



# GUIDELINES FOR INPUT TRADE FAIRS AND VOUCHER SCHEMES

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*Photo: FAO input trade fair participants receive vouchers to “buy” agricultural inputs in Tanzania in 2012*

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Version I

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## **ACRONYMS**

<b>CAAP</b>	Commitment to Accountability to Affected Populations
<b>CaLP</b>	Cash Learning Partnership
<b>CIAT</b>	International Center for Tropical Agriculture
<b>CRS</b>	Catholic Relief Services
<b>CSF</b>	Finance Division (FAO)
<b>FAO</b>	Food and Agriculture Organization of the United Nations
<b>IASC</b>	Inter-Agency Standing Committee
<b>LoA</b>	Letter of Agreement
<b>NGO</b>	Non-governmental Organization
<b>ODI</b>	Overseas Development Institute
<b>QDS</b>	Quality-Declared Seed
<b>SSSA</b>	Seed System Security Assessment
<b>UN</b>	United Nations
<b>UNICEF</b>	United Nations Children's Fund

## 1. BACKGROUND

One of the main causes of food insecurity for farmers in rural areas is limited access to agricultural inputs. Therefore, one strategy to address the vulnerability of food-insecure farmers is to improve smallholders' access to these inputs. To this end, the Food and Agriculture Organization of the United Nations (FAO) sets up input trade fairs and voucher schemes to provide poor, vulnerable and food-insecure farmers with access to the inputs (e.g. seeds, fertilizers and hand tools) they need to sustain their agricultural livelihoods.

### 1.1 Definitions

A *voucher scheme* is a delivery mechanism that provides farmers with access to agricultural inputs and/or services. Beneficiaries are provided with a voucher that they can exchange for inputs at existing shops (i.e. retailers/suppliers). The shops must be registered with the scheme for the duration of the scheme, usually several weeks or several months.

An *input trade fair* is a specific type of voucher scheme in which a temporary market is organized to provide a targeted population with access to agricultural inputs through the exchange of vouchers. An input trade fair typically lasts a single day.

### 1.2 Rationale and objectives

The main objective of input trade fairs and voucher schemes is to provide access to agricultural inputs to farmers who are vulnerable, food- or seed-insecure or live in communities affected by a crisis. Seed security should be considered an essential part of input trade fair and voucher scheme approaches as seeds are the input most frequently available and in demand through both the fairs and vouchers.

There are three elements to **seed security**: availability, access and utilization (Remington *et al.*, 2002)<sup>1</sup>.

**Table 1: Parameters that characterize seed security**

Element of seed security	Seed security
Availability	Sufficient quantity of seeds of desired crops is within reasonable proximity to people and available in time for critical sowing periods
Access	People have adequate income or other resources to purchase or barter for appropriate seeds
Utilization	Seed is of acceptable quality and of desired varieties (seed health, physiological quality and variety integrity)

*Adapted from Remington et al., 2002 and Sperling, 2008*

For many years, the most common relief intervention used to achieve seed security has been direct seed distributions. These have been implemented based on the assumption that in the aftermath of a crisis, seeds were not available in affected communities. However, even during or after a drought or a civil conflict, the main problem is often one of access to rather than availability of seeds<sup>2</sup>. That is, farmers are constrained by limited access to inputs as a result of lack of purchasing power, loss of assets and the collapse of the social networks through which they traditionally obtained and exchanged seeds (Remington *et al.*, 2002; Catholic Relief Services [CRS], International Crops Research Institute for the Semi-Arid Tropics and Overseas Development Institute [ODI], 2002).

<sup>1</sup> The seed security framework has similarities with the food-insecurity framework; see FAO, 2006.

<sup>2</sup> As Amartya Sen noted, famines (and by extension, food-insecurity events) are often caused by lack of access to food and other commodities (Sen, A., 1981).

Thus, input trade fairs and voucher schemes providing seeds are a mechanism to tackle the problem of access. In this sense they are similar to other cash-based interventions (e.g. cash-for-work, unconditional cash transfers) that address various *access* issues (such as to employment or to income).

Input trade fairs and voucher schemes can be set up as:

- **a response in an emergency situation to address lack of agricultural inputs** – after a disaster (e.g. drought, flood, earthquake, civil strife), farmers’ ability to purchase agricultural inputs can be so diminished that they cannot start agricultural production; and
- **a social protection mechanism**<sup>3</sup> – depending on rainfed agriculture to sustain their livelihoods, many farmers are vulnerable to extreme natural hazards and average seasonal cycles. Input trade fairs and voucher schemes can be employed to address seasonal cash-flow bottlenecks and support communities whose livelihoods are threatened by hazards such as high prices, declining soil fertility and poor health.

Input trade fairs and, specifically, seed fairs have also been set up as a mechanism to protect crop and varietal diversity<sup>4</sup>. These fairs are organized with the explicit objective of facilitating exchange among farmers and consequently supporting seed diversity and seed system resilience (FAO, 2006a).

Even when there is no humanitarian crisis, seed fairs can achieve the following objectives:

- facilitate information sharing among farmers regarding performance of different varieties; and
- provide farmers with access to a wider range of crops and varieties that better addresses their needs.

### **1.3 FAO’s comparative advantage**

FAO’s comparative advantage for engaging in input trade fairs and voucher schemes lies in its ability to work in a range of different agro-ecological settings bringing technical expertise in areas such as seed security, seed assessment, seed quality standards and quality requirements for agricultural hand tools, fertilizers and pesticides. In addition, FAO has the technical capacity and experience to design and undertake both needs and market assessments at varying intervention levels, from individual households to the national scale. More specifically, FAO is equipped to carry out assessment of seeds, hand tools, and the other implements used by smallholder farmers that are usually available in voucher schemes and input trade fairs. Therefore, FAO can verify whether the socio-economic preconditions required to implement voucher schemes and input trade fair programmes can be met. In addition, FAO can draw on its expertise in social protection to provide advice and support for interventions that use input trade fairs and voucher schemes as safety nets for farm households.

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<sup>3</sup> In these Guidelines, “social protection” is defined as consisting of “public actions taken in response to levels of vulnerability, risk, and deprivation which are deemed socially unacceptable within a given polity or society” (Conway, de Haan *et al.*, 2000). For other definitions see High-Level Panel of Experts on Food Security and Nutrition, 2012.

<sup>4</sup> Conserving traditional crop diversity has been a long-standing objective of seed fairs organized in the Andes and southeast Asia (Tapia and Rosas, 1992; Scurrah *et al.*, 1999 and Juyal and Sati, 2010).

## 1.4 Appropriateness and feasibility

Voucher scheme and input trade fair programmes must be based on a needs analysis and a feasibility assessment. These programmes should be planned and implemented only after it has been assessed that certain needs exist and that input trade fair and voucher scheme interventions are the most appropriate instrument to meet those needs in a timely, efficient and effective manner.

As is the case for any other transfer programme, voucher scheme and input trade fair interventions have an impact on local markets and economies. Therefore, the main prerequisite for implementing a voucher scheme/input trade fair programme is to assess/confirm that markets are functioning and that any inflationary effect will be minimal<sup>5</sup>.

The next step in determining the appropriateness of a voucher scheme/input trade fair programme is to ascertain whether the target groups will actually benefit from the intervention.

## 1.5 Accountability

FAO is accountable to beneficiaries, donors, operational partners and host governments in all of its programmes, including input trade fairs and voucher schemes.

Accountability to donors can be achieved by ensuring that the funds entrusted to the Organization are used effectively and appropriately and that operational and financial reports are submitted in a timely manner. As a recipient of public resources, FAO is accountable to meeting stated performance objectives which comes from a response that is based on reliable needs assessments, priority setting and effective programme planning and design, along with monitoring achievements and outcomes against targets.

Accountability to affected populations can be achieved by following the practices described in a recent *Guidance Note* (FAO, 2012a) in each of the programme phases. These practices include consulting with beneficiaries during project design, sharing information about the Organization and the programme's objectives, communicating with them throughout the programme life cycle and implementing monitoring and evaluation systems that incorporate community feedback and spot checks in randomly selected locations<sup>6</sup>.

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<sup>5</sup> Several market analysis tools have been developed to assess market capacity and functionality in the context of food security emergencies. The two most commonly used tools for market analysis are the *Emergency Market Mapping and Analysis Tool* (Albu, 2010) and the *Market Information and Food Insecurity Response Analysis* (Barrett et al. 2009).

<sup>6</sup> For more information on these practices see **Section 9** and **Annex 2**.

## 2. KEY DIFFERENCES BETWEEN INPUT TRADE FAIRS AND VOUCHER SCHEMES

Input trade fairs and voucher schemes both use vouchers and, as demonstrated in **Section 1**, share the same basic rationale. However, although there are many similarities between the two interventions, there are also significant differences<sup>7</sup>. The main differences are described below.

### *i. Organization*

The most obvious difference between voucher schemes and input trade fairs is that voucher schemes rely on an existing market system: beneficiaries redeem their vouchers at existing retail shops that they know and trust<sup>8</sup>. On the other hand, a one-day market must be created for an input trade fair.

### *ii. Duration*

Seed and input trade fairs usually take place in one day. A voucher scheme can last several weeks and up to five months.

### *iii. Scale*

An input trade fair is a small-scale event, usually targeting several hundred beneficiaries at a time, with an upper limit of about 1 500 beneficiaries<sup>9</sup>. Several input trade fairs can be set up in the same intervention area to reach thousands of beneficiaries. Voucher schemes can reach tens of thousands of beneficiaries.

### *iv. Conditions*

Because they can last several months and can involve a large number of beneficiaries, voucher schemes require a network of suppliers who are able to offer agricultural inputs (e.g. seeds, hand tools and fertilizers) for the entire duration of the programme at reasonable prices. Input trade fairs do not need to meet such large volume requirements because they are short in duration and generally involve a smaller number of beneficiaries<sup>10</sup>.

### *v. Labour intensity*

Input trade fairs are labour intensive. FAO must mobilize all of its partners (Ministry of Agriculture, local authorities, Service Providers, suppliers and beneficiaries) on the same day. Voucher schemes are less labour intensive as the schemes rely on existing market infrastructure.

### *vi. Control and quality assurance*

An input trade fair takes place in one venue (usually an enclosed space) on a set day. Therefore it is easy to monitor the fair. Monitoring is typically done by FAO staff together with staff from a Service Provider or the Ministry of Agriculture. Furthermore, at an input trade fair, inputs can be inspected visually and prices can be monitored to inhibit/reveal collusion or price fixing.

Voucher schemes do not allow for such detailed and immediate control. Because FAO and its partners cannot be present for the entire duration of the voucher scheme, only random inspections and occasional spot-checks are possible. However, if a sampling frame is established and well monitored, even in voucher schemes, control measures (for quality, prices, counterfeiting, collusion and corruption) can yield reliable results.

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<sup>7</sup> Both these voucher approaches are designed to overcome an entitlement failure, i.e. provide access to agricultural inputs, but require the presence of a functioning market. Both approaches promote farmers' choice.

<sup>8</sup> This is not the case for voucher schemes targeting refugees and displaced persons (see **footnote 3**).

<sup>9</sup> When the number of beneficiaries is greater than 500–600, the tasks of beneficiary and vendor registration, voucher distribution, voucher exchange and monitoring become difficult unless the programme has a very large staff. If the number of beneficiaries significantly exceeds 500/600, it is better to set up several fairs to address the needs of all those targeted.

<sup>10</sup> If multiple input trade fairs are set up for a long time, then the volume requirements would change accordingly.

**vii. Flexibility**

At an input trade fair, farmers redeem vouchers for inputs (e.g. seeds) on a set day. If the fair is not well synchronized with the planting season, farmers cannot plant seeds immediately. They must store the seeds, thereby risking losses. In a voucher scheme, farmers can redeem their voucher whenever is most convenient for them throughout the duration of the scheme (usually between 4 and 12 weeks). Thus, voucher schemes provide farmers with greater flexibility.

**viii. Relationships**

Voucher schemes work well in settings where long-term relationships and mutual trust already exist between farmers and vendors/traders. Voucher schemes can be more difficult to implement for displaced people who have had no previous contact with the participating vendors. Despite this challenge, several Non-governmental Organizations (NGOs) and United Nations (UN) agencies have successfully implemented voucher schemes for displaced populations in difficult environments (i.e. United Nations Children's Fund [UNICEF]/*Solidarités* and Concern's voucher schemes for internally displaced people in North Kivu, Democratic Republic of the Congo [Bailey, 2009; Cash Learning Partnership {CaLP}, 2012]).

**ix. Prices**

Prices are relatively easy to check during input trade fairs, but more difficult to monitor during the implementation of voucher schemes given their long duration and the fact that FAO and its partners cannot monitor the transactions (voucher for inputs) at each retail shop over the course of several weeks/months.

Prices are determined by many factors (e.g. season, efficiency, transportation cost from supplier's warehouse/stockroom to fair/voucher scheme location and length of the supply chain), which change from one scheme or fair to another. Therefore, there is no reason to expect large differences between the prices at input trade fairs and those in voucher schemes<sup>11</sup>.

**x. Diversity of inputs**

Input trade fairs are relatively inflexible, i.e. what you see is what you get. In contrast, a voucher scheme allows for greater diversity of inputs (which in the long term leads to greater resilience) as traders/vendors have time to respond to market signals. If, during a voucher scheme, farmers signal that they would like a certain variety of sorghum, traders have the time to track it down and supply it. Such a supply response is not possible during a one-day input trade fair<sup>12</sup>.

**xi. Population density**

When beneficiaries are dispersed throughout the intervention area, a fair can be more appropriate than a voucher scheme as it provides a unique opportunity for farmers in the area to meet and interact (assuming that transport to and from the fair exists or can be made available).

**xii. Suppliers**

There is no major difference between voucher schemes and input trade fairs regarding the type of suppliers invited to participate. Whether a voucher scheme or an input trade fair programme targets small-scale suppliers from the informal sector or commercial traders from the formal sector depends chiefly on programme design and the presence of both types of vendors in the area of intervention. In many circumstances, given the large volume

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<sup>11</sup> In general, FAO avoids setting prices and relies on markets. Only in special circumstances, where FAO has reason to suspect/evidence that traders would engage in price gouging, FAO and its partners could consider setting a price ceiling based on prevailing market prices. In input trade fairs, the problems of price fixing and collusion can be addressed by close monitoring.

<sup>12</sup> This does not mean that input trade fairs cannot attract a wide range of seed and planting materials as noted in **Section 1.2.**

requirements, voucher schemes are organized with commercial traders, whereas input trade fairs involve many suppliers from the local, informal sector<sup>13</sup>.

**xiii. Contractual instruments**

From point xii it follows that there are no significant differences between input trade fairs and voucher schemes regarding the contractual instruments needed to establish relationships between FAO and the partners: private sector (e.g. vendors) and not-for-profit (e.g. NGOs).

**xiv. Type of inputs**

When voucher schemes and input trade fairs involve large traders from the commercial sector, inputs may come from few selected sources (for instance, certified seeds produced by big seed companies). Input trade fairs often include small suppliers and traders from the informal sector. In the case of seeds, this usually means that a wider range of varieties (including traditional ones) will be available at a fair<sup>14</sup>. For other agricultural inputs (e.g. hand tools and fertilizers) which are rarely manufactured in areas that need voucher schemes and input trade fairs, the assortment of inputs may be wider in voucher schemes<sup>15</sup>.

**xv. Payment**

In a fair, payment to suppliers (whereby suppliers bring the vouchers to FAO or to the Service Provider in exchange for cash) is done immediately after the event. In voucher schemes, payment will take place over the course of many weeks/months and may involve financial institutions and mobile phone companies, depending on how the programme is designed (e.g. vouchers are electronic, cash is delivered to a mobile phone, etc.).

**xvi. Impact**

By virtue of their long duration, voucher schemes have the potential to have a positive and lasting effect on both the community of suppliers and beneficiaries. This is because they strengthen the network of suppliers and contribute to building long-lasting relationships between suppliers and beneficiaries. Input trade fairs are designed as short-term projects and, as such, are less likely to have long-term impact unless they are set up repeatedly and involve local producers supported by FAO rural production programmes (see **Section 9** on the linkages between seed fair programmes and seed multiplication schemes in Haiti or programmes to support production of local hand tools in South Sudan).

**xvii. Social capital<sup>16</sup>**

By definition, input trade fairs bring together suppliers, beneficiaries and other individuals<sup>17</sup>. The increased social interaction and exchange of information about prices, inputs, brands, varieties, etc. strengthen the social capital of the community participating in the fair. For voucher schemes, the benefit of enhanced social capital is limited because the exchange of vouchers for inputs occurs over the course of several weeks or months and beneficiaries have fewer opportunities to meet and interact when they go to the retail shops<sup>18</sup>.

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<sup>13</sup> FAO has organized a variety of input trade fairs. For example, in Lesotho, FAO invited mostly traders from the commercial sector; in Haiti, it invited mostly farmer associations.

<sup>14</sup> See the example of quinoa and other seeds in the Andes (FAO, 1997; Tapia, 2000).

<sup>15</sup> In a few cases, FAO has supported local blacksmiths in the production of traditional agricultural equipment (e.g. hoes in South Sudan) (Bhatti, 2012; Sims, 2012).

<sup>16</sup> “Social capital” refers to “features of social organization such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit” (Putnam, 1995). During a fair, the exchange of information can help develop norms, trust and networks among participants.

<sup>17</sup> At input trade fairs, even non-beneficiaries may be allowed to buy agricultural inputs with their own money.

<sup>18</sup> McGuire argues that the “level of social capital may strongly affect access to new varieties, seed from exchange, information, or other resources in a community” (McGuire, 2000).

### **3. DESIGNING A VOUCHER SCHEME/INPUT TRADE FAIR**

The detailed design of an input trade fair/voucher scheme programme depends on its objectives, the socio-economic environment in which it is implemented and on other factors. However, for any input trade fair/voucher scheme programme there are several key steps that must always be carried out:

- meet with local authorities and community to plan the input trade fair/voucher scheme;
- conduct an input security assessment;
- select agricultural inputs;
- target beneficiaries;
- carry out quality control – ensuring that the inputs meet certain quality requirements;
- select suppliers;
- design vouchers or select the appropriate technology to transfer cash to beneficiaries (e.g. smart cards, mobile phones) and minimize the risk of counterfeiting;
- train beneficiaries, suppliers and other stakeholders (local community, Ministry of Agriculture, Service Providers); and
- monitor prices.

Each of these key steps will be discussed below. Naturally, financial constraints may affect how they are implemented.

#### **3.1 Meeting with local community**

Representatives of the community should be involved in the planning and implementation of an input trade fair/voucher scheme. Community sensitization leads to greater transparency and accountability and enhances community support for the programme.

#### **3.2 Input security assessment**

Before setting up a voucher scheme for agricultural inputs, it is necessary to understand the nature of vulnerability that FAO's intervention is seeking to address. That is, it is critical to identify the factors that are at the root of the food and livelihood insecurity FAO is attempting to remedy. In the case of seeds, the analysis must be based on an understanding of how seed systems function and the roles that major parameters – such as availability, access and utilization<sup>19</sup> (see **Section 1.2**) – play in creating vulnerability for a farming community. This understanding can be achieved by assessing the system of agricultural inputs that exist in the area of intervention.

The centrepiece of any input assessment is a seed system security assessment (SSSA). The SSSA examines the functioning of current seed security systems (both formal and informal) in the area of intervention. Thus, SSSAs are the key tool to determine whether voucher schemes, input trade fairs or other cash-based programmes are appropriate alternatives to in-kind assistance.

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<sup>19</sup> Utilization covers issues such as seed quality, variety appropriateness and farmer knowledge (Sperling, 2008).

Specific objectives of an SSSA include investigating the following:

- the general needs and opportunities of farmers;
- seed quality across various crops;
- seed supply chain;
- availability of certain varieties;
- opportunities and constraints in the production of seeds;
- opportunities and constraints in the distribution network; and
- measures to address seed insecurity, whether short or long term.

FAO uses the comprehensive SSSA methodology formulated first in 2006 (Sperling et al., 2006) and finalized in 2008 by the International Center for Tropical Agriculture (CIAT) (Sperling, 2008). It was originally designed primarily for crisis (human-induced and natural) contexts but it has also been used to guide seed interventions in non-emergency situations such as those of chronic stress requiring longer-term responses (CIAT et al., 2010; FAO, 2012b). The SSSA methodology includes:

- collection of relevant background information;
- general assessment of the national and community seed system;
- focus groups with community women's and farmer associations;
- key informant and household interviews; and
- seed/grain market analysis.

Organizing an SSSA in areas affected by an acute crisis is a challenge given the basic requirement to deliver assistance under tight timeframes. Nevertheless, even in emergency situations, it is possible to organize an SSSA delivering reliable and useful results in a few weeks.

### **Box 1: SSSA in Côte d'Ivoire**

Recently in Côte d'Ivoire, an FAO team working in collaboration with local and international NGOs and the Ministry of Agriculture carried out an SSSA in the Western region of the country.

The SSSA team (about 30 people) interviewed 679 households and 87 seed and grain traders, and held focus groups in 61 communities over a period of four weeks. One week was for training the staff of FAO and its partners, two weeks for the field work and data collection and one week for data analysis (Sika, 2013).

However, it is important to note that an SSSA cannot be improvised as it requires sound expertise in seed systems and SSSA methodology. FAO staff in Decentralized Offices can benefit from the experience of FAO experts and partners such as CRS.

Recently, FAO staff from five Sahelian countries participated in an SSSA training workshop to familiarize themselves with seed systems and SSSA. The Sahel training workshop used the CRS/World Bank Seed e-learning course on Seed Systems and Natural Disaster Risk Management (available at <http://www.crslearns.com/seedsecurity/>).

Once an SSSA has been carried out, its findings can be used to design the appropriate response to a seed insecurity problem. For example, if an SSSA reveals a seed quality problem, then seed quality enhancement strategies (e.g. proper maintenance of genetic purity, proper timing and methods of harvesting, appropriate seed storage system, introduction of new varieties, seed fairs with quality control) can be proposed.

If, after a sudden-onset acute crisis (e.g. earthquake, flooding, insect or parasite infestation), a diagnosis of a seed availability problem is assessed then distribution of imported seeds would be advisable.

Finally, if the seed insecurity is an access problem (i.e. seed is available in the target area, but farmers cannot access it due to insufficient income, high prices, etc.), then market-based interventions such as voucher schemes, seed fairs or cash transfers would be appropriate.

In summary, SSSAs enable FAO and other organizations to devise an appropriate response tailored specifically to the problems identified during the assessment. SSSAs are the key tool used to determine whether voucher schemes, input trade fairs or other cash-based programmes are appropriate alternatives to in-kind distribution.

Formal methodologies to guide the needs and system assessments of other agricultural inputs, such as fertilizers and hand tools, have not been formulated, although in general they would use tools similar to those used in SSSAs, such as:

- household surveys;
- supply chain and market analysis; and
- focus groups.

However, there is one aspect that distinguishes seeds assessment from assessments of other agricultural inputs: smallholder farmers can usually source seeds from formal and informal markets. In contrast, fertilizers are always obtained from commercial networks. Even hand tools are generally manufactured commercially in regions far away from the areas of intervention<sup>20</sup>.

### 3.3 Selection of agricultural inputs

The selection of agricultural inputs should be based on a needs assessment and an input security assessment, and should be done in consultation with farmers, the local authorities and (whenever appropriate) with the Ministry of Agriculture and other stakeholders. The selection of the inputs should take into account the following general points:

- **suitability of inputs for local conditions** – for example, only seeds that can adapt to local conditions (e.g. soil type, soil structure, symbionts, climate) should be allowed;
- **beneficiaries' familiarity with the inputs** – if beneficiaries are not familiar with the inputs provided, appropriate training and extension support must be provided; and
- **price** – the inputs should be reasonably priced. Expensive inputs would reduce the number of beneficiaries, the level of the transfer or both.

In the event that agrochemicals are provided, the percentage of active ingredient should be clearly specified. Furthermore, the distributors must be approved by the manufacturers. In addition, comprehensive training needs to be offered so that beneficiaries will use the agrochemicals properly and safely.

Finally, in choosing agricultural inputs for input trade fairs/voucher schemes, the programme should consider whether the selection could exclude certain beneficiaries. In particular, the programme should consider the role of gender in crop production. The division of labour between men and women varies considerably from region to region and community to community, but often men are responsible for cash crops while women take care of household food consumption. Women often grow secondary crops, such as legumes and vegetables (FAO, 2003; Doss, 2001).

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<sup>20</sup>In some circumstances, FAO supports the production of locally-manufactured hand tools (FAO, 2013a).

It is important for programme officers to be aware of any gender differences in food production or trade. Whenever there are such large differences, inputs suitable for both men and women should be available<sup>21</sup>.

### 3.4 Targeting

Targeting depends on the objective of the programme, e.g. if the programme aims to reach a particular group (such as women), raise agricultural productivity, support the poorest and most vulnerable members of a community, etc. Targeting should be carried out according to clear and transparent targeting criteria. It should also involve the local community and the local authorities to minimize the risk of elite capture.

The targeting criteria will depend on the purpose of the input trade fair or voucher scheme – is it set up to address vulnerability during a humanitarian crisis or in a development project or as part of a social protection programme?

In a humanitarian context, targeting should ideally include all vulnerable farmers affected by the crisis (e.g. drought, flooding, high prices, conflict). This can be difficult to apply as it can fit a greater number of households than can be covered by the available budget. Therefore, the following criteria can be considered:

- income;
- land ownership – beneficiary must be a smallholder (2 ha or less), see **Box 2**;
- access to land, see **Box 1**;
- ability and willingness to work the land;
- assets' ownership – households with no assets (livestock, oxen, etc.) would be selected first;
- demographics – for example, female-headed households, individuals who live with elderly and/or chronically sick people;
- access to other assistance programmes (other things being equal, priority should be given to those who are not benefiting from other assistance programmes); and
- number of economically active individuals in the household.

#### **Box 2. Land ownership as a targeting criterion**

Ownership of land is a sensitive and potentially problematic targeting criterion. Two points should be considered:

1. In targeting only those who own land, the programme runs the risk of excluding the most vulnerable members of a community. Landless farmers can be targeted in an input trade fair/voucher scheme when they can use the agricultural inputs they receive in sharecropping arrangements.
2. In some communities, only men own land either by custom or by law. A strict land-ownership criterion would therefore exclude women.

If the programme is designed to target smallholders who own land, FAO may want to set up another cash transfer programme targeting exclusively landless farmers.

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<sup>21</sup> To summarize a rather complex and nuanced subject, the programme must ensure that, whenever it is necessary, both *women's crops* and *men's crops* are available at the input trade fairs/voucher schemes.

In a development context, an input trade fair/voucher scheme designed to raise production of a staple crop may target farmers who are *not* among the poorest and most vulnerable members of their community and are able to co-pay for the vouchers<sup>22</sup>.

### 3.5 Quality control

One of the critical issues in achieving the objectives (e.g. providing access to inputs for vulnerable farmers, increasing agricultural productivity) of input trade fairs and voucher schemes is ensuring that the inputs available to beneficiaries during FAO and FAO-supported programmes meet certain minimum standards<sup>23</sup>. Inferior quality inputs can compromise crop yields, resistance to pests, and tolerance to drought. Crop yield and quality are critically dependent on the quality of the inputs used.

Before describing the measures that FAO staff can take to ensure inputs meet minimum quality standards, it is important to emphasize that unlike in-kind interventions (with direct distribution) where FAO procures the inputs and is wholly responsible for their quality, input trade fairs and voucher schemes are designed to give beneficiaries a choice of the inputs they need to carry out successful farming activities. As a result, part of the responsibilities and the risks associated with choosing inputs lies with the beneficiaries. Indeed, the specific benefits of input trade fairs and voucher schemes (i.e. choice of inputs and the development of local markets, which do not exist with in-kind interventions) come about precisely because the beneficiaries bear some of the risk associated with selecting inputs.

If the inputs are familiar to the beneficiaries, the risks are relatively small, but the situation becomes complicated for inputs with which farmers are not familiar (e.g. fertilizers), where the risk of selecting substandard inputs is greater.

FAO's obligation is to minimize the risk to beneficiaries but not at the cost of completely controlling the inputs beneficiaries receive.

However, if the market from which inputs are sourced for input trade fairs and voucher schemes is considered to be too unreliable, then the Organization should use other types of interventions.

In the following subsections, the strategies for quality control of the three most common inputs are discussed: seeds, hand tools and fertilizers.

#### *i. Seeds*

Seeds are often the most requested input at input trade fairs/voucher schemes. They tend to also be the most familiar inputs to the beneficiaries. Therefore, it is essential that FAO and its partners have a basic understanding of the technical and operational aspects of seed quality to implement or support input trade fairs and voucher schemes.

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<sup>22</sup> In Zimbabwe, one of the criteria for inclusion in an electronic voucher scheme is the ability and willingness to contribute USD 16 to the value of a voucher of USD 120 (FAO, 2012c).

<sup>23</sup> These standards should not be unreasonably high. For instance, while low quality seeds will not improve seed security, setting standards that are too stringent could prevent seeds (or hand tools) from being sourced locally. Therefore, FAO should establish reasonable standards taking into consideration the quality of the inputs available in local markets.

The four basic parameters of seed quality are<sup>24</sup>:

- **Physical purity** – the percentage of the seed that is of the right crop species. Impurities can include inert matter, weed seed, damaged seed and other crop seed.
- **Physiological (viability and vigour) quality** – the germination percentage is an indicator of the ability of the seed to emerge from the soil to produce a plant in the field under normal conditions. Seed vigour is the capacity of seed to emerge from the soil and survive under potentially stressful field conditions and to grow rapidly under favourable conditions.
- **Genetic quality** is mainly determined by the potential of the variety for yield, quality and disease resistance. Varietal purity, i.e. the percentage of the pure seed that will produce plants that exhibit the characteristics of that specific crop variety, is an important component of genetic quality of the seed lot.
- **Seed health** – the extent to which the seed lot is free of pests and diseases. Pests and diseases can affect the establishment of seedlings in the field or be detrimental to the crop at later stages (e.g. *fusarium* for maize and rice seeds).

In order to ensure that good quality seed is provided to input trade fair and voucher scheme beneficiaries, it is necessary to determine the quality standards for the seeds available at fairs and through voucher schemes and to establish a quality control procedure.

Many countries have seed regulations that establish the seed quality standards of seeds produced and commercialized nationally. Normally, seeds brought to input trade fairs and sold through voucher schemes should comply with these requirements. However, in many cases, seeds used in input trade fairs come from the informal sector and would not necessarily comply with these standards. In such cases, the national seed authorities should be consulted in order to determine if seeds meeting less stringent requirements such as Quality-Declared Seed (QDS) can be used<sup>25</sup>. The QDS system, developed by FAO, can provide standards that are more easily met by informal seed vendors and could be considered for use in input trade fairs and voucher schemes.

The following quality control procedures should be used in input trade fairs and voucher schemes. The procedures differ owing to the different durations of the two types of interventions.

*a. Input trade fairs*

Before an input trade fair, FAO and its partners should take samples of the seed that vendors plan to bring to the fair and carry out physical purity, moisture and germination tests. After sampling the seeds, the bags should be marked and sealed or stitched to prevent any tampering<sup>26</sup>. Varietal purity can only be estimated if the seed production process is monitored by a seed inspector, which is rarely the case. At the entrance to the fair, when the seed lots of the suppliers are weighed, additional samples can be taken in order to perform another round of tests. Ideally, the sample should be divided into two subsamples: one for immediate testing and one to be stored under appropriate conditions (stable temperature below 40 °C, away from direct sunlight, etc.) for about three months. The second lot is kept in case quality problems arise between the input trade fairs and the growing season.

These tests should be done if there is any reason to suspect that suppliers have replaced the seed lots during the time elapsed between the first set of tests and the beginning of the fair.

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<sup>24</sup> This section is largely based on FAO, 2010.

<sup>25</sup> The QDS system, developed in 1993 and revised in 2006 (FAO, 2006b) can provide standards that are more easily met by informal seed vendors and could be considered for use in input trade fairs and voucher scheme. As some countries adopt a seed regulatory framework/system with more stringent/higher standards, it is necessary to verify whether the QDS standard is compatible with/acceptable for the national seed legislation.

<sup>26</sup> Seeds sourced from the commercial sector are in sealed bags whereas seeds sourced from the informal sector are likely to be in unsealed bags.

b. Voucher schemes

Because a voucher scheme can last several months it is critical to inspect the storage facilities of the suppliers participating in the scheme<sup>27</sup>. Poor storage conditions will rapidly reduce germination capacity over time. Therefore, even good quality seeds could lose the ability to germinate if not properly stored. Proper storage facilities and good handling practices should be a requirement for the inclusion of suppliers in the scheme. In a voucher scheme, samples should be taken for tests during the course of the scheme.

Sampling and testing of the seed should normally be undertaken by the national seed authorities who usually have trained inspectors, seed analysts and seed laboratories. Under a voucher scheme which can last for several months, suppliers rarely have at the start of the scheme all of the seeds they will offer during the programme. They will have an initial stock and buy additional quantities depending on the beneficiaries' demand over the voucher scheme trading period. As a result, more than one sampling and testing procedure may be needed over the course of the scheme.

In countries/regions where such facilities do not exist, FAO and/or partners should still organize basic testing of seed quality:

- Physical purity can be estimated visually.
- Moisture content can be measured with portable moisture meters<sup>28</sup>.
- Simple germination tests can be conducted over a number of days depending on the crop (7 days for maize and millet; 14 days for rice) using basic plastic germination trays and wet paper.

Special attention should also be paid to sampling in order to ensure a fair estimation of the seed quality. More detailed technical information on these tests can be found in *Seeds in emergencies: A technical handbook*, FAO, 2010.

Another step can also be taken to ensure that the inputs meet minimum quality standards. During the preparation phase of the input trade fair/voucher scheme, suppliers (both from the formal and informal sectors) must be informed that only inputs meeting certain standards will be accepted at the fair, and that these standards will be assessed before the event and may be assessed during the voucher exchange process. Furthermore, failure on the part of the suppliers to provide agricultural inputs meeting the required standards will result in exclusion from other FAO programmes<sup>29</sup>. Suppliers offering second-generation hybrid seeds should be excluded from the input trade fairs/voucher schemes.

The presence of an effective national service in charge of quality control offers protection to both seed suppliers and farmers. Thus, in setting up input trade fairs and voucher schemes it is useful to involve the relevant national seed service, which can provide assistance in inspection of seeds at input trade fairs/voucher schemes, and the Ministry of Agriculture/Rural Development. This is especially important and effective in countries where governments have a network of official seed testing laboratories that are adequately equipped and staffed with qualified analysts to conduct tests to assess whether the seeds meet the required standards. Where such a network exists, it is more likely that seeds coming from the formal sector will meet national standards or those of the QDS production system.

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<sup>27</sup> Inspection will be difficult or even impossible when the suppliers are itinerant vendors making the rounds of village markets in the region. In these cases, their storage facilities may be in a remote area and very difficult to inspect.

<sup>28</sup> Portable moisture meters are usually available at relatively inexpensive prices (USD 700–2 000 per machine).

<sup>29</sup> The test results conducted during the input trade fairs/voucher schemes can be used to determine which suppliers will be invited to the next input trade fair/voucher scheme. See **Annex 4** for the contractual instrument for small vendors.

The issue of quality control becomes significantly less challenging and easier to manage when FAO invites as suppliers farmers' associations that have been supported in seed multiplication programmes. In these cases, FAO distributes certified seeds to farmers and farmers' associations and then supports them in storage, quality control and marketing.

### **Box 3. Post-control testing after input trade fairs/voucher schemes**

It is recommended that a post-control test be conducted to check varietal identity and purity for input trade fairs and voucher schemes in development contexts. After a voucher scheme or input trade fair, a post-control can be set up to check whether the seeds farmers exchanged for vouchers were true to type.

The post-control tests can be done by the seed authority or a national agriculture research institute. All suppliers should be told in advance about this control. Furthermore, they should also be informed that those who supply the wrong variety of seed will not be selected as suppliers for the next input trade fair/voucher scheme intervention.

These tests can become part of a protocol under the *Accountability to affected populations* framework. For example, farmers exchanging their vouchers for seeds could get a receipt from suppliers stating what seeds they received. Later, monitoring can reveal bad and good practices and farmers can see that seeds from Supplier 1 did not germinate whereas seeds from Supplier 2 were of a very good variety.

In communities where farmers traditionally obtain seeds from their own crops, their neighbours' crops or from local traders, mutual trust plays an important role in informal transactions. To some extent, trust substitutes the official certification that exists in the formal sector. In these contexts, where farmers know the suppliers, reputational risk can prevent suppliers from selling inferior products to their customers, although this mechanism is not always effective.

#### **ii. Hand tools**

Farmers use hand tools in their daily work. Therefore, they usually have sufficient experience to know whether the hand tools offered at input trade fairs and voucher schemes are suitable for farming; a farmer can tell whether a hoe is reliable and durable based on its shape, dimension, weight and brand. Even though farmers are able to assess at least partially the quality of the hand tools they redeem with vouchers at input trade fairs and through voucher schemes, FAO must still ensure that suppliers provide agricultural inputs meeting minimum standards. FAO should implement a quality check before and during the input trade fair/voucher scheme. The first check should take place during the selection of the suppliers to be invited to the input trade fair/voucher scheme. For example, FAO should invite only suppliers with a positive track record (which does not necessarily have to be with FAO).

Once the suppliers have been selected, but before the input trade fair/voucher scheme has begun, FAO can carry out simple and quick strength tests (i.e. bending tests) to check the most critical functional characteristics of the tools<sup>30</sup>. If there is reason to carry out more thorough tests<sup>31</sup> (e.g. material, hardness specifications) it is recommended, whenever possible, to involve the national institutions (e.g. Bureau of Standards) that have the facilities, equipment and expertise for the testing of hand tools.

### *iii. Fertilizers*

The issue of quality control for fertilizers poses particularly difficult challenges for the following reasons:

- the quality of a fertilizer cannot be judged by its appearance (FAO and International Fertilizer Industry Association, 2000);
- currently, there is no technology available to measure the nutrient content of fertilizers *in situ* with the required sensitivity;
- in many of the countries where FAO intervenes with input trade fairs/voucher schemes, the national regulatory services do not have sufficient resources to implement quality control checks at point of sale or enforce them (Bumb *et. al*, 2011); and
- even fertilizers (e.g. nitrogen) from reputable producers at times do not meet the standards claimed on the label owing to poor storage conditions.

As visual inspection is of limited use, beneficiaries depend on the information supplied by the manufacturers and distributors. To complicate matters, in many regions where FAO often implements input trade fairs and voucher schemes, fertilizers are used infrequently (e.g. sub-Saharan Africa) so farmers do not have much experience in judging the quality of the product.

Furthermore, it is recognized that in certain countries unscrupulous traders take advantage of these difficulties and adulterate the fertilizers they sell<sup>32</sup>.

At the moment of exchanging a voucher for a bag of urea or di-ammonium phosphate, farmers depend on the information supplied by the manufacturer/distributor.

Owing to the nature of input trade fairs (e.g. many suppliers offering small quantities of fertilizers to a large number of beneficiaries), it would be too costly to use an independent inspection agent to check the quality of the fertilizers as is done for bulk purchases of fertilizers.

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<sup>30</sup> A standard strength test (which replicates the working conditions of operation of the hand tool) requires clamping a hoe by its blade and applying a load of 30 kg at the other end for two minutes. Upon removal of the load, the hoe should not show any sign of damage (no cracking or permanent bending) nor should the handle become loose. When hoes are made by local artisans from scrap metal, quality can vary from one piece to the next. Testing is critical for hand-tool quality control. However, FAO input trade fair/voucher scheme managers have some leeway in selecting suppliers when beneficiaries have already had experience with those hand tools. More specifically, if beneficiaries are satisfied with the performance of a particular hand tool, the supplier of that hand tool can be allowed to offer its product at the input trade fairs/voucher schemes even if the hand tool does not pass all the quality control tests. For more information on technical specifications and strength and impact testing of agricultural hand tools see FAO, 2013a.

<sup>31</sup> For instance, during a voucher scheme where a large number of beneficiaries exchange their vouchers for hand tools or when there is reason to suspect that hand tools have been counterfeited.

<sup>32</sup> A fertilizer is said to be adulterated when a) it contains harmful or deleterious ingredients or unwanted crop or weed seeds in quantities sufficient to harm the plant when applied according to the directions on the label; b) its composition differs from that given on the label; and/or c) useless material like salt or sand are added to it (Gowariker *et al.*, 2009).

There are, however, two critical precautionary measures that can be taken:

- Only suppliers who are able to bring sealed bags of fertilizers that are certified and properly labelled should be invited to the input trade fair/voucher scheme. Each bag (typically 50 kg) will then be opened at the start of the input trade fair/voucher scheme where it will be divided into smaller amounts for sale. This restriction should not adversely affect honest suppliers who will have purchased the sealed bags of fertilizers with the proper certification<sup>33</sup>. The *sealed bag* quality control mechanism can work effectively in an input trade fair setting where staff from FAO, the Ministry of Agriculture and the Service Provider monitor the proceedings of the one-day fair.
- Only suppliers endorsed by the Ministry of Agriculture and trusted by the farmers should be invited to participate in input trade fairs and voucher schemes.

If there is any reason to suspect that the fertilizers which will be sourced from local markets for input trade fairs and voucher schemes do not meet minimum standards, then the best course of action is to exclude fertilizers from the list of inputs that can be redeemed at the fair.

### **3.6 Selecting the suppliers**

The selection of suppliers involves the following steps:

- Advertise the terms and conditions of the input trade fair/voucher scheme in local and national press and radio.
- Identify potential suppliers based on the advice of extension services, other UN agencies and NGOs and the recommendations of national and regional manufacturers, distributors and wholesalers. Visit all potential suppliers. During the visits, FAO staff should inspect the warehouses, appraise the stocks and explain the terms and conditions of input trade fairs and voucher schemes.
- Arrange meetings with selected suppliers at the national or district levels, as appropriate. The meeting should disclose information about the value of the vouchers, the list of approved inputs from which farmers can choose and the timeframe during which vouchers can be exchanged.
- Suppliers must be informed of the voucher exchange and the payment procedures. In the case of paper vouchers, suppliers should be informed about the deadline by which all redeemed vouchers must be submitted to FAO for payment.
- Input prices should be displayed outside each supplier's premises so that beneficiaries can compare them with their competitors.
- Whenever appropriate (for example when the programme involves commercial traders), FAO should issue a competitive tender and complete the selection according to the rules of Manual Section 502.
- FAO can select non-commercial suppliers such as farmers' associations by requiring they meet certain criteria and enter in a contractual relationship using Letters of Agreement (LoAs).

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<sup>33</sup> In many regions (e.g. sub-Saharan Africa) there is no domestic fertilizer industry. Therefore, the certified bags of imported fertilizers will be available predominantly in 50 kg bags.

### 3.7 Designing the vouchers and minimizing the risk of counterfeiting

This section provides information on the basic features that paper vouchers must include and presents a number of anti-counterfeiting techniques available to reduce the likelihood of fraud. A basic paper voucher must include:

1. Its value.
2. The logos of the participating partners (e.g. FAO, Service Provider, Country, Donor).
3. A serial number.
4. The date of the payment<sup>34</sup>.

The value of the voucher should be denominated in the local currency and the text on the voucher should be written in the local language. In some cases, even the number of the beneficiary may be printed on the voucher.

There are two factors that should be taken into consideration when choosing the value of the voucher:

1. When the value of the voucher is too small, the relative costs of administration and printing increase.
2. When the value of the voucher is too big, beneficiaries may encounter problems if they want to redeem inputs of small value<sup>35</sup>.

Vouchers can be collected in booklets containing various vouchers of different denomination. Voucher booklets resemble a cheque book, where the first part of the voucher given to suppliers is separated from the stub by a perforated line; the second part of the voucher stub remains in the book, together with the hard cover. The second part is for the beneficiaries.

The golden rule about vouchers: they should be simple and easy to understand. This means using large fonts, colour-coding and symbols that are familiar to the beneficiaries (e.g. a tree for a USD 10 voucher, a cow for a USD 15 voucher, etc.).

If FAO is in charge of printing the vouchers – rather than the Service Provider –, printing should be listed under the budget line *expendable procurement*.

#### 3.7.1 Measures against voucher counterfeiting

There are a number of measures to make counterfeiting and duplication of vouchers difficult. The effectiveness and cost of these techniques vary. Depending on the budget and the time available, FAO staff can select some or all of them.

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<sup>34</sup> Or period of validity if FAO is setting up a voucher scheme.

<sup>35</sup> Usually at input trade fairs, vendors do not give change back after a transaction.

Below is a list of the simplest counterfeiting measures:

- Printing vouchers on *special* paper makes photocopying/reprinting difficult. *Special* means textured or coloured paper. If *special* paper is not available, the vouchers should be printed on good quality paper.
- Colour-coding the vouchers (e.g. a voucher for TZS 16 000 = USD 10 is turquoise, etc.) is helpful not just to discourage duplication but also helps illiterate beneficiaries (provided they are not colour-blind).
- Whenever possible, the vouchers should be printed far away from the location where the input trade fair or the voucher scheme is implemented. This makes fraud involving anybody from the printing company more difficult.
- Fancy logos should be used. The fancier the logo, the more difficult it is to reproduce it.
- If there are multiple input trade fairs at different dates, a different stamp (for example of a different colour) can be added at the last minute (i.e. the day before) to distinguish the vouchers for the first input trade fair from those for the second input trade fair, etc.
- The vendors involved in the input trade fair must know how to recognize the features of the vouchers. This can be done in the preliminary training session that should precede the fair.

In addition to the measures described above there are two final points that should be considered:

Fraud at an input trade fair can be prevented by investing significant financial resources to make the vouchers almost impossible to duplicate. However, a simple, cost-effective strategy to reduce the likelihood of fraud is to put in place a good monitoring system during the fair. With adequate staff monitoring, the introduction of counterfeit vouchers and their inappropriate use (exchange vouchers for cash) will be difficult<sup>36</sup>. For example, is it possible to link the serial number of a voucher to a beneficiary? Lists are made available for the suppliers to cross-check the voucher number with the name of the beneficiaries who have to show their ID or a letter by the village head in case no ID is available.

Vouchers should be treated with the same care and precaution as money. They should be kept in a safe until the input trade fair/voucher scheme begins. Only the programme manager or staff designated by the programme manager should be able to access the safe.

Finally, a general strategy to discourage potential counterfeiters is to make them think that duplication is extremely difficult. For instance, a random number or an unusual symbol can be added to the voucher design. This number or symbol might not even be checked during the fair, but it may be effective in warding potential forgers who would think that they have to reproduce the symbol/number for the number to be valid.

### **3.8 Training beneficiaries, suppliers and other stakeholders**

All stakeholders of input trade fairs and voucher schemes – beneficiaries, suppliers and Service Provider staff – have specific responsibilities related to the intervention. First of all, the stakeholders must understand the objectives and implementation of the input trade fair/voucher scheme. For example, beneficiaries need to know exactly how an input trade fair/voucher scheme will work, what inputs will be provided, which suppliers will participate and the basic rules that govern the intervention. In most cases, training and/or briefing sessions will be necessary to ensure that beneficiaries are fully aware of these aspects of the intervention.

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<sup>36</sup> Adequate staff will obviously be essential also to monitor prices and quality during the input trade fair.

### 3.8.1 Training of staff from the Ministry of Agriculture, local authority, NGOs and other participants<sup>37</sup>

After the training and briefing sessions, FAO and Service Provider staff should be able to accomplish the following:

- identify which inputs will be provided through the voucher scheme and those which are excluded;
- be familiar with the approximate prices of the inputs available at the input trade fairs/voucher schemes;
- understand the voucher exchange process;
- provide guidance in the selection of suitable input suppliers;
- verify the identity of beneficiaries and ensure that vouchers are distributed only to those on the list;
- monitor suppliers when vouchers are being exchanged to prevent irregular exchanges of vouchers, inputs and other instances of corruption;
- examine stocks of inputs and monitor prices being charged by suppliers and ensure that only approved inputs are being exchanged for vouchers; and
- where appropriate, introduce new technologies such as specific seeds and fertilizers, and help beneficiaries to implement these technologies effectively.

### 3.8.2 Training of suppliers

Before an input trade fair/voucher scheme, suppliers should be trained/briefed to ensure that they:

- are familiar with the inputs that can and cannot be offered at the input trade fair/voucher scheme;
- have enough time to accumulate stocks of the inputs in sufficient quantities so as to respond adequately to the needs of the beneficiaries redeeming vouchers;
- know the values of the vouchers FAO gives to the beneficiaries;
- know the duration of the input trade fairs/voucher schemes, i.e. when the exchange begins;
- are aware of the approximate number of beneficiaries involved;
- recognize that the prices of inputs available at the input trade fairs/voucher schemes cannot exceed local market prices unless the increase can be fully explained by the superior quality of the inputs provided;
- understand the rules and procedures governing the exchange of vouchers for cash – for electronic vouchers, payment is immediate once the scratch cards have been exchanged with the supplier while for paper vouchers payment is usually completed in about one week;
- maintain detailed records on the inputs provided to beneficiaries in a notebook that must be given to FAO staff for monitoring and evaluation purposes;
- know the deadline for the submission of redeemed vouchers along with the suppliers' invoice for the total value of vouchers exchanged;
- are aware of the quality control checks to be undertaken by FAO and its partners – the suppliers must also agree that they cannot offer inferior quality inputs at the input trade

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<sup>37</sup> Sections 3.7.1 and 3.7.2 are adapted from Breen, 2010.

fairs/voucher schemes and that violation of this rule entails non-payment of their products and blacklisting for future fairs/voucher schemes (see **Annex 2**); and

- are informed about products that are not approved, including banned herbicides, inferior fertilizer brands and other products specific to the area concerned.

### **3.8.3 Training of Service Providers in charge of the vouchers**

In the case of voucher schemes, vouchers must be distributed quickly and efficiently to the areas where they will be exchanged. This is intended to lessen the potential for forgery of vouchers and to implement the voucher scheme efficiently and quickly. At the same time, all suppliers must be informed that the vouchers are available and that the exchange process can begin and will continue for a set period.

It is recommended that sufficient staff be assigned to distribute vouchers per area of intervention. These staff, who can be temporarily employed for the voucher distribution and redemption process, must be well trained on all aspects of their duties and responsibilities. They must be supported by FAO staff throughout the voucher scheme.

The voucher distributors, whether temporary or permanent staff, should be given detailed training in all aspects of the voucher scheme, including the points listed for the supplier training – **Section 3.7.2** above.

## **3.9 Monitoring prices**

Before an input trade fair/voucher scheme, it is essential to conduct a market analysis. The market analysis will reveal the current prices for the inputs that will be made available at the input trade fair/voucher scheme. Barring price hikes, which can happen during the months-long voucher schemes, prices at the input trade fairs/voucher schemes should reflect general market prices determined during the market analysis. In an input trade fair whose location may be at some distance from the suppliers' stockrooms and warehouses, prices may be slightly above market prices because of transportation costs. In general, prices will be more competitive (i.e. lower) the greater the number of suppliers present at the input trade fair/voucher scheme.

FAO does not recommend indicative prices in the Agreement with suppliers, unless there is a reason to set maximum prices (e.g. a suspicion that suppliers are engaging in price gouging or collusion).

## **4. WOMEN AND VULNERABLE GROUPS**

In many situations, the participation of women in input trade fairs and voucher scheme programmes is conditioned by local socio-economic circumstances. Furthermore, input trade fair and voucher scheme programmes should take into account that women are often already occupied with many household and other livelihood duties. In order to encourage women to participate in input trade fair and voucher scheme activities, it is important to determine the labour division pattern in the household. Collecting and analysing this information will reveal how much time the women have available for input trade fairs and voucher schemes. An input trade fair should provide, whenever possible, child-care facilities close to the venue, appropriate toilet facilities, etc.

## **5. ROLES AND RESPONSIBILITIES**

For the success of a voucher scheme/input trade intervention it is critical that functions/roles and responsibilities are well defined.

### **5.1 FAO**

FAO has overall responsibility for programme implementation and for use of the funds allocated to the programme. For most voucher scheme/input trade fair interventions, FAO contracts eligible entities active in the target area of intervention, such as NGOs to be Service Providers. Service Providers are usually responsible for the day-to-day management of the work and must report to FAO regularly.

The Budget Holder is responsible for managing the input trade fair/voucher scheme programme, which includes the budget, to achieve specific results.

The competent technical officers/units are responsible for establishing minimum standards and benchmarks for technical quality and for indicating the means of verification. They ensure that the contract documentation includes the relevant clauses about quality requirements of the inputs available in input trade fair/voucher scheme activities. If FAO does not use the services of a Service Provider, its staff are also responsible for monitoring that the transactions occur transparently. Technical divisions at FAO headquarters and in non-headquarters locations (e.g. Plant Production and Protection Division [AGPM]) can be consulted to provide advice on the design of input trade fairs and voucher schemes.

The field programme manager is responsible for verifying that the preconditions for input trade fairs and voucher schemes exist (functioning markets, genuine need [i.e. farmers' lack of purchasing power], availability of inputs in the markets – local or nearby – and willingness of beneficiaries to participate). The field programme manager is also responsible for:

- identifying the programme constraints and risks;
- setting up and designing a monitoring programme; and
- ensuring that procurement actions comply with Manual Section 502.

In the planning stage, the programme must identify the Service Providers needed to carry out the input trade fair and voucher scheme programme. In most circumstances, FAO will collaborate with the following partners:

- local community (participates in fair venue selection for input trade fairs and in the targeting of participants);
- local or international NGO or district authorities (selection of participants, monitoring the activities, payment and other tasks required for the completion of the input trade fair/voucher scheme programme);
- national bureaus, national seed services and other relevant institutes to carry out tests on the inputs whenever possible; and
- financial institution/phone company in the case of funds being transferred electronically.

## 5.2 Service Providers

Depending on the scale of the input trade fair and voucher scheme programme and the division of tasks between FAO and the Service Provider, the daily responsibilities of the Service Provider include:

- selecting beneficiaries according to the criteria set by FAO in collaboration with local authorities, competent Ministries (of Agriculture, Rural Development) and local community;
- registering and distributing vouchers to beneficiaries;
- being at the input trade fair, monitoring transactions and carrying out spot checks during the voucher scheme;
- ensuring that the project is progressing according to plan;
- maintaining programme records; and
- organizing the briefing and training of beneficiaries.

## 5.3 Local community

The full and active engagement of the community in input trade fair and voucher scheme programmes can make the difference between a successful and an unsuccessful intervention. If the community is not involved and does not feel it has a stake in the outcome of the programme, the outcome of the intervention may not be as successful as it could be.

The local community should be involved in as many phases of the programme as possible. Most importantly, it should be involved in the targeting process.

## 5.4 Financial institutions

In many circumstances, FAO carries out the payment through a financial institution such as a bank, a mobile phone company, or whoever has the means to pay the beneficiaries using the appropriate delivery mechanism, (e.g. cash in an envelope, paper vouchers, electronic vouchers, smart cards).

The selection of these service providers will be done in coordination with FAO's Finance division (CSF) and Procurement Service<sup>38</sup>.

## 6. PROCUREMENT

Procurement of the materials and equipment needed for input trade fair/voucher scheme activities must follow the policies, regulations and procedures outlined in Manual Section 502 "***Procurement of Goods, Works and Services***"<sup>39</sup>. Goods, works and services are usually procured through/following a competitive tender process based on the principles of Best Value for Money, fairness, transparency, economy and effectiveness. In special circumstances, procurement may be undertaken without competition<sup>40</sup>.

In order to ensure a timely start to input trade fair/voucher scheme activities, it is essential to plan procurement actions so that the equipment needed is available at the start of the activities<sup>41</sup>.

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<sup>38</sup> When a financial institution is used, the validity and reliability of the institution should be evaluated, prior to awarding the contract. CSF should be consulted in order to provide technical feedback.

<sup>39</sup> See Manual Section at [http://intranet.fao.org/fileadmin/user\\_upload/manual\\_section/manual\\_files/MS502-E.pdf](http://intranet.fao.org/fileadmin/user_upload/manual_section/manual_files/MS502-E.pdf).

<sup>40</sup> For details on the criteria for not going through a competitive bidding process see Manual Section 502.

<sup>41</sup> For details on how to plan a procurement action see the *FAO Procurement Planning Brief* available at [http://intranet.fao.org/csd/procurement/information\\_on/procurement\\_planning/](http://intranet.fao.org/csd/procurement/information_on/procurement_planning/).

## 7. PAYMENT

At the outset, the programme should determine the following:

- who will be in charge of the payment of suppliers – FAO, the Service Provider or a financial institution? an
- delivery mechanism – which delivery mechanism will be used to make the payment (paper vouchers, smart cards, mobile phones, delivery through a bank, a post office)?

### 7.1 Payment mechanisms

For years the most common method to deliver cash to beneficiaries was direct distribution of cash and voucher (e.g. cash in an envelope). This method is typically labour-intensive, time consuming and presents certain security risks but requires only a limited technological infrastructure.

The rapid expansion of access to electricity networks, the penetration of mobile phones and the growth of financial services infrastructure (even in some of the poorest countries in sub-Saharan Africa) is changing the way cash is transferred. A range of new mechanisms is now available to deliver cash to people who otherwise lack access to financial services.

The delivery can take place through a variety of technologies including:

- smart cards –
  - debit card or
  - scratch cards;
- mobile money (via mobile phones);
- banking systems; and
- financial institutions/money transfer agents.

If possible, the programme should use the technology and infrastructure available in the area of intervention rather than introducing a new one. Thus, if beneficiaries own and use mobile phones or have access to ATM machines, then the programme should make the transfer – delivering cash - via phone or via the ATM machine.

Electronic delivery mechanisms offer several advantages over the traditional forms of payments where cash and vouchers are physically delivered to beneficiaries at pay points (e.g. FAO offices, post offices, entrance of fairs). The advantages include<sup>42</sup>:

- **built-in reporting and tracking features** – for instance, each time a smart card is swiped through a card reader, information about the transaction can be automatically recorded in a database;
- **increase in efficiency** – once beneficiaries have received the smart card, the amount of time needed to receive the cash is relatively small;
- **security** – it is practically impossible to reproduce a smart card, so the likelihood of fraud is low; furthermore, smart cards can be linked to an electronic database of beneficiaries' IDs, making it even harder for sham beneficiaries to receive cash;

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<sup>42</sup> See Bankable Frontier Associates, 2008 and CaLP, 2011 for more complete information about electronic delivery mechanisms.

- **flexibility** – with some mechanisms (e.g. mobile phones), beneficiaries can choose the most convenient time to receive the transfer; and
- **financial inclusion** – the mechanism (mobile phones, durable smart cards) can be re-used by the government, FAO or other agencies and NGOs and may facilitate the inclusion of beneficiaries in future programmes; in particular, social safety net programmes.

There are also disadvantages to electronic delivery mechanisms for cash transfers, particularly:

- **costs** – set-up costs for the required equipment (smart cards and card readers for suppliers) may be significant.

## 8. CONTRACTUAL INSTRUMENTS

The implementation of input trade fair and voucher scheme activities must comply with FAO rules and regulations and must also take into consideration the socio-economic and institutional context within which these activities are implemented. FAO is responsible for the integrity of the input trade fair/voucher scheme programme and must be accountable to various stakeholders, including beneficiaries, donors and implementing partners. From these considerations it follows that there should be clear procedures for the choice of contractual instruments.

FAO uses LoAs to enter into an agreement with not-for-profit entities (local and international NGOs) which often can carry out tasks such as selecting beneficiaries. The use of LoAs is regulated by Manual Section 507<sup>43</sup>. See Annex 2 for a model of an LoA for input trade fair/voucher scheme interventions.

When it seeks services available in the private sector (e.g. vendors selling tools or equipment needed to carry out the work), FAO uses as a contractual instrument contracts regulated by Manual Section 502<sup>44</sup>.

Table 2 summarizes the main differences between working with private sector and the not-for-profit.

**Table 2. Main differences between private sector and not-for-profit entities**

Partner	Private sector	Not-for-profit entity
Example	Vendor (procurement) Financial institution (procurement)	Local/international NGOs
Purpose	Obtain services which are available in the private sector	Obtain services which are not available in the private sector
Selection procedure	Mandatory competitive tendering procedures	Competitive tendering not mandatory
Contractual instrument	Contract (Manual Section 502) Agreement (for suppliers participating in an input trade fair/voucher scheme)	LoA (Manual Section 507) (for Service Providers)

<sup>43</sup> Available at [http://intranet.fao.org/fileadmin/user\\_upload/loas/MS507-English12032012.pdf](http://intranet.fao.org/fileadmin/user_upload/loas/MS507-English12032012.pdf).

<sup>44</sup> In certain circumstances, FAO can procure the services of a not-for-profit using standard Manual Section 502 contract.

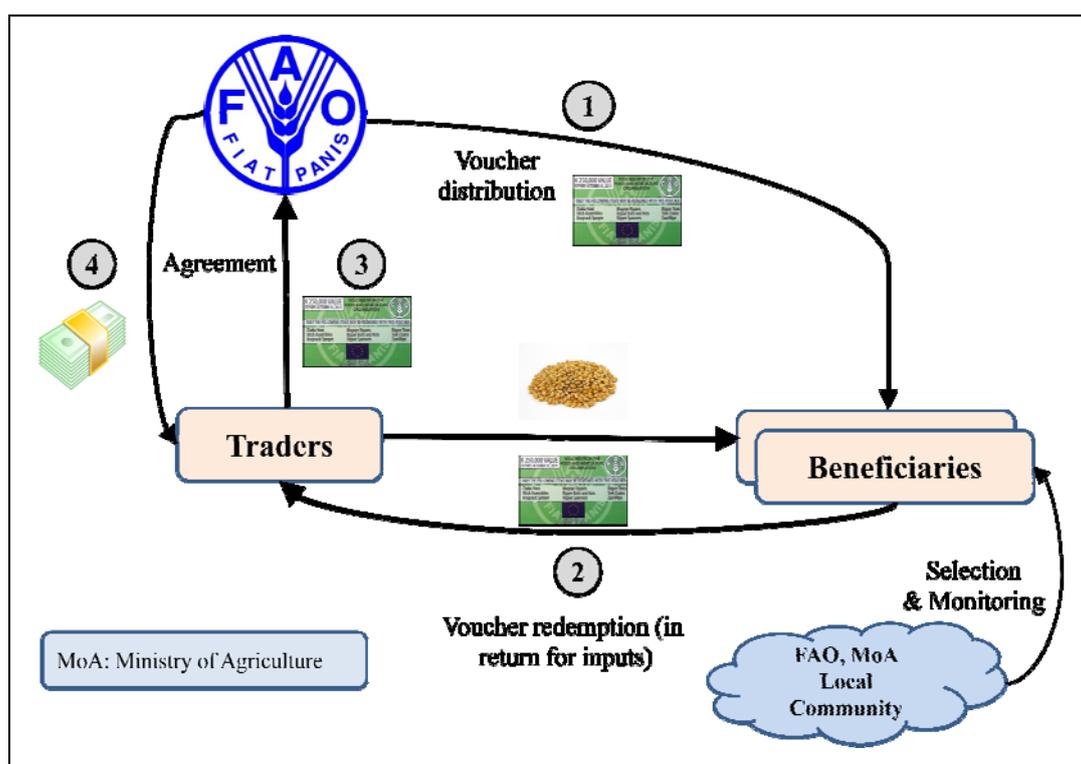
## 9. DESIGNS FOR INPUT TRADE FAIRS AND VOUCHER SCHEMES

There are many possible designs for an input trade fair and voucher scheme. Several of these are described below. Other variations are allowed provided they comply with FAO's rules and regulations and achieve the intended objectives of the interventions.

A basic design is illustrated in **Figure 1**. FAO is directly in charge of selecting the beneficiaries and distributing vouchers to them together with the local community and/or the Ministry of Agriculture.

During the fair, beneficiaries exchange agricultural inputs from the eligible suppliers while FAO in collaboration with the Ministry of Agriculture and the local community monitors the voucher redemption process. Once the fair is over, the suppliers with whom FAO has signed an Agreement (See Annexes 4 and 5) exchange the voucher for cash at a designated location. This design is best used for an input trade fair with a limited number of beneficiaries (usually not more than 600).

**Figure 1. Input trade fair/voucher scheme without Service Provider**



As FAO often has limited staff, if there are a large number of beneficiaries, the design shown in **Figure 2** is more appropriate. In this case, FAO collaborates with a Service Provider that, having signed an LoA with the Organization, distributes vouchers to beneficiaries. The Service Provider also monitors the voucher redemption process between beneficiaries and suppliers, possibly in collaboration with staff from the Ministry Agriculture.

At the end of the input trade fair/voucher scheme, suppliers (with whom FAO has signed an Agreement [Annexes 4 and 5]) will redeem the vouchers they have collected for cash from FAO at a designated location. In some cases, suppliers can redeem the collected vouchers from a second Service Provider (not shown in the figure).

**Figure 2. Input trade fair/voucher scheme with Service Provider**



In addition to paper vouchers, FAO uses electronic delivery mechanisms to make transfers to beneficiaries. **Figure 3** illustrates the design of a voucher scheme through which beneficiaries obtain agricultural inputs by using an electronic voucher (e-voucher)<sup>45</sup>.

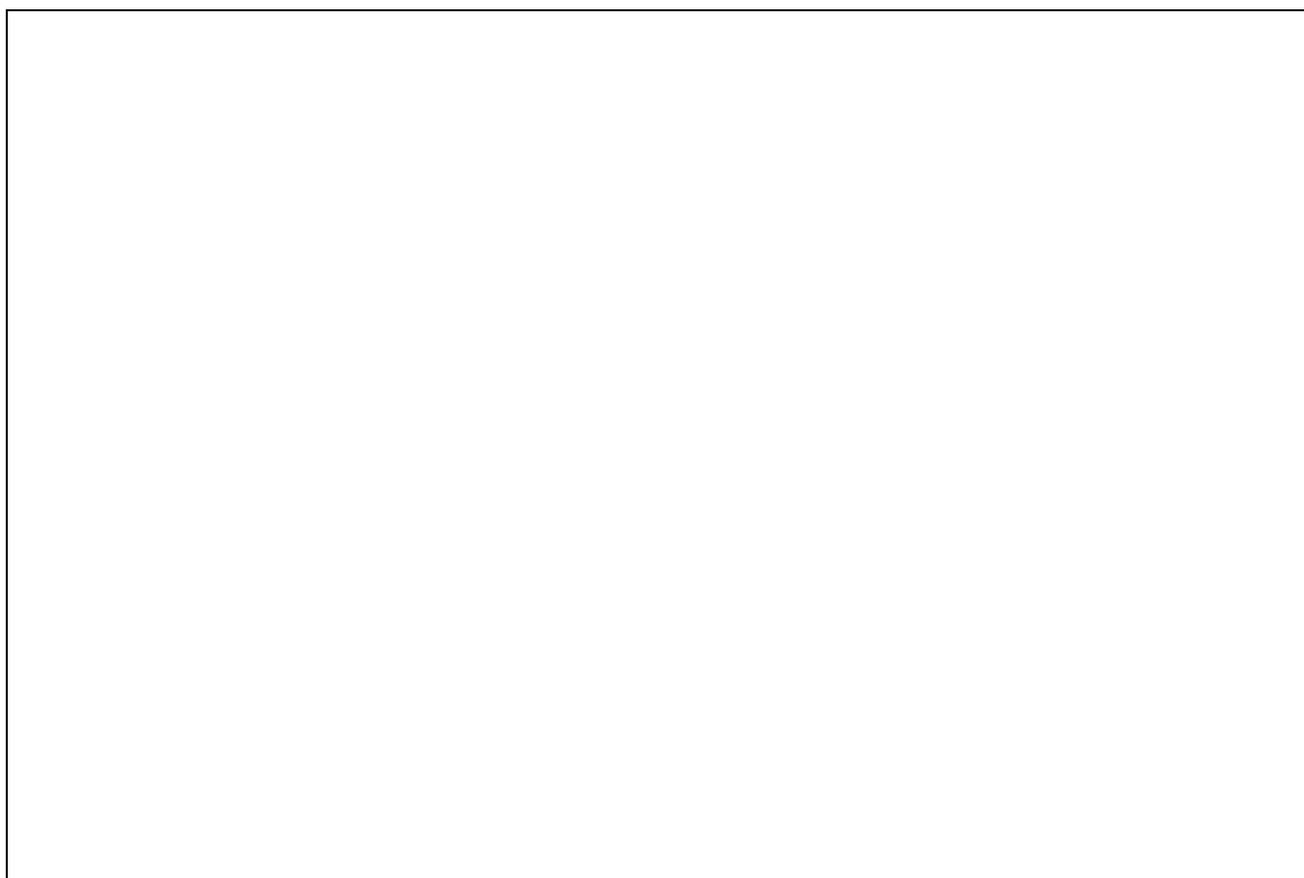
E-vouchers are disposable cards with an electronic chip that stores information about the beneficiaries (e.g. ID, sex, fingerprint) and their cash entitlements (i.e. the value of the voucher). E-vouchers do not require an internet connection as all the information about the transaction is stored in the chip.

The basic design of an e-voucher scheme is shown in Figure 3: FAO signs a LoA with a Service Provider (1). The Service Provider selects the beneficiaries, trains them on how to use e-vouchers and distributes e-vouchers (2). These tasks can be carried out in partnership with the extension service of the Ministry of Agriculture or, whenever possible, by the extension service itself. FAO enters into contracts (Manual Section 502) with suppliers (the retailers) who in turn purchase their stocks of agricultural inputs from wholesalers to replenish these stocks as needed (5) and (8). Suppliers are trained on the e-voucher reader by the bank (4).

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<sup>45</sup> Also known as smart cards.

**Figure 3. Voucher scheme with e-vouchers**



FAO also signs a (Manual Section 502) contract with a bank (in consultation with CSF) in which FAO's funds are deposited (3). Each time a beneficiary swipes her or his e-voucher in the appropriate card reader in the supplier's store, money is transferred from the bank to the supplier's bank account<sup>46</sup> (7).

The voucher scheme relies on the existing private sector market system whereby wholesalers routinely supply retailers (5). Because, by distributing e-vouchers, FAO is increasing the purchasing power of the farmers and consequently stimulating demand, wholesalers have a particular interest in participating in the voucher scheme as they can count on an increased demand for their products.

Whenever conditions allow, FAO can set up a more complex and ambitious fair/voucher scheme as shown in **Figure 4**. FAO partners with a Service Provider (SP1) to distribute vouchers and monitor the exchange of vouchers during the input trade fair/voucher scheme. The suppliers invited to offer seeds at the fair are farmers' associations supported by FAO through a seed multiplication scheme.

FAO manages the seed multiplication project through Service Provider 2 (SP2). Linking a fair project to a seed multiplication project ensures a tight quality control process throughout the supply chain and has the potential to become a sustainable programme. FAO can also invite to the fair/voucher scheme suppliers of other agricultural inputs.

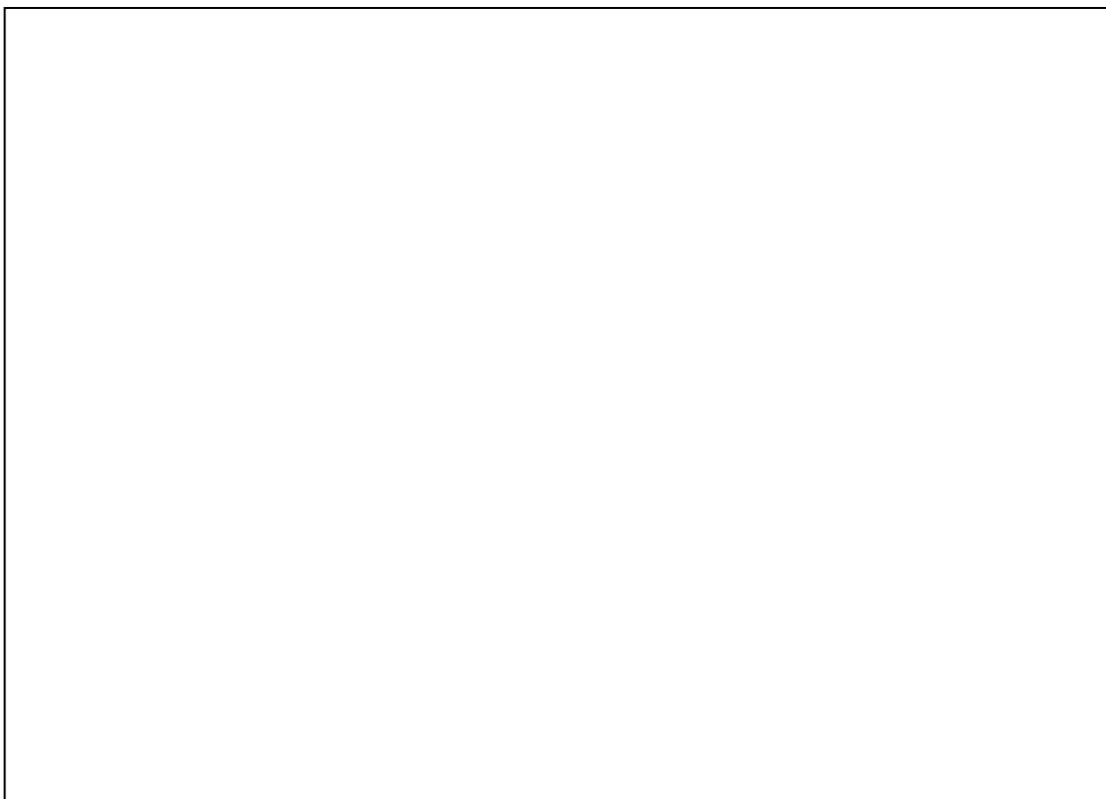
Depending on the context, monitoring can be done by FAO or by a Service Provider or by both together in collaboration with the local authorities or staff from the Ministry of Agriculture.

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<sup>46</sup> Suppliers' account can be in any bank they choose.

This design is best used for an input trade fair because farmers' associations may not be able, at least in the early stages of the seed multiplication scheme, to offer seed stocks for several months as required by most voucher schemes.

**Figure 4. Input trade fair coupled with a seed multiplication scheme**



## **10. EXIT STRATEGIES AND SUSTAINABILITY**

All input trade fairs and voucher schemes must have a clear exit strategy. There are several criteria according to which an exit strategy can be developed. One common criterion is time. In this case, the programme has a strict time limit that is set to satisfy, for instance, seasonal constraints, i.e. the programme must end before the planting season begins. Alternatively, an exit strategy can be developed based on the programme's benchmarks. In other words, the input trade fair or voucher scheme ends when it has achieved its goals (e.g. all the farmers targeted were able to obtain the inputs they needed and their farms' productivity increased as a consequence).

Ideally, the exit strategy will also include a plan to ensure the sustainability of the programme's impacts after its activities have been completed.

For instance, for voucher schemes designed as a social protection measure, one way to ensure their sustainability is to set them up over the course of a few years and reduce the amount of the transfers to the beneficiaries over time.

The end of an input trade fair/voucher scheme programme does not necessarily coincide with the end of the needs of the targeted population, but in some cases the exit strategy lies outside the scope of the programme. For instance, to address the vulnerability of farmers recurrently affected by natural disasters (e.g. droughts), it is best to set up interventions that strengthen their resilience through other types of cash transfers that mitigate future shocks to food security and livelihoods.

Similarly, FAO can set up a successful voucher scheme as a supply intervention designed to raise farm productivity. However, the sustainability of such efforts may not depend on the adoption of productivity-enhancing technologies, but rather on coupling these technologies with a demand intervention that enhances farmers' access to sources of sustainable demand for their products.

Therefore, another principle for an exit strategy of input trade fairs and voucher schemes is to ensure, whenever possible, that the programme is integrated with other complementary interventions.

## 11. RISKS

Some of the risks associated with the use of input trade fairs/voucher schemes are listed in **Table 3**. These risks must be considered before, during and after the implementation of an input trade fair/voucher scheme programme. Strategies to mitigate these risks are also presented.

**Table 3. Selected risks and mitigation measures in input trade fair/voucher scheme programmes**

Risk	Mitigation measure
Inflation of prices of key goods and distortion of local markets	Carry out market assessment (before the input trade fair/voucher scheme programme begins) and perform market monitoring (during and after the programme)
Gender bias (I) – allowing targeting to reflect existing societal gender biases against women	Ensure that management resists pressure to influence the targeting process
Gender bias (II) – favouring men's crops over women's crops	Ensure that the assortment of inputs (e.g. seeds) available at the input trade fair/voucher scheme is diverse and includes varieties grown and sold by women
Poor quality inputs	Ensure that proper quality control measures are in place and monitor how they function
Undue interference from local authorities (over targeting, selection of suppliers, etc.)	Create a strong management that knows how to negotiate with local authorities
Irregular exchange of voucher for inputs	Monitor exchanges during input trade fairs and, as much as possible, set up grievance and redress mechanisms for beneficiaries to report irregularities
Theft, corruption and misuse of vouchers	Implement effective monitoring and ensure segregation of duties
Glitches in electronic delivery mechanisms	Test the functioning of e-voucher readers, debit cards, mobile phone coverage, etc.
Delays in payment	Plan payment activities in advance (FAO); carefully check Service Provider's fiduciary capacity and reputation prior to the selection
Funds transferred to financial institution to fund operations are diverted	Transfer limited amounts in tranches; obtain assistance from CSF in evaluating financial institutions

## **12. MONITORING AND EVALUATION**

The feasibility assessment conducted at the outset of an input trade fair/voucher scheme programme should be used for defining the baseline and for developing the monitoring and evaluation system for the programme. The monitoring and evaluation processes should address, at least, the following issues<sup>47</sup>:

### **Gender and vulnerable groups**

- Are the input trade fair/voucher scheme activities designed in such a way as to encourage the involvement of women or members of vulnerable groups (e.g. ethnic minorities)?
- Are community representatives truly representative of the communities? Does participation in FAO programmes occur independent of political, governmental or other power-based representation structure?

### **Communication**

- Is sufficient information given to beneficiaries, the communities that host them and other relevant stakeholders? Does the information provided to beneficiaries cover all the key points described in these Guidelines?

### **Do no harm**

- Does the programme have mechanisms in place to ensure that it does not provoke unintended negative externalities (on food security, health, attendance to own agricultural activities, etc.)?

### **Feedback**

- Is feedback actively sought from communities? Is this feedback used to adapt/adjust input trade fairs and voucher schemes?

### **Impact of programme activities**

- What is the change in a) agricultural productivity, b) access to agricultural inputs, c) agricultural productivity, and d) yields?

### **Markets**

- Has the programme affected local market prices?
- Is there sufficient staff to monitor prices of the agricultural inputs exchanged through vouchers?

### **Payments**

- Do the suppliers receive payments on time?

### **Quality**

- Is there a mechanism in place to ensure that the agricultural inputs available at the input trade fairs/voucher schemes meet minimum quality requirements?

### **Security**

- Are vouchers being distributed and redeemed to the targeted beneficiaries under secure conditions?
- Are there any cultural, logistical or social obstacles preventing or inhibiting beneficiaries from collecting and redeeming the vouchers?

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<sup>47</sup> The basic structure and contents of the terms of reference for the evaluation of projects can be found in FAO, 2013b.

### **Selection of beneficiaries**

- Is the selection process reaching the beneficiaries targeted in the programme’s project?
- Do the communities or their representatives participate in developing criteria for targeting and selection of those who receive assistance?
- Do all participants have access to unbiased and clear information regarding targeting and selection and a chance to question it?

### **Timeliness**

- Have the vouchers been distributed to beneficiaries on time?
- Have the vouchers been redeemed by beneficiaries on time?

Addressing many of the issues outlined above supports **FAO’s accountability** to beneficiaries<sup>48</sup>.

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<sup>48</sup> For additional information on how to improve the Organization’s accountability see FAO, 2012c and Annex 2.

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## ANNEXES

### Annex 1: Documents for planning and evaluating input trade fairs

Annexes 1.1 to 1.4 provide documents that are useful for planning an input trade fair and evaluating its outcomes.

#### *Annex 1.1: Chronogram for an input trade fair*

Description of activities	April	May				June
	Week 4	Week 1	Week 2	Week 3	Week 4	Week 5
Planning sessions						
Briefing/training with local authorities and community						
Identification of beneficiaries						
Vendors' awareness						
Market-making						
Fair results and analysis						
Final report						

Annex 1.2: Data collection

**VENDOR REGISTRATION FORM**

**Name and Surname of**

**Vendor:**.....

Place of Issue:..... Gender:..... Age:.....

N. Registration:.....

Supplier Categories: Full time producer- Producer and trader- Full time trader - Other (please specify)

Location of Fair: ..... Date:../../..... Area:..... Department:.....

Name and Surname of Verifier before sale:..... Signature:.....

Name and Surname of Vendor for approval:..... Signature:.....

Type of seed	Variety	Quantity of seed brought to the fair	Sold quantity	Price per unit	Total amount (currency)

Name and Surname of Monitor after sale:.....

Signature:.....

Name and Surname of Vendor for approval:.....

Signature:.....

Annex 1.3: Evaluation form

**EVALUATION FORM OF THE SEED FAIR FOR BENEFICIARIES<sup>49</sup>**

Name and Surname of Evaluator:		Date of Evaluation:	
Location of Fair:		Area:	
Department:			
Name of beneficiary:		Gender:	
Area of exploitation (hectare): (Other please specify) .....		Is the landholding in your possession? Do you rent it? Do you lease it?	
Criterion of targeting:.....			
Did you receive the complete voucher? Yes/no		If not why?.....	
What was the value of the voucher?			
Who gave you the voucher and when?			
Can you tell what the vouchers entitle you to?			

1. ....

Inputs	Variety	Bought quantity	Price per unit	Paid amount (currency)
TOTAL				

2. During the fair did you have access to new types or varieties of inputs?

Crop	Variety	Bought quantity (Kg)	Price per unit	Why did you buy them?

<sup>49</sup> A Monitoring Kit for Input Trade Fairs used in FAO ITF projects is available at [http://www.andylyons.org/files/toolkits/itf\\_toolkit\\_2006-07-24.pdf](http://www.andylyons.org/files/toolkits/itf_toolkit_2006-07-24.pdf) (Lyons, 2006).

**3. What is your opinion about the quality of the inputs you purchased?  
 (Explain the characteristics and varieties: color, seed size, adaptability, etc)**

Type of grain	Variety	Quality	What are the main qualities of each type of seed purchased?

**4. Which crop and variety of seed would you have preferred to buy but was not for sale in this fair?**

Type of seed	Variety

**5. How would you rate the training/briefing you received on the functioning of the fair?**

Bad	Fair	Good	Excellent

- a) When did you first hear about this fair?? .....
- b) By whom?.....
- c) How did you learn about the fair?.....

Annex 1.4: Evaluation

**EVALUATION OF THE SEED FAIR FOR SUPPLIERS (N.B this form can be amended to include other inputs)**

Name and Surname of Evaluator: ..... Date of Evaluation: .....
Location: ..... Area: .....
Department: .....
Name of Supplier: ..... Gender: ..... Age: .....
<p>What are the main expenses the money earned at the fair?</p> <p>a)</p> <p>b)</p> <p>c)</p>

**1. You consider yourself as: (yes or not)**

Farmer		Full time seed vendor		Full-time trader	
Part time seed vendor		An association that produces seed		Part- time trader	

**2. What are the main sources of your seeds?**

Possible choices of seeds sources	Cult	Variety	Please specify the seed price per unit (when seeds have been purchased)
1. Own production			
2. Own production + purchase			
3. Purchase at a market			
4. Purchase from a seed company			
5. Purchase from an association			

In case your seeds come from two different sources, one part from your own production and the other one purchased **please specify what the proportions are:** .....

**3. How long have you been selling seeds?**

First year		1-3 years		4-7 years		More than 8 years	
------------	--	-----------	--	-----------	--	-------------------	--

**4. In which cultivation are you specialized?**

a)..... b)..... c).....

**5. Which varieties of crops did the majority of farmers buy from you?**

**6. How will you use the money earned by the sale of your seeds at the fair?** (the most important use according to socio-economical life)

Activities	%
1	
2	
3	
4	
<b>Total</b>	<b>100 %</b>

**7. How do you evaluate the seed fair with respect to trading/sales outside the fairs?**

Very satisfied		satisfied		unsatisfied		Very unsatisfied	
----------------	--	-----------	--	-------------	--	------------------	--

Why?

**8. What are the advantages or/and disadvantages of the fair?**

Advantages: .....

Disadvantages: .....

**9. Have you been properly informed? By whom?**

Bad		Medium		Good	

- a) When?
- b) By whom?

## **Annex 2: Accountability to Affected Populations – A checklist to get started**

A number of tools exist to assist to review accountability to affected populations in a programme. Based on the Inter-Agency Standing Committee (IASC) draft Operational Framework and the Commitments on Accountability to Affected Populations (CAAP) analysis and assessment tools, below are some very preliminary checklist questions to give a practical, programme-focused starting point.

### ***1. Leadership, governance and staff competencies***

- Are the resources – human and financial – needed to improve and ensure accountability during response routinely incorporated into project plans and proposals?
- Is accountability integrated into Terms of Reference? Into the Sector/Cluster plan in the Consolidated Appeal?
- Do job descriptions outline each person's role in meeting FAO's commitments on accountability?

### ***2. Transparency, communication and information provision***

- Do the programme staff routinely engage in two-way communication with affected communities?
- Are they provided with training and support to do so?
- Does the office have dedicated communications expertise to provide programme staff with the technical support they need in communicating with affected communities?
- Do the communities get asked what kind of information they require and in what formats?
- Are communication needs and methods assessed during needs assessments?
- Do programme participants know about FAO, about the standards of behaviour they can expect from FAO and partner staff, and how to get in contact if they need to?
- Is information provided in a variety of comprehensible formats and in relevant languages?
- Do all potential participants have access to unbiased and clear information regarding targeting and selection, and a chance to question it?

### ***3. Feedback and complaints***

- Is feedback actively sought from communities? Is this feedback used?
- Do you gather feedback on the quality and accountability of the response/projects?
- Do you share and discuss findings from feedback, assessments and evaluations with local communities? Do you let people know what impact their feedback had?
- Do the communities you seek to assist have any means by which they can lodge a complaint?
- Is there a means by which they could lodge a sensitive complaint in a safe and confidential way?
- Are complaints and feedback mechanisms systematically explained so populations understand how to use them and what to expect?
- Do people get a response regarding their complaints?

### ***4. Participation and representation***

- Do all interest groups have a voice, including women, children, the aged, minority cultural groups and people living with disabilities?
- Are community representatives truly representative of the communities? Does participation in FAO programmes occur independent of political, governmental, or other power-based representation structures?
- Do communities or their representatives participate in developing criteria for targeting and selection of those who receive assistance?

### ***5. Design, monitoring, evaluation and learning***

- Do you ensure that whenever possible, communities or their representatives are consulted during needs assessments?
- Do you involve communities in project design?
- How often do you invite local community representatives to take part in monitoring?
- Do you evaluate the accountability and quality of the response/project?
- Do affected populations participate in evaluations?
- Is accountability to affected populations included in the project design and evaluation documents?

### ***6. Protection against sexual exploitation and abuse***

- Are all staff and partners clearly informed about what acts constitute sexual exploitation and abuse and are therefore prohibited?
- Are staff well informed and educated regarding FAO's commitment to preventing sexual exploitation and abuse of the people it seeks to assist by anyone associated with the organisation or its partners? Are they aware of the obligations set forth by the Secretary-General's Bulletin on Protection Against Sexual Exploitation and Abuse, including the obligation to report?
- Are affected populations aware of FAO's commitment to protect them from sexual exploitation and abuse, and do they know how to hold the Organization and its staff accountable for their conduct?

### ***7. Working with partners and other stakeholders***

- Do partnership agreements include reference to accountability to affected populations?
- Do you seek opportunities to work on joint exercises, such as needs assessments or complaints?
- Do you make FAO's commitments on accountability to affected populations clear to partners, and establish minimum expectations with them regarding their own practice?
- Do you identify potential partners with a demonstrated commitment to accountability?
- Do you support partners to improve the quality and accountability of their work?

Adapted from IASC CAAP self assessment tool available at <http://www.fao.org/emergencies/resources/documents/resources-detail/en/c/163302/>

and

Emergency Capacity Building Good Enough Guide available at <http://www.ecbproject.org/downloads/resources/good-enough-guide-book-en.pdf>

## Annex 3: Letter of Agreement with Service Provider

منظمة  
الأغذية والزراعة  
للأمم المتحدة

联合国  
粮食及  
农业组织

Food and Agriculture  
Organization of the  
United Nations



Organisation des  
Nations Unies pour  
l'alimentation et  
l'agriculture

Продовольственная и  
сельскохозяйственная  
организация  
Объединенных Наций

Organización de las  
Naciones Unidas para la  
Alimentación y la  
Agricultura

Viale delle Terme di Caracalla, 00153 Rome,  
Italy

Fax: +39 0657053152

Tel: +39 0657051

www.fao.org

Our Ref:

Your Ref:

### LETTER OF AGREEMENT

Between

the Food and Agriculture Organization of the United Nations (“FAO”) and the

[Complete name of the institution]

[City and Country]

For provision of

“.....” (*Brief title of services*)

#### 1. Introduction

The Food and Agriculture Organization of the United Nations (hereinafter referred to as “FAO”) and [*complete name of the Service Provider*] (hereinafter referred to as the “Service Provider”) (together hereinafter referred to as the “Parties”) have agreed that the Service Provider will provide certain services defined in detailed in the attached Annex (the “Services”) which forms an integral part of this Letter of Agreement (hereinafter the “Agreement”) in support of the [*project or programme of work*] [*name of project or programme of work and brief description*]. To enable the Service Provider to provide the Services, FAO will pay the Service Provider a total amount not exceeding [*currency and amount to be specified*], [*amount in numbers and in letters*].

## 2. Purpose

- a) The purpose for which the funds provided by FAO under this Agreement shall be used are the following:
  - (i) **Objective.** The Services will contribute to the following Organizational objective *[Summary statement of objective]*
  - (ii) **Outputs/outcomes.** The Service Provider will produce, achieve or deliver the following outputs or outcomes: *[list the outputs or outcomes expected]*
  - (iii) **Activities.** The Service Provider will undertake the following activities: *[list key activities that the Service Provider will undertake to achieve the outputs/outcomes. Keep description brief]*
- b) A detailed description of the Services including technical and operational requirements, budget, workplan and timeframe, performance indicators and means of verification, as well as inputs to be provided free-of-charge by the Service Provider and FAO, if any, are set out in detail in the Annex.

## 3. General Conditions

- a) Funds provided by FAO under this Agreement are to be used by the Service Provider exclusively for the provision of the Services in accordance with the budget set out in the Annex. Neither the Service Provider nor its personnel nor any other persons providing the Services on its behalf, will incur any additional commitment or expense on behalf of FAO.
- b) The Service Provider will be responsible for all activities related to the provision of the Services and the acts or omissions of all employees, agents or other representatives, and authorized subcontractors providing the Services on its behalf. FAO will not be held responsible for any accident, illness, loss or damage which may occur during the provision of the Services or any claims, demands, suits, judgements, arising there from, including for any injury to the Service Provider's employees, or to third parties, or any loss of, damage to, or destruction of property of third parties, arising out of or connected to the Service Provider's work or performance under this Agreement.
- c) The Service Provider shall not utilize funds received under this Agreement to subcontract services or procure items except as specifically provided for in the Annex or as specifically approved in writing by FAO. Any subcontracting arrangement shall in no way relieve the Service Provider of the responsibility for the provision/delivery of the Services required under this Agreement. Subcontracts or procurement of the items set forth in the Annex shall be procured in conformity with the Service Provider's own procurement rules and procedures. The Service Provider confirms that its procurement rules and procedures, and their implementation, ensure that the procurement process is transparent and consistent with generally-accepted principles governing public sector procurement to obtain best value for money. The Service Provider will ensure that its agreements with any subcontractor include the obligation to maintain appropriate records for a

period of five years and FAO's right to review, audit and have access to all documentation and sites related to the activities carried out in connection with this Agreement.

- d) The Service Provider shall make and thereafter maintain, in compliance with national legislation, provision for adequate insurance to cover such risks as damage to property and injuries to persons, as well as third party liability claims.
- e) The personnel assigned by the Service Provider to provide the Services are not considered in any respect as being employees or agents of FAO. Nothing in this Agreement or in any document or arrangement relating thereto shall be construed as conferring any privileges or immunities of FAO on the Service Provider, its personnel or any other persons providing the Services on its behalf.
- f) Nothing in this Agreement or in any document relating thereto, shall be construed as constituting a waiver of privileges or immunities of FAO, or as its acceptance of the jurisdiction of the courts of any country over disputes arising out of this Agreement.
- g) The present Agreement shall be governed by general principles of law, to the exclusion of any single national system of law. General principles of law shall be deemed to include the UNIDROIT Principles of International Commercial Contracts of 2010.
- h) In providing the Services, the Service Provider shall conform to all national laws applicable to its activities and its relations to third parties, including employees. The Service Provider shall promptly correct any violations thereof and shall keep FAO informed of any conflict or problem arising in relation to national authorities.
- i) The Service Provider confirms that it has not engaged in, nor will engage in, any corrupt, fraudulent, collusive or coercive practices in entering into or implementing this Agreement and agrees to adhere to the UN Supplier Code of Conduct which can be viewed at [http://www.un.org/depts/ptd/pdf/conduct\\_english.pdf](http://www.un.org/depts/ptd/pdf/conduct_english.pdf). For the purpose of this Agreement, the following terms shall have the following meanings:

- (i) *“Fraudulent practice” is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain, financial and/or other benefit and/or to avoid an obligation.*
  - (ii) *“Coercive practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.*
  - (iii) *“Collusive practice” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party.*
  - (iv) *“Corrupt practice” is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value whether tangible or intangible to improperly influence the actions of another party.*
- j) The Service Provider shall take all reasonable precautions to avoid any conflict of interest in the implementation of the Services and shall inform FAO without delay of any situation constituting or likely to entail a conflict of interest including any FAO personnel having an interest of any kind in the Service Provider’s activities.
  - k) Unless authorized in writing by FAO, the Service Provider shall not advertise or otherwise make public that it has a contractual relationship with FAO, nor shall the Service Provider, in any manner whatsoever use the name or emblem of FAO, or any abbreviation of the name of FAO.
  - l) All intellectual property rights, including copyright, in the outputs produced under this Agreement are vested in FAO, including, without any limitations, the right to use, publish, translate, sell or distribute, privately or publicly, any item or part thereof. Neither the Service Provider nor its personnel will communicate to any other person or entity any confidential information made known to it by FAO nor will they use this information for private or corporate advantage. This provision will survive the expiration or termination of this Agreement.
  - m) To comply with disclosure requirements and enhance transparency, FAO may release and/or publish the following information about this Agreement: (i) the name and nationality of the Service Provider; (ii) a brief description and location of the Services provided; and (ii) the amount of this Agreement. The Service Provider specifically consents to the release and/or publication of such information. FAO will not release or publish information that could reasonably be considered confidential or proprietary.
  - n) The Service Provider shall return to FAO any unexpended funds budgeted and paid by FAO under this Agreement.
  - o) This Agreement is not subject to payment by FAO of any levies, taxes, registration duties or any other duties or charges whatsoever. The Service Provider shall duly pay taxes, duties and other charges in accordance with prevailing laws and regulations applicable to the Service Provider.

- p) The Service Provider agrees to undertake all reasonable efforts to ensure that none of the funds received from FAO under this Agreement are used to provide support to individuals or entities associated with terrorism, as included in the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999) located at <http://www.un.org/sc/committees/1267/consolist.shtml>. This provision must be included in all subcontracts or sub-agreements entered into under this Agreement.
- q) The Service Provider shall take all appropriate measures to prevent sexual exploitation or abuse of any beneficiary of the services provided under this Agreement, or to any persons related to such beneficiaries, by its employees or any other persons engaged and controlled by the Service Provider to perform any services under this Agreement. For these purposes, sexual activity with any person less than eighteen years of age shall constitute the sexual exploitation and abuse of such person. In addition, the Service Provider shall refrain from, and shall take all reasonable and appropriate measures to prohibit its employees or other persons engaged and controlled by it from exchanging any money, goods, services, or other things of value, for sexual favours or activities, or from engaging in any sexual activities that are exploitive or degrading to any beneficiary of the services provided under this Agreement or to any persons related to such beneficiaries. The Service Provider acknowledges and agrees that the provisions hereof constitute an essential term of this Agreement and that any breach of these provisions shall entitle the Organization to terminate this Agreement immediately upon notice to the Service Provider, without any liability for termination charges or any other liability of any kind.

#### 4. Reporting and Record Maintenance Requirements

- a) The Service Provider shall submit to the Responsible Officer named in paragraph 9 below, the Reports listed in the Annex on the dates set forth therein, including a final report consisting of a narrative report and financial report (“Final Report”) within 30 days following the completion of the Services. The Final Report must be sufficiently detailed to allow certification of deliverables and of expenditures. The financial report shall be signed and certified as to its correctness by a duly designated representative of the Service Provider (e.g. executive officer, chief financial officer, chief accountant or similar).
- b) The Service Provider shall keep accurate financial records and maintain supporting documentation showing the utilization of inputs and funds under this Agreement and any other documentation related to the Services for a period of five years following termination or expiry of the Agreement, during which period FAO, or a person designated by FAO, or the relevant auditing authority (e.g. national audit office) shall have the right, at any time, to conduct reviews and/or audits relating to any aspect of this Agreement. The Service Provider shall provide its full and timely cooperation with any such review or audit. Full and timely cooperation shall include, but not be limited to, making available employees or agents and granting to FAO or other designated person or relevant authority, access at reasonable times and conditions to the Service Provider’s

premises or other sites where documentation related to this Agreement is kept or activities related to this Agreement are carried out.

## 5. Delays and Termination

- a) The Agreement shall enter into force upon signature by both Parties and shall remain in force until the Services have been satisfactorily provided or until otherwise terminated in accordance with the provisions herein.
- b) The Service Provider will carry out the Services in accordance with the workplan and within the timeframe set forth in the Annex and shall notify FAO of any delays that will prevent delivery of the Services in accordance with the workplan and within the timeframe set forth in the Annex.
- c) FAO may suspend or cancel all or part of this Agreement, obtain the Services elsewhere and make corresponding adjustments to any payments that may be due to the Service Provider, if the Service Provider fails to make delivery, or perform to a standard considered acceptable to FAO. Subject to consultation with the Service Provider, the determination of FAO, relating to this provision, shall be binding.
- d) If at any time during the course of this Agreement it becomes impossible for the parties to perform any of their obligations for reasons of Force Majeure, that party shall promptly notify the other in writing of the existence of such Force Majeure. The party giving notice is thereby relieved from such obligations as long as Force Majeure persists. For the purpose of this Agreement, the term "Force Majeure" shall mean any unforeseeable exceptional situation or event beyond the Parties' control which prevents either of them from fulfilling any of their obligations under this Agreement, was not attributable to error or negligence on their part (or of their personnel, agents, or other representatives, or authorized subcontractors), and proves insurmountable in spite of all due diligence.

FAO shall have the right to terminate this Agreement, by written notice to this effect, if it considers that continued implementation of the Agreement is impossible or impractical:

- (i) for unforeseen causes beyond the control of FAO;
  - (ii) in the event of a default or delay on the part of the Service Provider after written notice by FAO which provides a reasonable period to remedy the default or delay.
- e) In the event of termination as per 5e) above, the following shall apply:
- (i) termination for unforeseen causes beyond its control, FAO shall complete all payments for expenses which have been incurred by the Service Provider up to the effective date of termination.

- (ii) termination due to the Service Provider's default or delay, the Service Provider shall refund to FAO any payment already received in respect of Services that have not been performed to a standard considered acceptable to FAO.
- f) FAO shall have the right to terminate this Agreement, by written notice to this effect, if FAO establishes in accordance with its administrative procedures:
- (i) irregularities, fraud or corruption on the part of the Service Provider in relation to this Agreement;
  - (ii) a breach of the conflict of interest provision in paragraph 3) above;
  - (iii) a breach of the reporting requirements in paragraph 4 above.
- g) In the event of termination as per g) above, the Service Provider shall refund to FAO all payments that were made on the basis of the irregularity, fraud or corruption, or as otherwise determined by FAO to be equitable and take other action as deemed appropriate by FAO.

## 6. Terms of Payment

- a) In full consideration of the services provided by the Service Provider, FAO will pay and/or reimburse the Service Provider up to a total amount which represents FAO's maximum financial liability not to exceed:
- (.....)  
[currency and amount to be specified].
- b) The payments will be made after certification by the Responsible Officer of the request(s) for payment as follows:
- (i) [amount] upon signature of the present Agreement;
  - (ii) [amount] upon acceptance by FAO of the deliverable(s) or on the date indicated in the Workplan/Timeframe in the Annex. ;
  - (iii) [repeat for each partial payment].
  - (iv) [amount] upon acceptance by FAO of the Final Report mentioned under paragraph 4a) above.
- c) The amount set forth in 6a) will be paid in the currency stated above, in accordance with the detailed banking instructions provided by the Service Provider in 6d).
- d) Detailed Banking Instructions [including: the name of the account holder, account number, bank's name and its full address].

- e) The Service Provider shall submit each request for payment to the address indicated below:

.....

.....

*(Title of Officer and address)*

- f) FAO enjoys certain privileges and immunities which include exemption from payment of Value Added Tax ("VAT" or "IVA"), customs duties and importation restrictions.
- g) If the Service Provider fails to submit the Final Report mentioned in 4a) above no later than 30 days following completion, expiry or termination of this Agreement, FAO may, after provision of due notice of the default, terminate this Agreement without making the final payment.

## 7. Settlement of Disputes

- a) Any dispute between the parties arising out of the interpretation or execution of this Agreement, if not settled by negotiation between the parties or by another agreed mode of settlement, shall be submitted at the request of either party, to one conciliator. Should the parties fail to reach agreement on the name of a sole conciliator, each party shall appoint one conciliator. The conciliation shall be carried out in accordance with the Conciliation Rules of the United Nations Commission on International Trade Law, as at present in force.
  - b) Any dispute not resolved by conciliation shall, at the request of either party, be settled by arbitration in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law, as at present in force. The arbitral tribunal shall have no authority to award punitive damages. FAO and the Service Provider agree to be bound by any arbitration award rendered in accordance with this article, as the final adjudication of any such dispute.
  - c) The parties may request conciliation during the execution of this Agreement and in the period not to exceed twelve months after the completion, expiry or termination of this Agreement. The parties may request arbitration not later than ninety days after the termination of the conciliation proceedings. All dispute resolution proceedings shall be conducted in the language in which the agreement is drafted provided that it is one of the six official languages of FAO (Arabic, Chinese, English, French, Russian and Spanish). In cases where the language of the agreement is not an official language of FAO, the conciliation or the arbitration proceedings shall be conducted in English.
8. Amendments. Any changes or amendments to this Agreement shall be made in writing and on the basis of mutual consent of the signatories to this Agreement.
9. Designation of the FAO Responsible Officer. Mr./Ms. ...., title, ..... address, phone, email (as appropriate) is designated the officer responsible for the management of this Agreement ("Responsible Officer") on behalf of FAO

10. Entry into force and period of validity. The Agreement will enter into force upon the date of signature by the Service Provider, by FAO or on (date.....), whichever of the three dates is the latest] and will terminate on .....

**Signed on behalf of the Food and Agriculture Organization of the United Nations:**

Signature: \_\_\_\_\_

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

*[name and title of the FAO Officer]*

**Signed on behalf of the [full name of the Service Provider]:**

Signature: \_\_\_\_\_

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

*[name and title of the Officer of the Service Provider]*

The Service Provider will sign two copies of this Agreement and return one to the Responsible Officer.

**Annex 4: Template for an agreement with suppliers for voucher schemes**

# **Agreement**

**between**

**the Food and Agriculture Organization of the United Nations (“FAO”) and  
the**

*[Complete name of Supplier]*

*[City and Country]*

**For the provision of**

**Agricultural Inputs in a Voucher Scheme**

**THIS IS AN AGREEMENT BETWEEN THE FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS (“FAO”) ITS OFFICES LOCATED AT**

**[Address]** and **[Name of Supplier]** (“Supplier”) established under the laws of **[name of relevant country]** with its offices located at **[Address of Supplier]** (collectively “the Parties”) for the “**Supply of Agricultural Inputs through a Voucher Scheme**” for which the Supplier will supply Agricultural Inputs as set out in Annex I.

**ARTICLE 1 – SCOPE OF AGREEMENT**

- (a) The Supplier will participate in an Agricultural Inputs Voucher Scheme and supply Agricultural Inputs to beneficiaries at a Voucher Scheme against payment through vouchers as set out in **Annex I “Conditions of supply of Agricultural Inputs”**.
- (c) The Supplier will accept and honor all vouchers issued to the beneficiaries by FAO under this particular scheme.
- (d) The Supplier acknowledges that this Agreement does not guarantee that any minimum quantities of Agricultural Inputs will be sold through this Voucher Scheme.
- (e) The Supplier and FAO will execute this Agreement in a spirit of mutual cooperation.

**ARTICLE 2 – SCHEDULE OF PERFORMANCE AND DURATION**

- (a) This Agreement is valid immediately upon signature by both Parties and will remain in force until **[date]**. All vouchers will be considered void, whether they have been redeemed or not on **[date]**.

**ARTICLE 3 – PROVISION OF AGRICULTURAL INPUTS**

- (a) The Supplier will only supply Agricultural Inputs that are included in the categories listed in **Annex I “Conditions of supply of Agricultural Inputs”** and meet the FAO technical specifications and quality standards set out in **Annex II “Technical specifications and quality standards”**. FAO may contract an inspection company or any other institution to control the quality of the inputs and to verify that they conform to FAO’s specifications and quality standards. The Supplier further guarantees that the Agricultural Inputs comply at a minimum with any applicable national laws, standards and norms. The Supplier agrees that any Agricultural Inputs that do not conform to the specifications, quality standards or national laws, standards or norms will be replaced during the Voucher Scheme under penalty of exclusion from the Voucher Scheme.
- (b) The Supplier will use its best efforts to make available at the Voucher Scheme the quantity of Agricultural Inputs agreed upon during the Supplier selection process.

#### **ARTICLE 4 – AGRICULTURAL INPUTS NOT LISTED IN ANNEX I**

- (a) If FAO requires Agricultural Inputs normally sold by the Supplier but not included in **Annex I**, these additional Inputs may be incorporated in **Annexes I and II** through a formal written Amendment that will include the specifications/quality standards to be signed by the Parties.

#### **ARTICLE 5 – PRICES**

- (a) The prices offered by the Supplier should be in line with the prevailing market prices for the type, quality including any transportation and handling costs, of the Agricultural Inputs on offer.
- (b) **[CLAUSES B IS OPTIONAL TO BE INCLUDED ONLY IF INDICATIVE PRICES ARE SET OUT IN ANNEX I – PLEASE SEE GUIDELINES SECTION 3.7 FOR ADDITIONAL INFORMATION ON THIS ISSUE.]** The Supplier will offer the Agricultural Inputs at prices that are in line with the prices in **Annex I** which reflect the general market price and include the costs of adequate packaging to protect the Agricultural Inputs during transport, storage and handling by the beneficiaries.

#### **ARTICLE 6 – SELLING PROCEDURE**

The Supplier will:

- (a) carry out identification checks of beneficiaries (physically check identity card number against ID number on list of beneficiaries) to ensure that the designated beneficiary has the voucher and nobody else;
- (b) not discount the vouchers for cash and will provide the famers the full value of the vouchers presented;
- (c) supply the Agricultural Inputs as per conditions set out in **Annex I and II**;
- (d) issue invoices to the beneficiaries, as evidence of the sale and for record keeping.

#### **ARTICLE 7 - PARTICIPATION OF FAO**

FAO will distribute vouchers to the beneficiaries in the amount of [ ... ] local currency.

## **ARTICLE 8 – PAYMENT**

- (a) During the period of the Voucher Scheme FAO will pay the Supplier at intervals of **xxx** weeks and the final payment will be made no later than **xxx** weeks after the close of the Voucher Scheme, upon presentation by the Supplier of invoices accompanied by associated vouchers for the Agricultural Inputs provided to the beneficiaries by the Supplier **[This provision may require modification depending on the design and duration of the Voucher Scheme.]**
- (b) In addition, payment against invoices is subject to receipt by the FAO of:
- Clear/detailed banking instructions **[optional if no bank account exists]**;
  - Invoices listing the name of the Supplier, location and date of Voucher Scheme, the quantity and value of the Inputs sold and corresponding Vouchers being redeemed.
  - Vouchers redeemed by the beneficiaries
  - List of beneficiaries, the serial numbers of the vouchers that were redeemed and the signatures of the beneficiaries who redeemed the vouchers
- (c) FAO will not reimburse the Supplier for any Agricultural Inputs that are not part of the categories of inputs listed in **Annex I**, or that do not match the FAO specifications or quality standards as described in **Annex II**, or for Vouchers that do not correspond to FAO's records.

## **ARTICLE 9 - SUPPLIER'S RESPONSIBILITIES**

- (a) The Supplier is an independent contractor, responsible for the actions of its employees or representatives. The Supplier, its employees, or representatives shall not be considered employees or agents of FAO.
- (b) The Supplier has the sole and full responsibility to perform under this Agreement and will not enter into any sub-contract or transfer to any third party any of its rights or obligations under this Agreement.

## **ARTICLE 10 - PROHIBITED PRACTICES**

The Supplier will observe the highest standard of ethics in executing this Agreement and will not engage in any corrupt, fraudulent, collusive or coercive practices.

## **ARTICLE 11 - CONFLICT OF INTEREST**

The Supplier guarantees that no official, staff member or representative of FAO or any family member, has any interest in, or derives any benefit from, this Agreement. The Supplier will take all reasonable measures to avoid any conflict of interest in the implementation of the services and will immediately inform FAO of any potential conflict of interest.

## **ARTICLE 12 – CHANGES AND AMENDMENTS**

Any changes to this Agreement will be in writing and agreed by FAO and the Supplier.

## **ARTICLE 13 – DELAYS AND LIABILITIES**

- (a) If the Supplier fails to make delivery or perform in the time required, FAO may suspend or cancel all or part of this Agreement and reserves the right to exclude the Supplier from participation in future FAO sponsored activities.
- (b) The Supplier assumes all responsibility and liability for any and all claims, damages and losses, including any related costs, for any injury to its employees or third parties or destruction of property of third parties, arising out of or connected to the Supplier's work or performance under this Agreement and will not hold FAO responsible.

## **ARTICLE 14 - TERMINATION**

- (a) FAO may terminate this Agreement in the following cases:
  - (i) for causes beyond the control of the Organization;
  - (ii) bankruptcy, insolvency, transfer of business of the Supplier;
  - (iii) repeated and/or serious non compliance with laws and regulations related to social contribution, safety measures, pollution, prevention of injuries in the work place;
  - (iv) serious breaches of the Agreement compromising the normal performance of the services under this Agreement;
  - (v) transfer to third parties of all or part of the rights and obligations pertaining to the services under this Agreement;
  - (vi) gross negligence.
- (b) If this Agreement is terminated, the following will apply:
  - (i) FAO will complete payments which may be due up to the effective date of termination;
  - (ii) Adjustments to consideration and any claims arising from or connected with the termination of the Agreement will be handled as per the provisions of this Agreement.
- (c) Notice of Termination will specify the reasons for termination and termination will take effect immediately upon receipt of the Notice. The provisions of this Agreement applicable to the winding up of the Agreement, the settlement of claims and disputes shall remain in force for such additional period as may be necessary.

## **ARTICLE 15 - SETTLEMENT OF DISPUTES**

- (a) Any dispute between the Parties concerning the interpretation and the execution of the Agreement shall be settled by negotiation between the Parties. If the dispute is not settled by negotiation between the Parties, it shall, at the request of either party, be submitted to one conciliator. Should the Parties fail to reach agreement on the name of a sole conciliator, each party shall appoint one conciliator. The conciliation shall be carried out in accordance with the Conciliation Rules of the United Nations Commission on International Trade Law, as at present in force.
- (b) Any dispute between the Parties that is unresolved after conciliation shall, at the request of either party be settled by arbitration in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law, as at present in force.
- (c) The conciliation or the arbitration proceedings shall be conducted in the language in which the Agreement is drafted provided that it should anyway be one of the six (6) languages of the Organization (Arabic, Chinese, English, French, Russian and Spanish). In cases in which the language of the Agreement is not an official language of FAO, the proceedings shall be conducted in English.
- (d) The Parties may request conciliation during the execution of the Agreement and anyway not later than twelve (12) months after the completion, expiry or termination of the Agreement. The Parties may request arbitration not later than ninety (90) days after the termination of the conciliation proceedings.
- (e) The arbitral tribunal shall have no authority to award punitive damages. The Parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such dispute.

## **ARTICLE 16 - PRIVILEGES AND IMMUNITIES**

Nothing in this Agreement or in any document or arrangement relating thereto shall be construed as constituting a waiver of the privileges or immunities of FAO, nor as conferring any privileges or immunities of FAO on the Supplier or its employees. Nothing in this Agreement shall imply acceptance by FAO of the jurisdiction of the courts of any country over disputes arising out of this Agreement.

## **ARTICLE 17 - CHILD LABOUR, MINES, TERRORISM AND SEXUAL EXPLOITATION**

- (a) The Supplier represents and warrants that it is not engaged in any practice inconsistent with the rights set forth in the Convention on the Rights of the Child, including Article 32 thereof, which, *inter alia*, requires that a child shall be protected from performing any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral, or social development.
- (b) The Supplier further warrants and represents that it is not engaged in the sale or manufacture of anti-personnel mines or components utilized in the manufacture of anti-personnel mines.
- (c) The Supplier agrees to undertake all reasonable efforts to ensure that none of the funds received from FAO under this Contract are used to provide support to individuals or entities associated with terrorism, as included in the list maintained by the Security Council Committee established pursuant to Resolution 1267 (1999) located at <http://www.un.org/sc/committees/1267/consolist.shtml>. This provision must be included in all subcontracts or sub-agreements entered into under this Contract.
- (d) The Supplier shall take all appropriate measures to prevent sexual exploitation or abuse of any beneficiary of the services provided under this Agreement, or to any persons related to such beneficiaries, by its employees or any other persons engaged and controlled by the Supplier to perform any services under the Agreement. For these purposes, sexual activity with any person less than eighteen years of age shall constitute the sexual exploitation and abuse of such person. In addition, the Supplier shall refrain from, and shall take all reasonable and appropriate measures to prohibit its employees or other persons engaged and controlled by it from exchanging any money, goods, services, or other things of value, for sexual favors or activities, or from engaging in any sexual activities that are exploitive or degrading to any beneficiary of the services provided under this Agreement or to any persons related to such beneficiaries.
- (e) The Supplier acknowledges and agrees that the provisions of this Article constitute essential terms of the Agreement and that any breach of these provisions shall entitle FAO to terminate the Agreement immediately upon notice to the Supplier, without any liability for termination charges or any other liability of any kind.

## **ARTICLE 18 - APPLICABLE LAW**

This Agreement and any dispute arising from it shall be governed by general principles of law, to the exclusion of any single national system of law. General principles of law shall be deemed to include the UNIDROIT Principles of International Commercial Agreements of 2010.

**ARTICLE 19 - NOTICES**

(a) All Notices will be in writing and delivered in person or by registered mail to the addresses given below:

(i) To FAO:

Office of the FAO Representation in .....

*(Name and address of FAO office)*

Contract Manager

*(Name and address of FAO Contract Manager)*

(ii) To the Supplier:

At the Supplier's address indicated above.

(b) Notice shall be considered as effected on the date of delivery to the addressee.

Signed on behalf of:

**THE FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS**

Name & Title: .....

Date: .....

Signed on behalf of:

.....  
Name & Title: .....

Date:.....

## CONDITIONS OF SUPPLY OF AGRICULTURAL INPUTS

The Supplier shall supply Agricultural Inputs through the Voucher Scheme under the conditions set out below:

### 1. Categories of Agricultural Inputs:

Within the Voucher Scheme the Supplier will supply Agricultural Inputs within the following categories: **[TO BE COMPLETED BASED ON ITEMS TO BE SOLD]**

- i. Seeds
- ii. Fertilisers
- iii. Tools
- iv. Spare Parts for Farming Equipment

### 2. Technical specifications and quality standards:

The Supplier acknowledges that its participation in this Voucher Scheme is based on its representations to FAO or its representative as to the quantities and quality of the Agricultural Inputs that it can supply in the selection process. Therefore, the Supplier shall use its best efforts to ensure:

- an adequate stock of Agricultural Inputs conforming to FAO specifications and quality standards as detailed in **Annex II** and appropriately and accurately labelled;
- whenever appropriate, certificates verifying quality of Agricultural Inputs meeting FAO's technical specifications and quality standards are available.

3. **[Prices OPTIONAL – Usually the Agreement will not include indicative prices. See *Guidelines on Input Trade Fairs and Voucher Schemes* Section 3.7 regarding prices in Agreements. In those cases where it is deemed appropriate to indicate maximum prices in the Agreement, the prices during the Voucher Scheme and indicated in the Agreement should not be significantly higher than the market prices identified during the market analysis carried out prior to the Voucher Scheme.]**

[Indicative market prices for the selected inputs:

- Certified seed type 1: [USD xx / UOM]
- Certified seed type 2: [USD xx / UOM]
- Seed type 3: USD xx / UOM
- Seed type 4: USD xx / UOM
- Seed type 5: USD xx / UOM
- Fertilizers type 1: [USD xx / UOM]
- Fertilizer type 2: [USD xx / UOM]
- Fertilizers type 1: [USD xx / UOM]
- Hoe(*to be described*): [USD xx / piece]
- Sickle *to be described*): [USD xx / piece]
- Machete *to be described*): [USD xx / piece]

**Agreement No.    Annex II**

**TECHNICAL SPECIFICATIONS AND QUALITY STANDARDS**

The Agricultural Inputs made available by the Supplier under this Voucher Scheme will meet the following conditions:

**Specifications:**

- 
- 
- 
- 
- 

**Quality Standards:**

- 
- 
-

**Annex 5: Template for an agreement with suppliers for input trade fairs**

# **Agreement**

**between**

**the Food and Agriculture Organization of the United Nations (“FAO”) and  
the**

*[Complete name of Supplier]*

*[City and Country]*

**For the provision of**

**Agricultural Inputs in an Input Trade Fair**

**THIS IS AN AGREEMENT BETWEEN THE FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS (“FAO”) ITS OFFICES LOCATED AT**

**[Address]** and **[Name of Supplier]** (“Supplier”) established under the laws of **[name of relevant country]** with its offices located at **[Address of Supplier]** (collectively “the Parties”) for the “**Supply of Agricultural Inputs through an Input Trade Fair**” for which the Supplier will supply Agricultural Inputs as set out in Annex I. ,

**ARTICLE 1 – SCOPE OF AGREEMENT**

- (a) The Supplier will participate in an Agricultural Inputs Voucher Scheme and supply Agricultural Inputs to beneficiaries at selected Trade Fairs against payment through vouchers as set out in **Annex I “Conditions of supply of Agricultural Inputs”**.
- (c) The Supplier will accept and honor all vouchers issued to the beneficiaries by FAO under this particular scheme.
- (d) The Supplier acknowledges that this Agreement does not guarantee that any minimum quantities of Agricultural Inputs will be sold through this Input Trade Fair.
- (e) The Supplier and FAO will execute this Agreement in a spirit of mutual cooperation.

**ARTICLE 2 – SCHEDULE OF PERFORMANCE AND DURATION**

- (a) This Agreement is valid immediately upon signature by both Parties and will remain in force until **[date]**. All vouchers will be considered void, whether they have been redeemed or not on **[date]**.

**ARTICLE 3 – PROVISION OF AGRICULTURAL INPUTS**

- (a) The Supplier will only supply Agricultural Inputs that are included in the categories listed in **Annex I “Conditions of supply of Agricultural Inputs”** and meet the FAO technical specifications and quality standards set out in **Annex II “Technical specifications and quality standards”**. FAO may contract an inspection company or any other institution to control the quality of the inputs and to verify that they conform to FAO’s specifications and quality standards. The Supplier further guarantees that the Agricultural Inputs comply at a minimum with any applicable national laws, standards and norms. The Supplier agrees that any Agricultural Inputs that do not conform to the specifications, quality standards or national laws, standards or norms will be replaced during the fair under penalty of exclusion from the Input Trade Fair
- (b) The Supplier will use its best efforts to make available at the Input Trade Fair the quantity of Agricultural Inputs agreed upon during the Supplier selection process.

**ARTICLE 4 – AGRICULTURAL INPUTS NOT LISTED IN ANNEX I**

- (a) If FAO requires Agricultural Inputs normally sold by the Supplier but not included in **Annex I**, these additional Inputs may be incorporated in **Annexes I and II** through a formal written Amendment that will include the specifications/quality standards to be signed by the Parties.

## ARTICLE 5 – PRICES

- (c) The prices offered by the Supplier should be in line with the prevailing market prices for the type, quality including any transportation and handling costs, of the Agricultural Inputs on offer.
- (d) **[CLAUSES B IS OPTIONAL TO BE INCLUDED ONLY IF INDICATIVE PRICES ARE SET OUT IN ANNEX I – PLEASE SEE GUIDELINES SECTION 3.7 FOR ADDITIONAL INFORMATION ON THIS ISSUE.]** The Supplier will offer the Agricultural Inputs at prices that are in line with the prices in **Annex I** which reflect the general market price and include the costs of adequate packaging to protect the Agricultural Inputs during transport, storage and handling by the beneficiaries.

## ARTICLE 6 – SELLING PROCEDURE

The Supplier will:

- (e) carry out identification checks of beneficiaries (physically check identity card number against ID number on list of beneficiaries) to ensure that the designated beneficiary has the voucher and nobody else;
- (f) not discount the vouchers for cash and will provide the farmers the full value of the vouchers presented;
- (g) supply the Agricultural Inputs as per conditions set out in **Annex I and II**;
- (h) issue invoices to the beneficiaries, as evidence of the sale and for record keeping.

## ARTICLE 7 - PARTICIPATION OF FAO

FAO will distribute vouchers to the beneficiaries in the amount of [ ... ] local currency.

## ARTICLE 8 – PAYMENT

- (c) Except in cases outside the control of FAO, FAO will pay the Supplier at the end of the Input Trade Fair, upon presentation by the Supplier of an invoice accompanied by associated vouchers for the Agricultural Inputs provided to the beneficiaries by the Supplier. If FAO is not able to pay immediately at the end of the Input Trade Fair, it will pay the Supplier as soon as possible thereafter. **[This provision will require modification depending on the design (one day, multi-day, itinerant) of the Fair the payment procedures of the specific Input Trade Fair]**
- (d) In addition, payment against invoices is subject to receipt by the FAO of:
- Clear/detailed banking instructions **[optional if no bank account exists]**;
  - Invoices listing the name of the Supplier, location and date of Input Trade Fair, the quantity and value of the Inputs sold and corresponding Vouchers being redeemed;
  - Vouchers redeemed by the beneficiaries;
  - List of beneficiaries, the serial numbers of the vouchers that were redeemed

and the signatures of the beneficiaries who redeemed the vouchers.

- (c) FAO will not reimburse the Supplier for any Agricultural Inputs that are not part of the categories of inputs listed in **Annex I**, or that do not match the FAO specifications or quality standards as described in **Annex II**, or for Vouchers that do not correspond to FAO's records.

#### **ARTICLE 9 - SUPPLIER'S RESPONSIBILITIES**

- (a) The Supplier is an independent contractor, responsible for the actions of its employees or representatives. The Supplier, its employees, or representatives shall not be considered employees or agents of FAO.
- (b) The Supplier has the sole and full responsibility to perform under this Agreement and will not enter into any sub-contract or transfer to any third party any of its rights or obligations under this Agreement.

#### **ARTICLE 10 - PROHIBITED PRACTICES**

The Supplier will observe the highest standard of ethics in executing this Agreement and will not engage in any corrupt, fraudulent, collusive or coercive practices.

#### **ARTICLE 11 - CONFLICT OF INTEREST**

The Supplier guarantees that no official, staff member or representative of FAO or any family member, has any interest in, or derives any benefit from, this Agreement. The Supplier will take all reasonable measures to avoid any conflict of interest in the implementation of the services and will immediately inform FAO of any potential conflict of interest.

#### **ARTICLE 12 – CHANGES AND AMENDMENTS**

Any changes to this Agreement will be in writing and agreed by FAO and the Supplier.

#### **ARTICLE 13 – DELAYS AND LIABILITIES**

- (a) If the Supplier fails to make delivery or perform in the time required, FAO may suspend or cancel all or part of this Agreement and reserves the right to exclude the Supplier from participation in future FAO sponsored activities.
- (b) The Supplier assumes all responsibility and liability for any and all claims, damages and losses, including any related costs, for any injury to its employees or third parties or destruction of property of third parties, arising out of or connected to the Supplier's work or performance under this Agreement and will not hold FAO responsible.

## **ARTICLE 14 - TERMINATION**

- (a) FAO may terminate this Agreement in the following cases:
  - (i) for causes beyond the control of the Organization;
  - (ii) bankruptcy, insolvency, transfer of business of the Supplier;
  - (iii) repeated and/or serious non compliance with laws and regulations related to social contribution, safety measures, pollution, prevention of injuries in the work place;
  - (iv) serious breaches of the Agreement compromising the normal performance of the services under this Agreement;
  - (v) transfer to third parties of all or part of the rights and obligations pertaining to the services under this Agreement;
  - (vi) gross negligence.
- (b) If this Agreement is terminated, the following will apply:
  - (i) FAO will complete payments which may be due up to the effective date of termination;
  - (ii) Adjustments to consideration and any claims arising from or connected with the termination of the Agreement will be handled as per the provisions of this Agreement.
- (c) Notice of Termination will specify the reasons for termination and termination will take effect immediately upon receipt of the Notice. The provisions of this Agreement applicable to the winding up of the Agreement, the settlement of claims and disputes shall remain in force for such additional period as may be necessary.

## **ARTICLE 15 - SETTLEMENT OF DISPUTES**

- (a) Any dispute between the Parties concerning the interpretation and the execution of the Agreement shall be settled by negotiation between the Parties. If the dispute is not settled by negotiation between the Parties, it shall, at the request of either party, be submitted to one conciliator. Should the Parties fail to reach agreement on the name of a sole conciliator, each party shall appoint one conciliator. The conciliation shall be carried out in accordance with the Conciliation Rules of the United Nations Commission on International Trade Law, as at present in force.
- (b) Any dispute between the Parties that is unresolved after conciliation shall, at the request of either party be settled by arbitration in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law, as at present in force.
- (c) The conciliation or the arbitration proceedings shall be conducted in the language in which the Agreement is drafted provided that it should anyway be one of the six (6)

languages of the Organization (Arabic, Chinese, English, French, Russian and Spanish). In cases in which the language of the Agreement is not an official language of FAO, the proceedings shall be conducted in English.

- (d) The Parties may request conciliation during the execution of the Agreement and anyway not later than twelve (12) months after the completion, expiry or termination of the Agreement. The Parties may request arbitration not later than ninety (90) days after the termination of the conciliation proceedings.
- (e) The arbitral tribunal shall have no authority to award punitive damages. The Parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such dispute.

#### **ARTICLE 16 - PRIVILEGES AND IMMUNITIES**

Nothing in this Agreement or in any document or arrangement relating thereto shall be construed as constituting a waiver of the privileges or immunities of FAO, nor as conferring any privileges or immunities of FAO on the Supplier or its employees. Nothing in this Agreement shall imply acceptance by FAO of the jurisdiction of the courts of any country over disputes arising out of this Agreement.

#### **ARTICLE 17 - CHILD LABOUR, MINES, TERRORISM AND SEXUAL EXPLOITATION**

- (a) The Supplier represents and warrants that it is not engaged in any practice inconsistent with the rights set forth in the Convention on the Rights of the Child, including Article 32 thereof, which, *inter alia*, requires that a child shall be protected from performing any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral, or social development.
- (b) The Supplier further warrants and represents that it is not engaged in the sale or manufacture of anti-personnel mines or components utilized in the manufacture of anti-personnel mines.
- (c) The Supplier agrees to undertake all reasonable efforts to ensure that none of the funds received from FAO under this Contract are used to provide support to individuals or entities associated with terrorism, as included in the list maintained by the Security Council Committee established pursuant to Resolution 1267 (1999) located at <http://www.un.org/sc/committees/1267/consolist.shtml>. This provision must be included in all subcontracts or sub-agreements entered into under this Contract.
- (d) The Supplier shall take all appropriate measures to prevent sexual exploitation or abuse of any beneficiary of the services provided under this Agreement, or to any persons related to such beneficiaries, by its employees or any other persons engaged and controlled by the Supplier to perform any services under the Agreement. For these purposes, sexual activity with any person less than eighteen years of age shall constitute the sexual exploitation and abuse of such person. In addition, the Supplier shall refrain from, and shall take all reasonable and appropriate measures to prohibit its employees or other persons engaged and controlled by it from exchanging any money, goods,

services, or other things of value, for sexual favors or activities, or from engaging in any sexual activities that are exploitive or degrading to any beneficiary of the services provided under this Agreement or to any persons related to such beneficiaries.

- (e) The Supplier acknowledges and agrees that the provisions of this Article constitute essential terms of the Agreement and that any breach of these provisions shall entitle FAO to terminate the Agreement immediately upon notice to the Supplier, without any liability for termination charges or any other liability of any kind.

**ARTICLE 18 - APPLICABLE LAW**

This Agreement and any dispute arising from it shall be governed by general principles of law, to the exclusion of any single national system of law. General principles of law shall be deemed to include the UNIDROIT Principles of International Commercial Agreements of 2010.

**ARTICLE 19 - NOTICES**

- (a) All Notices will be in writing and delivered in person or by registered mail to the addresses given below:

- (i) To FAO:

Office of the FAO Representation in .....

*(Name and address of FAO office)*

Contract Manager

*(Name and address of FAO Contract Manager)*

- (ii) To the Supplier:

At the Supplier's address indicated above.

- (b) Notice shall be considered as effected on the date of delivery to the addressee.

Signed on behalf of:

**THE FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS**

Name & Title: .....

Date: .....

Signed on behalf of:

.....  
Name & Title: .....

Date:.....

## CONDITIONS OF SUPPLY OF AGRICULTURAL INPUTS

The Supplier shall supply Agricultural Inputs through the Input Trade Fair under the conditions set out below:

### 4. Categories of Agricultural Inputs:

Within the Input Trade Fair the Supplier will supply Agricultural Inputs within the following categories: **[TO BE COMPLETED BASED ON ITEMS TO BE SOLD]**

- v. Seeds
- vi. Fertilisers
- vii. Tools
- viii. Spare Parts for Farming Equipment

### 5. Technical specifications and quality standards:

The Supplier acknowledges that its participation in this Input Trade Fair is based on its representations to FAO or its representative as to the quantities and quality of the Agricultural Inputs that it can supply in the selection process. Therefore, the Supplier shall use its best efforts to ensure:

- an adequate stock of Agricultural Inputs conforming to FAO specifications and quality standards as detailed in **Annex II** and appropriately and accurately labelled;
  - whenever appropriate, certificates verifying quality of Agricultural Inputs meeting FAO's technical specifications and quality standards are available.
6. **[Prices OPTIONAL – Usually the Agreement will not include indicative prices. See Guidelines on Input Trade Fairs and Voucher schemes Section 3.7 regarding prices in Agreements. In those cases where it is deemed appropriate to indicate maximum prices in the Agreement, the prices during the fair and indicated in the Agreement should not be significantly higher than the market prices identified during the market analysis carried out prior to the Fair.]**

[Indicative market prices for the selected inputs:

- Certified seed type 1: [USD xx / UOM]
- Certified seed type 2: [USD xx / UOM]
- Seed type 3: USD xx / UOM
- Seed type 4: USD xx / UOM
- Seed type 5: USD xx / UOM
- Fertilizers type 1: [USD xx / UOM]
- Fertilizer type 2: [USD xx / UOM]
- Fertilizers type 1: [USD xx / UOM]
- Hoe(*to be described*): [USD xx / piece]
- Sickle *to be described*): [USD xx / piece]
- Machete *to be described*): [USD xx / piece]

**TECHNICAL SPECIFICATIONS AND QUALITY STANDARDS**

The Agricultural Inputs made available by the Supplier under this Trade Fair Voucher Scheme will meet the following conditions:

**Specifications:**

- 
- 
- 
- 
- 

**Quality Standards:**

- 
- 
-

**Annex 6: Sample contract with bank for e-voucher scheme**

**CONTRACT**

between

**THE FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS**

its offices located at  
FAOR address:

**BLOCK 1, TENDESEKA OFFICE PARK  
SAMORA MACHEL / RENFREW ROAD  
P.O.BOX 3730  
EASTLEA  
HARARE  
ZIMBABWE**

and

**TETRAD e-MALI (PVT) LTD**

established and existing under  
the laws of **Zimbabwe**  
with its registered offices located at:

**NUMBER 69  
JOSIAH CHINAMANO AVENUE  
THE AVENUES  
HARARE  
ZIMBABWE**

**WHEREAS**

**The Food and Agriculture Organization of the United Nations**, hereinafter referred to as the “Organization”, intends to grant a Contract to provide certain services, and specifically

**“Agricultural Input Electronic Voucher Project ”**

and, **TETRAD e-MALI (PVT) LTD** , hereinafter referred to as the “Contractor”, has agreed to execute said Contract which has been granted by the Organization,

**NOW THEREFORE**

The Organization and the Contractor hereby agree as follows:

**SECTION I - SPECIAL PROVISIONS**

**Article 1 - Services to be Executed by the Contractor**

- (a) The Contractor shall perform the services as set out in the attached hereto as **Annex I “Services to be provided by the Contractor”**, it being understood that such services shall include those which, while not specifically provided for in the said Annex I, are implied by generally accepted professional standards.
- (b) With reference to the training services to be provided by the Contractor, the Organization will reimburse the travel costs actually occurred by the Contractor for the round trips to the district(s) listed in the mentioned Annex I. In determining the total fixed amount payable for these services the Contractor is deemed to have exercised appropriate professional judgement and to have given full consideration to working conditions in all locations where this contract is executed.
- (c) The Organization will reimburse the Contractor for the services actually rendered on the basis of the costs set forth in **Annex II “Service costs, travel and training of the Agro-dealers.”**

#### **Article 2 - Management Reports and Documents**

- (a) The Contractor will submit reports and/or documents concerning the services executed under this contract. The reports must contain the following information: Description of inputs purchased, date of purchase, quantity of items purchased (kg), unit price of item, business name of Agro-dealer. The reports should be provided online.
- (b) The Organization shall be entitled to all intellectual property and other proprietary rights with regards to the content of the reports and all the documentation related to the implementation of the electronic vouchers by the Contractor, shall be handed over to FAO.

#### **Article 3 - Schedule of Contract Performance**

- (e) This Contract becomes effective and the Contractor shall commence its performance immediately upon its signature by both parties.
- (f) The Contractor shall complete the services required by this Contract, which is deemed to include the Organization's acceptance of all management reports and/or documents referred to in Article 2 above, in accordance with the provisions of **Annex III “Schedule of Contract Performance.”**

#### **Article 4 - Participation by the Organization**

- (a) It is agreed between the parties that the Contractor has entered into this Contract in reliance upon the Organization's undertaking to provide certain services and facilities as set out in **Annex IV: “Services and Facilities provided by the Organization”**.
- (b) In the event that for any reason the services and facilities set out in the mentioned Annex are not made available, the Contractor shall immediately advise the person mentioned in Article 8 below and notify the Contract Manager, it being understood that the Contractor shall not incur expenditures beyond those authorized in this Contract to obtain the said services and facilities without the former's written approval.

## **Article 5 - Remuneration and Method of Payment**

- (a) In full consideration of the services executed by the Contractor the Organization will effect payments to the Contractor in accordance with the provisions of the "**Schedule and Method of Payments**", **attached hereto as Annex V**, up to a total amount not to exceed:

**US\$ 137,554.99**

**( One Hundred and Thirty Seven Thousand, Five Hundred and Fifty Four United States Dollars & Ninety Nine Cents)**

- (b) Any payment by the Organization is subject to receipt at the Organization's offices of the two copies of this contract, duly signed by the Contractor and the Organization's legal Representative.
- (c) The Contractor shall pay or reimburse to the Organization in United States Dollars:
- (i) overpayments made by the Organization;
  - (ii) costs incurred by the Organization for the procurement of alternative services due to the Contractor's default.
- (d) This contract is not subject to payment by the Organization of any levies, taxes, registration duties or any other duties or charges whatsoever. The Contractor shall duly pay such taxes, duties and other charges as it is required to according to the prevailing laws and regulations.

## **Article 6 - Liquidated Damages**

As provided for in Section II, Article 4, paragraph (e), the Parties agree that the Organization may withhold from any payments due to the Contractor an amount equal to **2%** (two percent) of the amount specified in Article 5, paragraph (a), above as liquidated damages for each week of delay or part thereof of delay in the execution of activities and/or submission of documents beyond the deadlines specified for them in **Annex III** provided however, that such liquidated damages shall not in any case exceed **10%** (ten percent) of the total Contract amount and it being understood that the withholding by the Organization of the said amount(s) does not in any way constitute a waiver by the Organization of its rights under Section II, Article 4 of this Contract

### **Article 7 - Contractor's Responsibilities for Employees**

- (a) The Contractor shall provide all necessary employees and shall be fully responsible for their employment, work permits, payment and administration in strict conformity with all relevant laws and regulations, including laws relating to their employment, health, safety, welfare, immigration and emigration, and shall allow them all their legal rights.
- (b) The Contractor shall be responsible for the professional and technical competence of its employees and will select reliable individuals who will perform effectively in the Contract's implementation, respect the local customs, and conform to a high standard of moral and ethical conduct. The Contractor's employees working on the Organization's premises will comply with the Organization's rules, policies, and procedures regarding conduct and security.

### **Article 8 - Designation of the Organization's Contract Manager**

For the purpose of the performance of this Contract, the Organization has designated the following person to represent it as far as his/her own individual competence and qualifications are concerned. It is understood that any commitments by the Organization which would increase or decrease its financial liability as set out in Article 5 of Section I and in Annex V will only be binding on the Organization if they are the subject of a formal amendment to this Contract, duly signed by the Organization's Contract Manager.

1. The Organization's Contract Manager for this contract is:

Mr Jean Claude Urvoy

Senior Emergency and Rehabilitation Coordinator

Emergency Coordination and Rehabilitation Unit

FOOD AND AGRICULTURE ORGANIZATION (U.N.)

BLOCK 1, TENDESEKA OFFICE PARK, EASTLEA

P.O. Box 3730, HARARE

### **Article 9 - Publication of Contract Awards**

The Organization reserves the right to publish the Contractor's name and country, the total Contract Value and a brief description of the services provided under this Contract.

## **Article 10 - Contract Documents**

Only and exclusively the documents set out below are considered to be an integral part of this Contract:

- (i) The Sections I and II consisting of pages 1 through 15; and
- (ii) The **Annexes I** through **V**
- (iii) Contractor's technical proposal dated 28 June 2012
- (iv) Contractor's revised financial offer dated 24 October 2012

## **SECTION II: STANDARD PROVISIONS**

### **ARTICLE 1 - CONTRACTOR'S RESPONSIBILITIES**

- (a) The Contractor shall, for the purposes of this Contract, have the status of an independent contractor and shall be fully responsible, in particular, for the acts or omissions of its employees, agents or other representatives, and authorized subcontractors. In addition, the Contractor, its employees, agents or other representatives, and authorized subcontractors shall not be considered in any respect as being employees or agents of the Organization.
- (b) The Contractor shall have the sole and full responsibility for the performance of its obligations under this Contract; except as may be provided for in this Contract or in a written authorization by the Organization, the Contractor shall not enter into any subcontracts or otherwise assign, transfer or charge to any third party any of its rights or obligations under this Contract.
- (c) The Contractor shall immediately report any change in its legal status or in its control to the Organization which shall thereupon have the right to terminate this Contract.
- (d) Should the Contractor become insolvent or bankrupt, the present Contract shall be deemed to have been terminated as of right.
- (e) Nothing in this Contract shall be construed as relieving the Contractor from conforming to any national law applicable in its relations to third parties, including its employees, nor to any national law applicable to it by reason of its trade, business or activities. The Contractor shall promptly correct any violations thereof and shall keep the Organization informed of any conflict or problem arising in relation to national authorities.

### **ARTICLE 2 - SOURCE OF INSTRUCTIONS**

The Contractor shall neither seek nor accept instructions from any authority external to the Organization in connection with the performance of this Contract. The Contractor shall refrain from any action which may adversely affect the Organization and shall fulfil its commitments with the fullest regard to the interests of the Organization.

### **ARTICLE 3 - EXAMINATION AND ACCEPTANCE**

- (a) The Organization reserves the right to examine the equipment, materials and supplies and/or assess the services provided under this Contract, at any time prior to the expiry of this Contract. Without any additional charge, the Contractor shall provide all facilities for the examination and all necessary support to ensure that examinations can be performed in such a manner as not to unduly delay delivery.
- (b) In case of rejection by the Organization of the equipment, materials, supplies and/or services provided, a new examination may be carried out by the representatives of both the Organization

and the Contractor, if promptly requested by the Contractor and before the Organization exercises any legal remedies. The Contractor shall bear the expenses of such an examination.

- (c) If this Contract specifically requires the Contractor to procure equipment, materials or supplies on behalf of the Organization, such procurement shall be of new equipment, materials or supplies unless procurement of used equipment, materials or supplies is approved in advance in writing by the Organization.

#### **ARTICLE 4 - DELAYS AND DEFAULTS**

- (a) If there should be any delay in the performance of this Contract or any part thereof, the Contractor shall notify the Organization in writing giving the cause, such notification to reach the Organization no later than ten (10) days after the date on which the delay is known by the Contractor.

- (b) If the Contractor is unable to obtain any materials or services necessary for the performance of the Contract from its normal sources of supply, it shall remain liable for any delays when equivalent materials or services can be obtained from other sources in good time.

- (c) In any event, if the Contractor fails to make delivery of the materials or to complete items or services required within the time specified in the Contract, or within any extension that may be granted, the Organization may, without prejudice to any further rights it may have under this Contract and in particular under Article 10 of this Section:

- (i) suspend or cancel the right of the Contractor to proceed further with any items or services - or part thereof - in which there has been a delay;
- (ii) obtain elsewhere upon such terms and conditions as may be deemed appropriate, replacement items or services similar to those which the Contractor failed to provide;
- (iii) make a corresponding adjustment to the consideration payable to the Contractor; provided, however, that the Contractor shall continue performance of this Contract to the extent not suspended or cancelled under the provisions of this paragraph.

- (d) The Contractor shall be liable for any excess costs or damages caused to the Organization by a failure or delay on the part of the Contractor in the performance of its obligations under this Contract, except where such failure or delay is due to:

- (i) causes which are attributable to the Organization;
- (ii) Force Majeure, as defined in Article 5 below.

- (e) If, in the event of a default by the Contractor or a delay attributable to it, the Organization is of the opinion that the determination of actual excess costs or damages, or any part thereof, incurred by the Organization is not practicable, the Organization may require the Contractor to

pay, in lieu of or in addition to actual damages, as the case may be, the amount specified in, or to be calculated in accordance with, the relevant provision of Section I of this Contract, as fixed, agreed and liquidated damages for the duration of the delay or default.

- (f) The Organization shall determine the effects of any delay or default particularly in regard to an adjustment of the consideration due to the Contractor and to excess costs or damages caused to the Organization and its findings shall be binding, provided always that the Contractor shall have the right to avail itself of the provisions of Article 11 of this Section.

## **ARTICLE 5 - FORCE MAJEURE AND OTHER CHANGES IN CONDITIONS**

- (a) The Contractor shall give notice in writing to the Organization, providing full particulars as soon as possible after the occurrence of any event constituting Force Majeure (as defined herein) whereby the Contractor is rendered unable, wholly or in part, to perform its obligations and meet its responsibilities under this Contract. The Contractor shall also notify the Organization of any other changes in conditions or the occurrence of any event which interferes or threatens to interfere with the performance of this Contract. If notice is not received by the Organization as soon as possible after the Contractor knew or ought to have known of the impediment, the Contractor shall be liable for damages resulting from such non-receipt. On receipt of the notice required under this Article, the Organization shall take such action as it, in its sole discretion, considers being appropriate or necessary in the circumstances, including the granting to Contractor of a reasonable extension of time in which to perform its obligations under this Contract, or termination under Article 10 of this Section.
- (b) If Contractor is rendered permanently unable, wholly or in part, by reason of Force Majeure to perform any of its obligations or meet any of its responsibilities under this Contract, the Organization shall have the right to suspend or terminate this Contract without liability to the Organization effective immediately upon Contractor's receipt of notice of termination. Neither party shall be held responsible for failing to perform any of their respective obligations under this Contract if such failure is the result of an event of Force Majeure.
- (c) "Force Majeure" as used in this Article shall mean any unforeseeable exceptional situation or event beyond the Parties' control which prevents either of them from fulfilling any of their obligations under this Contract, was not attributable to error or negligence on their part (or on the part of their employees, agents or other representatives, or authorized subcontractors), and proves insurmountable in spite of all due diligence. Defects in equipment, materials or supplies or delays in availability (unless due to Force Majeure), labour disputes, strikes or financial difficulties cannot be invoked as Force Majeure by the defaulting party.
- (d) Notwithstanding anything to the contrary in this Contract, Contractor recognizes that the work and/or services may from time to time be performed under harsh or hostile conditions, including civil unrest. Consequently, delays or failure to perform caused by events arising out of, or in connection with, such difficult conditions shall not, in and of itself, constitute Force Majeure under this Contract.

## **ARTICLE 6 - INSURANCE AND LIABILITY**

(a) The Contractor hereby indemnifies and holds the Organization harmless from and against any and all responsibilities, claims, demands, suits, judgements, damages and losses, including the costs, fees and expenses in connection therewith or incident thereto for:

- (i) any injury to its employees and third parties;
- (ii) any loss of, damage to, or destruction of any property of third parties;

arising out of, or in any way connected with the performance of the work and/or services of the Contractor under this Contract.

(b) The Organization may, where in its opinion, the successful implementation of the Contract or the reputation of the Organization, might be prejudiced, withhold or deduct from the payments due to the Contractor under Section I of this Contract such amounts as may be required to honour third party claims brought against the Contractor if these claims are connected with the supplies or services to be provided under this Contract and if, after consultation with the Contractor, the Organization is satisfied that such claims have been or may become the subject of a judgement, injunction or similar court order.

(c) Contractor shall provide and thereafter maintain, in compliance with national legislation, adequate insurance including:

- (i) insurance against all risks in respect of its property and any equipment used for the performance of the Contract;
- (ii) worker's compensation insurance, or its equivalent, or employer's liability insurance, or its equivalent, with respect to its employees or authorized subcontractors to cover claims for personal injury or death or damage to property in connection with the performance of this Contract;
- (iii) liability insurance to cover third party claims for death or bodily injury or loss of or damage to property in connection with the performance of this Contract.

(d) For the purposes of this Article, the term "third party" shall be deemed to include, *inter alia*, officials, employees and other representatives of the United Nations, the Organization, and other Specialized Agencies participating in the implementation of this Contract as well as any person or entity employed by the Contractor or otherwise performing services for, or supplying goods to, the Contractor.

## **ARTICLE 7 - INTELLECTUAL PROPERTY AND OTHER PROPRIETARY RIGHTS**

The Organization shall be entitled to all intellectual property and other proprietary rights including, but not limited to, patents, copyrights, and trademarks, with regard to products, processes, inventions, ideas, know-how, or documents and other materials which the Contractor has developed for the Organization under the Contract and which bear a direct relation to or are produced or prepared or collected in consequence of, or in the course of, the performance of this Contract. At the Organization's request, the Contractor shall take all necessary steps, execute all necessary documents

and generally assist in securing such proprietary rights and transferring or licensing them to the Organization in compliance with the requirements of the applicable law and of the Contract.

#### **ARTICLE 8 - PUBLICITY, AND USE OF THE NAME OR EMBLEM OF THE ORGANIZATION**

Unless authorized in writing by the Organization, the Contractor shall not advertise or otherwise make public that it has a contractual relationship with the Organization, nor shall the Contractor, in any manner whatsoever use the name or emblem of the Organization, or any abbreviation of the name of the Organization.

#### **ARTICLE 9 - CONFIDENTIALITY**

The Contractor, its employees, agents or other representatives, and authorized subcontractors, shall treat as confidential all of the information, be it in written, digital or oral format, they are provided with or in any way privileged to as a result of their performance under this Contract. This provision shall survive the expiration or termination of this Contract.

#### **ARTICLE 10 - TERMINATION**

- (a) The Organization shall have the right to terminate this Contract in the following cases:
- (i) for unforeseen causes beyond the control of the Organization;
  - (ii) in the event, on the Contractor's side, of bankruptcy, winding up, insolvency, transfer of business, Company Voluntary Arrangement;
  - (iii) repeated and/or serious non compliance with laws and regulations related to social contribution, safety measures, pollution, prevention of injuries in the work place;
  - (iv) serious contractual breaches compromising the normal performance of the services under this Contract;
  - (v) transfer to third parties, either directly or indirectly through an intermediary, of all or part of the rights and obligations pertaining to the services under this Contract, except for subcontracts duly authorized by the Organization;
  - (vi) gross negligence;
  - (vii) unjustified delay in the execution of the services, so as to substantially prejudice the achievement of the Organization's objectives under this Contract;
  - (viii) default in the submission of the performance bond as required in Section I, if applicable;
  - (ix) non compliance with the requirements of Article 1 paragraph c) of this Section with regard to changes in the Contractor's legal status or control.

- (b) If this Contract should be terminated, the following shall apply:
- (i) the Organization shall complete all payments which may be due up to the effective date of termination;
  - (ii) the Contractor shall deliver all work in process and in any event shall take all reasonable measures to avoid any loss or deterioration of goods, equipment, materials or supplies, or any other damage;
  - (iii) the Organization shall pay to the Contractor any sum which is determined by the Organization as equitable for any work in progress.
- (c) Adjustments to consideration and any claims arising from or connected with the termination of the Contract shall be dealt with in accordance with the pertinent provisions of this Contract, and in particular those of Article 4 of this Section.
- (d) Notices of Termination shall specify the reasons for termination and take effect at the earliest ten (10) days after receipt thereof by the addressee, it being understood that the Provisions of this Contract applicable to the winding up of the Contract, the liquidation of claims and the settlement of disputes shall remain in force for such additional period as may be necessary.

#### **ARTICLE 11 - SETTLEMENT OF DISPUTES**

- (a) Any dispute between the Parties concerning the interpretation and the execution of the Contract shall be settled by negotiation between the Parties. If the dispute is not settled by negotiation between the Parties, it shall, at the request of either party, be submitted to one conciliator. Should the Parties fail to reach agreement on the name of a sole conciliator, each party shall appoint one conciliator. The conciliation shall be carried out in accordance with the Conciliation Rules of the United Nations Commission on International Trade Law, as at present in force.
- (b) Any dispute between the Parties that is unresolved after conciliation shall, at the request of either party be settled by arbitration in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law, as at present in force.
- (c) The conciliation or the arbitration proceedings shall be conducted in the language in which the Contract is drafted provided that it should anyway be one of the six (6) languages of the Organization (Arabic, Chinese, English, French, Russian and Spanish). In cases in which the language of the Contract is not a language of the Organization, the conciliation or the arbitration proceedings shall be conducted in English.
- (d) The Parties may request conciliation during the execution of the Contract and anyway not later than twelve (12) months after the completion, expiry or termination of the Contract. The Parties may request arbitration not later than ninety (90) days after the termination of the conciliation proceedings.
- (e) The arbitral tribunal shall have no authority to award punitive damages. The Parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such dispute.

## **ARTICLE 12 - PRIVILEGES AND IMMUNITIES**

Nothing in this Contract or in any document or arrangement relating thereto shall be construed as constituting a waiver of the privileges or immunities of the Organization, nor as conferring any privileges or immunities of the Organization on the Contractor or its employees. Nothing in this Contract shall imply acceptance by the Organization of the jurisdiction of the courts of any country over disputes arising out of this Contract.

## **ARTICLE 13 - TAX EXEMPTION**

Article III, Section 9, of the Convention on the Privileges and Immunities of the Specialized Agencies provides, *inter alia*, that the Organization, its assets, income and other property shall be exempt from all direct taxes, except charges for public utility services, and shall be exempt from customs restrictions, duties, and charges of a similar nature in respect of articles imported or exported for its official use. In the event that any government authority refuses to recognize the exemptions of the Organization from such taxes, restrictions, duties, or charges, the Contractor shall immediately consult with the Organization to determine a mutually acceptable procedure.

## **ARTICLE 14 - CHANGES AND AMENDMENTS**

- (a) The Organization may, at any time, by written notification:
  - (i) make changes in the specifications and/or delivery schedules, provided always that such changes do not increase the work of the Contractor, involve additional expense, or reduce the time within which the work must be performed;
  - (ii) increase or decrease the number of items or the amount of services and adjust the consideration accordingly, provided always that such adjustment can be established on the basis of the existing provisions of this Contract.
- (b) Any claim by the Contractor relating to adjustments under this paragraph shall be asserted by the Contractor within thirty (30) days of receipt by it of the notification of change, it being understood that the exact determination of the adjustment may, by agreement between the Parties, be postponed until the actual cost difference can be ascertained, provided, however, that no claims for adjustment shall be receivable after the date of final payment under this Contract.
- (c) Any modifications of this Contract other than the changes provided for under paragraph (a) above shall be effected by an amendment to this Contract to be mutually agreed between the Parties hereto.

## **ARTICLE 15 - PROHIBITED PRACTICES**

- (a) The Contractor shall observe the highest standard of ethics during the procurement and execution of this Contract and will not engage in any corrupt, fraudulent, collusive or coercive practices, and agrees to adhere to the UN Supplier Code of Conduct which can be viewed at [http://www.un.org/depts/ptd/pdf/conduct\\_english.pdf](http://www.un.org/depts/ptd/pdf/conduct_english.pdf).

- (b) The Organization, without prejudice to any other rights or remedies it may possess, may terminate the Contract forthwith if the Contractor, in the judgment of the Organization, has engaged in corrupt, fraudulent, collusive or coercive practices in competing for or in executing this Contract, and as appropriate, request full or partial restitution of sums previously paid by the Organization under this Contract.
- (c) For the purpose of this Article, the following terms shall have the following meanings:
- (i) “Fraudulent practice” is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain, financial and/or other benefit and/or to avoid an obligation;
- (ii) “Coercive practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;
- (iii) “Collusive practice” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
- (iv) “Corrupt practice” is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value whether tangible or intangible to improperly influence the actions of another party.

#### **ARTICLE 16 - CHILD LABOUR, MINES AND TERRORISM**

- (a) The Contractor represents and warrants that it is not engaged in any practice inconsistent with the rights set forth in the Convention on the Rights of the Child, including Article 32 thereof, which, *inter alia*, requires that a child shall be protected from performing any work that is likely to be hazardous or to interfere with the child’s education, or to be harmful to the child’s health or physical, mental, spiritual, moral, or social development.
- (b) The Contractor further warrants and represents that it is not engaged in the sale or manufacture of anti-personnel mines or components utilized in the manufacture of anti-personnel mines.
- (c) The Contractor agrees to undertake all reasonable efforts to ensure that none of the funds received from the Organization under this Contract are used to provide support to individuals or entities associated with terrorism, as included in the list maintained by the Security Council Committee established pursuant to Resolution 1267 (1999) located at <http://www.un.org/sc/committees/1267/consolist.shtml>. This provision must be included in all subcontracts or sub-agreements entered into under this Contract.
- (d) The Contractor acknowledges and agrees that the provisions of this Article constitute an essential term of the Contract and that any breach of this Article shall entitle the Organization to terminate this Contract immediately upon notice to the Contractor, without any liability for termination charges or any other liability of any kind.

**ARTICLE 17 - CONFLICT OF INTEREST**

The Contractor warrants that no official, staff member or representative of the Organization or any family member of any such person has any interest in, or derives any benefit from, this Contract. The Contractor shall take all reasonable precautions to avoid any conflict of interest in the implementation of the services and shall inform the Organization without delay of any situation constituting or likely to entail a conflict of interest. In particular, the Contractor warrants that no official, staff member or representative of the Organization or any family member of any such person holds or shall hold any direct or indirect financial interest in the Contractor’s business. For the purpose of this Article, the mere holding of shares in a publicly listed company shall not be considered as constituting a financial interest, provided that such shares do not confer a power to control, or otherwise significantly influence the management of, the Contractor’s business. Should the Contractor fail to comply with this obligation, the Organization shall have the right to terminate this Contract at any time, in accordance with the provisions of Article 10 of this Section.

**ARTICLE 18 - APPLICABLE LAW**

Subject to any specific provision herein, this Contract and any dispute arising there from shall be governed by general principles of law, to the exclusion of any single national system of law. General principles of law shall be deemed to include the UNIDROIT Principles of International Commercial Contracts of 2010.

**ARTICLE 19 - INTERPRETATION OF THE CONTRACT**

In the event of a conflict or inconsistency between the provisions of Section I and Section II of this Contract, the former shall prevail.

**ARTICLE 20 - NOTICES**

(a) Any notice affecting the rights or obligations of either party to this Contract shall be given in writing and delivered in person or by registered mail to the addresses given below:

(i) To the Organization:

ADDRESS

(ii) To the Contractor:

At the Contractor's address shown in the Preamble to this Contract.

(b) Notice shall be considered as effected on the date of delivery to the addressee.

Signed on behalf of:

**THE FOOD AND AGRICULTURE ORGANIZATION  
OF THE UNITED NATIONS**

Name & Title:

Mr. Gaoju Han  
FAO Representative for Zimbabwe

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Date:

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Signed on behalf of:

**TETRAD e-MALI PVT LTD**

Name & Title:

Mr. Barry Gerson  
Executive Director

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Date:

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## ANNEX I

### SERVICES TO BE PROVIDED BY THE CONTRACTOR

The Contractor shall provide the following services:

- The opening of the Organization's pool account which will be linked to beneficiaries electronic cards.
- Production of 12,260 beneficiary electronic cards which will be marked with a limit of USD128.00 per card. Electronic cards should be branded with the FAO, AusAID, DFID and Government of Zimbabwe logos. The validity period of the electronic cards is up to 31/01/2013.
- The electronic cards should be designed to access only the listed category of agricultural inputs specified by the Organisation.
- Manage the technical system that supports the electronic card system and the management of transactions through an electronic payment system.
- Develop, operate and maintain a front and back end electronic system that secures the completion of transactions between FAO and agro-dealers.
- Provide and install Point of Sale (POS) devices at agro-dealer outlets.
- Train agro-dealers, Implementing Partners, FAO and Ministry of Agriculture Mechanization & Irrigation Development in the following but not limited to the following areas :
  - Understanding the voucher redemption process.
  - Operation of the Point of Sale (POS) machines.
  - Obtaining print-outs from the POS and the need for Agro-dealers to keep invoices and detailed records on inputs sold through the voucher programme.
  - Viewing and exporting information on the redeeming of the electronic cards.
  - Understanding that the validity period of the redemption of the cards.
  - The value of the vouchers per beneficiary & the activation method.
- Provide and manage an online FAO data monitoring system that allows for on-spot view of transactions against the FAO "pool account" and available balance and up to date system downloads of activity whenever FAO requests them and will ensure that the FAO has live access to the system to be able to view and download this data whenever necessary.
- Maintain the system to secure the completion of all related payments and the generation of periodic management reporting.
- Provision of online reports to inform on the inputs purchase. Information should include date of purchase, item purchased, quantity of item purchased (kg), unit price of item purchased, value of item purchased, National ID Number of person purchasing and Business name of Agro-dealer. Ensure that the information is live and that FAO has access and direct report download ability from the reports site.

## ANNEX 1

- Ensure that the system, including transactions between FAO and agro dealers, is carried out securely, accurately and reliably. In the event of a system outage or other problems related to the system, the Contractor shall bear the costs of returning the system to normal operations. If the Contractor discovers any technical problems with the system, it shall notify the Organisation with immediate effect.
- The Contractor shall be responsible for the ongoing monitoring of retail outlets and ensuring that the agro-dealers have a configured point of sale device to access the Contractor's system.
- Contractor's technical teams will conduct follow up visits to each agro-dealer to provide backup to any technical problems raised. Such visits will be carried out within 24 hours of such problem being reported.
- The Contractor shall ensure all proper financial and legal obligations are met with regards to the movement of money through the mobile system.
- In line with Contractor processes, Contractor shall also monitor the agro-dealers through the system to ensure adherence to laid down procedure. The Contractor shall inform FAO immediately if it becomes aware of any irregularities.
- The Contractor shall ensure that the system only allows vouchers to be redeemed when there is a positive balance in the Organisation's pool account.
- The Contractor shall provide all technical and administrative support needed in order to ensure the timely and satisfactory delivery of the technology services during normal business hours.
- The Contractor will also ensure provision of a 24 hour technical support call centre contactable on landline and mobile phones. In addition the Contractor will avail the services of its technical support staff on the ground in various districts to render technical support to the agro-dealers and beneficiaries of the project.
- In the case of suspected Agent fraud, the Contractor in consultation with the Organisation may shut down the system of the agro dealer.
- The Contractor will ensure that the information is live and that FAO has access and direct report download ability from the reports site:
- Should additional development over and above the initial specifications be required, it will be billable at the rates to be agreed upon.

## ANNEX II

### SERVICE COSTS, TRAVEL, INCLUDING TRAINING OF THE AGRO DEALERS

The Organization will pay the Contractor an amount in accordance with the provisions of this Annex II for the services provided for in Article 1 of Section I, as set out below.

#### **Cost of Equipment ,Materials and or Miscellaneous Services**

<b>Description</b>	<b>Quantity</b>	<b>Unit Cost ( USD )</b>	<b>Total Cost ( USD)</b>
FAO Personnel Training ( Harare)	-	-	-
NGO Partner Training( in the field )	8	204.55	1,636.40
Account Opening	12,260	2.00	24,520.00
Card Production	12,260	3.00	36,780.00
POS Device Rental – 5 months	115	25.00	14,375.00
POS Device Insurance – 5 months	115	10.00	5,750.00
Device Deployment	115	45.00	5,175.00
Agro-Dealer Training	5	609.68	3,048.42
Project Transport – Vehicle	4	2,104.17	8,416.67
Travel Allowances –food & sundries	60	135	8,100.00
Processing on System	12,260	1.85	22,681.00
GPRS Connection (6 month duration)	115	61.50	7,072.50
System Support (as required)	-	-	-
		<b>TOTAL</b>	<b>137,554.99</b>

### ANNEX III

#### SCHEDULE OF CONTRACT PERFORMANCE

The Contractor shall ensure that the system is running in 15 working days from signing of contract as per the following work-plan:

<b>Item</b>	<b>Description</b>
<b>Account opening</b>	Contractor receives list of beneficiary details
	Contractor opens pool account
	Contractor creates and links beneficiaries cards with a value of USD128.00 to the pool account.
	Contractor submits beneficiary lists for verification against original list
<b>Account Funding</b>	Contractor receives first tranche of funds
	Contractor limits each card with amount of USD 160.00 after receipt of farmers contribution of USD32.00
	Contractor provides full funding reports to FAO for verification.
<b>Card Distribution</b>	Contractor sorts all cards into wards and bundles cards for distributions by FAO
<b>Device Deployment</b>	Contractor receives list of 115 Agro-dealers and their locations
	Contractor configures devices to each retailer
	Contractor and Organization distribute POS terminals to agro dealers
<b>Merchant training</b>	Contractor's teams provide training to agro-dealers at central points in the districts
<b>GO-LIVE</b>	System launched, beneficiaries start redeeming e-vouchers 15 days after contract signature)
<b>System Support</b>	Contractor provides technical support as required

## **ANNEX IV**

### **SERVICES AND FACILITIES PROVIDED BY THE ORGANISATION**

- FAO will assign a project lead to act as a Contract Manager and liaison with the Contractor throughout the duration of the project.
- FAO will be responsible for the pre-registration of 12,260 beneficiaries and providing the list of Beneficiaries that shall receive goods and services through the programme in UMP ; Mudzi ; Gokwe South ; Zaka ; Chiredzi ; Bikita and Masvingo districts.
- FAO will provide the Contractor with all necessary Know Your Customer (KYC) data on project beneficiaries as required by the Reserve Bank of Zimbabwe. This includes the full name and ID number of beneficiaries, as well as a ward reference and, where known, a contact cell phone number. In the absence of all details KYC will be uploaded referencing FAO offices as a physical address and an FAO cell phone number.
- FAO will provide the Contractor with a list of the required number of Agro-dealers to be set up in each district.
- FAO shall also monitor the Agro-dealers and immediately notify the Contractor of any issues that may arise.
- FAO will oversee the distribution and allocation of vouchers after they are delivered to the FAO's offices by the Contractor or, if the need arises, they may contact the Contractor to assist with this function.
- FAO will be responsible for ensuring that the Organisation's account has sufficient funds to cover any voucher redemption or delivery before the vouchers are activated.
- FAO will provide the Contractor with a list of users who should have access to the web administrator site that the Contractor will provide to the FAO.
- FAO will confirm to the Contractor the default electronic card value for the project, the validation period of the vouchers, and any other specifications as required.
- FAO will notify the Contractor well in advance of any changes during the agreement period.
- FAO will have access to all voucher project configurations via the Contractor web administration site and will be ultimately responsible for all the configuration data which defines how the vouchers will be managed by the system, including any changes in pricing.
- FAO would liaise with the Contractor to provide alternative solutions in cases of network failure. In the event of network failure, the beneficiary will inform the
- implementing partner who will in turn contact FAO. FAO will then contact the Contractor for action.

- Under this arrangement FAO will open a pool account E-MALI for a total amount not to exceed USD 1,569,280.00 being the value of 12,260 vouchers at a value of USD 128.00 each.
- The Organization will effect the successive tranches/transfers: an initial amount of USD784,640.00. Upon the reflecting of a balance of USD300,000.00 FAO will transfer 2 other tranches of USD 392,320.00 each.
- The Organization will ensure that the FAO Pool Account is replenished within 2 working days on receipt of system trigger level email.

## ANNEX V

### SCHEDULE AND METHOD OF PAYMENTS

The Organization will effect the following payments or reimbursements to the Contractor, subject to the provisions of Article 1 and Article 5 of Section I and those of this Annex, upon receipt of original invoices at the office mentioned in paragraph 2 below, up to a total amount not to exceed:

**US\$ 137,554.99**

**( One Hundred and Thirty Seven Thousand, Five Hundred and Fifty Four United States Dollars & Ninety Nine Cents)**

The Organization will affect the following payments or reimbursements to the Contractor:

1. Upon receipt of original invoice(s) which shall be duly certified by the Organization's Contracts Manager as mentioned in the Article 8 of Section I for the actual amount incurred on the issuance and customisation of the electronic vouchers based on the prices set forth in **Annex II** of the Contract.
2. Upon receipt of original invoice (s) be duly certified by the Organization's Contracts Manager as mentioned in the Article 8 of Section I for the actual amount incurred on trainings, to the Agro dealers and other costs.
3. Upon receipt of the management reports duly accepted and approved by the Organization's Contract Manager as mentioned in the Article 2 of Section I.

1. All invoices shall be submitted on a fortnightly basis addressed to:

Mr. Gaoju Han

Sub-regional Coordinator

FOOD AND AGRICULTURE ORGANIZATION (U.N.)

BLOCK 1, TENDESEKA OFFICE PARK, EASTLEA

P.O. Box 3730, HARARE

3. The Contractor shall indicate clear payment/banking instructions on all invoices which shall bear a consecutive number and indicate:

3.1 Contract No SFSD/353/12;

3.2 The actual amount of the services as provided under Annex V, paragraph 1;

3.3 Any supporting documents which are attached.

4. Payment will be made through the Representation once the reports have been accepted and the invoice has been approved.

The Organization will endeavour to effect payment of the invoices submitted in accordance with paragraphs 2 and 3 above, within 30 (thirty) calendar days of the date of their receipt but shall under no circumstances be liable to pay interest on amounts not paid within such period.