

**AGRICULTURAL DEVELOPMENT CORPORATION**

And

.....

**DISTRIBUTION AGREEMENT**

**THIS AGREEMENT** is made on the .....day of.....**2025**

**BETWEEN;**

- A. AGRICULTURAL DEVELOPMENT CORPORATION** of P.O Box 917-30200 Kitale (“**the Corporation**”) which expression shall include its personal representative, assigns and or nominees of the first part.

**AND**

- B. ....** of **Post Office Box .....**, in the Republic of Kenya (hereinafter referred to as the “**The Distributor**”) which expression shall where the context so admits include its successor’s personal representatives and assigns) on the other part.

**WHEREAS;**

- a.** ADC Semen Production Centre carries out the production, distribution and sale of Semen and Liquid Nitrogen (LN2) (hereinafter referred to as “**The Product**”) and any other new goods which may be launched by the Corporation from time to time.
- b.** The Distributor is the tenant of that premises situated along ..... which premises the Distributor is carrying out the business of selling the Corporation’s goods under the name and style of.....
- c.** The Distributor was competitively selected to be appointed a Distributor for the Corporation’s goods subject to the terms and conditions stipulated hereunder.
- d.** The Distributor hereby agrees that he has the requisite experience and financial ability to give effect to the distribution agreement.
- e.** The Corporation appoints the Distribution Agents under the guidelines set forth on Schedule A attached to this Agreement and made a part hereof.

**NOW THE AGREEMENT WITNESSETH AS FOLLOWS:**

**1. DEFINITIONS:**

“*Commencement Date*” means.....2024

“*Goods*” means the Semen and Liquid Nitrogen (LN2) to be produced by ADC Livestock Genetics Centre.

“Territory” means .....and any other place that shall be designated to the Distributor.

“Clause” and “Schedule” mean respectively clauses or schedules in this agreement unless the context shows a contrary meaning.

“Comply with” includes observe and perform.

“Parties” means the parties to this agreement and where the context permits include their successors and personal representatives in title.

## 2. COMMENCEMENT AND TERM OF AGREEMENT

This Agreement shall come into effect on the.....day of.....2025 and shall remain in force for a period of sixty (60) months from the date of this agreement, subject to continuous review.

## 3. APPOINTMENT

3.1 The Corporation grants to the Distributor the sole right to purchase the Goods from ADC Livestock Genetics Centre for resale in the Territory.

3.2 The Corporation may vary the Territory so as to exclude such part or parts of that Territory as it reasonably thinks fit but such a course of action shall not be taken without prior information to the Distributor.

## 4. PROMOTION OF BUSINESS

4.1 The Distributor shall keep in good and saleable condition a stock of the Goods to the value of not less than **Kshs..... (..... million)** or such quantity as the Corporation from time to time specifies.

4.2 The Distributor shall purchase the Goods in accordance with the Corporation’s ordering procedure and conditions of sale from time to time in force.

4.3 The Distributor shall not actively seek orders for the sale to any person of the Goods which he knows or has reason to believe are intended for resale outside the Territory.

## 5. TERMS OF BUSINESS

5.1 The Distributor shall not offer the Goods for sale at any price except that for the time being fixed by the Corporation.

5.2 The Distributor shall not make any representations, warranties or guarantees about the Goods except such that are in or consistent with the Corporation’s conditions of sale.

- 5.3** The Distributor shall not take orders for sale of the Goods or make contracts on behalf of the Corporation except subject to confirmation and acceptance by the Corporation and on the Corporation's usual trading terms and not give additional credited to a particular customer unless the Corporation's written consent has been in each case first obtained.

## **6. MARKETING**

- 6.1** The Distributor shall advertise the Goods in accordance with the Corporation's requirements and co-operate in any advertising or publicity campaigns mounted by the Corporation at the Distributor's premises.
- 6.2** The Distributor shall not advertise the Goods except by means of materials supplied or approved by the Corporation in writing.
- 6.3** The Distributor shall bring promptly to the attention of the Corporation any information received by it which is likely to be of use or benefit to the Corporation in relation to the marketing of the Goods.
- 6.4** The Corporation shall at its own expense supply to the Distributor such amount of samples, patterns, catalogues and advertising material which shall at all times remain the property of the Corporation) as it considers reasonably sufficient with a view to promoting sale of the Goods in the Territory.

## **7. CONDUCT OF BUSINESS**

- 7.1** The Distributor shall pay all expenses of and incidental to the Distribution.
- 7.2** The Distributor shall keep (and retain for two years after the termination of this Agreement) full and proper accounts, other documents and records (in any medium) showing clearly all visits, inquiries, transactions and proceedings relating to the subject matter of this Agreement and keep them separate from those relating to matters not relating to the subject matter of this Agreement.
- 7.3** The Distributor shall allow the Corporation and its agents and employees at all reasonable times on reasonable notice to have access to and to inspect its records and other documents relating to the subject matter of this agreement and take copies or extracts from them and on demand to supply copies to the Corporation.
- 7.4** The Distributor shall supply such reports, returns and other information as the Corporation may from time to time request including sales forecast and information

with regard to Goods competing with or likely to compete with the Goods in the Territory.

- 7.5** The Distributor shall take part in meetings with representatives of the Corporation at such times and places as the Corporation requires it being recorded that at the date of this agreement, such meetings shall be held quarterly.

## **8. SUPPLIES BY THE CORPORATION**

- 8.1** The Corporation shall use reasonable endeavors to allocate to the Distributor such reasonable and adequate supplies of the Goods as are ordered by the Distributor from time to time at the Corporation current list prices on the Corporation's conditions of sale from time to time in force.
- 8.2** All Goods ordered by the Distributor will be ex-factory.
- 8.3** The Corporation may at its own discretion/option replace or give credit for any Goods which have been in the Distributor's stock for unreasonably longer period since the date of purchase from the Corporation.

## **9. ASSIGNMENT**

- 9.1** This Agreement is personal to the Distributor who may not, without the Corporation's prior written consent, assign or dispose of it, part with any interest in it, or grant any lease or license or delegate any of the rights conferred by it.

## **10. CONTROL OF PRODUCT AND MARKET**

- 10.1** The Distributor shall immediately bring any improper or wrongful use of the Corporation's (ADC Livestock Genetics Centre) patents, trademarks, copy rights, models or other similar industrial or commercial monopoly rights which comes to his notice to the attention of the Corporation and in the execution of his duties use every effort to safeguard those rights and interest of the Corporation and assist the Corporation at its request and costs in taking all steps to defend its rights.
- 10.2** The Corporation may vary the prices for the Goods and vary its conditions of sale in each case without any prior notice.
- 10.3** The Corporation may make changes in the design, production or finish of the Goods.
- 10.4** The Corporation may vary the Description of the Goods either by the withdrawal from it of a class or classes of the Goods or by the addition to it after consultation with the Distributor of a further class of Goods.

## **11. TERRITORY**

The Distributor's area of operation (hereinafter referred to as "the Territory") shall be based at.....and its environs. The Distributor shall on no account deviate from the territorial boundaries of operation, except with the written authority of the Corporation.

## **12. REDUCTION OF TERRITORY**

The Corporation may vary the Territory so as to exclude such part(s) of that County as it reasonably thinks fit but such a course of action shall not be taken without prior consultation with the Distributor.

## **13. WAREHOUSING**

The Distributor agrees that he has a warehouse or store sufficient to store the Goods and is covered with an all-weather roof to keep interior clean, cool and dry at all times. In addition, the Distributor hereby agrees that he will ensure that at all times, on receipt of Goods, sign on all relevant areas of the delivery note. The Distributor shall also ensure that;

- (i) The Goods are arranged neatly and keeps an updated stock records.
- (ii) The stocks are adequately rotated by using a "First in First out" method of selling the Goods.
- (iii) A re-order cycle is maintained.
- (iv) Storage should be free from pests and contamination.
- (v) Should be completely palletized.
- (vi) Should be fully secure.
- (vii) Should at all times stock the range of the Corporation's Goods and all quantities of each product.

## **14. TRADING TERMS**

**14.1** All payments by the Distributor to the Corporation shall be upfront, paid by either cash or RTGS to the Corporation's account.

**14.2** The Distributor shall have no right to recover from the Corporation in respect of any expenditure or outlay incurred by itself in acting as the Distributor of the Corporation's Goods except such items and amounts as shall have been agreed to in writing by the Corporation.

**14.3** It is further agreed between the Corporation and the Distributor that:

- 14.3.1** At its sole discretion and without incurring any liability, the Corporation may reject any order for Goods placed by the Distributor and may sell to the Distributor quantities less than those requested by the Distributor.
- 14.3.2** The Distributor shall be solely responsible for taking possession of the Goods and transportation thereof from the Corporation (ADC Livestock Genetics Centre). Whereas using own transport upon signing relevant documents for receiving.
- 14.3.3** The Distributor shall strictly adhere to the recommended pricing structure by the Corporation at all times. Price undercutting should be avoided.
- 14.3.4** The Distributor hereby agrees that any promotional discounts which the Corporation may give from time to time shall pass to his customers.
- 14.3.5** The Distributor hereby agrees to have an office with an operational telephone, fax and email facility.
- 14.3.6** The Distributor shall identify and keep a record of all wholesalers and key retailers in their assigned sales Territory and details of the route on which each is located.
- 14.3.7** The Distributor shall develop a route plan specifying details of servicing each route.
- 14.3.8** The Distributor shall forward an updated copy of the wholesaler's key retailers and the route plan to the Corporation on a quarterly basis. Any changes to these shall be communicated in writing to the Corporation immediately.
- 14.3.9** The Distributor shall ensure that all route sales records are kept up to date at all times and are available for inspection by the Corporation.
- 14.3.10** The Distributor shall provide the Corporation with the following documentation:
- a. Business registration certificate
  - b. PIN certificate
  - c. VAT certificate
  - d. Names and contacts of all directors
  - e. Bank statements for the last six (6) months.
- 14.3.11** Insurance:  
The Distributor shall insure stock in his warehouse/store.
- 14.3.12** Sales Representatives:  
The Distributor hereby agrees that he will employ sales person who shall service customers in their territory.
- 14.3.13** Transport:  
Delivery of Goods to the Distributor's premises shall be self-collection by the Distributors.

**14.3.14 Sales Targets:**

- (a) The Distributor hereby agrees that they shall achieve the monthly sales targets as set by the Corporation and shall be detailed in a schedule to be attached and will be reviewed annually.
- (b) The Distributor will also support all volume building programmes as communicated by the Corporation from time to time.
- (c) Any determination by the Corporation under any or by virtue of the provisions of this clause shall be without prejudice to the Corporation's rights in respect of any antecedent breach on any part of the Distributor or waiver shall not in any way prejudice the Corporation's rights under this agreement.

**14.3.15 Customer Service/Relations:**

The Distributor shall have the continuing responsibility to develop and fully satisfy the demand for the Corporation's Goods within the territory. The distributor agrees to use his best efforts to meet this responsibility. In particular, the Distributor shall:

- (a) Service each customer as frequently as necessary or as may be required by the Corporation.
- (b) Comply with in-trade merchandising standards.
- (c) Report any customer complaints to the Corporation immediately such complaints are received.
- (d) Undertake merchandising activities as directed by the Corporation in the territory.
- (e) Give incentives to customers within their areas of operation whenever applicable.

**14.3.16 Property and Risk:**

No claim for rejection of any Goods supplied by the Corporation may be made later than one calendar month after delivery of those Goods and all express or implied conditions or warranties (if any) relating to the Goods (except those regarding title) shall be deemed to apply as at the time of delivery.

**15. RIGHTS RESERVED TO THE CORPORATION**

The Corporation reserves to it the rights notwithstanding anything to the contrary contained in this agreement or elsewhere provided;

- 15.1** To quote or supply directly or indirectly to any purchaser or potential purchaser of the Goods.



- 15.2 To vary the prices for the Goods and to vary its conditions of sale at any time provided reasonable notice of such changes have been given by the Corporation to the Distributor.
- 15.3 To make changes in the production of any Goods or discontinue their manufacture provided reasonable notice of such changes have been given by the Corporation to the Distributor.
- 15.4 To specify from time to time sales targets for the Goods or particular types of the Goods by giving the Distributor at least one month's notice of any such amendment.
- 15.5 Whenever it considers it necessary, to send to the territory at its own cost one or more representatives to visit the distributor for the purpose of promoting sales of the Goods or otherwise assisting or giving direction or guidance to the Distributor in relation to sale of the Goods in the territory.
- 15.6 To appoint any other person as the distributor of the Goods within the territory immediately upon the termination of this Agreement for any reason whatsoever.
- 15.7 To take over distributorship to service the market in the event that the distributor fails to avail the Goods as required.

## **16. TERMINATION**

- 16.1 Without prejudice to any remedy the Corporation may have against the Distributor for breach or non-performance of this Agreement, the Corporation shall have the right to terminate this agreement by giving written notice of ninety (90) days to the distributor;
- 16.2 If the distributor continuously fails to meet the standards set out in clause 4 of this agreement set by the Corporation from time to time or repeatedly commit any breach of any obligations on his part to be performed and observed as contained in this agreement.
- 16.3 If the distributor sells or distributes the product outside the territory or knowingly sells/distributes to a customer outside the territory.
- 16.4 If the distributor abandons the distributorship and fails to conduct their business in accordance with the targets set by the Corporation or refuses to abide by the sales targets set.
- 16.5 If the Distributor being a Corporation or other incorporated body, shall enter into liquidation whether voluntarily or otherwise, or shall cease to carry on its business or any substantial part thereof.
- 16.6 If the Distributor refuses to accept any increase or decrease of the territory as directed by the Corporation.

- 16.7 If the Distributor becomes insolvent or ceases to conduct their operations in the normal course of business or compounds with his creditors or suffers execution or distress to be levied on his goods.
- 16.8 If the Distributor has their licenses or permits revoked or suspended.
- 16.9 If the Distributor fails to pay monies due to the Corporation on the date when the same shall become due or are demanded.
- 16.10 If the Distributor fails to operate the business in a diligent and efficient manner so as to promote the Corporation's business.
- 16.11 If either party is unable to carry on its obligations under this Agreement for any reason whatsoever for any time exceeding nine weeks in a period of twenty-four weeks.
- 16.12 If the Distributor brings the Corporation's name to disrepute in a manner that adversely affects the Corporation's business (as adjudged by the Corporation).
- 16.13 If the Corporation ceases to manufacture the Goods.
- 16.14 The Distributor shall have the right to terminate this agreement by giving notice of ninety (90) days.

## **17. CONSEQUENCES OF TERMINATION**

- 17.1 In the event of termination of this Agreement, the Distributor shall at the date of termination or within six days thereafter if so requested by the Corporation to deliver to the person or persons nominated by the Corporation against payment of the actual landed costs to the Distributor all Goods supplied by the Corporation remaining in the possession of the Distributor at the date and shall hand over at the same time (without any charge) all samples and material remaining at that date in the possession of the Distributor.
- 17.2 Upon any such termination of this Agreement as aforesaid, the Distributor shall forthwith make payment to the Corporation in full of all outstanding accounts with the Corporation and for all Goods invoiced to the Distributor.
- 17.3 Within thirty days after the date of termination a final statement of account covering all payments due to the other party under the terms of this Agreement shall be drawn covering up and the net amount indicated on the said statement shall be paid within seven days thereafter.
- 17.4 The Distributor shall not use or claim any right to any of the Corporation's trademarks, names, logos, trading styles, patents or designs.
- 17.5 The Corporation may cancel any contract of sale with the Distributor in respect of which the Goods have not been delivered PROVIDED THAT, the Corporation will

fulfil any order for which full payment had already been received by either cash or RTGS.

**17.6** Such provisions of this Agreement as are to have effect after the termination of this Agreement and any accrued right of either party in respect of any breach of this Agreement shall survive the termination of this Agreement.

**17.7** Any continued sale of any Product by the Corporation to the Distributor shall not be construed as a continuation of this Agreement.

**17.8** The Distributor shall have no right to any compensation, reimbursement or any payment from the Corporation save as expressly provided for in this Agreement.

## **18. GENERAL**

**18.1** The Corporation shall not be responsible for the acts or defaults of the Distributor or of any employee or representative of the Distributor.

**18.2** This Agreement shall not be added to, altered or modified save by means of an exchange of registered letters between the two parties or by formal supplemental agreement.

**18.3** Nothing in this Agreement shall constitute or be deemed to constitute a partnership between the parties hereto or constitute or be deemed to constitute the Distributor an agent of the Corporation for any purpose whatever and the Distributor shall have no authority or power to bind the Corporation or to contract in the name of or create a liability against the Corporation in any way or for any purpose.

**18.4** No failure or delay or relaxation or indulgence on the part of the Corporation to exercise any power, right or remedy shall operate as a waiver thereof nor shall any single or partial exercise or waiver of any power, right or remedy/preclude its further exercise of any other power right or remedy.

## **19. NOTICES:**

Any notice to be given hereunder shall be in writing and may be given by either party by email or sent by prepaid letter by registered mail addressed to the other party at its address as set forth in this Agreement (or such other address as either party may from time to time notify to the other for this purpose) and any such notice given by letter shall be deemed to have been given seven days after the same shall have been put in the post, Saturdays Sundays and public holidays at the place of receipt excepted.

## **20. ENFORCEABILITY**

If any term or condition of this Agreement shall to any extent be invalid or unenforceable the remainder of this Agreement shall not be affected thereby and each of the other terms and conditions contained herein shall be valid and enforceable to the fullest extent permitted by law.

## **21. ARBITRATION**

If any dispute shall arise whether during the continuance of this Agreement or upon or after its determination between the parties hereto touching or concerning this Agreement or as to any other matter in any way connected with or arising out of or in relation to the subject matter of this Agreement such dispute shall in accordance with and subject to the provisions of the Arbitration Act or any statutory modification or re-enactment thereof be referred to a sole arbitrator nominated by the Chartered Institute of Arbitrators.

## **22. GOVERNING LAW**

This agreement shall be interpreted under the laws of Kenya.

## **23. CONTRACT SEAL**

**IN WITNESS WHEREOF** the parties hereto have appended their respective signs to this contract:

### ***a. For and on behalf of Agricultural Development Corporation***

Name .....

Signature .....

Date .....

### ***(AGRICULTURAL DEVELOPMENT CORPORATION)***

#### ***In the presence of: -***

Name .....

Signature .....

Date .....

### ***(Company Secretary / Legal Officer)***

### ***b. For and on behalf of THE DISTRIBUTOR: -***

Contractor Name .....

Name of Signee.....

Designation.....Signature ..... Date .....

#### ***In the presence of: -***

Name .....

Signature .....

Designation ..... Date .....

## **ADC LGC GUIDELINES FOR THE APPOINTMENT OF DISTRIBUTOR AGENTS**

**A Distributor Agent** is a Livestock Enterprise in a designated City/Town/Centre which will be receiving products from ADC LGC on regular basis and retailing the same at set prices to AI Technicians, The Agent will also be responsible for marketing LGC products in collaboration with ADC LGC in the designated County /Sub Counties.

**Objective of appointing Agencies:** to market and distribute ADC LGC products and improve uptake of affordable AI Services.

The Distributor Agencies shall be appointed in the following Counties:-

<b>County</b>	<b>Estimated Dairy cattle population</b>	<b>Designated Town(s)/Centres</b>	<b>Other Counties to be served by the Agency</b>
Baringo	149,671	Kabarnet Eldama Ravine	-
Bomet	334,895	Bomet Kamureito Sotik	-
Bungoma	189,312	Bungoma Mumias Kimilili Kapsokwony	
Busia	35,131	Busia	
Elgeyo Marakwet	273,375	Iten Kapsowar Kamwosor	-
Embu	136,510	Embu Runyenjes Kianjokoma	
Kajiado	127,785	Ngong	
Kakamega	165,483	Kakamega Webuye	
Kericho	287,316	Kericho Litein Ngoina Road Kapsoit	-
Kiambu	278,637	Kiambu Thika Kikuyu Ruiru Githunguri Gatundu	

Kilifi	32,313	Malindi Kilifi	Lamu, Kwale, Mombasa
Kirinyaga	90,788	Kerugoya Kagio	-
Kisii	58,381	Kisii Nyamache	Homa Bay
Kisumu	25,725	Kisumu Muhoroni	Siaya
Laikipia	81,758	Ngarua (Karandi) Nanyuki Marmanet	Samburu
Machakos	69,527	Machakos Matuu	Kitui ,Makueni, Garisa
Meru	238,740	Maua Nkubu Kiirua Meru	Isiolo, Marsabit
Migori	14,400	Migori Isebania	Homa Bay
Murang`a	332,354	Muranga Kangema Kenol Kangari Kandara	-
Nairobi	13,176	Nairobi	
Nakuru	472,449	Nakuru Molo Naivasha Njoro Subukia	-
Nandi	184,732	Kapsabet Mosoriot Nandi Hills	-
Narok	103,980	Narok Kilgoris	
Nyamira	36,745	Nyamira Nyansiongo	-
Nyandarua	404,400	Olkalao Njabini Ndaragwa Nyahururu Engineer	

Nyeri	188,990	Narumoro Nyeri Karatina Othaya Mweiga	
Siaya	13,826	Siaya Bondo	
Taita Taveta	32,981	Wundanyi	-
Tharaka-Nithi	80,476	Chuka Chogoria	
Trans- Nzoia	213,309	Kitale Sibanga Kiminini	-
Uasin Gishu	356,708	Burnt Forest Eldoret Turbo Moi`s Bridge	-
Vihiga	46,161	Majengo Mbale	
West Pokot	135,736	Kapenguria	Turkana
<b>Total 33</b>	<b>5,205,770</b>	<b>Total 91</b>	

### Conditions for appointment as an ADC LGC Agent

The Agent shall:-

The Agent shall: -

- 1) Be located in a premise within a designated Town /Centre so as to be easily accessible by AI Technicians and Farmers in the County /Sub Counties.
- 2) Be registered, Tax compliant and has a current business license from the County Government
- 3) Have a designated well-ventilated secured room/enclosure, for storage of semen and liquid nitrogen.
- 4) Have the capacity to stock at least 500 doses of semen and 100 litres of liquid nitrogen.
- 5) Engage KVB registered Staff with an AI Certificate from an Institution recognized by KVB for purpose of handling semen, liquid nitrogen, marketing activities and reports writing.

- 6) Be in possession of semen and liquid nitrogen handling equipment
- 7) The Agency shall ensure proper storage and handling of ADC LGC semen to ensure distribution of high-quality semen.
- 8) The Agent will ensure the level of Liquid nitrogen in the semen storage container is always at least 1 inch above the semen straws and never distribute semen from a container that has dried up. Such semen should be returned to ADC LGC.
- 9) The Agent will be liable for improper and unprofessional handling of semen and liquid nitrogen.
- 10) Be in possession of a license to distribute semen from the County Director of Veterinary Services.
- 11) The Agent shall not distribute ADC LGC semen to persons not licensed by the local CDVS.
- 12) Shall retail semen and any other products (originating from ADC LGC) at prices agreed upon with ADC LGC. Agent is allowed to charge reasonably for transport to deliver products to clients.
- 13) Jointly and in consultation with ADC LGC undertake marketing and publicity of ADC LGC Products in the County/Sub Counties without prejudice.
- 14) ADC LGC will undertake to deliver semen orders within 48 hours. Written orders to be sent by email to [livestockgenetics@adc.go.ke](mailto:livestockgenetics@adc.go.ke) or Whatsup or Telegram.
- 15) Any dispute on marketing and distribution of ADC LGC products between two neighboring Agents shall be referred to ADC LGC for arbitration. Disputes between ADC LGC and any Agent shall be referred to the Director of Veterinary Services.
- 16) Credit limits to Agents will be strictly 30 days and no supplies before previous delivery is paid in full.
- 17) The Agent will maintain proper records of ADC LGC products orders and retailed and will be required to submit monthly reports in a format prescribed by ADC LGC.
- 18) The Agent will allow without hindrance inspection of semen stocks and records to the County Director of Veterinary Services or their representative.
- 19) The Agent will undertake to report all cases of breeding diseases, infertility and mishandling of semen to ADC LGC and the CDVS.
- 20) The Agent shall arrange a Bank Guarantee against all cheques issued to ADC LGC.
- 21) The contract will run for 5 years renewable from the date of signing the contract.
- 22) Either party can terminate the contract by giving a 3 months' notice in writing.