

Example Addendum to an MOU

ADDENDUM #1 TO MEMORANDUM OF UNDERSTANDING (MOU)

Between
Action for Enterprise (AFE Kumar)
&
Alpha Company Ltd.

This document constitutes an Addendum to the agreement between **AFE Kumar** and **Alpha Company Ltd.** signed on _____.

1. Objective

The objective of this Addendum is to describe the role and responsibilities of each party relative to the implementation of the following Alpha Company Ltd. initiative:

Training of producers to increase and diversify the production of herbs and spices needed by the company for its final products

The advantage of this initiative for Alpha is that it will enable it to diversify its product range and receive improved quantity and quality of herbs for processing into dried herbs from the farmers it sources from. The advantages for Alpha Company contract farmers include: (i) increased income from crop diversification and improved herb and spice production, and; (ii) access to extension and crop support for herbs and spices.

Under this initiative, Alpha Company will:

1. develop/refine its strategic plan for sourcing from producers through an outgrowing operation (this exercise will be facilitated by AFE staff)
2. carry out awareness meetings and select farmers interested in being outgrowers of herbs and spices.
3. develop a training module for herb and spice production (to be used by Alpha Company staff and lead farmers to train other farmers);
4. conduct a two-day training of trainers workshop for 3 of its staff and 10 lead farmers to prepare them to train farmers using the materials developed above;
5. development of a producer manual explaining in detail about herb and spice production from conception to point of sale
6. conduct five (5) two-day trainings in improved herb and spice production (using the materials developed above) for farmers in the _____, _____, _____, _____ and _____ districts. Alpha Company will train a total of 100 farmers (20 farmers per training) who will grow under contract with Alpha Company after they received the training. These farmers will receive technical support during the season from Alpha Company, who will also purchase their herb and spice production.

A more detailed description of these activities follows:

Review of outgrowing strategy and operations: Alpha Company will undertake a thorough strategic review of its planned procurement operations with farmers. This will be facilitated by AFE staff using “question guides” that will assist Alpha Company management to review all aspects of their outgrowing/procurement operations with farmers.

Awareness raising: Alpha Company will organize mobilization meetings in the target communities to explain the operations of the herb and spice out-grower scheme and formal business arrangement in order to select committed farmers interested in being outgrowers. Alpha Company will conduct five (5) awareness sessions using one (1) member of its staff and will prepare the presentation that they will make to producers before the awareness meetings begin.

Development of producers training module (curricula): A detailed producers training module will be developed by Alpha Company (with support of an external consultant) which will be used by the company trainers during the training of the producers. The final draft module will be ready before the training of trainers (TOT) starts. It will include all the steps that the trainers will follow, describe any practical demonstrations and exercises that will be conducted, and present visual aids that will be

used. It will incorporate practical training and adult learning methodologies and will also include the technical content of herb and spice production to be presented (*AFE can provide examples of good training modules and work with Alpha Company in developing this module*).

Development of a producer's manual: A production manual explaining all important details of herbal and spice growing, from land preparation stage up to the point of sale, will be developed, printed and distributed to farmers participating in the out-grower scheme. A total of 105 production guides will be produced. The manual will be developed before the training of trainers (TOT), printed before the producer trainings, and distributed to producers after the trainings.

Training of trainers (TOT): Three (3) Alpha Company staff and ten (10) lead farmers will participate in a training of trainers (TOT) workshop that will prepare them to train herb and spice producers. The training will be for two days and be supported by the same consultant that assisted Alpha in the training module and producer manual development. The objective will be to familiarize trainers with the training module and producers' manual, and allow them to conduct practice training sessions using adult learning methodologies.

Training of Producers: Alpha Company will organize a training program for targeted farmers. This will help the farmers to increase understanding of herb growing and production and will enable the company to access the quality and quantity of herbs and spices it needs for its production. In each area 20 farmers will be trained. The trainings will be conducted for 2 days in five areas of the _____ region. Alpha Company personnel (together with lead farmers) will conduct the training using the training module mentioned above and employing the skills they learned during the TOT. The Alpha consultant will monitor the trainings. Enrollment of farmers in the outgrowing operation will take place at the time of awareness raising,

2. Roles and Responsibilities

AFE Kumar agrees to:

- provide up to 70% of the total cost of the above described activities as per the attached budget and up to a maximum of KMS 23,643,900 (*approximately \$4,700*)
- provide technical support in the development of Alpha Company's training program for herb and spice producers. In doing so, AFE Kumar shall:
 - review the profile of the consultant that will support Alpha Company in the development of the training module, producers manual, TOT and training programs as well as their contract, salary history and terms of reference;
 - assist Alpha Company to develop the producers training module, the producers manual, and an evaluation form for completion by participants following the conclusion of the trainings;
 - review and provide feedback/suggestions on the training module (including any handouts) and producers manual prior to their use in the training sessions;
 - monitor the mobilization and training events and provide feedback as needed for their improvement.
 - facilitate the development / review of Alpha's strategic plan for contract growing of herbs and spices using AFE's facilitation guide for Outgrowing operations.

Alpha Company agrees to:

- provide at least 30% of the total costs of the above-described activities as per the attached budget. Any costs in excess of the attached budget will be the sole responsibility of Alpha Company
- pay all expenses up front (using the advance from AFE Kumar to begin with) and then submit invoices periodically for cost share reimbursement.
- select and organize the participants.
- select and organize resource persons and trainers for the development of the training module and producers manual.
- organize all the logistics of the proposed activities including selecting the training venues, arranging meals, lodging, printing of training materials, and transport
- share with AFE the proposed technical consultant's contract, terms of reference, profile/CV, and earnings history before signing an agreement with them.
- share with AFE the contents and schedule of the awareness meetings before they begin
- coordinate the development of the training module, producers manual, and TOT with AFE Kumar.
- keep daily attendance records of participants at all training sessions (including records on the gender of the participants)

- work with AFE Kumar to prepare an evaluation form for the producer training programs and have participants complete those forms upon the conclusion of each training activity.
- have its management monitor the all activities under the agreement
- allow AFE Kumar staff to interview selected participants both during and after the trainings to assess impact.
- participate in a review (facilitated by AFE using its facilitation guide for Outgrowing operations) of its strategic plan for contract growing of herbs with targeted farmers.
- share a copy of its contract agreement with targeted farmers for herb and spice production and quantities of herbs purchased from contracted farmers.

3. Reporting

Alpha Company agrees to provide the following information and reports to AFE Kumar:

- **At least one week before the mobilization activity begins:**
 - Dates, schedule, and contents of the mobilization meetings
- **At least one week before the TOT session begins:**
 - Profile, contract and terms of reference for the proposed technical consultant.
 - Training module (to be used by the company trainers and selected lead farmers in the training of farmers), producers manual, TOT plan, and evaluation form (for producer trainings).
- **At least one week before the training sessions for the herb and spice farmers begin:**
 - Schedule of trainings including locations and training teams
 - Hard copy of printed producers' manual
 - Report of financial expenditures to date along with copy of all receipts (according to the budget line items)
- **Final activity and financial report** - This report (not more than 4 pages, excluding annexes) will include:
 - A description of each training session conducted including:
 - Activities/ training session conducted, dates, topics covered, etc.
 - Names of consultant and resource persons hired
 - Copy of daily attendance log book for each activity
 - Difficulties faced, lessons learned and suggestions for improvement
 - Completed evaluation forms
 - Financial Report - AFE Kumar will propose a format for this report that will include a description of all expenditures (according to the agreed upon budget), support documentation and copies of all receipts

4. Financial Support & Payment Modalities:

AFE Kumar will make cost share payments to Alpha Company according to the table below (and based on the receipt of an invoice, with copies of receipts or support documentation showing actual expenditures incurred, for each requested cost share advance or payment).

Activity	AFE Kumar Contribution Amount
Signing of Addendum, schedule for mobilization meetings, presentation of participants and schedule for TOT, and presentation of information on proposed consultant	KMS 4,500,000
After mobilization, development of training module, development of producers manual, conducting of TOT and submission of financial report	Reimbursement of cost share for these activities (based on actual expenditure and receipts and up to agreed upon financial support budget amounts)
Completion of all remaining activities (printing of manuals and producer trainings,) and submission of the final activity and financial report (including financial details)	Reimbursement of cost share for remaining activities (based on actual expenditure and receipts and up to agreed upon financial support budget amounts) upon budget amounts
Maximum AFE Kumar financial support amount	KMS 23,643,900 (<i>approximately \$4,700</i>)

AFE reserves the right to confirm the validity of actual receipts, on a sample basis. Appropriate contact information for vendors used by Alpha Company should be shown on receipts submitted with each invoice.

If there is a significant reduction in expenditures due to a shortened training, fewer participants than planned for, etc., then an adjustment will be made to the cost share payment. Remaining costs (in excess of budget) are the sole responsibility of Alpha Company.

AFE Kumar's contribution to these activities will not exceed KMS 23,643,900 (*approximately \$4,700*)

Alpha Company assures that 1) hired consultant /trainers are NOT salaried employees of Alpha Company and; 2) it is not receiving support from other donors for the activities financially supported in this agreement.

5. Work Plan

November	Schedule of the mobilization activity Submission of proposed technical consultant's profile, financial history, TOR and contract AFE Kumar feedback to profile, financial history, TOR and contract of consultant Disbursement of advance Mobilization of the producers Development of producer training module (curriculum) for use by trainers (including handouts and materials) Preparation of producers manual Preparation of the evaluation forms AFE Kumar feedback on training module, producers manual and evaluation form. Preparation and delivery of TOT Logistical preparations for training
December	Preparation of farmer trainings Commencement of farmer training sessions Conclusion of trainings Final evaluations
January	Submission of final progress reports Final cost share reimbursement

All terms and provisions from the original MOU also apply to this Addendum.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum on the ____ day of _____, ____.

Name

Country Director
 AFE Kumar

Signature and date:

Name

Managing Director
 Alpha Company

Signature and date:

Alpha Company Budget for Proposed Initiatives

	Item	Budget Note	Unit Cost	Day/ Liters	No. Of People/ Times	Total Cost	AFE Cost Share Per Budget Line Max 70%
1	Producer mobilization and awareness activities						
1.1	Transport cost	The fuel cost for conducting awareness activities. A total 38 liters will be required to conduct the awareness activities (see the fuel calculation work sheet). The cost of fuel is KMS 8,000/Liter.	8,000	40	1	320,000	224,000
Subtotal						320,000	224,000
2	Training of Trainers (TOT)						
2.1	Hire of consultant	The cost of hiring a consultant to support ALPHA to develop producer training module and producer's manual. The consultant will be engaged for four (4) days at a rate of KMS 750,000/day.	750,000	4	1	3,000,000	2,100,000
		The cost of hiring a consultant, for 5 days, to conduct the TOT at a rate of KMS 500,000/day	500,000	5	1	2,500,000	1,750,000
2.2	Lodging and meals	The cost of accommodation and meals for 14 people (i.e., 3 Alpha staff; 10 lead farmers and 1 consultant) for five (5) days at a rate of KMS 150,000/per day.	150,000	5	14	10,500,000	7,350,000
2.3	Venue hire	The cost of hiring a venue for five (5) days at a rate of KMS 500,000/day	500,000	5	1	2,500,000	1,750,000
2.4	Stationary	The cost of books for 12 people at a rate of KMS5,000/book	5,000	1	12	60,000	42,000
		The cost of pens for 12 people at a rate of KMS1,000/book	1,000	1	12	12,000	8,400
		The cost of two (2) reams of paper at a rate of KMS 35,000/ream of paper.	35,000	1	2	70,000	49,000
		The cost of printing and binding 15 session plans at a rate of KMS 21,000/Session Plan.	21,000	1	15	315,000	220,500
2.5	Transport cost	The cost of transporting 10 lead farmer trainers to and from the training site, at a rate of KMS 50,000/Lead farmer.	50,000	1	10	500,000	350,000
Subtotal						19,457,000	13,619,900

3		Training of producers						
3.1	Transport cost	The fuel cost for transporting 4 people (i.e., 3 Alpha staff and 1 consultant) to conduct the producer trainings. A total 40 liters will be required to conduct the awareness activities (see the fuel calculation work sheet). The cost of fuel is KMS 8,000/Liter.	8,000	40	1	320,000	224,000	
3.2	Hiring a consultant	The cost of hiring a consultant to monitor the producer training that will be conducted by Alpha extension staff and Lead Farmers. The consultant will be hired, for 2 days, for 5 training sessions, at a rate of KMS250,000/training session	250,000	2	5	2,500,000	1,750,000	
3.3	Meals	The cost of meals for conducting the producer training. The duration for all the trainings will be 10 days (i.e., each training session will have 2 days and redone 5 times), and each targeting 24 people (i.e., 20 farmers, 3 Alpha staff and 1 consultant). The rate of meals is KMS40,000/person	40,000	10	24	9,600,000	6,720,000	
3.4	Training materials	The cost of printing 105 copies of the producer manual at KMS 10,000/copy	10,000	1	105	1,050,000	735,000	
		The cost of 110 books at KMS 1000/book	1,000	1	110	110,000	77,000	
		The cost of 110 pens at KMS 500/pen	500	1	110	55,000	38,500	
		The cost of 5 flip charts at KMS 45,000/flip chat	45,000	1	5	225,000	157,500	
		the cost of 4 reams of papers at KMS 35,000/ream	35,000	1	4	140,000	98,000	
Subtotal						14,000,000	9,800,000	
Grand Total						33,777,000	23,643,900	

AFE financial contributions will not exceed KMS 23,643,900. Please be aware that AFE will only pay 70% per budget line. Expenditures in excess of these amounts are the responsibility of Alpha. Any proposed changes in the budget must be approved by AFE Kumar.	23,643,900.00
Alpha (30%)	10,133,100.00

* \$1 = ~KMS 5000

