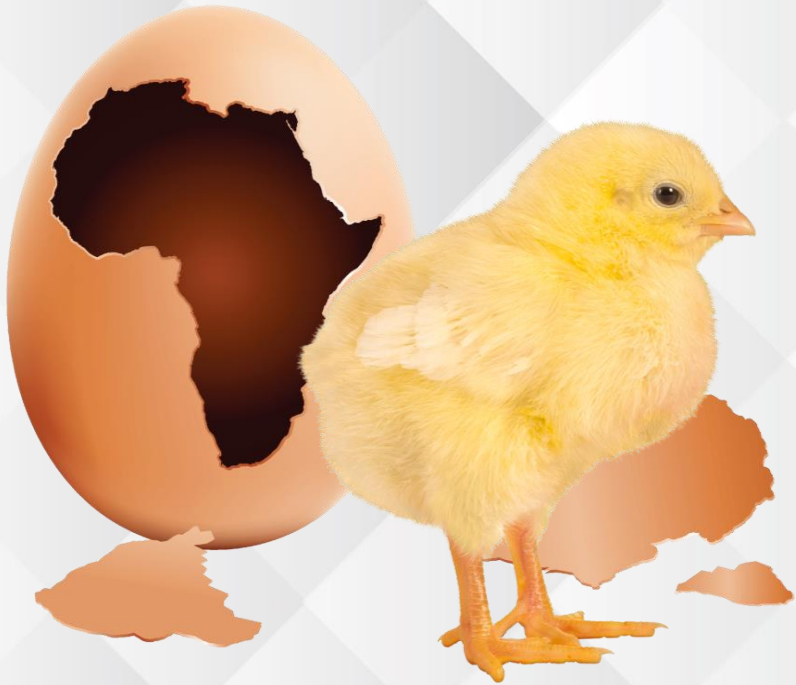
# Challenges to managing a contract department (NOT contract farming)

- Unwillingness to invest e.g. water meters
- Consistency of weights
- Balancing the requirements of the farmer and requirements of the company (keeping everyone happy)
- Biosecurity
- Buy in to new farming practices
- “Telephone Farmers”
- Theft



# Lessons learnt

- Farmers want to improve but sometimes do not know how – importance of technical support e.g water
- A strong contract is imperative
- Balancing the numbers with forecasts; too many or too few farmers is a big problem
- Scalability is key
- Getting the right farmer to begin with





# Thank You!

