

Rosmalen, February 20th 2006.

To: Professor Mutiso
Sasol Kitui

Ref: Discussion about different aspects of the feasibility study of the Information and Training Centre in Kitui District.

Mrs Pleunie Josseaud, developing manager of the land department of Heijmans, Mr Dick Laheij, director of the department of real estate development of Heijmans and I, undersigned Adriaan Vrienten, discussed about the different aspects regarding the follow up of the feasibility study of the Information and Training Centre.

The discussion resulted in the questions and proposals mentioned below.

1. The place of residence.

2.

SAM/MUTINDA WILL ANSWER THIS SECTION

In the proposal document the arguments are mentioned why the place of residence of the Centre should be in the Southern part of the Kitui District.

Henk Haring told us that Sasol should have some special site in mind.

If so, can you give us, regarding the objectives of the Information and Training Centre, the arguments the chosen site should be the right one.

Does Sasol possess relevant information about the assumed region in terms of:

Maps, like maps of altitudes,

Information about soil conditions,

Maps-plans of existing and/or prospective infrastructure, including means of communication.

Information about the position, inhabitants and/or demographic information of villages and communities.

If not, has Sasol the possibility to collect these information before the working visit in March.

3. Political aspects.

Which kind of official permissions and/or licenses are required to establish an Information and Training Centre as planned?

NOT THAT I KNOW OF FOR THE KITUI DISTRICT DEVELOPMENT COMMITTEE APPROVES THE SASOL AND THE EXCHANGE PROGRAMMES. WE WILL OF COURSE INFORM THEM IMMEDIATELY WE AGREE ON PLANS.

Which are the proper authorities, national, regional and what powers do they have related to the distinguished permissions rules and laws.

ONLY KITUI DDC. SINCE IT IS RURAL AND PRIVATE DEVELOPMENT, IT IS NOT NECESSARY TO SUBMIT ARCHITECTURAL PLANS BUT WE WILL FILE THEM WITH PHYSICAL PLANNING DIVISION IN KITUI.

Which kinds of (delaying) problems or objections are possible to be faced?

I DO NOT ANTICIPATE ANY FOR IT IS WITHIN SASOL DEVELOPMENT ACTIVITIES OR AT LOCAL DISTRICT AND NATIONAL LEVELS.

And which role or influence do communities have in realizing the Centre.

NOT ANY FOR THE CENTER WILL BE FOR USE IN THE LONG TERM BY ALL DAM DEVELOPMENT COMMUNITIES. AS YOU APPRECIATE DAM S ARE ALL OVER THE DISTRICT AND THUS IN THE LONG TERM WE CAN CHARGE BUT I DO NOT SEE HOW WE CAN USE THE PROXIMATE COMMUNITY IN THE DEVELOPMENT. SAM SHOULD COMMENT ON WHETHER THERE IS A POSSIBILITY OF DRASWING IN THE ADJOINING COMMUNITIES –WE ARE NOT MOBILIZED THEM YET FOR DAM CONSTRUCTION- AND GIVE THEM SOME TRADEOFFS EG WATER FOR PARTICIPATING. THIS HOWEVER, IN MY VIEW IS COMPLICATING OEPERATIONS.

4. Juridical aspects.

In the proposal document the status of NGO has been chosen for the Centre. Which conditions must be fulfilled to get this Status in Kenya?

CLEARLY, SASOL AND EXCHANGE CAN REGISTER THIS CENTER AS A SEPARATE ANDNEW NG. SINCE IT IS OUR CREATURE-CREATED TO EFFECT OUR DEVELOPMENT ACTIVITIES, THE RE SHOULD BE NO PROBLEM WITH PERMISSIONS. ALLWE NEED IS A LAWYER TO INCORPORATE IT.

Separate investments and exploitation in two different legal bodies is an option and often used in Holland.

- a. IF ANOTHER PARTY WANTS LEGAL COVER FOR INVESTMENT, A SEPARATE ENTITY CAN BE CREATED. IT CAN BE A COMPANY LIMITED BY SHARES (IE PROFIT MAKING) OR LIMITED BY PUBLIC QUARANTEE (IE NON PROFIT MAKING AND THUS AN NGO). THE LATER HAS LESS REPORTING/ACCOUNTING RESPONSIBILITIES TO STATE INSTIUTUTIONS FOR TYPICALLY IT IS CREATED FOR PURPOSES OF UNDERTAKING DEVELOPMENT WORK. THE FORMER ATTRACTS STAE INTEREST IN ACCOUNTING TERMS FOR IT IS FOR PROFIT.
- b. TWO APPROACHES, IF EXPLOITATION IS CONFINED TO SASOL AND EXCHANGE, I THINK THE PAST FORMULATION-CREATING A NEW NON-PROFIT ORGANIZATION (NGO) SPONSORED BY THE TWO COULD BE APROPOS. IF HEIJMANS, OR OTHER PARTIES ARE INTERESTED IN JOINING, THEY CAN 1. BE REPRESENTED IN THE BOARD 2. CONTRACT WITH THE NGO OR 3. CREATE /OR USE THEIR EXISTING ENTITY TO HOLD AND EXPLOIT. THE LAST ONE MYBE THE MOST AGREEABLE IF HEIJMANS OR OTHER ENTITIES AALSO WANT TO USE THE FACILITY FOR THEIR STAFF –AS DISCUSSED IN THE PAST FOR SAY ECO-TOURISM.

Is this an experienced way of working in Kenya?

YES

It is worth to discuss this option.

YES

If the exploitation is separated of the possession of land and real estate than the juridical construction must be reconsidered.

A. I AGREE. IF HEIJMANS OR OTHER ENTITIES AS SEPARATE FROM SASOL AND EXCHANGE INVEST IN THE LAND AND REAL ESTATE, THEN CLEARLY THEY MUST HAVE LEGAL OWNERSHIP. I DO NOT SEE WHY SASOL AND EXCHANGE CANNOT THEN CONTRACT EXPLOITATION-WHICH I UNDERSTAND AS UTILIZATION WITH THIS ENTITY.

B. THEN STEMMING FROM THIS HEIJMANS OR OTHER ENTITIES THEN HAVE TO INCORPORATE A LEGAL ENTITY IN KENYA WHICH CAN BE EITHER FOR PROFIT OR FOR NON-PROFIT.

5. Architectural and constructional aspects.

It should be very convenient to visit, at the beginning of the trip in March, a similar institute and have the possibility to talk with responsible persons about matters like

- Arguments for the way the compound is arranged
- The way of construction
- The calculations and costs of land and constructions
- The costs of exploitation
- Construction drawings
- Occupation amounts
- Etc

If a similar institute should not be available than a secondary school or polytechnics is also a possibility, or even a hospital. Most imported is to get a view on the above issues.

THE SASOL CONCEPTION IS FOR AN UNCONVENTIONAL CENTER. THE PROXIMATE ONES IN KITUI ARE BLI, POLYTECHNICS AND SECONDARY SCHOOLS. WHAT THEY WILL NOT SHOW IS THE NEED FOR CONSTRUCTIONG DIFERRENT TYPES OF HOMESTEADS, WELLS ETC TO SHOW THE NEED TO IMPROVE HOMESTEADS AND RELATED SERVICE STRUCTURES EG. CATTLE AND GOAT ENCLOSURES, WHICH USE TOO MUCH WOOD RATHERE THAN SAY STONES, BRUSH FENCES AS OPPOSED TO LIVE FENCES ETC.

Can Sasol arrange such a visit and try to get the needed information available.

YES. MANY VISITS.

We suppose that both male and female farmers (and others) will be trained in the Centre.

YES. DIFFERENT AGES.

Are there constructional and possible other restrictions as a result of the different gender roles and culture and if so how to handle the differences.

BASICALLY SPACE SEGREGATION.

6. Financial aspects.

See also point 3, juridical aspects.

Is it more desirable, both in terms of fund raising and exploitation to be a private organization (or organizations) than an organization (partly) subsidized by for example an education department?

I DO NOT SEE ANY POSSIBILITY FOR GOVERNMENTAL SUBSIDY. GIVEN THE LEGAL BURDENS (REPORTING AND TAX ACCOUNTING OF PRIVATE COMPANIES) I WOULD RATHER THTHAT THE APPROACH BE FOR NON-PROFIT.

Which arguments pro and contra, also related to the possibility of two juridical entities.

SEE JURIDICAL ABOVE. IF IT IS NOT CLEAR ASK LATER.

How about distinguished taxes, both related to investments and exploitation.

IF ANY MONIES ARE FINANCE INVESTMENT OF STRUCTURES, WHICH LEAD TO DEVELOPMENT EXPLOITTATION, THERE ARE NO TAXES (ON INCOMES) AS LONG AS THE IMPLIMENTING AGENCIES ARE SO RECOGNISED BY THE DEVELOPMENT COMMITTEE OF KITUI. SASOL IS SO RECOGNISED. EXCHANGE AS A FUNDER AND ALL OTHER FUNDIERS OF SASOL WORK UNDER THIS RECOGNITION. TAXES ON PURCHASES OF MANUFACTURED GOODS ARE ROUTINELY PAID BY ALL DEVELOPMENT ENTITIES.

IT THEN SEEMS TO ME THAT THE ISSUE IS NOT WORKING IN KITUI. IT IS HOW ENTITIES LEGALLY ASSURE CONTROL OVER THEIR INVESTMANT. IN OTHER WORDS WHAT GIVES THEM COMFORT IN TERMS OF PROTECTING THEIR INVESTMENT BY ASSURING THAT 1, IT IS USED ALONG THE CONCEPTUALIZED WAYS 2, THEY HAVE LEGAL BASIS FOR ENFORCING THE FORMER. I THINK THE WAY TO SIMPLIFY THINKING ABOUT THIS PROBLEM IS FOR OTHER PARTIES TO HAVE A LEGAL ENTITY OWNING THE LAND AND REAL ESTATE AND TO EXPLOIT IT BY CONTRACTING WITH SASOL AND /OR EXCHANGE AND ANY OTHER ENTIEIS. THIS WAY THEY CAN PROTECT THE RETURN ON INVESTMENT.

National as well as regional and /or community level.

In the proposal document tourism is a possibility in generating income.

Is there a possibility, related also to the possible site of residence, to develop tourism in combination to the Tsavo Park and other kinds of tourism in the surroundings?

MAKING THE CENTER IN THE SOUTH CLEARLY INCORPORATES THE TSAVO TOURISM OPTION. IT ALSO INFORMS MY THINKING ABOUT THE STRUCTURING

INVESTMENT BY AN OTHER PARTY OWNED STRUCTURE, WHICH THEN SEEKS TO RECOUP FINANCING BY OPERATING THE TOURISM STREAM.

A much-detailed calculation of investments and exploitation must be made in the feasibility study. Therefore a visit as mentioned above is more or less a necessity.

So far the questions at this moment.

It should be very helpful if Sasol should be able to answer the questions above as complete as possible and send us the information at least one week before we leave for Kenya (18 March) and it should be more than helpful if a visit as asked can be arranged.

Information by e-mail can be sent best to undersigned with a CC send to Pleunie Josseaud, Dick Laheij and Henk Haring.

Information, possibly sent by mail also should be sent at my address. I than shall distribute it at the others.

Nieuwendijk, February 20th

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