

*This is an example of contract concluded between a parastatal agency and farmers that facilitates contract farming operations*

**TANZANIA SISAL BOARD**

**SISAL CONTRACT OF FARMING UNDER SISO SCHEME BETWEEN  
TANZANIA SISAL BOARD AND FARMER**

This contract (herein after referred to as “Contract”) is made this.....day of..... year.....

**BETWEEN**

Tanzania Sisal Board (herein after referred to as the “BOARD”) having its headquarters located at ..... of the first part.

**AND**

.....of P. O. Box..... (herein after referred to as a “FARMER”) of the second part.

**PREAMBLE**

WHEREAS according to the Sisal Industry Act. No. 2 of 1997, section 19A of the Crop Laws (Miscellaneous Amendments) Act, 2009 and the Share Sale Agreement of 1998 to THE COMPANY.

**AND WHEREAS**

The Government through the BOARD which owns Magunga, Magoma, Hale, Mwelya, and Ngombezi Sisal Estates and in its efforts to improve the economic welfare of the sisal smallholder farmers and increase their scope of participation in sisal growing.

**AND WHEREAS** the BOARD and FARMER (herein after collectively referred to as “the Parties”) commit themselves to this contract and to undertake carrying out in full their obligations pertaining to sisal cultivation on the said sisal estates under the SISO scheme as set out in this contract.

NOW THEEFORE the Parties mutually hereto agree as follows: -

**1.0. INCORPORATION OF THE PREAMBLE**

The preamble shall be deemed to constitute as an integral part of this Agreement.

**2.0. INTERPRETATION**

In this contract, unless the context provide otherwise, the following terms wherever used shall have the following meanings: -

“Act” means the Sisal Industry Act. No. 2 of 1997 or Crop Laws (Miscellaneous Amendments) Act, 2009.

**“Applicable Law”** means the laws and any other instruments having the force of law in the United Republic of Tanzania.

**“Board”** means the Tanzania Sisal Board established by section 3 of the Sisal Industry Act, No. 2 of 1997 responsible for policy and regulatory functions in the Sisal Industry in Tanzania.

**“Contract”** means the contract between the BOARD and FARMER for sisal farming under the SISO scheme.

**“Farmer”** means a person or group of persons registered as smallholder farmers who are citizens of Tanzania and willing to cultivate sisal as their economic activity. In this agreement the farmer should be a member of the SISO scheme.

**“Company”** means a private company engaged in the processing and marketing of sisal and sisal products. In this agreement the company shall be the sole administrator of the SISO scheme.

**“Parties”** when used in this contract shall mean Tanzania Sisal Board and the Farmer in the SISO scheme.

**“Sisal”** means the plant *Agave Sisalana* or other species and fibre thereof and includes brush tow, flume tow, twines, ropes, yarns or any other product manufactured which contains predominantly fibre or any of its derivatives.

**“SISO”** is an acronym for the words sisal smallholders and out-growers which is a scheme for sisal growing by smallholders farmers under this contract.

### **3.0. OBLIGATIONS OF THE BOARD**

- 3.1. The BOARD shall excise and give to the FARMER an area of.....hectares (in words) within.....estate and provide a sublease title for growing sisal as per proper sisal crop husbandry. Furthermore the land area subleased to the farmer shall be presented in a map that is to be recognized in this Agreement and each Party shall have a copy of this map.
- 3.2. The BOARD will sensitize the FARMER to acquire membership in a registered sisal cooperative society that will eventually purchase up to 40% of the shares of an independent processing company to be established and registered in every estate.

### **4.0. OBLIGATIONS OF A FARMER**

- 4.1. A FARMER subleased an area for farming shall have a business plan and develop the area as per the professional advice provided by THE COMPANY. The area subleased to the FARMER must be planted with sisal within a period of three years failure of which ownership of the title will be revoked. Furthermore the title ownership by the FARMER will be revoked if she fails to undertake sisal maintenance and/or will not harvest the planted sisal without any reasonable course.
- 4.2. A FARMER who breaches section 3.1 of this agreement shall surrender the subleased title to the Board within the period of notice given. After

the expiry of the notice the FARMER shall not be allowed to further develop the subleased land but shall have the right to harvest the sisal grown and this shall be in accordance with the agreed upon procedures between the Parties to this agreement or to be compensated in accordance with the laws of compensation existing in the country.

4.3. All sisal grown by the FARMER in the subleased land shall be the property of the FARMER and shall be sold to the processor owing the processing facilities owned by THE COMPANY. Furthermore the produce by the FARMER will be paid as per the processed fibre value.

4.4. Assets and liabilities of the FARMER in case of death of the FARMER under this agreement shall be inherited by the legitimate FARMER'S next of kin. This shall be immediately after the BOARD does an evaluation of the property and this to be certified by the appropriate organs of state.

## **5.0. GENERAL PROVISIONS**

5.1. This contract shall come into force and effect upon signature by the Parties.

5.2. This is a permanent contract whereby the Parties to the agreement must adhere to. However the BOARD and the FARMER may review the agreement if it is deemed to be necessary to do so by the Parties to the agreement.

5.3. The BOARD and the FARMER each have the right to terminate the agreement by giving a ninety (90) days written notice and stating the

reasons for doing so. A copy of this notice shall be submitted to THE COMPANY for information purposes only.

5.4. The Parties to this agreement shall use their best efforts to settle amicably all disputes arising out of or in connection with this agreement or its interpretation. Any dispute, controversy or claim arising out of or in relation to this contract or the breach thereof shall be settled by adjudication/arbitration in accordance with the laws of the United Republic of Tanzania. The decision of the arbitrator shall be final and legally binding.

5.5. This contract shall be governed by and shall be construed and applied in accordance with the applicable laws of the United Republic of Tanzania.

5.6. The FARMER and the BOARD shall sign this agreement while being witnessed by the District Commissioner or Member of Parliament or Councilor or Division Officer or Ward Executive Officer for the FARMER and a Judge, Lawyer or Commissioner for Oaths for the BOARD.

IN WITNES WHEREOF, the Parties have executed this contract.

**TANZANIA SISAL BAORD**

Name:.....

Qualification:.....

Address:.....

Signature:.....

Date:.....

**WITNESSED BY;**

Name:.....

Qualification:.....

Address:.....

Signature:.....

Date:.....

**FARMER**

Name:.....

Qualification:.....

Address:.....

Signature:.....

Date:.....

**WITNESSED BY;**

Name:.....

Qualification:.....

Address:.....

Signature:.....

Date:.....