



Planning and implementing contract farming operations: Guiding questions for contract analysis

The questions below can help the contract parties to decide whether their contract is consistent with the good practices recommended by FAO and its partners. It is also important to keep in mind that the domestic legislation in some countries might contain other requirements for the form and/or content of agricultural production contracts.

1	Are the parties clearly identified in the contract?	
2	Are any other third parties involved in the contract such as banks or quality assurance certification agencies? Is their role and impact on the contract clearly defined?	
3	What is the purpose of the contract?	
4	Is the production site identified in the contract? What is the location and size of contracted land?	
5	Are the contractual obligations of the parties indicated? What are they? Does the contract capture all the relevant obligations?	
6	Are the quantity and quality requirements sufficiently specified in the contract? What are they?	
7	Does the agreement identify the production inputs? Who is responsible for supplying them? If provided by the buyer, does the contract clearly state the price of these inputs and explain how payment for them will be made?	
8	Where does the product need to be delivered to?	

9	Who is responsible for arranging transportation of the product and covering the costs of delivery?	
10	Is it clear how much the farmer will be paid for their product and how the price will be calculated?	
11	Is a method of payment clearly indicated? E.g. cash-on-delivery, transfer to bank account etc. Does it state when the farmer will be paid?	
12	Are excuses for non-performance considered in the contract (e.g. force majeure events or change of circumstances)? How are the parties expected to deal with such risks?	
13	Does the contract include designated remedies in the event that one party fails to meet its obligations? Are the remedies proportional to the breach? Do the remedies aim to preserve the relationship?	
14	What is the duration of the contract? Is it connected to the production season or the investment?	
15	Can the contract be renewed automatically or by other means? Do both parties have equal rights to renew the contract?	
16	Does the contract specify the situations and requirements for termination (such as a notice period)? Are these requirements fair on both parties?	
17	Is a method for dispute resolution indicated in the contract? Does the contract provide for alternative dispute resolution methods (mediation, arbitration, etc.)?	
18	Which law will govern the contract?	
19	Does the contract include a signature of both parties? Does the contract stipulate that the parties should sign in presence of witnesses?	
20	Would you sign this contract?	