⚲ CASE STUDY
SUPPLY CHAIN MODEL EVALUATION

Southern Russia has immense agricultural potential with vast tracts of land which are relatively undeveloped compared to other extensive agricultural livestock producers. Over time agricultural policy and policy relating to land tenure have encouraged growth and intensification within the sector, with varying degrees of success.

A vertical agricultural business in southern Russia with deep, wide experience in intensive production of turkey meat and fluid milk, aspires to move into extensive lamb production and processing. Since beginning operations in 2018, they have become Russia's largest lamb producer, producing 12.6 thousand tons of output annually. They have their own processing plant and feedlot and engage local farming communities for supply of lamb.

Farmers in Russia are leaseholders or collective occupiers of land. The growing season is limited by long and cold winters where animals are housed, and feed must be brought to them. Lambs are finished as much as possible, but generally, farmers are price takers. Competition and higher prices can come from roving buyers of neighboring countries, which complicates the endeavors of new initiatives. Pricing grids and ways to encourage best practice farming were considered.

Genetics that complement the abilities of the local sheep breeds is a driver of the initiative, therefore AbacusBio was invited to support the breeding programs at the nucleus, but also the multiplication of rams.

The identification and evaluation of supply chain models that fostered mutually beneficial relationships between processors and lamb suppliers was crucial to the viability of their new supply chain and the efficient utilization of processing resources. The loyalty and commitment of suppliers were compared to models in lamb-producing countries such as New Zealand, Australia, and the UK. Incentivization to drive behavior change is common in these countries and it was appreciated that Russian farmers would enjoy similar contractual mechanisms, providing elements of certainty for their businesses.

Merino and Edilbaev fat-tailed sheep are traditional breeds in southern Russia.