

MEMORANDUM OF UNDERSTANDING

CONTRACT No. _____

Made and entered into by and between:-

VOEDSEL ENTERPRISES (PVT)LTD

(Hereinafter referred to as “Contractor” or “VOEDSEL”) of the one part

andID

(Hereinafter referred to as the “Farmer :)



WHEREAS:

1. VOEDSEL entered into a Memorandum of Understanding with the Ministry of Agriculture (“the Ministry”) and the Tobacco Industry Marketing Board (“TIMB”) in terms of which VOEDSEL is permitted to enter into contracts with tobacco farmers and fund the growing of flue-cured tobacco (“tobacco”) for direct purchase by VOEDSEL.
2. THE FARMER is a tobacco farmer and wishes to grow tobacco exclusively under contract with VOEDSEL and to sell such tobacco to VOEDSEL.

PREAMBLE:

It is the desire of VOEDSEL and THE FARMER that:

1. Flue cured Virginia tobacco be grown by THE FARMER in accordance with the standard and quality recommendations of the Tobacco Research Board (TRB), TIMB and VOEDSEL.
2. VOEDSEL provide inputs in their material form for the production of flue-cured tobacco to be sold to VOEDSEL or VOEDSEL approved tobacco Partners/Merchants until the loan amount has been repaid in full through the tobacco.
3. That VOEDSEL provides technical extension support to ensure that the agreed tobacco is produced.
4. VOEDSEL undertakes to be competitive in line with the TIMB Price matrix for the grade on offer.
5. VOEDSEL will make deductions for the value of inputs received by the farmer before any payments are disbursed.

THE PARTIES HEREBY AGREE THE FOLLOWING:

1. INTERPRETATION

Unless otherwise inconsistent with the context of this agreement the following interpretation shall apply:

If THE FARMER is a company or other body corporate, all references to natural persons shall be deemed to mean such company or body.

References in the singular shall include the plural and vice versa.

References in the male gender shall include the female and vice-versa.

All annexure hereto shall be deemed to be incorporated herein and shall form an integral part of this agreement.

2. DURATION OF THE CONTRACT

This agreement shall be in effect from the execution hereof by both parties, and shall remain in force and effect until such a time that the loan amount is repaid in full through the sale of tobacco to VOEDSEL.

3. OBLIGATIONS OF VOEDSEL

VOEDSEL shall provide flue cured tobacco field production inputs support in the form of fertilizers, chemicals, packaging materials and transport. Coal and firewood shall be provided subject to availability of finance.

VOEDSEL shall provide extension, monitoring and advisory services to THE FARMER to ensure successful production and marketing of the crop.

VOEDSEL will strive for timeous disbursement of inputs and these disbursements will only be done when all conditions and requirements are met by the farmer.

VOEDSEL or its appointed tobacco buyers shall buy all the tobacco produced by the farmer through this contract.

The grading system used by VOEDSEL shall be the TIMB grading system.

VOEDSEL undertakes to deduct a maximum of 70% (Seventy percent) of THE FARMER'S tobacco sale earnings at each tobacco contract sale for the repayment of the loan.

4. THE FARMER'S OBLIGATIONS.

THE FARMER shall exclusively produce flue-cured tobacco for sale to VOEDSEL in quantities specified in clause six (6) hereof, whose quality and leaf composition shall be as specified by VOEDSEL and the Tobacco Research Board guidelines.

THE FARMER shall not incur further debt or liabilities of any nature that may have material effect on the tobacco produced under the agreement or his liability to fully discharge his obligations hereof, without prior written consent of VOEDSEL.

THE FARMER shall allow VOEDSEL officers reasonable access to the tobacco fields, financial and production records for the purposes of monitoring of the production operations at any stage during the period of the contract.

THE FARMER shall not sub-contract the production of the tobacco crop under this agreement to any third party.

THE FARMER agrees to notify VOEDSEL's buyer of any grading dispute at the time the grading occurs. THE FARMER'S failure to provide such notification shall constitute a waiver of the dispute and acceptance of the grading. Upon such timely notice, the bale(s) in question shall be re-evaluated by other senior VOEDSEL personnel. If THE FARMER in good faith remains unsatisfied with the grading, TIMB shall be asked to arbitrate over the dispute. TIMB grading shall then be deemed to be final.

THE FARMER shall maintain complete and accurate records of all farming activities pertaining to the tobacco that are relevant to the FARMER'S compliance with this agreement and shall give VOEDSEL reasonable access to these books and records for the purpose of ensuring THE FARMER'S compliance with the terms of this agreement.

THE FARMER shall provide VOEDSEL with crop size estimates in kilograms pre-season, mid-season and post-harvest, and notify VOEDSEL of any event or circumstance that may affect the tobacco crop or the estimated crop size thereof.

THE FARMER shall insure the crop with VOEDSEL Insurance Company against hail and other normal insurable risks specified by VOEDSEL and to cede the policy or policies of insurance as security for repayment of the facilities hereof. The terms and conditions of the insurance policy will be provided by VOEDSEL Insurance Company on separate forms to be completed by farmer. The insurance is a comprehensive cover that will cover the crop from field to floor including hail.

Upon execution hereof and during the period of this agreement THE FARMER shall declare to VOEDSEL all tobacco growers' numbers allocated to him and his immediate family and undertake not to apply for further such numbers.

The FARMER will be required to provide collateral for the loan and sign an acknowledgement of debt in which he cedes the collateral in case of default or side marketing of the crop produced under this contract.

5. OTHER UNDERTAKINGS

VOEDSEL and THE FARMER further agree that:

VOEDSEL retains the right in the reasonable exercise of its discretion to reject any tobacco delivered by THE FARMER which contains unreasonable levels of moisture, pesticides residue, foreign matter, stalk or sucker; is excessively hail damaged, disease or oxidized; is hot, wet, damaged or "crude" green; is not within residual chemical tolerances in accordance with applicable industry and regulatory standards; is nested with inferior tobacco; is otherwise not of fair average quality in the trade; or with respect to which THE FARMER is in breach of covenant or warranty in the agreement.

The tobacco produced under this agreement shall be auctioned in accordance with the regulations of the Tobacco Industry and Marketing Board (TIMB).

VOEDSEL will charge THE FARMER 3,5% of THE FARMER'S tobacco sale earnings on each tobacco contract sale as floor and processing fees.

Badly handled tobacco including mixed tobacco shall be returned to THE FARMER at his cost for re-handling/regrading.

Defective tobacco may be sold at a final clean up sales at an agreed discounted price.

6. LOAN AMOUNT

This agreement is for an input loan amount of us\$..... to support tobacco production on Hectares, yielding kilograms of tobacco to be delivered to and purchased by VOEDSEL.

7. EXCLUSION OF LIABILITY

VOEDSEL shall not accept responsibility for the loss or damage of the tobacco crop or cured leaves or any materials concerned with this contract whilst in the possession of THE FARMER.

8. NON – TRANSFERABILITY

The Agreement as embodied by this contract and its attachment(s) is personal to THE FARMER. THE FARMER may not assign or transfer this agreement without VOEDSEL’s prior express written permission.

9. ARBITRATION

Any dispute arising from the interpretation or implementation of this agreement shall be forwarded to a mutually agreed arbitrator and the parties shall submit and bind themselves to the decision of such Arbitrator. In the event that the parties are unable to agree on the decision of such Arbitrator, the appointment shall be made by the Commercial Arbitration Centre in Harare under the terms and conditions of the Commercial Arbitration Centre in Harare.

10. BREACH AND TERMINATION

This contract is binding for the full duration of the tobacco season per clause two (2) hereof and may not be terminated midway into the production and marketing period.

11. WHOLE AGREEMENT

- a) This contract is the entire understanding between the parties and no warranty or execution or representation or manifestation or provision is implied except that which is contained herein.
- b) This agreement may not be amended except by a writing executed by both parties in any case may not be changed, varied or modified by oral agreement.
- c) No waiver or indulgency or leniency which may be granted by VOEDSEL to THE FARMER in the observance of the conditions of this agreement shall in any way prejudice the right of VOEDSEL at all times to demand strict and prompt compliance with all conditions hereof.

12. FARMER INFORMATION SHEET

Name of the Farmer	National I.D. Number	Grower No.						
.....						
Name of Spouse	Spouse’s I.D. Number	Grower No.						
.....						
Farm/Plot Name	Other Grower Numbers							
.....							
District	Province							
.....							
Telephone/Cell Numbers	<table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="width: 60%;"></td> <td style="width: 40%; text-align: center;">Hectrage</td> </tr> <tr> <td colspan="2" style="height: 20px;"></td> </tr> <tr> <td colspan="2" style="height: 20px;"></td> </tr> </table>			Hectrage				
	Hectrage							
.....								
Physical & Postal Address								
.....								

13. COMMUNICATION

a) Any communication, notices or services of process to VOEDSEL pertaining to this contract shall be sent to:
VOEDSEL ENTERPRISES (PVT) LTD
145 BORROWDALE ROAD, BORROWDALE
HARARE

b) Any communication, notices/services of process to THE FARMER shall be sent to:

.....
.....

THUS DONE AND AGREED by VOEDSEL at Harare on this Day of..... 2018

.....
VOEDSEL ENTERPRISES (PVT) LTD
(Represented by)

AS WITNESSES

1.
2.

THUS DONE AND AGREED by THE FARMER at Harare on this Day of 2018

.....
THE FARMER

AS WITNESSES

1.
2.