



## Checklist for Farmers' Selection

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Identifying farmers is one of the essential first steps in implementing a contract farming (CF) pilot to increase its success and sustainability. Here is a list of factors for the buyer to consider when selecting farmers for CF. Please note that this list is suggestive, farmers may not have all the favorable conditions, and some conditions may not be of high relevance or priority for dry bean packers.

### **How many farmers will be offered contracts for the CF pilot?**

Farmers can be contacted individually and directly by the buyer, especially if they have bought beans from them and established supply relations over time. Farmers can also be approached individually, through the ministry (extension), community leaders, producer organizations, or by an open invitation to apply.

- What percentage of the total supply is from domestic producers?
- What are the ways to procure from domestic producers? What is the dominant way?
- What percentage of the supply from the domestic producers does the buyer plan to source through CF? (Consider the risk of converting all procurement from domestic producers to CF at one time; consider if there are benefits to maintain different ways of sourcing beans in the domestic market).
- How many farmers will be considered for the pilot? The nominated farmers can participate in the first consultation, and they can decide later if they would like to participate in further negotiations and eventually to accept the contract or not. It is possible that not all nominated farmers will accept the contract and be part of the CF pilot.

### **The Freedom to contract and good faith**

The freedom to contract is the liberty of farmer and buyer to enter into contract and to determine its contents without any external interference and gives the right to the buyer and farmers to decide freely to whom they will offer their goods and by whom they wish to be supplied.

The farmers and the buyer should act in accordance with good faith, which is the good, honest intention to behave with fairness, without causing damage to each other.

### **Benefits of CF for farmers**

CF should be mutually beneficial (profitable) for both the buyer and farmers, and otherwise the CF scheme will not be sustained. The buyer needs to recognize the benefits for farmers when proposing CF scheme and contract to farmers.

- How likely is it that the farmers will obtain higher net incomes from entering into a contract? Will it be profitable for farmers at the price that the buyer is able to pay and that is competitive? Also consider other benefits that CF can bring to farmers.

### **Land availability and tenure**

- What is the ownership or tenure arrangement of the land used for dry bean production under CF?

Farmers under CF should have confirmed legal rights for unrestricted access and use of the land on which to plant and process beans and should provide the documentation for such confirmed legal rights. Under a land leasing arrangement, the landowner should be informed and consent to the dry bean production under CF to avoid potential disputes.

### **The production site and physical environment**

- What are the suitable conditions of the production site and physical environment for bean production?

The farmer should ensure that the production site and the physical environment, such as topography, climatic factors, soil characteristics, water availability (e.g. rainfall, natural water sources, or irrigation infrastructure), natural vegetation, and other crop and livestock production, are suitable for planting beans.

- Is the production area subject to natural disasters or risk of loss of produce/cash and what are they?
- Does the production area have necessary infrastructure and service, such as, if relevant, electricity, irrigation, and telecommunication service (e.g. cell phone coverage, telephone, internet)?
- What are advantages and concerns of sourcing from different regions (e.g., complementary agro-ecological zoning, different harvesting seasons) versus from one region? Is it cost effective to select more remote areas?
- How far are farmers located in consideration for future site visits for the buyer, and product delivery for the farmers or product collection for the buyer, depending on the agreed delivery mechanism? Is there adequate access (e.g. road infrastructure) to the production site? How will farmers deliver their beans (means of transportation and access to transportation service and storage if needed)?

### **Farmers' capacity in production and processing beans**

- How many years of farming experiences, especially in production of dry beans does the farmer have?

The farmer should be personally involved in growing the crop (i.e. be a real farmer) and should have knowledge, skills, and experience in producing dry beans.

- Are family members involved in cultivating and processing beans? Who is the head of the household and who will be responsible for managing CF? Are women and young farmers involved in dry bean production and in which capacities and to what extent?
- Does the household have sufficient family labor for dry beans in case there are also food crops that need care? Does the farmer hire outside labor for dry bean production in the past and for the CF?
- What varieties of beans do the farmer produce? What is the cropping schedule for beans? What is the cropping system and/or special agronomic practices used for bean production?
- What facilities and equipment does the farmer have for bean production?
- What is the average production and yield for beans in the past 3 and 5 years?
- What are the primary processing activities (e.g., drying and pre-sorting) that the farmer is capable to carry out? Does the farm have adequate space, facilities and equipment, or access to service, or other ways for harvesting, storing, processing and transporting the beans?
- What are other crops or livestock that the farmer has on their farm? How can dry beans be incorporated within the farmer's total farming mix and CF be incorporated into the household economic activities?

#### **Access to inputs, extension, finance and support services**

- Does the buyer have clear requirements for varieties, seeds, agro-chemicals, and certain production and processing, and training for dry bean production under CF? Would the buyer like to incorporate certain requirement under the current or future CF operation? Why?
- Is there a specific variety farmers should plant? Does the farmer use certified seeds?
- Does the farmer have access to inputs required or recommended? Does the farmer have the resources to procure inputs? Does the farmer have adequate knowledge and experience in input usage for producing beans?
- Is there a recommended production practice? Does the farmer have knowledge and experience in improved or recommended production practices? Is the farmer willing to learn and/or participate in training?
- Does the farmer have easy access to extension services? Are training and technical assistance/supervision needed for recommended practices and for CF?
- Is there need or desire for farmers to get loans/credit to invest in production and processing?

- What do they or will they invest in?
- Has the farmer used financial services (e.g. banking, loans, credits)? If yes, it is advisable to check its payment and credit history. If not, do they have access to financial services?
- If the buyer provides a loan and access to credit (e.g. input on credit), the farmer should be able to repay the loans they receive.

#### **Farm management and marketing capacity and others**

- Are there records available documenting past production, costs, sales and profits/income? The farmer is willing to maintain and keep basic records of their operations.
- Has the farmer supplied dry beans to the buyer? For how long? How well is the past relation selling beans to the buyer? Has the farmer and buyer used informal/verbal agreement?
- Who or where else do the farmer sell dry beans? Does the farmer plan to also sell to others under CF with the buyer?

Further, the farmer should agree to respect the terms of the contract and be willing to comply with the quality standards and other requirements on production and processing established and agreed with the buyer. The farmer should be pro-active and willing to learn and invest in improved production practices, and be good at listening and willing to follow the buyer's guidelines and suggestions.

#### **Farmer working groups and producer organizations**

- What are the local producer organizations that are strong regarding competent and democratic governance structures, ownership by members, devoted leadership, and clear benefits for members?
- Does the farmer belong to any informal farmers' group or producer organization? Which one?
- Does the farmer have experience working together with other farmers in a group (working group)?
- Is the farmer a lead farmer or does the farmer contribute to its group or organization? If yes, in what capacity (e.g. expertise in production, marketing, record keeping, etc.)
- Are there certain individuals (intermediaries, farmers, or members of farmer groups) who are respected leaders?
- As a group, do the farmers have experience in collective actions: taking loans/credit as a group, saving groups, sharing equipment, collective activities for production, harvesting, processing or marketing, joint/bulk procurement for inputs, or collectively resolving issues/disputes?

- In which ways the working group or producer organization will be willing to support and facilitate CF operation?