

No. 12887

DENMARK
and
KENYA

Agreement on the establishment and operation of three rural industrial development centres in Kenya (with plan of operation). Signed at Nairobi on 12 January 1972

Authentic text: English.

Registered by Denmark on 29 November 1973.

DANEMARK
et
KENYA

Accord relatif à la création et au fonctionnement au Kenya de trois centres ruraux de développement industriel (avec plan d'opérations). Signé à Nairobi le 12 janvier 1972

Texte authentique: anglais.

Enregistré par le Danemark le 29 novembre 1973.

AGREEMENT¹ BETWEEN THE GOVERNMENT OF DENMARK AND THE GOVERNMENT OF KENYA ON THE ESTABLISHMENT AND OPERATION OF THREE RURAL INDUSTRIAL DEVELOPMENT CENTRES IN KENYA

The Government of Denmark and the Government of Kenya being desirous of continuing their fruitful cooperation for the promotion of economic, social and industrial development in the rural areas in Kenya, have agreed as follows:

Article I. 1. The two Governments will jointly establish and operate three rural based industrial development centres (hereinafter known as the "RIDC's") under the auspices of the Kenya Industrial Estates (hereinafter known as the "KIE").

2. The purpose will be to promote economically viable small and medium scale rural industries in order to increase employment in the areas covered by the three centres.

Article II. 1. The activities of the three RIDC's will include

- (a) advice, technical and managerial assistance to existing and future Kenyan rural entrepreneurs in the areas covered by the RIDC's;
- (b) financial assistance to such entrepreneurs;
- (c) technical service facilities to existing and future Kenya entrepreneurs in the areas covered by the RIDC's;
- (d) on the job training for entrepreneurs in the use of machines necessary to operate a particular technology;
- (e) temporary engagement in production when necessary to demonstrate to Kenyan entrepreneurs the economic viability of an important new rural industry;
- (f) the identification of new rural industries and the preparation of pre-feasibility and feasibility studies for them;
- (g) finding suitable entrepreneurs and seeing that they are prepared by training courses in training institutions;
- (h) recommending the degree and method of financial participation by Kenya Government in each project;
- (i) seeing that the projects, once started, progress as planned.

¹ Came into force on 12 January 1972 by signature, in accordance with article X (1).

2. In the performance of its activities and to avoid duplication of efforts, the RIDC's shall seek close cooperation with other institutions and organizations in Kenya.

Article III. Evaluation of the social and economic impact of the RIDC's will be made in one or more of the RIDC areas by the Danish Institute for Development Research. The Institute shall cooperate on the evaluation with the Kenya Ministry of Finance and Planning.

Article IV. The Government of Denmark shall ensure:

1. The recruitment of the Danish staff referred to in article VI, as well as payment of its salaries, insurance and international travel expenses.
2. The payment of up to Kenyan shillings 2.7 million for the erection of buildings at the three RIDC's and supplies of equipment, machines and furniture according to a plan of operation to be mutually agreed upon by representatives of the Danish and Kenyan Governments.
3. The evaluation mentioned in article III.

Article V. The Government of Kenya shall ensure:

1. The procurement of suitable sites for the buildings referred to in article IV (2) and the erection of the buildings financed by the Danish contribution including the provision of public utilities.
2. The provision of suitable furnished accommodation for the Danish Chief Technical Adviser and for the three Danish technical advisers upon their arrivals.
3. The provision of transport for official use within Kenya.
4. That all other expenses which are required for the erection, equipment and proper operation of the centres and which will not be covered by Denmark's contribution under article IV, are paid.
5. The exemption from import duties on all equipment, machines and furniture etc. supplied by the Government of Denmark for the project. In case of the items being disposed of, duty shall be paid where required.

Article VI. The programme shall be staffed as follows:

1. Danish staff:

A chief technical adviser and three technical advisers shall be recruited in consultation with the Kenya Government in accordance with the plan of operation.

2. Kenyan staff:

A project manager and three RIDC managers shall be recruited in accordance with the plan of operation.

3. In addition, the Kenyan Government will recruit suitably qualified Kenyan staff in accordance with the plan of operation.

Article VII. The Government of Kenya will accord the Danish experts such privileges and immunities as stated in the General Agreement between the Government of Denmark and the Government of Kenya concerning technical cooperation, signed on the 25th February 1971.¹

Article VIII. An Advisory Committee to advise the RIDC Management and the Kenya Government shall be set up for each RIDC. The Committee shall consist of the manager of the RIDC, the Danish Chief Technical Adviser, a Danish adviser and representatives of Kenya Government Ministries, Kenya Industrial Estates Ltd., and local institutions and authorities with whom the RIDC shall cooperate.

Article IX. 1. The Danish Chief Technical Adviser shall advise the Project Manager on the day to day running of the three centres, the procurement of machinery and equipment, and the recruitment of foreign personnel.

2. The Kenya Industrial Estates shall produce a report on the project six months after the signature of this Agreement and annually thereafter. The reports shall be made available to the Danish Government.

Article X. 1. This Agreement shall enter into force on the date of its signature and shall remain in force for five years from the day of signature. It may be terminated before the end of the five year period by either Party, subject to six months' notice of termination in writing addressed to the other Party. Upon termination of the Agreement, the buildings, machinery and equipment of the project shall remain the property of the Kenya Government.

2. The implementation of this Agreement is subject to a plan of operation to be drafted and mutually agreed upon by representatives of the Danish and Kenyan Governments. The plan of operation shall be subject to revision once a year if requested by one of the Parties.

3. This Agreement may be amended by an exchange of letters between the two Governments.

4. The two Governments shall ensure that before the termination of the Agreement in five years, local staff will have been adequately prepared to take over the complete operation of the RIDC's.

5. The two Governments shall consult on any matter concerning this Agreement, at the request of either Government.

¹ United Nations, *Treaty Series*, vol. 814, p. 45.

IN WITNESS THEREOF the undersigned, duly authorized by their respective Governments, have signed this Agreement.

DONE at Nairobi on the 12th of January 1972 in the English language.

For the Government of the Kingdom of Denmark:

H. E. HETTING
Chargé d'Affaires a. i.

For the Government of the Republic of Kenya:

MWAI KIBAKI
Minister for Finance and Planning

RURAL INDUSTRIAL DEVELOPMENT CENTRES

PLAN OF OPERATION

This plan of operation refers to and supplements the Agreement between the Government of Kenya and the Government of Denmark on the establishment of three Rural Industrial Development Centres, at Machakos, Nyeri and Kakamega. A further more detailed programme of work will be outlined by the project manager and the chief technical adviser after the consultants' studies referred to in this document have been completed.

The Danish capital contribution of up to KSh. 2.7 million is to be allocated as follows:

Buildings:

At each centre the following buildings are to be erected:

- 1 administration building
- 1 repair shop
- 3 workshops

The buildings are planned to be completed by April 1972. The Danish contribution towards buildings for the three centres will be about KSh. 1,260,000.

Equipment and Machinery:

At least KSh. 1,000,000.— of Danish funds are allocated for the purchase of machinery, equipment and furniture for the three centres.

The initial equipment and machinery amounting to approximately KSh. 50,000.— per centre is planned to be installed in the centres by April 1972. The balance of the equipment and machinery [is] to be ordered through DANIDA as needs arise.

Staff Houses:

The balance of the Danish funds will be spent on construction of the necessary staff houses in the three centres according to needs.

The standard of the house for the Danish advisers will be category D.

The houses are expected to be completed by June 1972.

STAFFING

The Danish Chief Technical Adviser shall be recruited as soon as possible. The Danish technical advisers for the three centres shall be recruited to arrive as soon as possible after the arrival of the Chief Technical Adviser.

Details regarding the desirable qualifications of the Danish advisers are given in appendix I.

The Kenya Government may apply to the Danish Government for additional advisers, e. g. a marketing adviser, a financial adviser etc.

CONSULTANT STUDIES

In order to ensure that the appointed staff becomes effective as soon as possible, DANIDA will arrange to provide, if possible, two short term consultants (6-8 man months) as soon as possible after the signature of the Agreement.

The consultants' duties will be:

- (a) to collect and analyse information about the organisational, economic and social patterns of rural small scale industries in the areas covered by the centres,
- (b) to collect and analyse information on methods of production and marketing among the rural small and medium scale industrial entrepreneurs in the areas covered by the centres,
- (c) to recommend to the Kenya Industrial Estates and the Kenya Government the initial approach in the implementation of the three centres based on their findings.

The consultants shall be provided with every necessary assistance by the Kenya Government through the Kenya Industrial Estates.

The expenses will be met by DANIDA, except for the accommodation, which will be provided by the Kenya Government.

The Government of Kenya will accord the consultant(s) such privileges and immunities as mentioned in article VII of the Agreement.

The Kenya Government may apply to the Danish Government for additional short term consultants after the project has been initiated.

EVALUATION

In accordance with article III in the Agreement, a base line study shall be prepared and carried out as soon as possible, taking into account the studies which have already been done. The Government of Kenya will accord the Danish evaluation personnel such privileges and immunities as mentioned in article VII of the Agreement.

APPENDIX I

Desirable qualifications and experience of the advisers:

CHIEF TECHNICAL ADVISER

Educational background:

Degree in mechanical or industrial engineering, supplemented with a degree or course in commerce or economics.

Working experience:

Broad knowledge of and proven experience in all relevant aspects of shop management related to small or medium scale industries.

TECHNICAL ADVISERS -

Educational background:

Comprehensive practical training supplemented with graduate theoretical courses covering technology, product design and shop management.

Working experience:

Extensive trade experience in one or more fields of fabrication. Proven experience in shop management related to small or medium scale industries.

The three technical advisers shall together cover as wide range of specialization as possible.
