

**Memorandum of Understanding Template for a Cost Share Arrangement  
between a Project and Private Sector Business**

**Memorandum of Understanding  
between**

\_\_\_\_\_ (name of the project) and \_\_\_\_\_ (name of the  
company)

This Memorandum of Understanding (MOU) is entered into on this ... **day of ...**  
(*month*), ... (*year*). It concerns the collaboration between the ("**Project**") and  
("**Company**").

**WHEREAS**

1. The *Company* is interested in promoting the production, marketing, and sales of high-quality ... produce (*i.e. fruits, vegetables, grains, meat, etc.*) using appropriate technology.
2. Under their corporate responsibilities, the *Company* expressed interest in supporting communities to earn income by participating in ... (*the value chain*) income generating activity.
3. The *Project's* goal is to ... (*specific project goal*). To accomplish this goal, the *Project* facilitates linkages between the targeted very poor producers with reliable markets.
4. The two parties enter into this agreement to collaborate in a commercially-driven out-grower scheme for organised groups in the farming/production of ... (*specific produce*) in ... (*the name of the district and the country*)

It is understood that the out grower scheme will involve:

- Mobilisation and organisation of the targeted very poor population into viable producer groups
- Designing and planning of the out grower scheme. This will involve joint identification of areas to be targeted and commodities to be focused on
- Preparation and administration of win-win farming contracts that fully recognise the concerns of the producer groups for assured market and predictable price for this product as well as the *Company's* need for assured quality and volume of supplies
- Provision of ancillary services such as material inputs and extension services to improve the quality and yield of product
- Capacity development activities that reinforce the importance of contractual relationships

- Monitoring of programme progress and performance on a regular basis to determine areas requiring improvement for continued sustainability of the out grower scheme

**NOW THEREFORE, ... (Project) AND ... (Company) AGREE TO THE FOLLOWING ROLES:**

1. The *Company* will provide technical assistance to *Project* producer groups for effective implementation of the out grower scheme.
2. The *Company* will prepare and administer longstanding contracts with the producer groups, ensuring that each party is fully aware and adheres to their contractual obligations.
3. The *Company* will train the producer groups in ..... (*specific produce*) production, quality control, and packaging. In addition, the *Company* will provide ..... (*specific services and/or goods*). The cost of the additional ..... (*services and/or goods*) will be provided to the producer groups on credit. A repayment schedule will be agreed upon by the *Company* and the *Project*.
4. The *Company* will purchase the produce per contractual terms agreed upon with the producer groups and will provide the *Project* with regular information on progress and performance of the programme.

**Role of the Project**

1. The *Project* will provide the materials needed as specified by the *Company*.
2. The *Project* will provide regular and efficient disbursement of funds as agreed to allow the smooth operation of the programme.
3. The *Project* will facilitate provision of expert technical assistance in producer groups formation and extension-related issues to improve both production quality and quantity of ..... (*specific produce*).
4. The *Project* will attend regular consultative meetings with the *Company* and any other relevant parties on the operation and management of the programme.

**Operationalising**

The *Project* shares the similar interest as the *Company* in commencing such an initiative immediately. To operationalise this agreement, the parties agree to the following steps:

1. The *Project* and the *Company* will hold joint design and planning meetings, including any necessary field visits to determine specifics in: geographical coverage, commodity focus, cost sharing arrangements, and expected results, among others.
2. The *Project* and the *Company* will prepare a budget for activities indicating specific areas requiring funding support from the *Project*, as well as appropriate levels of cost-sharing.
3. The *Project* will launch the partnership with formal subcontracts with producer groups to assist the *Company* in the initial agreed-upon activity area. Based upon the

success of the pilot initiative, subsequent contracts and commodities may be identified for expanded scope.

4. Changes in terms of this agreement shall be only in the form of written and signed amendments agreed to and signed by both parties.

Either party committed to this agreement may terminate the agreement in part or in full after providing 90 days' notice and reasons for doing so in writing to the other party.

The parties agree to the conditions of this MOU by signing this document and affixing it with their respective official stamps.

**On behalf of the *Project*:**

\_\_\_\_\_  
Country Representative

\_\_\_\_\_  
Date

**Witnessed by:**

\_\_\_\_\_

\_\_\_\_\_  
Date

**On behalf of the *Company*:**

\_\_\_\_\_  
Executive Director

\_\_\_\_\_  
Date

**Witnessed by:**

\_\_\_\_\_

\_\_\_\_\_  
Date

