

**KENYA COCONUT DEVELOPMENT AUTHORITY ORDER, 2007**

## ARRANGEMENT OF ORDERS

## PART I – PRELIMINARY

*Order*

1. Citation.
2. Interpretation.

## PART II – ESTABLISHMENT OF THE AUTHORITY

3. Establishment of the Authority.
4. Board of the Authority.
5. Functions of the Authority.
6. Powers of the Board.
7. Meetings of the Board.
8. Managing Director.
9. Appointment of staff.
10. Remuneration.
11. Delegation of powers.
12. Execution of documents.

## PART III – FINANCIAL PROVISIONS

13. Funds of the Authority.
14. Financial year.
15. Annual estimates.
16. Accounts and audit.
17. Investment of funds.
18. Annual report.

## PART IV – QUALITY ASSURANCE IN PRODUCTION AND MARKETING

19. Establishment of coconut nursery committee.
20. Registration of nursery.
21. Conditions before registration.
22. Certificate not transferable.
23. Restriction on transfer of planting materials.
24. Approved source of seeds.
25. Approved planting material.
26. Records of sale.
27. Restriction on sale of planting materials.
28. Compensation.
29. Selection of production sites.
- 30.
31. Coconut produce and by-products traceability.
- 32.
33. General provisions for produce handling facility.

Order

- 34. Waste disposal.
- 35. Application for registration of produce and by-products dealers.
- 36. Restrictions on registration.
- 37. General penalty.

SCHEDULES

FIRST  
SCHEDULE

SECOND –  
SCHEDULE

FIELD HANDLING AND GRADING MINIMUM REQUIREMENTS

THIRD –  
SCHEDULE

MINIMUM CONDITIONS APPLICABLE TO PACK HOUSES PRODUCE HANDLING  
FACILITY

FOURTH SCHEDULE – PACKAGING, TRANSPORTATION AND STORAGE  
MINIMUM REQUIREMENTS

FIFTH –  
SCHEDULE

GUIDELINES FOR CONTRACTUAL AGREEMENT BETWEEN THE PRODUCER  
AND DEALER IN THE INDUSTRY

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**KENYA COCONUT DEVELOPMENT AUTHORITY ORDER, 2007**

[L.N. 165/2007.]

**PART I – PRELIMINARY****1. Citation**

This Order may be cited as the Kenya Coconut Development Authority Order, 2007.

**2. Interpretation**

In this Order, unless the context otherwise requires—

“**Authority**” means the Kenya Coconut Development Authority established by this Order;

“**Board**” means the Board of the Authority established by paragraph 4;

“**Committee**” means the Coconut Nurseries Committee established under paragraph 19 of this Order;

“**dealer**” means a person, company, co-operative society, association of persons or firm engaged in buying coconut produce and by-products for resale in the local or export market and includes exporters, importers, processors, agents and marketing agents;

“**grower**” means a small or large scale producer of coconut who grows and sells to a dealer;

“**inspector**” means any person authorized in writing by the Agriculture Secretary or the Authority to carry out inspections in the coconut industry;

“**Minister**” means the Minister for the time being responsible for matters relating to Agriculture;

“**nursery operator**” means a person who has planted or who intends to plant, multiply or grow coconut from seeds or any vegetative parts which may be used to multiply the coconuts for own use or for sale;

“**planting material**” means any plant raised from the seed or from the vegetative part of a plant in a coconut nursery.

**PART II – ESTABLISHMENT OF THE AUTHORITY****3. Establishment of the Authority**

There is hereby established a State corporation to be known as the Kenya Coconut Development Authority which shall be a body corporate in accordance with section 3 of the Act.

**4. Board of the Authority**

(1) There shall be a Board of the Authority consisting of the following members—

- (a) a chairman appointed by the President;
- (b) the Permanent Secretary of the Ministry for the time being responsible for Agriculture;
- (c) the Permanent Secretary of the Ministry for the time being responsible for Finance;
- (d) the Permanent Secretary of the Ministry for the time being responsible for Regional Development Authorities;

- (e) the Permanent Secretary of the Ministry for the time being responsible for Co-operative Development and Marketing;
- (f) the Managing Director of the Authority appointed under paragraph 8;
- (g) five members appointed by the Minister and who have an interest in the coconut industry and other relevant qualification or experience.

(2) The Chairman and members appointed under subparagraph (1)(g) shall serve for a term of three years, which may be renewed once.

(3) The Chairman and members of the Board appointed under subparagraph (1)(g) shall cease to hold office if one—

- (a) resigns his office as such in writing to the appointing authority;
- (b) is absent from three consecutive meetings of the Authority without justifiable cause;
- (c) is adjudged bankrupt;
- (d) is incapacitated by prolonged physical or mental illness;
- (e) ceases to represent the interest in respect of which he was nominated to the Board;
- (f) is otherwise unable or unfit to discharge the functions of the office;
- (g) is convicted of a criminal offence.

## **5. Functions of the Authority**

The Authority shall in respect of coconut industry have the following functions. These shall be to—

- (a) provide an advisory service on matters related to the coconut industry to the Government and to the industry for planning purposes;
- (b) collect and collate data, maintain a database on coconut industry, document and monitor the industry through registration of all players in the industry;
- (c) assist in the production, processing, grading, storage, collection, transportation and warehousing of all the produce and by-products destined for markets;
- (d) arbitrate on disputes arising between the growers and any of the players or among other players in the industry;
- (e) vet and witness contracts entered into between the growers and any other players or between other players in the industry before they are executed;
- (f) appoint agents for the implementation or performance of any function of the Authority under this Order; and
- (g) monitor imports and exports of coconut produce and by-products for efficient management of the coconut industry.

## **6. Powers of the Board**

The Board shall have all powers necessary for the proper performance of the functions of the Authority under this Order and, in particular but without prejudice to the generality of the foregoing, the Board shall have power to—

- (i) regulate the production, post-harvest handling and marketing of coconut produce and by-products;
- (ii) impose restrictions on the quantity and quality of coconut produce and by-products to be imported or exported;

- (iii) raise such funds on such terms and for such purposes as may be approved by the Minister after consultation with the Minister for the time being responsible for Finance;
- (iv) establish, acquire and operate produce handling facilities on its own or through private public partnerships, for the purpose of promoting production, marketing and processing of coconut produce and by-products;
- (v) investigate and research into all matters relating to the industry generally and in particular production, processing, value addition and marketing of coconut produce and by-products;
- (vi) regulate coconut nurseries and their operators;
- (vii) destroy any planting material in unregistered coconut nurseries;
- (viii) initiate, promote and enforce standards for labelling, packaging, grading, transport and storage of coconut produce and by-products and ensure observance and compliance with local and international standards in liaison with relevant organizations or bodies.

#### **7. Meetings of the Board**

(1) The Chairman shall preside at all meetings and in the absence of the Chairman, the other members present at the meeting shall appoint one of the members to act as chairman at that meeting.

(2) The quorum for the Board meeting shall be two-thirds of the members.

(3) The Board may co-opt, for such period as it may think fit, not more than three persons whose assistance or advice it may require, but persons so co-opted shall not be counted as members for the purpose of forming a quorum or shall not be entitled to vote at any meeting of the Board.

(4) Every decision of the Board shall be by a simple majority of the members present and voting but the Chairman or the person appointed to be the Chairman under sub-paragraph (1) shall have a casting as well as a deliberative vote.

(5) Subject to this Order, the Board shall regulate its own proceedings.

#### **8. Managing Director**

(1) There shall be a Managing Director appointed by the Minister on the recommendation of the Board and who shall be the secretary to the Board.

(2) The Managing Director shall possess a degree in agricultural sciences and be well versed in the coconut industry.

(3) The appointment of the Managing Director shall be for a four year contract renewable only once for a period not exceeding four years.

#### **9. Appointment of staff**

The Authority shall appoint upon such terms and conditions as it thinks proper such officers and employees as it deems necessary for the efficient operation of the Authority.

#### **10. Remuneration**

The Authority shall pay such remuneration, fees, allowances and such other reimbursement to members of the Board as may be approved by the Treasury.

#### **11. Delegation of powers**

The Board may delegate any of its powers to any of its committees or to the Managing Director.

**12. Execution of documents**

(1) The seal of the Authority shall be authenticated by the signature of the Chairman and the Managing Director, or by either the Chairman or the Managing Director, together with one member other than an *ex officio* member of the Board authorized in writing by the Authority in that behalf.

(2) Any document, other than a document which is required by any other law to be under seal, made and any decision of the Authority, may be signified under the hand of the Chairman, or the Managing Director or of any other member of the Board or any other person authorized in writing by the Board in that behalf.

**PART III – FINANCIAL PROVISIONS****13. Funds of the Authority**

The funds and assets of the Board shall consist of—

- (a) such monies or assets as may accrue to or vest in the Board, in the course of the exercise of its powers or the performance of its functions under this Order;
- (b) any monies which may in any manner become payable to or vested in the Board in respect of any matter incidental to the carrying out of its functions;
- (c) any gifts as may be given to the Board;
- (d) such monies as may be appropriated by Parliament for the purposes of the Board; and
- (e) all monies from any other source provided, donated or lent to the Board.

**14. Financial year**

The financial year of the Board shall be the period of twelve months ending on the thirtieth day of June in each year.

**15. Annual estimates**

(1) At least three months before the commencement of each financial year, the Board shall cause to be prepared estimates of the revenue and expenditure of the Board for that financial year.

(2) The annual estimates shall make provision for all estimated expenditure of the Board for the financial year concerned, and in particular shall provide for—

- (a) the payment of the salaries, allowances and other charges in respect of the officers, members of staff or agents of the Board;
- (b) the payment of the pensions, gratuities and other charges in respect of the retirement benefits payable to the members of staff of the Board;
- (c) the proper maintenance of the buildings and grounds of the Board;
- (d) the proper maintenance, repair and replacement of the equipment and other movable property of the Board; and
- (e) the creation of such reserve funds to meet future or contingent liabilities in respect of retirement benefits, insurance, replacement of buildings or equipment, or in respect of such other matters as the Board may deem fit.

(3) The annual estimates shall be approved by the Board before the commencement of the financial year to which they relate and, once approved, the sum provided in the estimates shall be submitted to the Minister for approval.

(4) No expenditure shall be incurred for the purposes of the Board except in accordance with the annual estimates approved under subparagraph (3), or in pursuance of an authorization of the Board given with prior written approval of the Minister, and the Permanent Secretary to the Treasury.

#### **16. Accounts and audit**

(1) The Board shall cause to be kept proper books and other records of accounts of the income, expenditure, assets and liabilities of the Board.

(2) Within a period of three months after the end of each financial year, the Board shall submit to the Controller and Auditor-General or to an auditor appointed under subparagraph (3), the accounts of the Board, in respect of that year, together with—

- (a) a statement of income and expenditure during that financial year; and
- (b) a statement of the assets and liabilities of the Board on the last day of that financial year.

(3) The accounts of the Board shall be audited and reported upon in accordance with the provisions of the Public Audit Act (Cap. 412B).

#### **17. Investment of funds**

(1) The Board may invest any of the funds of the Board in securities in which the Board may by law invest trust funds, or in any other securities which the Treasury may, from time to time, approve.

(2) The Board may place on deposit, with such bank or banks as the Treasury may approve from time to time, any monies not immediately required for the purposes of the Board.

#### **18. Annual report**

(1) The Board shall, within three months after the end of each financial year, prepare and submit to the Minister, a report on the operations of the Board for the immediately preceding financial year.

(2) The Minister shall lay the annual report before the National Assembly as soon as is practicable after the National Assembly next sits after the Minister has received the report.

### **PART IV – QUALITY ASSURANCE IN PRODUCTION AND MARKETING**

#### **19. Establishment of coconut nursery committee**

(1) There shall be a Coconut Nursery Committee of the Board consisting of the following

- (a) the Agriculture Secretary;
- (b) the Managing Director of the Authority;
- (c) the Director, Kenya Agricultural Research Institute;
- (d) the Managing Director, Kenya Plant Health Inspectorate Service;
- (e) the Managing Director, Coast Development Authority; and
- (f) one representative of registered private sector nursery operators.

(2) The Committee shall from time to time certify the minimum nursery standards in respect of coconut palm that is grown.

(3) The Committee may co-opt, for such period as it may think fit, any person whose assistance or advice it may require.

**20. Registration of nursery**

(1) No person shall, after the publication of this Order, establish or operate a coconut nursery in any area unless that nursery is registered in accordance with this Order.

(2) Every application for a certificate of registration for a coconut nursery shall be made to the Authority before establishment of such a nursery as set out in Form A of the First Schedule.

(3) The certificate of registration as set out in Form B of the First Schedule shall be renewable after three years and only applicable for the area inspected.

**21. Conditions before registration**

No person shall be issued with a certificate as a nursery operator under paragraph 20 unless an inspector—

- (a) has visited and inspected the site and confirmed it as suitable for a coconut nursery;
- (b) is satisfied that the planter or his agent has adequate knowledge of nursery management and coconut production techniques.

**22. Certificate not transferable**

(1) No person to whom a certificate of registration is issued under paragraph 20 shall sell, lend, transfer or otherwise dispose of the certificate without the prior written permission from the Authority.

(2) The operator of a coconut nursery shall display the certificate of registration for inspection at all times.

**23. Restriction on transfer of planting materials**

No person shall transfer coconut planting materials from one part of the country to another unless that person has obtained a movement permit in the form set out in Form C of the First Schedule to this Order from the District Agricultural Officer of his area.

**24. Approved source of seeds**

(1) Every coconut nursery operator shall procure seeds from sources approved by the Committee.

(2) Coconut seeds shall be grown according to procedures on nursery management as laid down by the Committee.

(3) Seedlings shall be inspected by an inspector while still in the seedbed before they are approved for transplanting.

**25. Approved planting material**

(1) The Authority shall prescribe the manner of procuring planting material by the growers and the manner of dealing with planting material generally.

(2) Every grower shall comply with any requirement of the Authority under subparagraph (1).

(3) A person who fails to comply with subparagraph (2) commits an offence.

**26. Records of sale**

Every nursery operator shall keep accurate records of distributed planting materials indicating the buyer's name, district, location, sublocation and postal address, and quantity purchased and shall produce such records on demand for the purposes of inspection.



**27. Restriction on sale of planting materials**

(1) No person shall distribute any planting material without a plant health certificate issued by the Authority.

(2) Any person who contravenes subparagraph (1) commits an offence and shall have his nursery certificate revoked, and his plants destroyed by the Authority in addition to any other penalty which the court may impose under this Order.

(3) The operator of a coconut nursery which is destroyed under subparagraph (2) may re-apply for registration after a period of two years.

**28. Compensation**

(1) No compensation shall be payable in respect of any planting material destroyed under paragraph 27 of this Order.

(2) No suit, prosecution or other legal proceeding shall lie against an inspector for anything done in good faith and without negligence under this Order or under any rule made thereunder.

**29. Selection of production sites**

(1) Every producer shall select a site for production of coconuts and such a site shall not be in the land that has proximity to an area contaminated by industrial, faecal or domestic organic waste.

(2) The selected site and production practices shall minimize detrimental impact on environment while conserving nature and wildlife in accordance with the provisions of Environmental Management and Co-ordination Act (No. 8 of 1999).

(3) Every producer shall draw farm plans and such plans shall indicate the selected sites and the facilities that have been strategically sited to ensure workers' occupational health and safety, and to prevent contamination of crops or produce and packaging materials.

(4) The areas selected for production of coconuts shall be indicated in the farm plans in relation to workers' housing, toilets, drinking water points, waste disposal pits, waste water treatment, utility stores, and social amenities.

(5) A person who contravenes the provisions of this paragraph commits an offence.

**30.** Every producer shall comply with good agricultural practices in relation to production, site selection, soil and water analysis, record and document control, hygiene, cleanliness and workers welfare.

**31. Coconut produce and by-products traceability**

Every producer and every dealer shall develop, implement and monitor a precise and detailed traceability system to ensure that consumers are informed correctly on the coconut produce and by-products which addresses—

- (a) origin, nature, quantities and use of farm inputs;
- (b) field operations from planting to harvesting of the crop;
- (c) agro-chemicals and usage particularly related to authorized safe uses, application rates, dates of usage, and pre-harvest intervals;
- (d) nature, quantities and consignees of all the coconut produce and by-products sold.

**32.** Every producer, dealer and processor shall undertake periodic residue analyses based on risk assessment by an approved laboratory and provide a written action plan and in the event that maximum residue level is exceeded, document the remedial action taken.

**33. General provisions for produce handling facility**

(1) The produce shall be handled, packaged, prepared, processed and stored hygienically in establishments approved as set out in the Second and Third Schedules to this Order.

(2) The produce shall be appropriately packaged as set out in the Fourth Schedule to this Order.

(3) The produce shall be stored and transported under satisfactory conditions of hygiene as set out in the Fourth Schedule to this Order.

**34. Waste disposal**

Every dealer shall comply with the procedures for the safe and hygienic disposal of rejected produce, organic waste, waste water and other rubbish and which shall be done in an environmentally acceptable manner.

**35. Application for registration of produce and by-products dealers**

(1) No person shall process, import, export, or act as an agent or dealer of coconut produce and by-products unless he is registered by the Authority.

(2) An application for a registration certificate shall be as set out in Form D in the First Schedule.

(3) Every certificate of registration issued shall be as set out in Form E of the First Schedule.

(4) Every registration certificate shall remain valid for a period of three years from the date of issue.

(5) Any person who contravenes the provisions of subparagraph (1) commits an offence and shall be liable to a fine not exceeding six thousand shillings or to imprisonment for a term not exceeding six months, or to both.

**36. Restrictions on registration**

(1) No registered dealer shall—

- (a) sponsor the growing of coconuts for trading without informing the Authority in writing and any production schemes so sponsored shall be regulated by contract as set out in the Fifth Schedule;
- (b) collect produce from sponsored production schemes unless authorized in writing to do so by the sponsoring firm;
- (c) distribute planting materials to farmers without a plant health certificate;
- (d) distribute any pest control product to farmers which has not been approved and recommended under the Pest Control Products Act (Cap. 346);
- (e) return produce collected from the farmers or suppliers contrary to the contract agreement as per the Fifth Schedule.

(2) A registered dealer shall—

- (a) sign a contract with the producer and register such contract with the Authority as set out in the Fifth Schedule;
- (b) indicate in the contract the produce price, quantity and quality requirements;

- (c) strive to attain the highest produce quality standards;
- (d) adopt and use the specified national coconut logo as prescribed by the Authority;
- (e) notify the Authority of any dealer who contravenes any contract or order within 30 days after the date of default.

**37. General penalty**

Any dealer who commits an offence under this Order shall be liable to a fine two times the value of the produce or to imprisonment for a term of six months and shall in addition, where applicable, have his registration certificate cancelled.

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**FIRST SCHEDULE**







## SECOND SCHEDULE

[Paragraph 33(1).]

## FIELD HANDLING AND GRADING MINIMUM REQUIREMENTS

1. High standards of field hygiene shall be maintained during harvesting operations.
  2. All harvested produce shall be at the right stage of maturity for intended use.
  3. Appropriate harvesting equipment shall be used.
  4. Produce unfit for marketing shall be separated from marketable produce at the field level.
  5. All produce shall be sorted and graded as appropriate.
  6. Physical handling of produce shall be minimized at all stages.
  7. A collection shed shall be constructed for receiving produce at field level.
- 8. The collection shed shall—**
- (a) be accessible to both buyers and farmers;
  - (b) be designed to allow for a store, an office and working area;
  - (c) floors, doors and wall surfaces that shall be made of impervious, non-toxic, washable materials, which are easy to clean and disinfect;
  - (d) constructed to allow for adequate ventilation, lighting, effective produce inspection and made of acceptable materials;
  - (e) have potable water and adequate toilet facilities;
  - (f) have waste disposal facilities;
  - (g) have clear documentation procedures and document control systems.

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THIRD SCHEDULE

[Paragraph 33(1).]

MINIMUM CONDITIONS APPLICABLE TO PACK HOUSES PRODUCE  
HANDLING FACILITY

1. Each produce handling facility location shall consider the following catchment area, market or point of exit, access road, room for expansion, ease of labour access and security.
2. All processing and packaging must be carried out in a clean, hygienic and safe conditions as set out under the provisions of the Public Health Act (Cap. 242) and the Factories Act (Cap. 514).
3. The working areas and premises shall be kept free of waste materials.
4. Any person in the produce handling facility shall wear protective clothing at all times.
5. All hand used equipment and grading tables shall be rust proof and easily cleaned.

6. The floor layout shall allow for smooth flow of produce with adequate separation of raw material and finished products.
7. The floors, doors and wall surfaces shall be made of impervious, non-absorbent, non-toxic, washable materials which are easy to clean and disinfect.
8. The produce handling facility shall have adequate ventilation, temperature control and lighting.
9. All machinery used in the produce handling facility shall conform to the provisions of the Factories Act (Cap. 514).
10. The produce handling facility shall be designed and constructed to prevent entry of domestic animals, rodents, insects, birds, dust and any other unwanted animals.
11. Prominent signs shall be displayed forbidding smoking, eating or drinking within the facility.
12. All packaging materials shall be kept off the floor in clean dry storage areas free from risk of contamination.
13. All produce shall move through the facility operation in the order that it is received, first in first out.
14. The traceability of all produce shall be documented throughout the process chain.

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#### FOURTH SCHEDULE

[Paragraph 33(3).]

##### PACKAGING, TRANSPORTATION AND STORAGE MINIMUM REQUIREMENTS

1. The packaging shall protect the produce from mechanical and physiological damages to minimise loss of quality.
2. The packaging shall be designed to suit the transport handling system and have capacity to meet market requirements.
3. The packaging materials used shall be able to contain the produce, enabling the required quantity to be handled as one unit.
4. Coconut produce and by-products shall during storage and transport be kept at the prescribed temperature and humidity levels for each consignment.
5. Coconut produce and by-products shall not be stored or transported together with other produce which may contaminate them or otherwise adversely affect their quality.
6. Vehicles for transport shall be built and equipped to ensure maintenance of optimum temperatures to prevent damage and spoilage of produce and by-products.



## FIFTH SCHEDULE

[Paragraph 36(1).]

GUIDELINES FOR CONTRACTUAL AGREEMENT BETWEEN  
THE PRODUCER AND DEALER IN THE INDUSTRY

## CONTRACT FORMAT

## PRODUCER/DEALER AGREEMENT

The guidelines shall—

- (i) act as a memorandum of understanding between the producer and dealer of coconut produce;
- (ii) serve as a guideline for the producer and dealer in order to conduct good business practices, which will be mutually beneficial, and help promote the well-being of the coconut industry in Kenya;
- (iii) act as guideline or framework for development of a legally binding contract to be executed by the producer and dealer.

## OBLIGATIONS OF THE PRODUCER AND DEALER

(a) The producer shall—

- (i) be organized into well-managed registered legal entities;
- (ii) relate to specific dealers only under a contract as specified in this Order;
- (iii) request for training on any aspect that deals with quality control as need arises including—
  - safe and effective use of pesticides;
  - proper record keeping and analysis of production costs;
  - proper post-harvest handling techniques;
  - group leadership, management and administration;
  - procurement and use of appropriate certified inputs;
  - production technology.

## FIFTH SCHEDULE—continued

## (b) The dealer shall—

- (i) relate to specific producer entities under contract as specified in this Order;
- (ii) provide the necessary extension services to the producer(s);
- (iii) relate directly with the producer;
- (iv) establish means and ways of financing the producer.

## (c) All parties to the contract shall—

- (i) undertake to conduct their business diligently and professionally at all times;
- (ii) submit agreement to the Authority for vetting/witnessing before execution;
- (iii) seek for arbitration in the event that there is a contravention of contract obligation;

## Terms and Conditions:

The contract shall include specific terms and conditions of payment, responsibilities for production, handling and collection of produce, and any other essential elements, which will create a clear understanding of obligations of both the producer and the dealer.

## THE ESSENTIAL ELEMENTS THAT A CONTRACT SHALL HAVE, INCLUDE—

## (a) Quantity and quality of produce to be supplied at a particular time and contract price

- (i) The contract shall specify the quantity in either boxes/cartons/crates or kilos to be supplied by the producer(s) over a period of time.
- (ii) The contract should specify a minimum quantity of produce to be provided by the dealer (i.e. the quantity below which no collection will be effected).
- (iii) The producer and dealer shall agree to produce and market high quality levels of produce and this shall be specified clearly in the contract.

## (b) Seed and other inputs

- (i) The contract shall specify who is responsible for inputs, including labour.
- (ii) If the buyer requires the use of approved seeds/planting materials by the seller, it shall be specified in the contract.
- (iii) The contract shall address which party will be responsible for supplying and applying other inputs such as fertilizer and pesticides.
- (iv) Terms and conditions for purchase or sale of inputs must be included within the contract.

## (d) Record keeping

- (i) Each grower and buyer shall implement a complete record keeping system for production and handling of produce.
- (ii) Minimum record keeping requirements for traceability and accountability shall include—

– identification of previous crop;

## FIFTH SCHEDULE—continued

- date of planting;
- application of pest control products: date, rate, weather conditions;
- irrigation dates and quantities;
- harvesting: dates and weather conditions.

## (e) Field support and training

Every dealer shall provide the contracted producer with sufficient training during the contract period on—

- group management and administration;
- good Agricultural Practices.

## (f) Harvesting and post-harvest practices

- (i) The seller shall agree to undertake acceptable management practices for the harvesting and handling of produce, which will ensure high quality levels.
- (ii) These practices include—
  - the use of clean containers away from heat and direct sunlight;
  - protection of produce from heat and direct sunlight;
  - the use of clean water for washing of produce where necessary.

## (h) Packaging supply and procedures

- (i) The contract shall specify which party is obligated to supply packaging materials.
- (ii) The contract shall specify packaging procedures such as condition and quantity of produce, grade and type of produce, and placement within a container.

## (i) Conditions of collection and/or delivery

- (i) The contract shall specify the collection periods of produce (time and year).
- (ii) The contract shall specify conditions for the events of non-collection.
- (iii) If the dealer fails to collect at specified time, he shall be obliged to pay the contracted price for that produce.
- (iv) Any produce which the dealer has accepted delivery of shall not be returned to the producer.

## (j) Rejected produce

- (i) The point of rejection of produce shall be specified upon in the contract.
- (ii) Conditions for the return of the rejected produce shall be specified.
- (iii) Disposal of rejected produce shall be specified.
- (iv) Any produce which the dealer has accepted delivery of shall not be returned to the producer.

*State Corporations Act*

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FIFTH SCHEDULE—continued

(m) Termination clause

- (i) The conditions for termination of the contract shall be specified.
- (ii) Either party may terminate the contract by giving the other a written notice within a reasonable period equivalent to a full production and marketing cycle of the produce.

(n) Natural calamities and non-commercial risks (force majeure)

- (i) In the event of natural calamities (such as floods, hail, earthquakes, etc.) it shall be stated clearly in the contract that both parties shall not be held responsible.
- (ii) Furthermore, in the event of non-commercial risks (such as war, national labour strikes, etc.) the affected party shall be held harmless for non-performance.

IN WITNESS WHEREOF the parties have hereunto executed this agreement on the day and date hereinbefore mentioned.