

AGREEMENT

THIS AGREEMENT is made the day of 20..... BETWEEN the **GHANA RUBBER ESTATE LIMITED**, a limited liability company incorporated under the Laws of the Republic of Ghana with its Head Office at High Street, Takoradi in the Western Region of the Republic of Ghana (hereinafter referred to as “GREL”) of one part and a self finance outgrower of rubber plantation residing at in the Region of the Republic of Ghana (hereinafter collectively referred to as “the SFO”) of the second part.

WHEREAS:-

- The self finance outgrower (SFO) has requested for support in the form of inputs and services from GREL for the purpose of developing a rubber plantation.
- GREL has agreed to render support in the form of inputs and services to the SFO for the purpose of developing a rubber plantation.

NOW THEREFORE the two parties hereto agree as follows: -

1. GREL hereby undertakes the following obligations:

- i. To select the SFO who is willing and capable of paying for all inputs and services that GREL shall supply.
- ii. To provide extension services and other technical advice and assistance to the SFO in the management of the rubber plantation.
- iii. To purchase the rubber from SFO at a price based on a price mechanism to be agreed upon from time to time by the parties hereto and to pay the purchase price by bank transfer / cheques issued in the name of the SFO to his/her own choice of bank. The formula for the price mechanism is as in Appendix 1
- iv. To make available planting materials, fertilizers, chemicals, tapping tools and other services per approved price upon payment for these inputs.
- v. The cost of technical and extension service support for the immature period (year one to year six) valued at 40 dollars per hectare per year shall be borne by GREL. The services to be provided by GREL is as detailed in Appendix 2.
- vi. To supply 5% contingency stumps of the planted field free of charge to the SFO for replacement of dead stumps.

2. SFO hereby undertakes the following obligations:

- i. To acquire a minimum of ten (10) hectares of land and must be capable and willing to put it under the self finance outgrower project in so far as clause 2iv remains in force.
- ii. To make advance payment for all inputs and services that GREL shall supply to the SFO.
- iii. To develop the rubber plantation in accordance with the technical advice given by the officers of GREL and maintain same under the supervision of GREL.
- iv. To tap the rubber as directed by GREL and sell same to GREL exclusively and to no other third party for ten years continuous under production (between year seven and year seventeen).
- v. In the event that the SFO decides not to sell to GREL as stipulated in clause 2iv above, the SFO shall refund the amount of the cost of extension service plus the prevailing dollar denominated interest.
- vi. To contribute annually during the mature stage of the rubber, an amount equivalent to 2.5% of the FOB price, towards contribution to extension service support deducted from the purchase price of the rubber. The 2.5% could be revised from time to time upon an agreement between the SFO and GREL.
- vii. To keep the said plantation in good maintenance and repair at all times.
- viii. To allow staff and or duly appointed representatives or agents of GREL, access to the farm, for the purpose of inspection.
- ix. To adopt and implement all technical advice from GREL.

3.0 FORCE MAJEURE

In the event where the property on the land is destroyed or becomes unusable due to faulty design, incurable disease or pests, vandalism, or due to fire, bad weather, earthquake, civil or world wars, strikes, riots, civil unrest or other causes beyond the control of GREL, this management contract will be terminated immediately through a notification to the SFO by GREL within a period of thirty (30) days after the event causing the destruction or non-use occurred. From that date, the SFO will not be required to make payment of any fee if the whole contract was terminated.

If the plantation was partially destroyed and GREL agrees to continue managing the part of the plantation still usable, this contract will be modified to suit the new terms of the two parties.

The foregoing provisions are without prejudice to the actions that the SFO may have against the GREL for damage caused to the property.

4.0 IN PURSUANCE OF THE ABOVE

- i. The SFO hereby authorizes GREL to issue cheques in payment of rubber sold to it in his /her name.
- ii. The SFO shall not sell or part with possession or dispose of the rubber to any other person or institution other than GREL except with the consent of GREL in so far as clause 2iv remains in force.
- iii. The SFO shall be responsible for the acquisition of the land and the title deeds for his/her rubber plantation.
- iv. Either party may propose in writing any amendment to this Agreement. Any amendment agreed by the parties shall come into effect on the date to be determined by the Parties.
- v. Any dispute, differences and questions which may at any time arise between the parties hereto or their respective representatives or assigns arising out of or in respect of this agreement which can not be amicably settled shall be referred to a single arbitrator in accordance with the provisions of the Arbitration Act 1961(Act 38) or any statutory modification or re-enactment thereof for the time being in force.

IN WITNESS WHEREOF the parties have hereto set their hands on the day and year above written.

**SIGNED and DELIVERED by the said
GHANA RUBBER ESTATE LIMITED
In the presence of: -**

SIGNED / THUMB PRINTED by the

**SELF FINANCE OUTGROWER or authorized REPRESENTATIVE
after the contents had been read out and interpreted in the language and he seemed
perfectly to understand the same before signing his name or thumb printing in the
presence of : -**

Appendix 1

PRICE MECHANISM

AVE. MARKET PRICE (SICOM)	MONTH	USD	
Ave. Exchange Rate	Month	GHC to USD	
Ave. Market Price Cedis			
Discount			
FOB Price			
64% of FOB to SFO	64%		
58.5% conversion to wet wt.	58.5%		
Less:			
CESS (per agreement)	2.5%		
Association ??			
Factory gate price			
Kilometre Radius		Transport	Ex- Farm
Less or equal to 50km			
51km to 100 km			
Greater than 100km			

Appendix 2

SERVICES TO BE PROVIDED BY GREL

TECHNICAL VISITS

- The aim of conducting these visits is to assess the performance of the rubber farms to ensure that SFO's develop quality plantations for higher yields.
- There are four (4) types of Technical visits carried out throughout the year.

TYPES OF VISITS

- Routine
- Technical Visits - Immature
- Review
- Tapping inspection

ROUTINE VISITS

- These visits are undertaken for the operation of all the routine activities on the Outgrower farms. These routine activities are land preparation, lining and pegging, planting, census, fertilizer application, girth measurements, disease control, etc. as indicated on calendar of operations

TECHNICAL FIELD VISITS A&B

The Technical Field visits A & B are undertaken twice in a year. One is conducted in the dry period between October and March (visit A) and the other in the rainy season between April and September (visit B).

The aim of these visits is to evaluate the performance of the farm through a scoring system. The scoring is thus objective.

A copy of the score sheet is given to the SFO. If the overall performance of the SFO is below average or poor, the SFO is given ten (10) days to rectify the anomalies as stated on the review visit sheet.

REVIEW VISIT

The review visit is undertaken two weeks after the technical field visit or tapping inspection. This serves as a follow up to ensure that the comments made during the technical field visits and/ or the tapping inspection have been addressed. If the concerns raised are not addressed, the Outgrower is given additional ten (10) days to normalize the situation.

TAPPING INSPECTION

This is undertaken every 2 months to assess the quality of tapping, quality of produce and field maintenance. It is conducted during tapping.

TECHNICAL MONITORING SCORING SYSTEM

Technical field monitoring system is based on the technical field visits. To ensure the effectiveness and objectivity of the assessment, a technical monitoring scoring system has been put in place.

- The ratings for scoring range from 0 to 4 as follows:-
- 0 Very Poor : No maintenance, neglected, require immediate action
- 1 Poor : Not sufficient, not well maintained
- 2 Average : Something acceptable
- 3 Good : Satisfactory and well done
- 4 Outstanding : Very good including these details (Frontage, Boundaries, Signboard)

CENSUS

- To give an inventory of trees or density/ha
- To give a fair idea of total stumps required for replacement planting
- Types of census include initial census, normal census, replacement census and special census. This would be carried out on year 1, year 2 and year 6 plantings between January and March.

GIRTH MEASUREMENT

- To measure the girth of the rubber trees during the immature period.
- To assess the number of tappable trees at the year of opening and complementary openings in the subsequent years.
- It is an annual field activity carried out between the months of October and December to determine the growth of the trees that are two years old and above. This would be carried on year 2 and year 6 plantings.

FERTILIZER APPLICATION

- Fertilizer NPK is applied on rubber trees to enhance the growth of the trees to reduce the gestation period for tapping.
- Fertilizer application is an annual field operation carried out on trees that are in Years 0, 1 and 2.
- The fertilizer is applied at the rate of 200g/tree 5-6 months after planting.
- For subsequent 2 years 400g/ tree /year should be applied.

ROOT DISEASE (FOMES) CONTROL (DETECTION AND TREATMENT)

Detection of Fomes

- Fomes control begins two years after planting. This is done by the special duties team of the project. Each SFO farm is visited at least four times per year as indicated below;
- Exhaustive detection by leaf symptoms in May and November.
- Exhaustive observation of leaf symptoms during fertilizer applications (August to October).
- Non – exhaustive observation of leaf symptoms during the various inspections such as girth measurements, visits A and B, routine visits and tapping inspection (throughout the year).
- When requested by the farmer.

Detection Procedure

- Detection is carried out by a gang of 5 people who walk through the farm line by line (row by row).
- All trees suspected of having disease are identified (tagged).
- A second more precise level of detection to confirm the presence of Fomes is carried out.
- Once confirmed, treatment begins.

Treatment Procedure

- Treatment combines both mechanical action (partial or total isolation) and chemical action with fungicide granules. Currently, Sumi 8 (a.i. is Diniconazole) which is a systemic fungicide is used for the control of Fomes.

HAND OUTS / LEAFLETS ON THE FOLLOWING

- Production Guide
- Planting
- Maintenance
- Tapping
- Quality rubber
- Etc

Summary of technical assistance given to Self Financed Outgrowers by GREL

ACTIVITY	OUTGROWER	GREL	REMARKS
Lining & Pegging	X	X	GREL provides technical assistance through supervision by staff.
Planting & Fertilizer Application	X	X	GREL provides technical assistance through supervision by staff
Census		X	GREL undertakes the activity
Girth Measurement		X	GREL undertakes the activity
Disease Control		X	Undertaken by DC team free of charge during immature. However the chemical is charged against farmer
Tapping	X	X	Training of tappers carried out by GREL free of charge

GHANA RUBBER ESTATES LIMITED
(RUBBER OUTGROWERS UNIT)

TECHNICAL SUPPORT AGREEMENT

BETWEEN

GHANA RUBBER ESTATES LIMITED

AND

SELF FINANCE OUTGROWER