

**MEMORANDUM OF UNDERSTANDING (MOU)  
AMONGST  
EAST AFRICA BASIC FOODS LTD  
AND  
MITYANA/MUBENDE DRUG SERVICES ASSOCIATION LTD**

**THIS MEMORANDAUM** is entered into this day of..... 2014 amongst East Africa Basic Foods Ltd (EABF) Plot ....., P.O. BOX 8199, Bunga-Ggaba Rd., Kampala, Uganda, represented by ....., as of the first part and, Mityana-Mubende Drug Services Association (MMUDRUSA), Plot 8 Station road Mityana, P.O. Box 271, Kampala, Uganda, represented by Mr. Henry Muwanguzi, as of the second part. (East Africa Basic Foods and Mityana-Mubende Drug Services Association are each referred to as a “Party” and collectively referred to as the “Parties”).

**Background**

In Uganda, access to quality medicines and health care services is still poor. Public sector health care facilities are faced with a number of challenges, including frequent stock-outs of medicines, distance, and restrictions in hours of operations. As such, a big fraction of the population seeks health care from private health facilities, including drug shops and clinics. However, these too face a number of challenges, including the lack of required human resources, limited capital to finance the necessary infrastructure, inadequate supervision and monitoring, and weak regulations to support their operations. Class C drug shops make a significant contribution in the delivery of private health care services. However, they are licensed to deliver only a very limited range of over-the-counter preparations. The demand for health care coupled with the need to make profit has led to a number of malpractices in the operations of these drug shops, including stocking medicines beyond what is legally allowed and administering injectables. In addition, the limited capacity of the regulatory authorities has further complicated the situation, with a proliferation of a number of illegal drug outlets, especially in rural communities.

Management Sciences for Health (MSH) together with its partner the National Drug Authority (NDA) piloted the Accredited Drug Sellers initiative with an aim of improving access to quality medicines and health care services in rural communities of Uganda through drug shops. The model employed regulatory, managerial, and educational interventions to improve class C drug shops into well-regulated outlets—the Accredited Drug Shops (ADS)—that can deliver a wider range of medicines and health care services than was previously allowed in a class C drug shop. The model proved successful, and there are now further considerations of scale-up and long-term sustainability of the ADS initiative.

However, ADS face a number of challenges. Their capital base has not allowed rapid business growth. They are over-reliant on public health care facilities, making more profits when these facilities run out of stock. This may threaten the long-term existence of the ADS and the benefits to the communities may be lost. Previous studies have indicated that ADS could increase their profitability by broadening their range of commodities to include more general retail products. Further assessments carried out by SDSI indicated that ADS had specific interest in nutritional products, especially fortified foods, among other home care products.

Through collaboration with East Africa Basic Foods (EABF) Ltd., a company that manufactures a range of food products in Uganda, MSH has now developed a strategy to introduce fortified foods into ADS as a way of ensuring their long-term sustainability. A survey undertaken to assess the general willingness

among shop sellers to stock specific EABF commodities showed positive results, with a number of ADS shops willing to stock considerable quantities of the products.

## **THUS THE AGREEMENT IS WITNESSED AS FOLLOWS:**

### **Article 1: Objective**

To establish formal collaboration amongst EABF and Mityana/Mubende Drug Services Association (MMUDRUSA) Ltd. to ensure long-term availability of selected fortified foods in ADS with the long-term goal of ensuring the sustainability of ADS sellers' businesses.

### **Article 2: Areas of Co-operation**

These will include:

- Selecting commodities for sale in ADS
- Updating knowledge of ADS sellers on the various commodities to be sold in their shops
- Mobilisation of sellers and placement of orders for commodities
- Storage and distribution of commodities
- Management of ADS funds for nutrition products

### **Article 3: Scope of Activities (Roles and Responsibilities)**

#### **EABF will:**

- Select fortified foods for sale in ADS. The current list of items for the initial collaboration will be as follows:
  - Baby Soya 500g
  - Health Booster 1kg
  - High Protein Porridge 1kg
  - Instant Soya Porridge 500g
  - Soya Kawa 140g
  - Soya Kawa 500g

- Provide technical training and update knowledge of sellers on the commodities selected for sale in ADS.

EABF Ltd. will provide the necessary literature and promotional materials about the selected products to the ADS sellers. This will be in form of brochures, leaflets, posters, etc.

- Deliver selected commodities in the quantities as ordered by the MMUDRUSA to their offices located on Plot 8 Station Road, Mityana.
- Make deliveries within two weeks of receiving an order from MMUDRUSA.
- Maintain quality of commodities.

EABF Ltd. will ensure that quality of the selected products is maintained. Items that will be found to be damaged or of substandard quality or items that deteriorate before their expiry dates will be returned for replacement.

- Establish competitive prices of fortified foods for sale in ADS.

This will be through discussions with MMUDRUSA.

**MMUDRUSA will:**

- Mobilise members of ADS for training activities.
- Prepare and place orders from ADS to EABF on a quarterly basis.  
Orders must be made in writing either by local purchase order or e-mail.  
Order quantities will be in either cartons or pieces in the cartons.
- Transport fortified foods delivered from EABF to the association offices until they are dispatched to their intended recipient.
- Collect fees from each ADS and ensure prompt payments for delivered fortified foods to EABF.
- Payments for items ordered shall be made on a cash basis on delivery of the items but at the latest through post-dated cheques of not more than two weeks to maturity.
- Ensure timely distribution of delivered commodities to their intended recipients. MMUDRUSA will seek consensus with their members on how the costs incurred in the distribution will be paid.
- Work as a link between EABF and ADS sellers—this may be in support towards dissemination of product information or submission of feedback from the consumers to EABF.

**Article 4: Implementation Agreements**

It is hereby agreed that each party in this agreement commits to performing the activities outlined above to the best of their ability.

**Article 5: Financial Aspects**

EABF being a business company shall consider this a normal business venture with costs incurred being recouped from the payments obtained from purchases by the ADS. MMUDRUSA will seek consensus from their members on how the costs of mobilisation for payments and delivery of products from their offices to the individual shops can be met.

**Article 6: Dispute Settlement**

Any differences arising out of the interpretation or implementation of this MOU shall be settled by consultation amongst the Parties without reference to any outside party or international tribunal unless otherwise agreed to in writing by the Parties.

**Article 7: Amendment**

This MOU may be amended at any time by exchange of letters of mutual consent amongst the Parties.

**Article 8: Entry into Force, Duration, and Termination**

1. This MOU shall come into force on the date of its signing.

2. This MOU may be terminated by any of the Parties upon notice in writing 1 (one) month in advance to the other Parties at any time.
3. The termination of this MOU shall not prejudice the completion of any on-going project made under this MOU.

**Article 9: Coordination and Correspondence**

1. With respect to EABF, coordination and correspondences pertaining to this MOU and its implementation shall be through .....
2. With respect to MMUDRUSA, coordination and correspondences pertaining to this MOU and its implementation shall be through Muwanguzi Henry, Chairman of the Association.

**Article 10: Law Applicable**

The interpretation and implementation of this MOU shall be governed by the Laws of Uganda.

#	Institution / Organisation	Name	Signature
1	East Africa Basic Foods Ltd		
2	Mityana-Mubende Drug Services Association	Muwanguzi Henry	