

TANZANIA SISAL BOARD

**SISAL CONTRACT OF FARMING UNDER SISO SCHEME BETWEEN
THE COMPANY LIMITED AND FARMER**

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

BETWEEN

THE COMPANY having its headquarters located at,
Tanzania of the first part.

AND

M/s.....of P. O. Box..... (who
is recognized as a “FARMER”) of the second part.

PREAMBLE

WHEREAS in consideration of 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 COMPANY and the 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 THEREFORE the Parties mutually hereto agree as follows: -

1.0. INCORPORATION OF THE PREAMBLE

The preamble shall be deemed to constitute 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 COMPANY and the 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 undertake sisal farming as their economic activity. In this agreement the farmer should be a member of the SISO scheme.

“The 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 THE COMPANY and the Farmer in the SISO scheme.

“Sisal” means the plant *Agave Sisalana* or other species of the genus or of the hybrids of any such 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 COMPANY

3.1. **THE COMPANY** will involve the **FARMER** herself or her representative and/or the leadership of the farmer’s committee who will also be involved in the production process so as to verify the actual fibre produced in the processing.

3.2. **THE COMPANY** will pay the **FARMER** for the sisal leaves brought to the factory and sold in a period not exceeding sixty days (60). If there is any reason for delaying the payment to the **FARMER**, **THE COMPANY** will have to inform the **FARMER** the reasons for the delay in payment within the stipulated time for payment. **THE COMPANY** will have to explain to the **FARMER** when this delayed payment will be due and the time limit should not exceed fourteen days (14). If the grace period elapses for the due payment **THE COMPANY** shall be obliged to pay the **FARMER** her dues with an interest of three percent (3%) of the claims.

3.3. **THE COMPANY** will have the right to give a one year's notice in writing to the **FARMER** of his intent to terminate the contract stating the reason for doing so. The copy of this notice should be submitted to the **BOARD**. This notice shall prohibit the **FARMER** to develop new land areas in her subleased land. However the **FARMER** shall have the right to continue harvesting the sisal planted before within the notice period and the other **FARMER**'s rights shall continue to be observed as stipulated in her contract with the **BOARD**.

3.4. The fibre price to be paid to the **FARMER** will be based on the quality of the produced fibre grades pegged on the world market prices. The SISO committee comprising of equal representation of **THE COMPANY** and farmers shall be responsible for assessing the fibre prices to be agreed upon.

4.0. OBLIGATIONS OF A FARMER

- 4.1. **The FARMER** is obliged to prepare the land, plant, weed and harvest the sisal as per the sisal agronomic best practices as instructed by **THE COMPANY**. Furthermore the **FARMER** shall be duty bound to transport the harvested sisal leaves to the decorticator that has been agreed by the Parties.
- 4.2. A **FARMER** shall have the right to grow seasonal crops in the fallow land area and in between the rows of planted sisal which is of less than three years.
- 4.3. The sisal planted in the subleased area by the **FARMER** shall be her property. Field tests shall have to be conducted before harvesting to determine the quality and quantity of fibre available to be produced and purchased by **THE COMPANY** as outlined in section 4.3 of the contract between the **FARMER** and the **BOARD**.
- 4.4. The **FARMER** is obliged to notify **THE COMPANY** in writing on her request for planting and maintenance services from **THE COMPANY** before the annual budget preparations in each year so as to incorporate such requests into the annual plans of the company.
- 4.5. The **FARMER** shall have the right to terminate this contract by giving a ninety (90) days written notice to **THE COMPANY** stating the reason for doing so. A copy of this notice shall be submitted to the **BOARD** by the **FARMER** within a period of fourteen (14) days. However the **FARMER** shall have the right to harvest all the mature sisal within the notice period by adhering to the procedures agreed

upon by the Parties. After the notice has elapsed, the **FARMER** will not be allowed to make any deal or develop the area subleased to her.

4.6. The **FARMER**'s assets and liabilities under this contract shall be as stipulated in section 4.4 of the contract between the **BOARD** and the **FARMER**.

5.0. GENERAL PROVISIONS

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

5.2. The duration of the contract is for the period of ten (10) years and can be renewed for the same period immediately after the first ten (10) years. **THE COMPANY** and the **FARMER** can review the contract after every three (3) years if deemed necessary.

5.3. 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 disputes, 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.

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

5.5. **THE COMPANY** and the **FARMER** shall sign this contract and shall be witnessed by a **THE COMPANY** responsible officer in the respective area for **THE COMPANY** and by the District Commissioner or Member of Parliament or Councilor or Division Officer or Ward Executive Officer for the **FARMER**.

IN WITNES WHEREOF, the Parties have executed this contract.

THE COMPANY

Name:.....

Qualification:.....

Address:.....

Signature:.....

Date:.....

WITNESSED BY;

Name:.....

Qualification:.....

Address:.....

Signature:.....

FARMER

Name:.....

Qualification:.....

Address:.....

Signature:.....

Date:.....

WITNESSED BY;

Name:.....

Qualification:.....

Address:.....

Signature:.....

Date:.....

Date:.....