

No. 14990

**DENMARK
and
KENYA**

**Agreement on the establishment of an Industrial Estate in
Eldoret. Signed at Nairobi on 20 September 1974**

Authentic text: English.

Registered by Denmark on 24 August 1976.

**DANEMARK
et
KENYA**

**Accord relatif à la création d'une zone industrielle à
Eldoret. Signé à Nairobi le 20 septembre 1974**

Texte authentique : anglais.

Enregistré par le Danemark le 24 août 1976.

AGREEMENT¹ BETWEEN THE GOVERNMENT OF DENMARK AND THE GOVERNMENT OF KENYA ON THE ESTABLISHMENT OF AN INDUSTRIAL ESTATE IN ELDORET

The Governments of Denmark and Kenya, desiring to continue their co-operation for the promotion of social and economic development in Kenya, particularly in the field of rural industrial development, have agreed as follows:

Article 1. The two Governments will jointly establish an Industrial Estate in Eldoret (hereinafter referred to as “the Estate”) and four Rural Industrial Development Centres (hereinafter referred to as “the Centres”). The purpose of the Estate and the Centres will be to encourage manufacturing based on local resources and to assist local entrepreneurs with advice in technical, managerial, and marketing questions.

The activities of the Estate and the Centres will be co-ordinated with those of similar Estates and Centres in Kenya.

Article 2. The Government of Denmark will finance the establishment and the activity of the Estate and the Centres within a limit of 19.24 million Danish kroner. The utilization of this grant is budgeted as follows:

	<i>Million D.kr.</i>
(a) Buildings (workshops and common facilities)	4.27
(b) Equipment	0.85
(c) Four staff houses	0.41
(d) Rural Industrial Development Centres	3.06
(e) A revolving loan fund	6.80
(f) Expatriate staff	3.00
(g) Contingencies	0.85

Article 3. The Government of Kenya will:

- (a) procure suitable and cleared sites for the Estate, the staff houses and the Centres;
- (b) provide up to the sites public utilities such as water, electricity, sewerage, roads, footpaths, and telephones for official use;
- (c) recruit and pay salaries for the counterparts and other Kenyan staff necessary for the programme such as outlined in the Plan of Operation mentioned below;
- (d) pay all other expenses which are required for the establishment and proper operation of the Estate and the Centres;
- (e) exempt:
 - (i) all supplies, equipment, materials, etc., needed for the Estate and the Centres from import duties, fiscal levies, sales taxes, etc.;
 - (ii) the site, the buildings of the Estate and the staff houses from any property tax and other charges;
 or pay such charges itself.

¹ Came into force on 20 September 1974 by signature, in accordance with article 9 (a).

Article 4. Denmark will provide the following staff for the Estate and the Centres:

- (a) immediately after the signing of this Agreement a Danish Senior Technical Adviser, an Industrial Economist and Special Short-Term Consultants. Together with the Kenyan Estate Manager, they will form a team, which will work out a Plan of Operation for the establishment and activities of the Estate and the Centres;
- (b) further expatriate assistance in accordance with the Plan of Operation mentioned below.

Article 5. A Plan of Operation outlining the activities of the Estate and the Centres for the period covered by this Agreement shall be worked out within one year from the signing of the Agreement. The Plan of Operation shall include a stipulation of the types of assistance to be rendered by the Estate and the Centres, the organizational set-up, the rules pertaining to each type of assistance and the criteria for selection of clients. The Plan of Operation shall also include site plan and construction drawings for the Estate, a complete staffing plan for Danish and Kenyan staff, and a budget for capital and recurrent expenditures.

The Plan of Operation shall be approved by the Governments of Denmark and Kenya before the funds referred to in Article 2, paragraphs (a), (b), (d), and (e), shall be released.

Article 6. (a) The funds, mentioned in Article 2, paragraphs (a), (b) and (d), will be transferred from the Danish International Development Agency (DANIDA) to the Kenyan Ministry of Finance and Planning in one initial instalment and thereafter in annual instalments on the basis of budgets submitted by the Estate Management through the Kenya Industrial Estates Ltd. (KIE). The annual budgets will be submitted by the KIE through the Ministry of Commerce and Industries and the Ministry of Finance and Planning to DANIDA each June and the funds will be transferred in July. The Ministry of Commerce and Industries shall draw the funds and deposit the same to a separate bank account in the name of KIE, Eldoret, in semi-annual instalments in July and January.

(b) The funds mentioned in Article 3, paragraph (d), will be transferred in semi-annual instalments in January and July each year from the Government of Kenya to another separate bank account in the name of KIE at Eldoret, on the basis of budgets submitted.

(c) The finances for the revolving loan fund will be transferred to the Kenyan Ministry of Finance and Planning in four equal instalments. The first instalment will be transferred immediately or soon after the Plan of Operation has been approved. Thereafter instalments will be transferred on a 12-month basis. The Ministry will arrange for the relending to the clients of the Estate at interest rates normally applicable in these circumstances.

(d) Audited accounts for each Kenyan financial year for the activities of the Estate and the Centres shall be forwarded to the Danish Government not later than the month of December following immediately thereon.

Article 7. For the purposes of this Agreement and the Plan of Operation the Estate management will consist of the Estate Manager and the Danish Senior Technical Adviser.

Decisions to incur expenditure, to employ and to recommend termination of employment of staff for the purpose of this Agreement shall be made by the Estate management in accordance with the procedures agreed upon in the Plan of Operation. However, employment of senior staff and termination of any employment are subject to final confirmation by the KIE.

Article 8. (a) The Government of Kenya will ensure that Danish staff at the Estate and the Centres will always be treated in a manner no less favourable than that enjoyed by technical assistance personnel assigned to Kenya by other countries.

(b) The status of the Danish personnel shall be in accordance with the Agreement of 25th February, 1971,¹ between Denmark and Kenya on Technical Co-operation.

(c) The Government of Kenya undertakes to hold harmless the Government of Denmark against any and all liability from damage caused in connection with assistance provided. In the event that the Government of Kenya shall make any payment under the terms of this clause the said Government shall be entitled to exercise all the rights, claims, and immunities which Denmark could have exercised against third parties. This clause shall not apply with respect to any claim against Denmark for injuries incurred by Danish staff members.

Article 9. (a) 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.

(b) This Agreement may be amended by an exchange of letters between the two Governments.

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

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

20.9.1974

HANS KÜHNE

For the Government of Denmark

20th September 1974

NICHOLAS NGANGA

For the Government of Kenya

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