



EXPERIENCE BRIEF

Maize contract farming for poor farmers in Bangladesh

Volume 1 | Issue 2 | April 2015

About Katalyst

Agri-business for Trade Competitiveness Project (ATC-P), branded as Katalyst is a market development project under the Ministry of Commerce, Government of Bangladesh. The project aims to increase the income of small and rural farmers by integrating them better into the market systems and continuously enhancing their competitiveness. It is implemented by Swisscontact and is co-funded by the UK government, the Swiss Agency for Development and Cooperation (SDC), and the Danish International Development Agency (Danida).

Why maize

Katalyst has been working in the maize sector since 2004. Maize is the third most important cereal crop of Bangladesh and is more profitable than rice and wheat. The growth of the maize sector can be directly linked to the growth of the poultry sector. With the rapid expansion of the Bangladesh poultry industry throughout 1990s and 2000s, the demand of maize grain as an input for poultry feed has increased many times over. Katalyst identified that maize farmers in the northern regions of Bangladesh were getting lower yields because of a lack of knowledge

and information on cultivation techniques and inputs usage, coupled with a lack of finance. In addition, farmers found it difficult to find lucrative end markets. Addressing these constraints, Katalyst decided to design an integrated system called 'contract farming' for this potential maize farming area. The essential concept of contract farming



depends on the actors in the maize farming industry: the feed mills, contractors and contract farmers, and their respective roles and responsibilities. The contractors provide quality inputs, training on maize cultivation, finance and a buy-back guarantee to the farmers: they buy the harvested products from the contracted farmers. Katalyst initially piloted the contract farming model with two private partners – Krishi Banijjo Protishthan (KBP, a seed company) and Doyel (a local feed mill). Recognising the success of the pilot, Charoen Popkhand (CP), a Thai conglomerate which has maize seed and feed wings in Bangladesh, became interested in the model and applied it with the aim of enhancing their procurement channel and acquiring quality maize grain.

Contract farming as an INNOVATIVE model of maize cultivation:

In 2008, CP signed a contract with Katalyst under which eight contractors (developed through Katalyst's pilot activities) were linked with CP and the company was identified as a 'super contractor'. Under the terms of this contract, CP was responsible for providing capacity building training to existing and new contractors, ensuring an efficient supply of quality inputs at the appropriate time and strengthening the input supply channel. These

contractors then arranged further training for the farmers to disburse information on contract farming and its benefits. Through the emergence and wide adaptation of contract farming, CP was able to ensure a smooth supply chain for both the forward and backward segments. The challenge of the demand-supply gap faced by CP earlier was reduced through this intervention, and the company could successfully buy better quality grain for its feed mills domestically from the contractors. Before the intervention, CP had to import around 80,000MT of maize grain, with no domestic purchase; now it can buy roughly 35,000MT yearly from Bangladeshi farmers. This increase in domestic production has radically reduced CP's costs. According to information supplied by CP, in 2013 the company produced 30,000MT maize grain feed per month; the sale of CP seed has also increased exponentially, from 80MT in 2008 to 250MT in 2012. This contract farming model has ensured a smooth and efficient supply of quality key inputs for the contract farmers, and developed a secure end market for the maize produced in the region. Moreover, the fruits of the success of this contract farming model are not limited to the maize contract farmers of that particular region: other maize farmers have benefited indirectly by having better access to information, quality inputs, and the market.

Way forward

At present, there are **65** contractors and over **10,000** contract farmers under the maize contract farming system. Most of them live in the remote areas. After the successful introduction of maize contract farming in the northern regions, the model has been replicated and scaled up in the southern regions of Bangladesh. **By 2017**, Katalyst envisions **600,000** farmers will have increased their income by taking up maize cultivation and improving competitiveness, using innovative models such as contract farming in **Bangladesh**.



Photo Credit: Wahid Adnan/Drik

Prepared by Katalyst

Katalyst Project Office

House 20, Road 6, Baridhara, Dhaka 1212, Bangladesh, Phone: +88 (02) 8833172-4, Fax: +88 (02) 8835452

www.katalyst.com.bd, Find us on [f](#) @ [Facebook.com/katalyst.swisscontact](https://www.facebook.com/katalyst.swisscontact), www.swisscontact.org

Contact: communication.unit@swisscontact-bd.org