



Centre for
Community-Based Research
93 Bobcaygeon Road
Box 655 Minden, Ontario
K0M 2K0
Phone: (705) 286-2411,
Fax: (705) 286-3511
E-mail ulinks@on.aibn.com
Website www.ulinks.ca

Community-Based Education Program



292 London Street, Traill College
c/o Trent University
1600 West Bank Drive
Peterborough, ON K9J 7B8
Phone: (705) 743-0523, Fax (705)
743-7170
E-mail info@trentcentre.ca
Website www.trentcentre.ca

Promotional Copy

#4105 Evaluation of Forward Contracting

Organization Information

Host Organizations's Mission Statement:

We seek to serve healthy, organic, locally grown, and affordable food; be a student-driven, co-operatively structured, not-for-profit organization; offer student learning opportunities through paid staff, volunteer work, and Community Based Education courses; encourage the diverse use of preexisting student space on campus; strengthen university links with the Peterborough community; support community organizations, businesses, and agriculture; and increase community awareness of food issues through educational outreach.

Project Information

Forward contracting is a method for procuring food, and has become increasingly standard in the industrialized corporatized food system. Forward contracting is an arrangement, or contract, made between a producer, or group of producers, and a buyer for a particular quantity of food to be available for purchase at a set price on a set day. The contract is negotiated at the beginning of the growing season. Growers enter into these contracts because they guarantee both a market and a price, and buyers like forward contracts as it assures a guaranteed supply of a particular food item.

In theory, a forward contract sets the price which farmers will receive and purchases will pay for goods. Farming, however, is always a risky proposition, given that many variables of production simply cannot be controlled and crops can fail entirely or develop early or late for the season. This can potentially place farmers at a disadvantage.

Problems consequently have arisen with this model, and the host is hoping that a student will conduct a critical analysis of forward contracting as it relates to agriculture; that he/she will do the research required to tell us what these problems are and why they arise. They would also like to know how the uncertainty factor of agricultural production is managed in contracts.

Given that the host organization would like, ultimately, to enter into forward contracting arrangements with local producers for some of our food supply, they are interested in knowing what a 'win/win' forward contract would be. The purpose of this project, then, is to identify some of the ethical issues and highlight the best practices of forward contracting models for agricultural produce for our organization.

The student will be conducting research, and writing and presenting a report on their findings

- Identify traditional forward contract models
- Complete case studies on alternative structures/contracts
- Propose recommendations for how the host can develop and forward contracts recommendations should include but not be limited to
 - a) how a forward contract can be fair to both parties
 - b) how could risk be spread between the producer and buyers

Benefit to the Host Organization and the Community

Before they begin forward contracting (writing contracts, contacting farmers), the host needs to understand the process and problems of contract farming. A report on this topic is the first step in working towards setting up forward contracting.

Other restaurants, value-added food processing companies, or institutions interested in local food sourcing may well be interested in the results of this project, as would anyone interested in developing local food distribution channels in the Peterborough community. Small student-driven initiatives such as the host organization, existing outside this region, will likely be interested in the results of this research as well.

The host hopes, as always, to contribute toward assisting in strengthening the local food economy, and looks at this project as helping to restore the missing link between consumption and wholesale distribution of locally produced foods in this region.

What Students Might Learn

The student will learn about an increasingly prevalent aspect of food distribution, the forward contract. The student will gain experience in report writing and presenting

Screening or Training Requirements

None.

Skills or Experience Needed

Working independently, web based research.

Resources Required for Project that will be Provided by Host

Any printing costs and long-distance calling expenses will be paid by the host organization.