

**AGREEMENT BETWEEN**  
**HORTICULTURAL CROPS DEVELOPMENT AUTHORITY,**  
**HORTICULTURAL FARMERS GROUPS**  
**AND**  
**FRESH HORTICULTURAL PRODUCE BUYERS**

**Preamble**

This agreement is made The Buyer, of \_(address)\_\_\_\_\_ on one hand and \_\_\_\_\_ Farmers Group, hereafter referred as the Group of \_\_\_\_\_ and \_\_\_\_\_ of P. O. Box \_\_\_\_\_ hereafter referred as the Buyer.

Whereas The Buyer has installed horticultural produce handling facilities and has the technical capacity to supervise production and handling process and whereas the aforementioned Group and Buyer wish to utilize these handling, production and other marketing arrangements established by The Buyer, it is hereby agreed as follows:

**1. Definition**

- The Buyer refers to the contracting firm or any other person authorized to act on its behalf.
- Farmer's Group means organized small-scale farmers or an individual acceptable to The Buyer intending to use The Buyer's handling facilities for transporting and marketing horticultural produce to identified buyer(s).
- Buyer means a registered company in fresh horticultural produce business also wishing to use The Buyer-organized production groups and facilities in the production and marketing processes.

**2. Obligations of the Group**

2.1 Collection Point

The Group agrees to construct a collection point from where all produce will be picked as per The Buyer's specifications. Maintenance of the centre to stipulated standards of hygiene will be the responsibility of the group.

2.2 Produce Acceptance/Registration Point

Produce acceptance/rejection point will be undertaken at the collection centre and final documentation at the Depot.

2.3 Organisation of Members/Produce Sales

The Group agrees to organize its members to produce and deliver indicated produce on a timely basis to the collection point as required by buyer and as scheduled on this agreement.

2.4 Multi-contracts

The Group agrees not to enter into any other marketing arrangements with another buyer/exporter and will offer for sale all produce raised to the contracted buyer.

### 2.5 Produce Type, Quality & Price

The farmers' Group agrees to plant horticultural crops during the period \_\_\_\_\_ and deliver the resulting produce as specified below:

<b>Produce</b>	<b>Variety/Grade</b>	<b>Delivery Day</b>	<b>Quantity Per Delivery</b>	<b>Price/Kg</b>

*Attached is the weekly delivery schedule for the contract period.*

### 2.6 Produce Quality & Grading

The Group will assign a grader to be trained by The Buyer on pre-grading techniques and who will be responsible for quality control of delivered produce as well as maintaining the premises of the collection point under sound sanitary conditions. In addition the clerk/grader will ensure that people handling horticultural produce maintain proper standards of hygiene. The produce grades shall be those required by buyer and conform to international market requirements.

### 2.7 Crop Production Practices

The Group agrees to follow practices and procedures necessary and conducive to production of high quality produce for the export market and buyer requirements with specific reference to seed and agrochemical inputs, production practices and record keeping. The format of records to be kept is as attached in the appendix.

The production procedures should conform to GOOD AGRICULTURAL PRACTICE (GAP) as required by various codes and regulations e.g., Kenya Standard Code of Practice for the horticulture industry, EUREPGAP, etc.

### 2.8 Individual Farmers Delivery Records

- The Group agrees to document group and individual farmers deliveries and maintain suitable records for the purpose of facilitating group and members' payments. Such records will include a delivery slip bearing particulars of name of farmer, Group number (code), date, type of produce and delivered weight as well as individual farmer ledgers.
- Each crate will be labelled for every delivery as guided by The Buyer for the purpose of traceability.

### 2.9 Produce Handling Charge Payment

The Group agrees to pay produce handling charge to The Buyer at a rate of 17 % of realised SALE value of the delivered produce and paid for by the buyer.

### 2.10 Custody of Plastic Crates

The Group agrees to maintain safe custody of plastic crates supplied by The Buyer for transporting delivered produce.

In the event of loss of the supplied crates, the Group agrees to compensate The Buyer up to the replacement value of each crate lost.

### 2.11 Produce Collection Schedules

The Buyer shall provide produce collection times that will facilitate timely produce delivery to buyer and the group members shall abide by the schedules or be held responsible for any delays/or non-collection.

### **3. The Buyer's Obligations**

#### 3.1 Farmer/Group Code Number

The Buyer agrees to issue a code number to the farmer/Group in order to identify all Groups' produce as well as any transaction between the Group and The Buyer

#### 3.2 Training of Farmers Groups/Group Mobilization

The Buyer will mobilise farmers into production groups and provide training support to Group members in the areas of group organisation and management, production technologies, record keeping, produce handling and market requirements.

#### 3.3 Production Planning and Delivery Schedules

The Buyer will assist the farmers group to prepare a production plan and delivery schedule with a view to meeting the Buyer's requirements.

#### 3.4 Provision of Inputs

The Buyer will assist in making available or advising on alternative sources the required seeds and agrochemicals at the depot to be purchased by the Group members.

#### 3.5 Production Supervision

The Buyer agrees to provide an extension worker to supervise production and record-keeping of all production activities in conformity with buyer and market requirements.

#### 3.6 Produce Collection and Transportation

The Buyer agrees to provide a vehicle to collect and transport the graded produce from the collection point to the Depot and thereafter to the \_\_\_\_\_ Horticultural Centre for collection by the buyer or direct to buyer whichever is convenient to both parties.

#### 3.7 Record of Group Deliveries at Depot Level and to Buyer

The Buyer agrees to keep delivery records showing both Group and individual deliveries for future reconciliation with sales realisation at \_\_\_\_\_. The same delivery records will be passed over to buyer for purpose of payment settlements.

#### 3.8 Feed-Back on Deliveries

The Buyer agrees to provide information regarding outcome of the deliveries as well as realised payments as agreed in this contract to production group.

#### 3.9 Payment to Farmers

The Buyer agrees to remit payments from buyer within 2 weeks of produce delivery to buyer less 17% commission.

### **4. Buyer Obligations**

#### 4.1 Produce Purchased

The buyer agrees to purchase all produce contracted and delivered at the \_\_\_\_\_ Horticultural Centre at prices agreed upon by all parties. The prices shall be subject to the prevailing market trends and selling prices agreed upon shall be reviewed after every planting cycle.

#### 4.2 Quality of the Produce

- The buyer agrees to strictly specify the quality standards of the produce to be delivered from production groups.

- The buyer agrees to appoint a quality inspector to ascertain the quality of the produce and the buyer shall bear the cost of such services.
- The buyer agrees to collect all the delivered produce at the agreed time and dates of the order failure to which compensation will be made at the agreed purchase prices.

4.3 Production Supervision

The buyer agrees to make routine visits to the production units to supervise production and verify crops progress and advice both The Buyer and growers as necessary.

4.4 List of Farm Inputs

The buyer shall provide list of recommended seed and agrochemical inputs that confirm to their market needs.

4.5 Provision of Farm Inputs

The buyer is encouraged to advance farmers required inputs to be recovered from produce sales through The Buyer

4.6 Payment of Produce

The buyer agrees to pay for all the produce from the group and delivered to buyer within 7 days of delivery at the agreed prices.

**5. Joint Obligation**

5.1 Natural Calamities and Non-commercial Risk

In the event of natural calamities (floods, hail, excessive rains, earthquake, etc.) or non-commercial risks (war, insurrection, national labour strikes, etc.) both parties should not be liable for non-performance.

5.2 Contract Period

This contract will be valid for a period of \_\_\_\_\_ months from \_\_\_\_\_ 200\_ to \_\_\_\_\_ 200\_.

5.3 Termination of Contract and Automatic Continuation

This contract may be terminated by giving three months written notice by either party. In case none of the contract party expressed the intension of termination, the contract period shall be extended automatically for the following production season.

Agreed this \_\_\_\_\_ day of \_\_\_\_\_ 200?.

\_\_\_\_\_ Date: \_\_\_\_\_

On behalf of The Buyer

\_\_\_\_\_ Date: \_\_\_\_\_

On behalf of Group

\_\_\_\_\_ Date: \_\_\_\_\_

\_\_\_\_\_ Date: \_\_\_\_\_

On behalf of Buyer

Witnesses: \_\_\_\_\_