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