4. Shared-Risk Contract

Purpose:

This contract is designed to share the **risks and rewards** of farming between the farmer and the buyer. It is often used to protect both parties from market fluctuations or external risks like bad weather.

Key Components:

- **Parties Involved**: The farmer and the buyer.
- **Risk Allocation**: Defines how the risks (such as weather-related damages or crop failure) will be divided. For example, if a drought damages the crops, both parties may share the financial loss.
- **Pricing Adjustment**: If unforeseen circumstances affect the crops, the price or payment terms may be adjusted.

Example:

If the crops are damaged by pests, the **farmer absorbs 60% of the loss**, and the **buyer absorbs 40%**. If the price per unit is $5, the buyer will adjust the price accordingly.

This agreement is made between the undersigned parties:

Farmer Details:

- **Name**: ________________________________
- **Address**: ________________________________
- **Phone Number**: ________________________________
- **Email**: ________________________________

Buyer Details:

- **Company Name**: ________________________________
- **Representative Name**: ________________________________
- **Address**: ________________________________
- **Phone Number**: ________________________________
- **Email**: ________________________________

1. Risk Allocation

- In the event of **crop failure** due to weather, pests, or other factors, the **Farmer** will bear ____% of the financial risk, and the **Buyer** will bear ____%.

2. Crop Details

- **Type of Crop**: ________________________________
- **Quantity**: ________________________________
- **Price per Unit**: ________________________________

3. Payment Terms

- **Amount Paid by Buyer**: ________________________________
- **Adjustment Method**: If crop quality or quantity is reduced, the price will be adjusted proportionally.

4. Signatures

- **Farmer Signature**: ________________________________
- **Date**: ________________________________
- **Buyer Signature**: ________________________________
- **Date**: ________________________________