






COUNCIL OF GOVERNORS

TECHNICAL SUPPORT TOWARDS STRENGTHENING COUNTY REGIONAL ECONOMIC BLOCS

Volume I: Status Report





Technical Support towards Strengthening County Regional Economic Blocs

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Abbreviations and Acronyms

AG	Auditor General
AGM	Annual General Meeting
AHADI	Agile Harmonized Assistance for Devolved Institutions
AMREF	African Medical & Research Foundation
ASAL	Arid and Semi-Arid Lands
CAF	County Assemblies Forum
CDA	Coast Development Authority
CDF	Community Development Fund
CEO	Chief Executive Officer
CIDP	County Integrated Development Plan
CM	Common Market
COB	Controller of Budget
COG	Council of Governors
COMESA	Common Market for Eastern and Southern Africa
CPS	Country Partnership Strategy
CRA	Commission for Revenue Allocation
CSOG	Council of State Governments
CSOs	Civil Society Organizations
CU	Customs Union
DfID	Department for International Development
DLT	German County Association
EAA	East African Affairs
EAC	East African Community
ENNDA	Ewaso Ng'iro North Development Authority
EPA	Economic Partnership Agreement
ERDF	European Regional Development Fund
EU	European Union
FCDC	Frontier Counties Development Council
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GATS	General Agreement on Tariffs in Services

GATT	General Agreement on Tariffs and Trade
GIZ	German Society for International Cooperation
GoK	Government of Kenya
HR	Human Resource
ICT	Information Communication Technology
IDB	Industrial Development Bank
IGAD	Inter-governmental Authority on Development
IGRTC	Inter-Government Relations Technical Committee
JICA	Japan International Cooperation Agency
JIISET	Jumuiya Institute of Innovation & Socio-Economic Transformation
JKP	Jumuiya ya Kaunti za Pwani
KEBS	Kenya Bureau of Standards
KEPHIS	Kenya Plant Health Inspectorate Service
KNCCI	Kenya National Chamber of Commerce and Industry
KRRA	Kenya Rural Roads Authority
KVDA	Kerio Valley Development Authority
LAPSSET	Lamu Port Southern Sudan-Ethiopia Transport
LBDA	Lake Basin Development Authority
LED	Local Economic Development
LEPs	Local Enterprise Partnerships
LGA	Local Government Association
LREB	Lake Region Economic Bloc
LVBC	Lake Victoria Basin Commission
LVDA	Lake Victoria Development Authority
LVFO	Lake Victoria Fisheries Organization
M&E	Monitoring & Evaluation
MDAs	Ministries, Departments and Agencies
MFA	Ministry of Foreign Affairs
MLG	Multi-Level Governance
MODP	Ministry of Devolution and Planning
MOU	Memorandum of Understanding
MTP	Medium Term Plan
NALC	National Association of Local Councils

NCIC	National Center for Interstate Compacts
NGA	National Governors Association
NGOs	Non-Governmental Organizations
NLC	National League of Cities
NOREB	North Rift Economic Bloc
NT	National Treasury
ODA	Overseas Development Assistance
OECD	Organization for Economic Cooperation and Development
PFM	Public Finance Management
RECs	Regional Economic Communities
SDGs	Sustainable Development Goals
SDT	Special and Differential Treatment
SEKEB	South Eastern Kenya Economic Block
SGR	Standard Gauge Railway
SPS	Sanitary and Phyto-Sanitary
SWOT	Strength, Weaknesses, Opportunities and Threats
TA	Transition Authority
TARDA	Tana and Athi Rivers Development Authority
TWG	Technical Working Group
UK	United Kingdom
UN	United Nations
USA	United States of America
USAID	United States Agency for International Development
USCM	United States Conference of Mayors
WTO	World Trade Organization

Executive Summary

Globalization underpinned by technological innovations, politics of inclusion, and deregulation policies has shaped the intensity of trade agreements at the multilateral, regional and bilateral levels. Since most countries trade at the multilateral, regional and bilateral levels concurrently, it is incumbent for governments to position itself at vantage points to benefit from all levels of trade, considering competitive and comparative advantages to be derived from these levels. A combination of competencies, skills and institutions are required to come up with the right strategies and tactics for a winning set of policies to spur growth in an increasingly interconnected globe. Any county or group of counties intending to trade must internalise competitiveness. This will come from efficiency in production and transportation logistics.

There is consensus among the county governments that regional economic integration can provide the critical leverage required to realize their economic growth potential. Counties within close geographic proximity have come together to establish six economic blocs. However, to date, there is no policy or legal anchor to sustain this process. The overall objective is to design a framework to guide county regional economic blocs to optimise economic potentials while leveraging national, regional and international resources and commitments as it delivers on its obligations. This is expected to be done within the devolution and intra-government engagement and cooperation mechanisms.

An assessment of the status of the county regional blocs confirms the positive strides made in the establishment of interim institutional and governance frameworks and the identification of priority economic intervention areas. Good attempts have also been made by some of the blocs in the formulation of the respective policy and legal instruments to anchor the blocs. However, there are challenges at both national and county level in institutionalizing and operationalizing the county regional blocs. The absence of enabling legal anchors makes it difficult to leverage existing and potential resources in facilitating bloc secretariats to coordinate the bloc activities. Similarly, a multiplicity of players within the same geographical areas, some performing the same functions as counties, create conflicts, duplication of efforts and wastage of resources. Further, the lack of institutional mechanisms for county governments' engagement in regional and international frameworks stands in the way of the same county governments pursuing regional and international trade and investment engagements in an orderly fashion.

It is essential to re-orient the territorial economic policy to enhance local competitiveness and attract new investments. To exploit fully locational comparative advantages and generate robust growth in local employment and income; several changes in the policy, legal and institutional arrangements are proposed. These include a review of the national and county legal and policy instruments. This anchors the county economic blocs and the harmonization of the business facilitation mechanisms. It also allows benchmarking of international best practices to open up meaningful access to the national, regional and international markets for both exports and sourcing of investors. This can be achieved through institutionalizing the participation of the county governments and county blocs in the national frameworks linking into the regional and international frameworks.

The critical interventions include:

- a) Formulation of frameworks to guide the formulation of bloc policy and legal frameworks, with provisions for entrenching commitments in regional and international agreements, and with the option of ratification by county assemblies to facilitate the operations of county blocs at the global level;
- b) Formulation of the county bloc blueprints and 5-year regional CIDPs to ensure alignment of national and county development frameworks;
- c) Proposals for formalising institutional partnerships between national and county governments in handling regional and international agreements with implications and obligations on county government activities;
- d) Proposals for typical reference governance frameworks for adaptation at county and bloc levels;
- e) COG to initiate dialogue with donors to support the formulation of county bloc policies, laws and blueprints to facilitate anchoring of the county blocs;
- f) COG to follow up on outstanding functions to be devolved in line with the constitution;
- g) COG to maintain a dialogue with CRA and the National Treasury on enhancing funding of counties to deliver of the regional and international commitments and obligations;
- h) COG to liaise with the national government in preparing proposals for county governments to access resources tied to the multilateral agreements, e.g. SDG 2030, COP 21, WTO on Trade facilitation; and,
- i) Comprehensive capacity building and institutional development support at the county level.

The strategies for achieving implementation of the prioritised interventions within the shortest timelines include:

- (a) Formulation of county bloc policies and legal frameworks for adaptation and ratification by the counties;
- (b) Aligning blueprints and CIDPs with Vision 2030 and MTPs to insulate against political and personal influence;
- (c) Joint implementation of common priority economic activities;
- (d) Complementary national investments in the enablers;
- (e) Benchmarking regional and international obligations and commitments;
- (f) Adopting a common approach towards shared cross border resources;
- (g) Working with the national government in the provision of enabling infrastructure, harmonisation of incentives; and,
- (h) Conducting continuous capacity building programmes.

The timelines of the delivery of the suggested priority interventions hinge on the pivotal role of COG in mobilising donor resources and technical support to fund consultancy services such that by December 2016, all blocs are anchored in appropriate policy and legal frameworks. Further support should also be sought in the formulation of the blueprints and CIDPs alongside MTP3. Concurrently, the COG has to engage the national government in institutionalising the participation of county governments in national framework linkages with regional and international frameworks. The county governments are also encouraged to embrace partnerships with the national government in mobilising resources for the implementation of international obligations and commitments, in particular, international agreements that come with resources.

Appreciation

This assessment study was made possible with the assistance of the United States Agency for International Development (USAID) and the Department for International Development (DfID) through the Agile and Harmonized Assistance for Devolved Institutions (AHADI) programme. The Council of Governors (COG) looks forward to the immediate and direct support from development partners to the county blocs for the formulation of the blueprints, policy and legal framework anchors. This is specifically in the alignment of such policy documents with Vision 2030 and the medium-term plans (MTPs). There will be a need for extensive support to the incoming county administrations after the 2017 elections.

1

Background and Methodology

1.0 Background

With the growing appreciation among county governments that regional economic integration can provide the critical leverage necessary to realize their desired economic growth potential, counties within close geographic proximity have come together to establish economic blocs. The blocs are aimed at positioning counties to realize their potential and exploit opportunities for accelerating inclusive economic growth by optimizing their regional comparative advantages and economies of scale. This will be facilitated by creating harmonious and enabling environments that attract and promotes investment and nurture regional and local economies and trade. This will also be achieved through the development, management and utilization of shared cross-boundary economic resources and infrastructure. To date, six blocs have emerged as presented in Table 3.1.

The Intergovernmental Relations Act (2012) provides the constitutional basis for the establishment of frameworks that facilitate consultation and cooperation among counties. However, specific legislation and policies to guide the establishment and operations of the regional county economic blocs are lacking. The blocs as crafted have come together under different institutional arrangements and frameworks, driven and facilitated by the interests and goodwill of the current political leadership. In some cases, they have further facilitated the development of regional economic strategies and blueprints which articulate their ambition, potential and roadmap to realizing this potential alongside opportunities for accelerating inclusive regional economic growth. This situation poses a risk to their sustainability which could be challenged in the forthcoming political transition period, thus threatening the existence of these otherwise well-intentioned nascent partnerships.

The Council of Governors (COG) seeks to work with the regional county blocs and lend technical support and guidance to interrogate the policy, legal and institutional frameworks and instruments upon which the blocs have founded their establishment. It also seeks to assess counties' robustness and ability to protect these nascent but important structures that hold the opportunity to unlock latent potential for economic development across the nation. In the process, weaknesses and gaps were identified and areas for intervention prioritized. Informed by the findings, key recommendations and technical advice on policy, legal, institutional, organizational, financial arrangements will be provided to address identified priority intervention areas.

1.1 Objective

The overall objective of the assignment was:

To undertake a review of the current status of county regional economic integration and provide technical advice and recommendations to the COG on:

- a) Requisites and priorities for the establishment of robust policy, legal and institutional frameworks for county regional economic integration; and the formation and

operationalization of the county regional economic blocs that can support and deliver upon the regional economic integration goals, objectives and outcomes;

- b) Creating a harmonious and enabling environment that attracts and promotes investment, nurtures regional and local economies and trade, and facilitate the development, management and utilization of shared cross-boundary economic resources and infrastructure to facilitate the optimization of their regional comparative advantages and economies of scale;
- c) Mechanisms to shield county regional blocs from personal and political interference; and,
- d) Dispute settlement mechanisms at the inter-county and county regional bloc levels.

1.1.1 Specific Objectives

The specific objective was to design a framework to guide county regional economic blocs to optimise on their economic potentials while leveraging national, regional and international resources and commitments within the devolution and intra-government engagement and cooperation mechanisms. This entailed the identification of priority interventions related to the revision/development of and training on policy, legislative, institutional frameworks, setting up of the organizational, functional, financing, operational and accountability mechanisms to address identified shortcomings, supporting the formation and operationalization of the blocs, and securing their sustainability.

Towards this end, the following was carried in response to the objective of the study:

- a) Assessed the current status of the formation and operationalisation the regional county economic integration to identify challenges requiring priority intervention to ensure the achievement of the intended objectives while securing sustainability.
- b) Assessed the implications of the regional integration and world trade system on the regional blocs, specifically within the new devolved system of government.
- c) Reviewed the economic implications and developmental outcomes of the county regional blocs with an emphasis on the role and mandate in economic integration which they seek to fulfil.
- d) Prepared a technical advisory brief and recommendations for follow up by COG on requirements, revisions, issues requiring further articulation and development relating to provisions for and facilitation of regional (inter-county) economic integration.

1.2 Scope of Work

The assignment involved the review of the current operational status of the different county economic integration frameworks in place of the new devolution governance structure. In benchmarking good practices to bridge gaps and challenges, the technical advice and recommendations to the COG provide the requisite interventions and priority activities for the establishment of robust policy, legal and institutional framework to anchor the county regional blocs. Similarly, the interventions should harness the relationships between counties and national government in externalising trade and investment opportunities. At the centre of the proposed interventions is the critical support on the envisaged partnerships across counties, with the national government, donors, regional and

international organisations to deliver upon the goals, objectives and outcomes of county regional economic blocs on a sustainable basis.

1.3 Report Format

This report is presented in two volumes. Volume 1, on status of county regional economic integration blocs, is presented in 4 parts. Volume 2, presented separately, is on the Technical brief to COG which focusses on critical interventions to operationalise the county regional blocs.

The status report in volume 1 is presented in 4 parts.

Part 1 covers the background, objectives and scope of the assignment in Chapter 1 while Chapter 2, on methodology, provides the approach and the conceptual framework underpinning county regional bloc's insertions to the global economy through regional economic integration.

Part 2 analyses the status of policy, legal and institutional frameworks underpinning regional economic integration, the implications of Regional Economic Communities (RECs) in Chapter 3, and world trade systems on the mandate of county regional blocs within the new devolved government structure in Chapter 4. International good practise benchmarks in Chapter 5 highlight practices elsewhere that Kenya could borrow in strengthening the county regional economic blocs.

Part 3 outlines challenges and priority interventions as are covered in Chapters 6 and 7 respectively.

Part 4 outlines the institutionalisation of the county regional blocs as is presented in Chapter 8.

2

Methodology

2.1 Approach

The principal approach in the delivery of the assignment entailed a combination of literature review, benchmarking, and consultations with key stakeholders involved in devolution and economic development at the county level. In particular, the approach adopted and interrogated the mechanisms used in the identification and formulation of county bloc economic integration priority activities in the context of county policies, laws, and programme development to establish alignment and gaps with national, regional and international agenda entered into at the national level. Further, a desk review of the Ministries, Departments and Agencies (MDAs) sectoral policies and operations in counties complemented with limited stakeholder consultations explored whether any efforts have been taken to leverage the symbiotic and common development issues handled by the counties and the national regional development authorities. The policies and strategies for the MDAs targeted for review were those whose core functions support devolved functions and are aligned to the priority county regional bloc activities. This was done to establish the changes already adopted or should be adopted to sustain economic development in the new governance structure of devolution. Further, the review and consultations were undertaken to establish whether efforts had been made to situate the blocs within existing national, regional and international frameworks and implementation mechanisms. The outcomes of the study are expected to feed into future planning processes including Medium Term Plan (MTP) 3.

To ensure ownership of the final recommendations, the consultations at the county bloc level included obtaining first-hand information on the motivation for establishing the economic blocs from the chairpersons and the secretariats of the county regional economic blocs, key officials in the technical committees (several whom included the clerk of the county assembly and private sector representatives) among other interest groups. Donors supporting devolution activities were also briefed. A final validation workshop with participants drawn from appropriate levels of representation in the 6 county blocs and select national-level coordinating institutions ensured uniform knowledge and awareness of the coordinating role of the county blocs' in as far as regional economic integration and World Trade Organisation (WTO) trading systems impact on county trade and investment activities going forward.

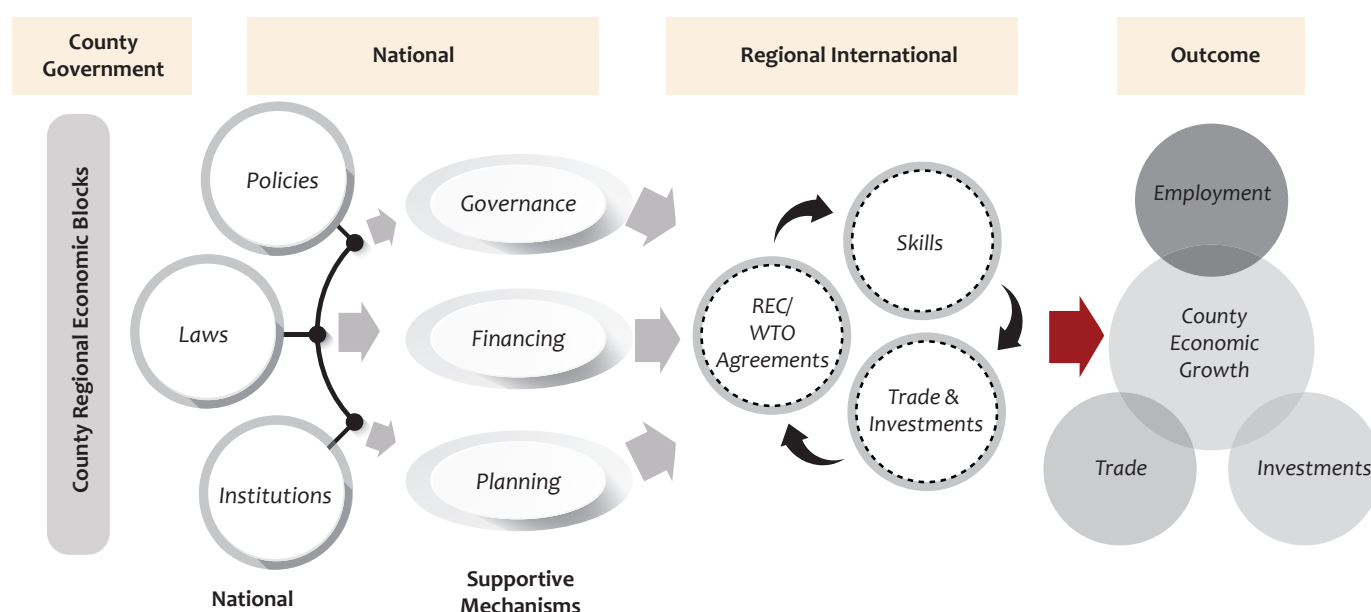
2.2 Conceptual Framework

In the context of liberalisation and globalisation intensified with technological advancements, the majority of local-level actions have been internationalised (OECD, 1996; IDB, 2002). Further, trade and regional integration have emerged as key instruments for plugging into the global economy. This, of necessity, calls for contextualising county government policy architecture within global underpinnings. Regional integration can offer an effective and strategic platform for formulating national and county policies aimed at maximizing the participation of local actors in the global economy. This approach has been adopted by several countries with desirable outcomes; by transferring more responsibility and resources to local entities, which have increasingly assumed

an active role in the promotion of socio-economic development. In this regard, Kenya's territorial economic policy, as is espoused in the county regional blocs; should be re-oriented to enhance local competitiveness and attract new investments of various sizes to exploit locational comparative advantages more fully and generate robust growth in local employment and income (Giodarno, Lanzafame & Meyer-Stermer, 2005; Baldwin, 2003). This approach provides more sustainable frameworks for anchoring Local Economic Development (LED).

The Conceptual Framework in Figure 2.1 acknowledges the centrality of policies, laws and institutions through efficient and effective collaborative mechanisms of local and national governments plugging into regional economic integration as an entry point to the global frameworks if sustainable development is to be guaranteed.

Figure 2. 1: Conceptual Framework for Leveraging County Blocs for Local Economic Development in a Globalized Environment



Source: Author

Devolution' in Kenya ushered in a paradigm shift in development programming thereby entrenching bottom-up approaches in service delivery and Local Economic Development (LED); with the national government providing policy frameworks and leadership in foreign policy and engagements. In this regard, the conceptual framework insertion of the county regional blocs into the global markets explores how the roles of the national government interphase with regional economic blocs and world trade systems to generate local economic growth. In particular, the preferred mode of operation should be that the partnership and architecture of county and national government frameworks in policy, legal and institutional mechanisms should be complemented with appropriate skill complements that simultaneously engage a wide range of stakeholders, and harmonise planning processes with equity in resource sharing to guarantee development, investment and employment generation.

¹ Schedule IV of the Constitution devolves the functions of Agriculture, Animal Control and Welfare; County Health Services, Pre-Primary Education, Transport, Planning and Development, County Public Works and Services; Control of Drugs and Pornography; Trade Development and Regulations; Environmental Services, Cultural Activities; Coordination and Community Participation

3

Status Report

3.0 Status Report on County Regional Economic Blocs

3.1 County Regional Economic Bloc Priority Interventions

Consistent with the national Vision 2030, the motivation for establishing the county regional economic blocs is to empower citizens to prosper. These blocs are at different stages of formation. The constitution, county and inter-governmental laws, private investment opportunities with supportive Vision 2030 Medium Term Plans (MTPs) and sectoral policies form the basis for the anchors for operationalisation of the county regional blocs.

The six established blocs together with corresponding county membership presented in Table 1.1 exclude the counties of Nairobi, Kajiado and Narok. The counties of Tana River, Lamu and Garissa are in multiple memberships of FCDC and Jumuiya ya Pwani blocs while Trans Nzoia and Nandi are in multiple memberships of LREB and NOREB blocs.

The review of the current operational status of the county economic integration in place of the new devolution governance structure confirms that tangible progress has been made towards the institutionalisation of the regional county economic blocs.

Table 3. 1- Kenya Regional County Blocs and their Membership

County Regional Bloc	No. of counties	Counties
North Rift Economic Bloc (NOREB)	7	Uasin Gishu, Trans Nzoia, Nandi, Elgeyo-Markwet, West Pokot, Baringo, Turkana, Samburu
Mt. Kenya and Aberdare	10	Tharaka-Nithi, Meru, Nyeri, Laikipia, Murang'a, Kiambu, Nakuru, Nyandarua, Embu and Kirinyaga
Lake Region Economic Bloc (LREB)	13	Bungoma, Busia, Homa Bay, Kakamega, Kisii, Kisumu, Migori, Nyamira, Siaya, Vihiga, Bomet, Trans Nzoia, Kericho
Jumuiya ya Kaunti za Pwani (JKP)	6	Lamu, Kilifi, Kwale, Mombasa, Tana River and Taita Taveta
South Eastern Kenya Economic Bloc (SEKEB)	3	Makueni, Kitui and Machakos
Frontier Counties Development Council (FCDC)	7	Garissa, Wajir, Mandera, Isiolo, Marsabit, Tana River and Lamu

NOREB, LREB and FCDC are the more advanced blocs, having put in place county bloc policies, laws, institutional and administrative arrangements and systems, and governance mechanisms aimed at leveraging Intra/inter-county synergies, comparative advantages and opportunities for economies of scale. The SEKEB, Jumuiya ya Kaunti za Pwani (JKP) and Mt Kenya and Aberdare economic blocs are in the formative stages. They have held extensive stakeholder consultations to determine priority interventions and set up tentative governance and institutional frameworks for operationalising their aspirations (Annex A.1& Annex A. 3). In all the blocs, Strength, Weaknesses, Opportunities and Threats (SWOT) analysis to determine county-specific comparative advantages, challenges and shared endowments opportunities for exploitation have been carried out and documented. However, the mechanisms of leveraging synergies with the national government, regional and international frameworks in the quest of expanding their economic frontiers remain underdeveloped.

North Rift Economic Bloc (NOREB)

In the NOREB bloc, the activity prioritisation entailed undertaking a situation analysis of each county's economic potential while scanning the business environment requirements to map available opportunities for joint exploitation in pursuit of sustainable development. The county endowments varied from unique tourist² attractions, agricultural potential and natural resource endowment. The NOREB priority interventions built on prior inter-county partnerships and shared resources, profiled by Lake Basin Development Authority (LBDA), to come up with an initial agreed list of activity interventions in the policy document. The priority interventions also took into account donor and Non-Governmental Organisation (NGO)³ funded regional and international partnership operations impacting on both the national and county bloc economic activities. Some of the NGO funded economic activities include tourism and livestock development, livelihood development, particularly in the Arid and Semi-Arid Lands (ASAL) areas, sports and cultural development. Other partnerships include targeted investments by private sector multinational tea companies and inter-governmental partnerships with Ethiopia, Uganda and South Sudan in geothermal and solar energy, mining, tourism and hospitality, irrigated agriculture, horticulture, dairy sector among others.

The key sectors prioritised for immediate implementation cover exploitation of natural resources in tourism, oil and energy; value addition in agriculture and livestock development. Complementary enablers which may require national government interventions include infrastructure development, enforcement of security and cohesion including governance, and social development in supportive institutional frameworks. To demonstrate potential benefits, tentative flagship projects in each of the participating counties have been identified in the policy document. On the business front, prioritised proposals include harmonisation of the trade and investment laws and regulations, industrial and entrepreneurship development, the establishment of a one-stop-shop for investors, and branding for appropriate marketing of the regional bloc.

Since the region borders the East African Community (EAC) and Common Market for Eastern and Southern Africa (COMESA) countries, trade takes a centre stage in the prioritised economic activities. Plans are underway to formulate the blueprint covering a minimum of ten years, from which the 5-year and annual County Integrated Development Plans (CIDPs) shall be derived.

² Desert lake, national park habitat for crocodiles, hippos and snakes and islands home to migratory birds in Turkana; Kerio Valley Escarpment, Rimoi Game Reserve and Cherang'any mountain ranges in Kerio Valley; golf courses and sports tourism in Nandi;

³ World Bank, UN, JICA, GIZ, South Korea, USAID, and ACF); NGOs (World Vision, Red Cross, AMREF, CordAid, SAIDIA, Child Fund, Ramati, SNV

Frontier Counties Development Council (FCDC)

The establishment of the FCDC bloc was inspired by devolution creating an opportunity for sustained rapid socio-economic development to cure the intractable insecurity, persistent marginalization and inadequate natural resources. The sole purpose of creating the bloc was to close the developmental gap. Special attention focuses on the creation of institutional frameworks adaptable to pastoralist mobile populations, and strategies aimed at combating the effects of climate change. In addition to poor infrastructure, shortage of manpower and below-average performance on social indicators informed the prioritization of the key economic interventions. However, opportunities abound in the region which FCDC plans to leverage. These are elaborated in the Supportive Policies and Vision of Sessional Paper 8 of 2012 and the Vision 2030 ASAL Regional/National Approach to Development, Lamu Port Southern Sudan-Ethiopia Transport (LAPSSET), Ending Drought Emergencies, Ewaso Ng'iro North Development Authority (ENNDA), the supportive partnerships that are focused on the Horn of Africa including Northern Kenya and network of professionals indigenous to the region. The constitution also makes deliberate strategic interventions of providing a budgetary equalisation fund for the marginalised and predominantly ASAL areas to upscale the performance of the socio-economic indicators in these areas.

In the meantime, the economic blueprint for the FCDC County bloc is currently under preparation with the support of the World Bank, United States Agency for International Development (USAID) through the Agile Harmonized Assistance for Devolved Institutions (AHADI) programme and Rimarks Consultants. It will be aligned to the national, county and international policies and legislations, treaties and protocols that are currently existing and/or operational. Tentative flagship projects are in water and sanitation, livelihoods, peace and security, renewable energy, oil and gas.

Lake Region Economic Bloc (LREB)

In leveraging devolved county resources, expanded markets, comparative county strengths and shared resources of Lake Victoria, River Yala, River Nzoia and Mt. Elgon, the LREB formulated its economic blueprint that was developed through a wide stakeholder consultative process. The blueprint is expected to act as a one-stop-shop for investors seeking opportunities in the region. It aims at catalysing the region's economic development through targeted joint investment in Agriculture, Tourism, Education, Health, ICT, Financial Services and Infrastructure expected to impact on the welfare of the people in the region. The blueprint covers 10 counties leaving out Trans-Nzoia, Kericho and Bomet who have not signed up under LREB.

The designated flagship projects are: an agricultural commodities exchange, a regional bank, specialist hospitals and educational centres of excellence in each county, creating a Lake region ring road and tourism circuit. Partnering with the national government, KPA and marine Authority in transforming Kisumu port into a regional logistics hub while leveraging the Standard Gauge Railway (SGR). The establishment of an Agricultural Commodities Exchange in Gucha or Migori shall be the flagship project in Agriculture. Establishment of Specialist Hospitals in each county constitutes the flagship projects in the health sector while the creation of Centres of Excellence in each county shall cover education. The proposed flagship project for Financial Services is the creation of a Regional Bank while the creation of a Lake Region Ring Road shall take care of infrastructure. The critical policy and legal issues to anchor the economic bloc and blueprint include the formulation of the county bloc policy and legal framework for adoption and approval by the respective County Assemblies.

South Eastern Kenya Economic Bloc (SEKEB) The SEKEB is in the formative stages. Its objective is facilitating the development of economic infrastructure, human resource development and creation

of a human-friendly environment in harnessing its natural resource endowments. It has formulated its concept paper which identifies the key priority areas of joint exploration of natural resources, socio-cultural events; promotion of economic infrastructure for the bloc, leveraging Information Communication Technology (ICT) for service delivery, and joint negotiations in mobilising investment resources. The identification of priority intervention areas was done through very comprehensive stakeholder consultations from grassroots to county governments, members of parliament, senate, the county assemblies, professional, civil society and county Chambers of Commerce and Industry.

The immediate flagship projects cover cement and steel manufacture in Machakos, water dams for power generation, irrigation and home use across the three counties, and charcoal mining for power generation in Kitui. Due to the region's proximity to the capital city of Nairobi, future potential areas of cooperation include establishing a regional financial institution and investment company and investing in real estate, specialist healthcare services and commodity trade markets. In addition to leveraging the SGR, the bloc plans to work with the national government in exploiting the tourism potential by linking the coast through Tsavo East and West and the capital city with Kilimabogo Game Reserve and Kanyonyoo Conservancy. The potential for solar energy generation is abundant in the bloc. Other potential areas with economic dividends in the near future include livestock development, waste management, irrigation agriculture, and manufacturing. Detailed project profiling and location across the counties shall be contained in the blueprint.

Jumuiya ya Kaunti za Pwani (JKP)

The JKP has held extensive grassroots stakeholder consultations with county governments, Members of Parliament and Senate, universities, professionals and the private sector to identify key areas of cooperation that the bloc can jointly implement to address the challenge of marginalisation. The JKP Cooperation Agreement (2015) spells out the modalities of inter-county cooperation while the Memorandum of Understanding (MOU) (2015) spells out the working arrangements between Jumuiya and the universities and research institutions in the region. Unlike the other blocs, Jumuiya's initial tasks consisted of establishing institutions and addressing key sensitive issues such as perennial land injustices, illiteracy, slow tourism performance and insecurity among others. In particular, the critical institutions to be developed include; the establishment of a structured and fully functional Jumuiya Secretariat, and Sector Committees; establishment of Jumuiya Institute of Innovation & Socio-Economic Transformation (JISET) by the local universities; establishment of a regional development bank (Pwani Development Bank), Coast Tourism Board, a regional bulk water company, a fishing port, and upgrading of Coast General Hospital to a regional referral hospital. The regional Economic Blueprint to be developed will detail the bankable projects from the different sector areas whose implementation shall adhere to international laws and treaties.

The priority intervention areas include the promotion of tourism, youth and women empowerment through projects and research-based training, cross-county investments and common funding of megaprojects while leveraging large nationally-funded/PPP Vision 2030 project like – Dongo Kundu Free Port, Mombasa/Lamu Special Economic Zone (SEZ), Kwale/Lamu Resort Cities, Lamu Port Southern Sudan-Ethiopia Transport (LAPSSET), SGR, Tsavo Premium Parks etc. to prioritise the economic activities based on the national development agenda. Other immediate future priority areas include value chain investment in the Maritime Agriculture, Livestock, Hospitality & Education Sectors; establishment of a modern regional abattoir; construction of a fish port; the revival of collapsed industries (Bixa, cashew nut, milk processing, etc.); and development of a waterway transportation system. The prioritized activities are aligned to the devolved functions as spelt out in the constitution and implemented in line with Article 6 (1) of the Cooperation Agreement.

Mt Kenya and the Aberdares Regional Bloc

Mt Kenya and Aberdare Economic Bloc, though still in the formative stages, was formed through an MOU signed on February 29th 2016 to harmonise laws and regulations to facilitate trade and investments; leverage competitive and comparative advantages and exploit economies of scale, leading to the creation of employment and incomes, and tapping into technological development to expand economic frontiers. A draft blueprint requiring further work has already been formulated by the professionals in the region. Mt Kenya bloc plans to commercialise agriculture and value-add the livestock and cash crops, particularly tea, coffee and horticulture, in which Kenya has a commanding global market share. This should lead to export diversification and market development. The flagship projects include agri-business within the agricultural and livestock sectors, establishing industrial and logistics Parks in Sagana or Makutano, adoption of ICT facilitated service delivery mechanisms, and, managing the water towers in Mt Kenya and the Aberdare mountain ranges, including the rivers. Further, the bloc has prioritised the strengthening of the Thika-Nanyuki corridor on the back of urbanisation to reinforce the industrial sector. With the natural endowments of tourist products in a conducive climate, the Mt. Kenya and Aberdares region has set its sights on scaling up and transforming the tourism sector by building on the niche products of eco-tourism and retirement destination long stay resorts.

In addition to common intra-county priority interventions, a number of the economic priority interventions are cross-cutting and hence require inter-county and national synergistic approaches. These include tourism, agriculture and livestock and key enablers in infrastructure, value addition to diversifying the export basket, market diversification outside the traditional export market of Europe, policy and legal frameworks, and peace and security within and outside the bloc's borders. These will call for requisite institutional networks that leverage multi-layer partnerships from county to national and external levels.

3.2 Legal, Policy and Institutional Arrangements

3.2.1 Legal and Policy Alignment

The Constitution, the County Governments Act, the Procurement Act, the Public Finance Management (PFM) Act and related inter-governmental acts form the basis on which county bloc laws are to be anchored (Annex A.1). The establishment of the county blocs is consistent with the spirit of Article 189 (2) of the Constitution which allows for "Government at each level, and different governments at the county level, to co-operate in the performance of functions and exercise of powers and, for that purpose, may set up joint committees and joint authorities" to improve performance and delivery. Article 182(1) of the PFM Act 2012 allows for the establishment of county corporations which must be managed in line with Part IV of the PFM Act 2015 (County Regulations Act 2015). Similarly, Article 228(5) of the Constitution states that 'the controller shall not approve a withdrawal from a public fund unless satisfied that the withdrawal is authorised by law'. The Intergovernmental Relations Act in Section 3(b) provides for the establishment of frameworks for consultation and cooperation amongst county governments. Other existing county policies and laws impacting on local economic development are summarised in Table 3.2. However, the facilitating policy and legal underpinnings for establishing and operationalising county blocs at the county level remain inadequate. In this regard, there is need to review the County Government Act, the Urban Areas Act, the Transition to Devolved Government Act and the Inter-Governmental Relations Act to legally entrench the functions of the county governments to recognise county regional blocs. At the same time, the right national-level legal provisions on implementation of regional and international treaties should also be explored since the majority of such commitments

and obligations are implemented and reported on a county level in the case of Kenya. The draft Devolution Policy (2015) should also be reviewed to incorporate provisions for the establishment of county blocs.

Nevertheless, public participation through structured engagements at both national and county levels ensures ownership by the different stakeholders (see Table 3.4) moderated through bloc specific governance mechanisms (Figure 3.1 & Annex A.2). Most of the county blocs, through wide stakeholder consultation, have assessed potential county endowments and areas of competitive and comparative advantage for designing policy frameworks of managing county blocs' operations.

Table 3. 2: Existing County Policies and Laws impacting on Local Economic Development

Comparison of General National/County and Regional County Economic Blocs Laws and Policies		
Regional County Economic Bloc	Policies	Laws
National level Fiscal frameworks	<ul style="list-style-type: none"> • Kenya Draft Devolution Policy (May 2015) • Draft Kenya Regional Integration Policy April 2015 • Country Partnership Strategy (CPS) 2014 - 2018 (World Bank) 	<ul style="list-style-type: none"> • Article 189 (2) of the Constitution which allows for cooperation among counties • Intergovernmental Relations Act, 2012 • Urban Areas and Cities Act, 2011 • County Governments Act No. 17 of 2012 (Rev 2014) • Transition to Devolved Government Act No. 7 of 2013 • Coordination of National Government Act 2013 • Constituencies Development Fund Act, 2013 • Procurement Act, 2005 • PPP Regulations 2014 • The Intergovernmental Relations (Amendment) Bill, 2014 • National Government Co-ordination Act No. 1 of 2013 • Constitution Article. 203(2) • Public Finance Management Act, 2012 • Transition County Allocation Act 2012 • Transition Act, No 8 of 2013 • Public Finance Management Act No. 18 of 2012 • County Allocation of Revenue Act 2012 (Rev No 10 of 2015) • Division of Revenue Act No 7 of 2015)

Comparison of General National/County and Regional County Economic Blocs Laws and Policies		
Regional County Economic Bloc	Policies	Laws
National level Citizen participation frameworks	Integrating public participation in all county government organs while ensuring the right of information access and Feedback on key promises through M&E	Constitution Article 10 County Government Act 2012 (Article3(f), 87), County Government Act 2012 (art 98, 100) on Civic Education
		Constitution (Article35, 93, 232) on Access and Provision of Information and Article7, 11 on Diversifying Modes of Information Access
		Constitution (Article10) on Equity and Inclusivity, Article100 on Representation, Article24(f) on Discrimination; Article174 on Rights of Minorities

Source: Constitution of Kenya, devolution laws and various policy documents

NOREB under the guidance of its governors engaged systematic multi-tier consultations from the political (governors) level, executive county government and grassroots to explain, sensitise and obtain concurrence on the priority interventions and potential benefits of joint programming across the participating counties. The County Executive Committees (CECs) critical in the consultation process, prepared a very informative concept paper on modalities of establishing a county economic bloc for the management of select economic activities and shared resources. The concept paper together with the MOU and agreement signed by governors to work together formed the legal basis for the formulation of the NOREC County Bloc Policy, 2016. The NOREC Ratification Bill, 2016 awaiting approval in the respective county assemblies borrows directly from the County Bloc Policy.

Similarly, the Lake Region Economic Block followed a structured consultation process with a variant governance structure, in which the membership of the different governance committees had to be divided into four smaller manageable units, with four counties overseeing comprehensive consultation processes in each of the four sub-blocs. Two counties assigned their respective CECs to formulate the relevant concept sectoral papers. The key priority activities which leverage on comparative and competitive advantage and economies of scale from shared resources include agriculture, tourism and sports complemented with enabling sectors of Finance (establishing a bank), ICT and infrastructure. With the help of Deloitte, funding from Ford Foundation, and through intensive stakeholder consultation in 10 counties, the bloc has come up with a very comprehensive blueprint. Formulation of the underpinning policy, strategy and law remain outstanding.

The Frontier Counties Development Council, on the other hand, had a slight variation in the governance processes leading to the drafting of the county bloc law. The governors worked very closely with indigenous professionals, starting with a review of existing Northern Kenya and other ASAL lands' Vision 2030 Policy and Development Strategy, CIDPs, and regional and international agreements to identify priority intervention areas. An MOU signed by the governors informed the Draft Bill on the operations of county blocs and awaits approval by the county assemblies. World Bank has been approached to fund a consultant to prepare the blueprint and 5-year CIDP County Bloc Programme (2018-2022). These key documents have to be preceded by the adoption of a

formal County Bloc Policy and Strategy. An end-of-period evaluation of the CIDPs implemented during MTP2 has to be done alongside the national evaluation of MTP2.

Mt Kenya and Aberdares bloc governance structure is similar to that of FCDC but with less developed operational structures in place. A company with a limited guarantee is to be registered in the name of 'Mount Kenya and Aberdares Counties Economic Bloc.' The Mount Kenya Forum (MKF) maintains a strong professional advisory position to the Governors' Summit. The critical challenge is that MKF membership as at present is drawn from the Mt Kenya region and excludes other county members of the bloc. The Concept Paper and MOU constitute the transitional policy and legal framework upon which the blocs' ongoing consultations are anchored. There is need for technical support to this bloc to hold extensive consultations for stakeholder buy-in to the concept of working as a bloc before final policy and legal instruments with supportive institutional structures are formulated for approval by the respective county assemblies. A consultant should be hired to update the draft blueprint while aligning it with the timelines of Vision 2030. Similarly, the 5-year CIDPs to be prepared should be aligned with MTP3. The location of flagship projects across the counties is a demonstration of how the accruing benefits will strengthen ownership of the blueprint. In the meantime, an end-of-period evaluation of the CIDPs implemented during MTP2 has to be done alongside the national evaluation of MTP2.

In summary, Mt. Kenya and Aberdares bloc, South Eastern Kenya Economic Block and Jumuiya ya Pwani have set up transitional governance structures. SEKEB and Jumuiya ya Pwani have held extensive stakeholder consultations and identified potential areas of joint development. The Mt. Kenya and Aberdares bloc relied on MKF priority interventions in sensitising the governors, county government CECs and technical staff in initiating the process of formulating the draft blueprint. The necessary legal and policy frameworks constitute critical outstanding work leading to the institutionalisation of the blocs and the formulation of the blueprints. Jumuiya ya Pwani has been in consultation with the Department for International Development (DFID) to hire Deloitte to formulate their blueprint and possibly the 5-year CIDP, bloc policy and law. Equally, SEKEB has identified priority intervention areas and looks to the COG to identify a donor and consultant to prepare the blueprint. The Mt Kenya & Aberdares bloc requires a consultant to update the draft blueprint. All the blocs will need technical assistance in the evaluation of the CIPPs implementing programmes aligned to MTP 2 that shall form the basis for the formulation of 5-year CIDPs aligned to MTP3.

3.2.2 Governance Mechanisms, Institutional Arrangements for Bloc Planning, Operationalisation and Accountability Processes

The success of the county blocs hinges on the governance mechanisms and the practicability of the institutional arrangements in partnership with county governments underpinning coordination in the discharge of the prioritised joint economic activities. Two types of institutional and governance arrangements of the coordinating secretariats are under implementation on a transition basis in the different blocs. These include inter-governmental arrangements and companies limited by guarantee. The governance anchors in NOREB, LREB, SEKEB and Jumuiya are inter-governmental while those of FCDC and Mt Kenya are company based. The governance structures are summarised in Table 3.2 also highlight the mechanisms of coordination, collaboration and partnerships at the bloc, county, national, regional and international levels.

The staffing of the county bloc inter-governmental arrangements consists of second county staff to the Secretariats while the company based arrangements consist of Secretariats manned by

professionals who are not part of county government staff. In both arrangements, the governors form the apex decision making bodies with technical committees and the remaining governance structures have representation from key county players in the counties.

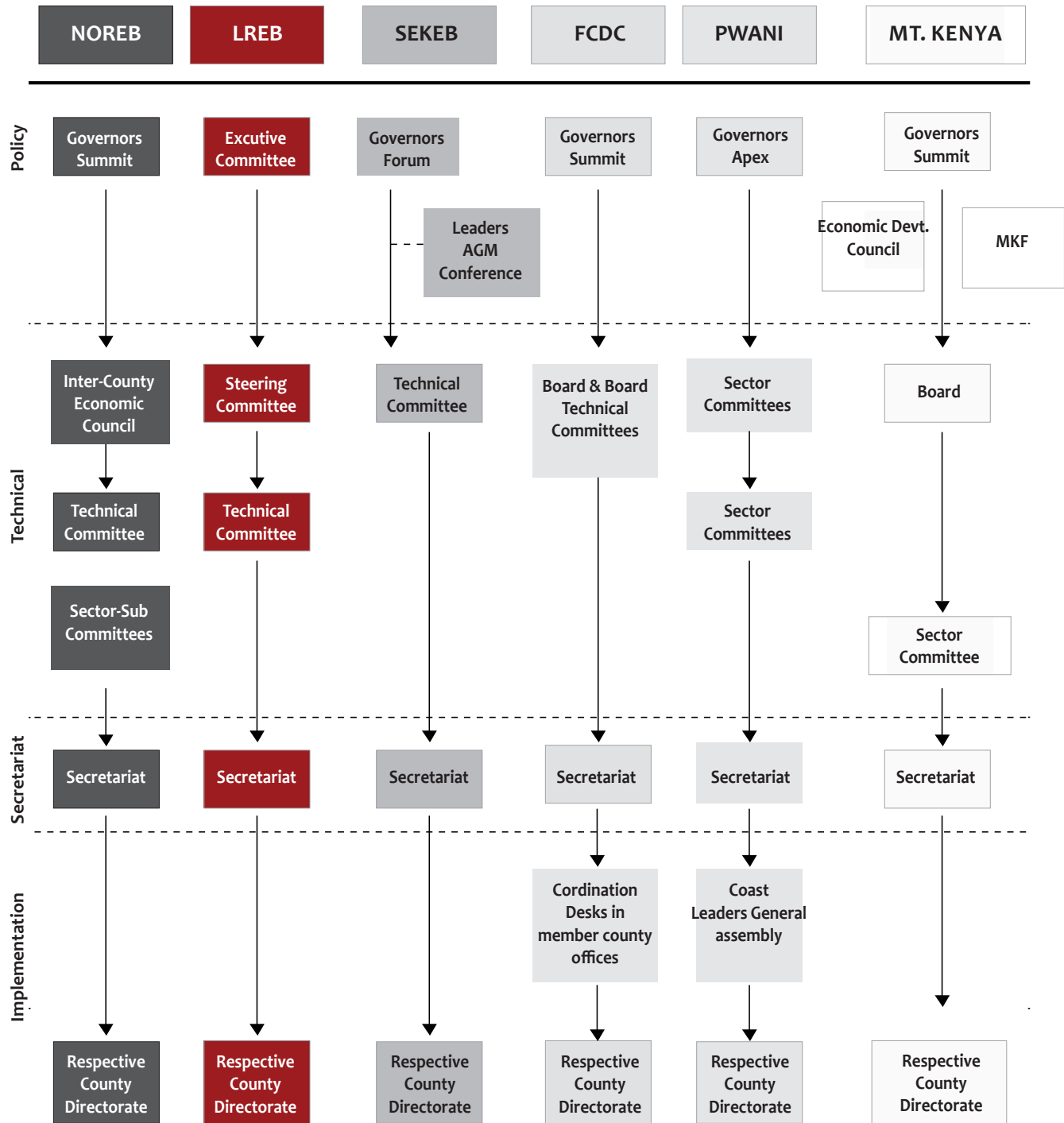
In NOREB and SEKEB, the proposals are to hire the CEO on a competitive basis to manage the secretariat while the technical staff and technical committees shall be populated by technical staff drawn from the participating counties. Similar arrangements are set for LREB, except that the CEO during the formative stage is a consultant. In the company based arrangements in FCDC and Mt Kenya, the secretariats shall be autonomous and shall be managed by professionals recruited on a competitive basis. Technical staff are to participate in related board technical committees.

The linkage of the secretariats with county governments will be through respective CECs/Directors of the prioritised joint economic activities. However, the relationship between national and county governments' remains an on-demand basis in all the blocs. County government participation in regional and international forums is ad hoc. These aspects of county and national government partnerships need to be revisited and mechanisms for institutionalisation worked out given that external trade and investment touches on foreign policy and is a national function. The motivation for forming the blocs is to expand trade and investment frontiers within and outside Kenya.

Jumuiya ya Pwani, on the other hand, has a variation in the constitution of the secretariat, which is to be staffed by professionals who it is hoped have no political ambition. The secretariat staff shall be recruited competitively. Linkage with county governments will be through a dedicated desk/unit under the County Secretary to coordinate and monitor county bloc activities. Further, the governance structure institutionalises universities and research institutions roles through a memorandum of agreement. There are intentions of setting up a Regional Research Institute with chapters in the local universities to provide back-up research and information for informing county and regional bloc policies and public participation forums.

The technical committees drawn from CECs and Liaison officers in the counties are to consolidate and approve sector plans. Linkage with the county governments in the case of FCDC is coordinating by a desk officer while that of Mt Kenya and Aberdares bloc is coordinated by the respective county directorates in which implementation of the prioritised activities lies.

Figure 3. 1: County Regional Blocs Governance Structures



The roles and responsibilities shared out across the different players in the two types of governance structures are largely similar. The difference lies in the membership of the governance organs and the type of interphase between the secretariat and the county government at the point of execution. The apex bodies are in charge of policy direction. The technical committees harmonise policy frameworks to implement county priority activities in the blueprints while the secretariats coordinate, monitor and mobilise resources to support programme implementation. NOREB has the added technical layer of the inter-county economic council to enhance functional efficiency, resource mobilisation and M&E.

Table 3. 3: Roles and Responsibilities of the County Bloc Organs

Bloc	Organs	Composition	Functions
NOREB	Governors Summit	<ul style="list-style-type: none"> Governors Annual rotational chairmanship 	<ul style="list-style-type: none"> Apex body in charge of policy direction and control of the functions of the economic hub and ensuring the achievement of its goal and objectives
	Inter-County Economic Council	<ul style="list-style-type: none"> 2CECs from each county Select representatives of the private sector, NGOs, faith-based organisations, donors, media, KVDA Chairperson to come from the same county as Chair of Summit 	<ul style="list-style-type: none"> Guide the Technical Committee for the efficient and harmonious functioning of the development bloc, resource mobilisation, M&E, approval of work plan
	Technical Committee	<ul style="list-style-type: none"> 2 chief officers from each county appointed by the designated CECMs 	<ul style="list-style-type: none"> Preparation of periodic policies, implementation programmes and work plans Approval of nominees to the sector technical subcommittees
	Sector Technical Sub-Committees	<ul style="list-style-type: none"> Directors or officers of equivalent ranks representing priority intervention sectors nominated by County CECMs 	<ul style="list-style-type: none"> Technical support to the Technical Committees on sector-specific issues
	Secretariat	<ul style="list-style-type: none"> CEO to be recruited competitively and should not be part of county staff Seconded Staff 	<ul style="list-style-type: none"> Day to day operations, resource mobilisation, project profiling, M&E, information dissemination & communication; Custodian of all county documentation Implements Summit policy decisions and various committee resolutions Communicate the decisions of the Summit and technical committees to the County Governments and County Assemblies Handle complaints from the public Clear with policy organs any information to be released to the public either in print, media, websites or public fora Prepare quarterly financial and activity progress reports highlighting achievements and challenges

Bloc	Organs	Composition	Functions
LREB	Executive Committee	<ul style="list-style-type: none"> 4 governors representing sub-blocs 	<ul style="list-style-type: none"> Apex body in charge of policy direction
	Steering Committee	<ul style="list-style-type: none"> All governors 	<ul style="list-style-type: none"> Identification of priority intervention areas and proposals for policy direction
	Technical committee	<ul style="list-style-type: none"> CECs 	<ul style="list-style-type: none"> Technical support to the steering committee and Summit
	Secretariat	<ul style="list-style-type: none"> Seconded staff 	<ul style="list-style-type: none"> Coordination Follow up M&E
SEKEB	Governors Forum	<ul style="list-style-type: none"> All governors 	<ul style="list-style-type: none"> Policy direction
	Technical Committee	<ul style="list-style-type: none"> CECs Professionals 	<ul style="list-style-type: none"> Identification of priority intervention areas and proposals for policy direction
	Secretariat	<ul style="list-style-type: none"> Seconded staff 	<ul style="list-style-type: none"> The principal-agent of the County Government Coordination and preparation of base documents
	Leaders AGM Conference	<ul style="list-style-type: none"> Key stakeholders from all counties 	<ul style="list-style-type: none"> Assessment of county activity implementation against budgets
FCDC	Governors/ Leadership Summit	<ul style="list-style-type: none"> All governors 	<ul style="list-style-type: none"> Policy and oversight
	Board & Board Technical committees	<ul style="list-style-type: none"> County liaison officers nominated by the respective Governors 	<ul style="list-style-type: none"> Approval of sector programmes
	Secretariat (FCDC)	<ul style="list-style-type: none"> Professionals 	<ul style="list-style-type: none"> Coordination Work plans, M&E reports Resource mobilisation
	Desks in counties preferably in the CS office	<ul style="list-style-type: none"> County staff 	<ul style="list-style-type: none"> Coordination and M&E at the county level
	JIICET	<ul style="list-style-type: none"> Universities, research and technical institutions 	<ul style="list-style-type: none"> Backup analytical support to the county bloc and the counties
Jumuiya	Governors Apex	<ul style="list-style-type: none"> Governors 	<ul style="list-style-type: none"> Policymaking, implementation and supervision of the secretariat Approval of work plan and budget
	Jumuiya Leaders Conference Forum	<ul style="list-style-type: none"> Governors Key county stakeholders 	<ul style="list-style-type: none"> Sensitisation and information dissemination

Bloc	Organs	Composition	Functions
	Secretariat	<ul style="list-style-type: none"> • Professionals • Seconded staff 	<ul style="list-style-type: none"> • The executive arm of the apex body • Coordination • Resource mobilisation • Sector secretaries manage sector activities
	Secretor committees	<ul style="list-style-type: none"> • Sector secretaries 	<ul style="list-style-type: none"> • Work programmes/plans, budgets, policies
	Coast Leaders General Assembly	<ul style="list-style-type: none"> • Key stakeholders in the counties 	<ul style="list-style-type: none"> • Annual function to receive a report from bloc secretariat and county governments
Mt Kenya and Aberdares	Governors Summit	<ul style="list-style-type: none"> • All governors 	<ul style="list-style-type: none"> • Oversight and political guidance
	Central Kenya Economic Development Council	<ul style="list-style-type: none"> • Membership is drawn from eminent persons 	<ul style="list-style-type: none"> • Overseeing the development agenda • Alternate advisory organ to Governors
	MKF	<ul style="list-style-type: none"> • Professionals in Mt Kenya 	<ul style="list-style-type: none"> • To host secretariat • Advisory organ to Governors summit • Coordination • Resource mobilisation
	Board	<ul style="list-style-type: none"> • Elected from CECs 	<ul style="list-style-type: none"> • Policymaking
	Board sector committees	<ul style="list-style-type: none"> • County Directors of Trade, Tourism and Agriculture 	<ul style="list-style-type: none"> • Approval of sector plans
	Secretariat	<ul style="list-style-type: none"> • Seconded staff pending the hiring of qualified staff through competitive sourcing 	<ul style="list-style-type: none"> • Preparation of sector strategies and policies • Preparation of proposals for presentation to COG and national government • Implementation • Coordination • Progress reports • Branding • M&E

Source: County blocs

The accountability mechanisms are largely aligned to the operational county government systems, with minor modifications. The accountability mechanism at the county level in which the projects are implemented constitutes the primary accountability mechanisms. Complementary accountability mechanisms at the bloc level focus more on Monitoring & Evaluation (M&E) and information dissemination with highlights on compliance and on areas that need urgent attention. In the case of NOREB, the Inter-County Economic Council, in addition to policy guidance, also undertakes M&E to ensure compliance and accountability to existing systems. The Governors/Leadership Summit in Jumuiya is expected to undertake an oversight role on bloc matters. The Leaders Annual Governors Meeting (AGM) conference in SEKEB, in addition to an assessment of county activity implementation against budgets, also informs and presents to the citizens the scorecard on the performance of the county bloc. The LREB accountability structure at the bloc levels relies more on the county mechanisms.

3.2.3 Stakeholder Engagement

In line with the constitutional requirements of entrenching public participation in all spheres of the national socio-economic development agenda, different stakeholders in the different counties were engaged in the processes that culminated into the county bloc policies, strategies and blueprints (see Table 3.4). Whereas there were better consultations with the private sector - professionals, donors and other interest groups - national level consultations were at minimal. Jumuiya and FCDC are the only blocs that seem to have engaged the national government in the consultative processes leading to the identification of the priority activities. At no stage had the Senate been engaged other than by Jumuiya in which senators attended the public participation meetings in their private capacities during stakeholder consultations in their respective counties.

The institutional, organisational and operational mechanisms for stakeholder participation mirror the county government frameworks which at the end of the day implement all the bloc activities. However, the major shortcoming is the lack of an institutionalised framework for county or bloc level engagement in regional and international fora, in particular, in the processes leading to negotiated agreements with obligations and commitments impacting on devolved functions in Kenya. Regional and international engagement frameworks and partnerships already exist at the national level. With appropriate institutional reorganisation incorporating county government participation, the county regional blocs can use the same existing institutional structures to leverage regional and international frameworks to realise their trade and investment potentials. In the meantime, all blocs have held successful investor conferences with national government and regulatory and investment facilitating institutions in attendance.

Table 3. 4- Stakeholder Participation in County Blocs 1

County Regional Bloc	Stakeholders/Institutions participating in County Blocs			
Regional county economic bloc	Counties	National	Private sector	Other
North Rift Economic Bloc (NOREB)	<ul style="list-style-type: none"> County governments Governors CECs 	<ul style="list-style-type: none"> Coordinator of national government functions MPs and senators 	<ul style="list-style-type: none"> Multinational tea companies Private sector organisations Farmers 	<ul style="list-style-type: none"> Universities NGOs Faith-based organisations Donors KVDA Media
Mt. Kenya and Aberdare	<ul style="list-style-type: none"> County governments Governors CECs, Chief Officers and Directors Professionals 	<ul style="list-style-type: none"> Not stated To be clarified during the preparation of the blueprint 	<ul style="list-style-type: none"> Investors during investment conference Proposal to meet KEPSA&KNCCI Business community Farmers Tourism representatives 	<ul style="list-style-type: none"> Professionals NGOs Donors Interest groups Citizens
Lake Region Economic Bloc	<ul style="list-style-type: none"> County governments Governors CECs Economic Advisors MCAs Youth Other recognised stakeholders 	<ul style="list-style-type: none"> Public Procurement Oversight Authority Controller of Budget Central Bank of Kenya <p>There is a need to formalise partnerships with sector ministries including Marine Authority and KPA</p>	<ul style="list-style-type: none"> Investors during investment conference <p>Business community</p>	<ul style="list-style-type: none"> LBDA Marine Authority KPA Universities NGOs Youth groups Marginalised groups Professionals Interest groups Donors Citizens
Jumuiya ya Kaunti za Pwani	<ul style="list-style-type: none"> Governors CECs Professionals Political leaderships (MCAs, CECs, MPs, Senators) 	<ul style="list-style-type: none"> Ministry of Devolution and Planning Vision 2030 CDA Ministry. of Fisheries (KMFRI & KCDP) Ministry of Mining KTB KRB Professionals Government institutions 	<ul style="list-style-type: none"> Base Titanium Safaricom Deloitte Professionals 	<ul style="list-style-type: none"> NGOs Youth groups Marginalised groups Professionals Universities Research institutions Interest groups Donors- TradeMark, DFID, UK High Commission US Embassy Citizens

County Regional Bloc	Stakeholders/Institutions participating in County Blocs			
Regional county economic bloc	Counties	National	Private sector	Other
South Eastern Kenya Economic Block (SEKEB)	<ul style="list-style-type: none"> • Governors • CECs • Konza Techno City 	<ul style="list-style-type: none"> • Ministry of Trade and Industrialisation • Other ministries that should be contacted include Min. of Energy, Mining, Water, Environment, etc. 	<ul style="list-style-type: none"> • TARDA • Business associations and communities during annual meetings at the Konza forum • KNCCI • Investors during investment conference 	<ul style="list-style-type: none"> • Politicians • NGOs • Youth groups • Maendeleo ya Wanawake • Marginalised groups • Professionals • Interest groups • Donors-FAO, UNOPS, WFP, Sasol Foundation and Anglican Development Services (ADS) • Konza Technopolis Citizens
Frontier Counties Development Council	<ul style="list-style-type: none"> • Governors • CECs, Chief Officers and Directors • County Assembly Speakers and Clerks (so far limited to Hon. Dr Nuh Nassir of Tana River and Chair of all County Speakers) • Indigenous Professionals 	<ul style="list-style-type: none"> • Line Ministries Principal Secretaries/ Cabinet Secretaries • CEOs of State corporations e.g. LAPSET, NDMA, Ewaso Nyiro North Development, TARDA • The elected leadership at the National level (Hon Mohamed Elmi (MP), Hon. Mohamud Mohamed (MP) and Hon Yussuf Haji (Senate) have been part of the consultative process of forming FCDC 	<ul style="list-style-type: none"> • Investors during investment conference 	<ul style="list-style-type: none"> • NGOs • Youth groups • Marginalised groups • Professionals • Interest groups • Donors • Citizens

Source: County blocs

3.2.4 Methods of Cascading Bloc Policies and Programmes to Players in the County Governments

The modalities of cascading regional county bloc activities lie in the comprehensive nature of the blueprints, harmonisation and alignment of the 5-year CIDPs, and annual work plans with national policies and programmes. More specifically, the modalities are hinged on harmonised county legislations, resource allocations and M&E reporting with appropriate national frameworks. Public participation in the formulation of work plans and budgets and annual reports ensures that counties stay on course in the implementation of bloc activities. At the operational level, the County Executive Committees (CECs) with support of technical specialists and advisors harmonise their policies and strategies in service delivery for executive approval and ratification by the county assemblies.

The COG Secretariat should also present a paper on the progress of bloc activity implementation during the Annual Governors Conference. Annex A.2 provides more detailed stakeholder contributions to the implementation of the county bloc priority activities.

3.2.5 Roles of the Regional Development Authorities and CDF in the County Bloc Activities

The jurisdictions of the regional development authorities approximate those of the county regional economic areas. The roles of the regional development authorities (Annex A.4) to a large extent duplicate those of county governments, and by extension, those of county regional blocs (Table 3.5).

The Mandate of Tana Athi River Development Authority (TARDA) is to enhance equitable socio-economic development through sustainable utilization and management of resources in the Tana and Athi River Basins. TARDA, therefore, has a focus on environmental protection, natural resource management, sustainable development and socio-economic well-being of the people. The mandate of Kerio Valley Development Authority (KVDA) (Cap 441) is to plan, initiate, coordinate and monitor implementation of programmes and projects that transcend administrative boundaries within its area of operation. It is also mandated to maintain a liaison between the institutions (KVDA), Government, Private sector and other agencies on matters of development in the area given limiting duplication of activities and ensuring the best use of Technical, Financial, Human and Natural resources.

The Coast Development Authority's (CDA's) mandate is to initiate, plan, coordinate and facilitate development programmes and projects within its area of jurisdiction. The ENNDA core function is to assist in alleviating poverty in the Ewaso Ng'iro North Project area through enhanced resource conservation with a specific focus on improving the availability of water for livestock and domestic consumption, and environmental conservation. The Constituency Development Fund (CDF) (2015) was the predecessor to devolution in transferring resources to the counties for priority community interventions. It continues to provide similar functions with more emphasis on facilitating national government functions at the constituency level. This complements the role of the Regional Commissioners coordinating national government functions at the counties.

Table 3. 5: Comparison of the County Government Functions with those undertaken By Development Authorities and CDF

Devolved functions	Roles of Development Authorities	Roles of CDF
<ul style="list-style-type: none"> • Agriculture and agricultural services and fisheries • Health, veterinary and environment services • Control of pollution • Cultural activities • County transport • Animal control and welfare • County planning and development • County public works and services • Control of drugs and pornography • Coordination of community/citizen participation and governance 	<ul style="list-style-type: none"> • Sustainable environment protection • Deployment planning, project identification; and implementation, M&E • Coordination of government, donor and private sector activities in their areas of jurisdiction 	<ul style="list-style-type: none"> • Facilitate implementation of national government functions including legislative and policy frameworks for the progressive realisation of the economic and social rights guaranteed in the constitution; • Promote the national values of human dignity, equity, social justice, inclusiveness, equality, human rights, non-discrimination and protection of the marginalized; • Provide mechanisms for the National Assembly to exercise oversight over the performance of specified national government functions at the constituency level; • Provide mechanisms for supplementary infrastructure development resources; • Provide a framework for citizen-led development

Source: Development Authorities, CDF and County Regional Blocs, 2016

Further, REC institutions and specialised agencies also participate within the geographical jurisdictions of some of the county regional blocs and regional development authorities. The case in point is that of Lake Victoria Fisheries Organisation (LVFO), Nile Basin and Lake Victoria Basin Commission (LVBC) performing cross border functions of sustainable fishery resource utilisation and development initiatives in promoting REC sectoral priorities. The affected blocs include LREB and NOREB.

3.3 Status of National Government Policy Orientation and Programming Frameworks in the Context of County Blocs

Whereas the Constitution in 2010 spelt out the changed governance structure with several functions being devolved to the county level, counties came into being after the 2013 General Elections. Transitional arrangements that were put in place to oversee the transfer of functions continue to rationalise sector-specific partnerships across the two levels of government.

The coordination of the county and national government delivery mechanisms which the county blocs can leverage have been institutionalised through the Summit, in which policy issues across the different levels of government (national and county) are harmonised. The Transition Authority (TA) manages the smooth transfer of devolved functions to the counties while the Commission for Revenue Allocation (CRA) coordinates revenue allocation as the Council of Governors (CoG) facilitates joint approaches on the coordination of the implementation of devolved functions. The Inter-Government Relations Technical Committee (IGRTC) coordinates the implementation of the Summit resolutions. The Council of Governors Secretariat and County Assemblies Forum (CAF) coordinate county government affairs. There are strong independent commissions⁴ charged with a specific function that moderate government processes at both levels.

Table 3. 6: Kenya Devolution Coordination Mechanisms

Coordinating Institutions	Functions
Ministry of Devolution and Planning Summit	<ul style="list-style-type: none"> • Policy coordination • Inter-governmental relations
COG Secretariat	<ul style="list-style-type: none"> • Harmonisation
County Assemblies Forum	<ul style="list-style-type: none"> • County policies and legislations
CRA	<ul style="list-style-type: none"> • Revenue allocation
Transition Authority Regional Coordinators	<ul style="list-style-type: none"> • Overseeing transfer of devolved functions • Coordination of county and central government functions
IGRTC Controller of Budget Auditor General	<ul style="list-style-type: none"> • Organizing and implementing the decisions of the Summit • Budget Monitoring • Financial management and compliance

Systems and operations take time to adapt to newly changed circumstances. It will take time to fully rationalise the delineation of national and county functions with compatible institutional and legal frameworks.

The majority of the national government sectoral plans and programmes anchored on MTP2 are gradually integrating county priorities within the sectoral policy, legal and regulatory frameworks. To start with, coordination units liaising with the Council of Governors (COG) Secretariat have been established in most ministries. However, the relationship between the two levels of government is ad hoc and on-demand basis from either partner. In the current practice, counties are briefed on new developments national government has entered into, informed of conferences in which county governments can sit or provided with guidelines on the preparation of various policy or programmes. In other cases, counties demand an audience with national government ministries to streamline functional mandates where overlaps create confusion. Fully-fledged institutionalised sectoral level partnerships in which national and county jointly sit together on policy and legal framework harmonisation, marketing and negotiations with regional and international partners are lacking.

⁴ Kenya National Human Rights and Equality Commission, the Judicial Service Commission, the National Land Commission and the Auditor-General

Needless to state, major strides have also taken root in several sectors. The fisheries sector Manual of Standard Operating Procedures 2016 transferred licensing functions to the county level.

To effect the transfer of this function, the county staff in charge of the fisheries sub-sector were trained on fish quality management, feeding and environmental management. To sustain quality, the state department of fisheries staff take regular samples from the county fish farms for quality assessment to bestow export status to Kenyan fish farmers. In the case of the National Treasury, there is continuous yearly engagement with counties through the Commission on Revenue Allocation (CRA) and the Controller of Budget (COB). The Kenya Bureau of Standards (KBS) is taking proactive decisions in setting up additional laboratories in the major import/export transit towns of Mombasa, Eldoret and Kisumu to facilitate faster testing of traders' goods. Similarly, Sanitary and Phyto-Sanitary (SPS) services are available in the major transit points to certify the appropriateness of goods.

The elaborate stakeholder consultations and parliamentary debate on the Mining Bill sensitised county-level stakeholders to levels where they now demand inclusion of their inputs before resource exploitation projects can be implemented in their counties. In several cases involving large infrastructure projects implemented through the national government, governors from proximal counties have negotiated for the inclusion of associated infrastructure in support of counties' socio-economic activities. This can be aptly demonstrated by the construction of the bridge on the Thwakwe Dam demanded by the SKEB bloc governors to provide transport connectivity to neighbouring counties.

The National Treasury through the CRA is in regular consultation with counties on resource allocation and application. The Ministry of Tourism in partnership with Kenya Tourism Board (KTB) involved several counties in international marketing conferences in 2016. In addition to providing guidelines on preparation of CIDPs, the state department of planning has continued to monitor country-specific programme implementation to gauge national level achievements towards Vision 2030. The State Department of Devolutions engages regularly with COG, particularly in the preparation of the devolution policy and the annual governors' conferences. The Ministry of Trade and Industrialisation engaged county trade ministers in the validation of its National Trade Policy to ensure that it was consistent with the devolved functions, and more importantly, to facilitate trade within and outside the counties. The State Department of Agriculture reviewed its MTP2 policy and programmes 2013-2017 to prioritise several county-specific activities that would benefit from the ministry's budget transfers.

Notwithstanding these piecemeal efforts, there is a need to institutionalise sectoral partnerships across the two levels of government. The formulation of MTP3 provides a unique opportunity to get the two levels of government to harmonise and synchronise their five-year development plans. Another set of unique opportunities to be leveraged includes programming the implementation of the Sustainable Development Goals (SDGs) and Climate Change international obligations. These two initiatives have resources attached to them which the county governments can harness by presenting a consolidated programme in collaboration with the national government.

4

4.0 Implications of Regional Integration and International Agreements on County Economic Blocs within the Devolved System

Kenya is an active participant in the regional and international arena in socio-economic and political issues. This is evident from the various regional and multilateral agreements to which Kenya is a signatory. Kenya's overall objective of participating in Regional Economic Integration and world trade systems is to enhance its ability to maximize the utilization of the socio-economic and political opportunities presented by the RECs, and to further integrate into the global economy. This builds on the national trade and investment policies underpinned by market-driven principles (Box 4.1).

The implications of the regional and international obligations and commitments in the counties and county regional blocs translates through policies, laws, institutions and the operational frameworks and processes facilitating business. The membership to these regional economic organisations is annexed to this report (Annex B.1).

4.1: Kenya's Trade and Investment Regimes

Presently Kenya's Trade and investment regimes are guided by the market-driven principles of liberalization under the World Trade Organization (WTO), which came into effect in 1995 and the increased efforts in the regional economic integration that has resulted in the establishment of the East African Community (EAC), Common Market for Eastern and Southern Africa COMESA) and the Inter-governmental Authority on Development (IGAD). Other multilateral commitments Kenya has ratified with direct implications on county activities include the Sustainable development Goals (SDG), Climate Change and Environment Management. The Regional Economic Communities (RECs) particularly EAC and COMESA, define the current operational trade and investment frameworks.

Several regional and international agreements impacting on county trade and investment activities have been ratified. These include international/multilateral agreements on SDG 2030 (UN, 2015), Bali Trade Facilitation Agreement (WTO, 1994), Nairobi WTO IT Agreement on 201 IT products (WTO, 2015), COP 21 on Climate change issues (UN, 2015), Economic Partnership Agreement (EPA) and the extended African Growth and Opportunity Act (AGOA) bilateral agreements. At the continental level, the African Union (AU) 2063 (AUC, 2015), COMESA-EAC-SADC TFTA (2015) have been signed. Several bilateral agreements including AGOA and EPA have a direct impact on national trade and investment policies; and by extension trade and investment decisions at the county level.

4.1 Legal and Policy Implications of the Regional Integration and Multilateral Agreements on County Economic Integration Activities

4.1.1 Legal and Policy implications of Regional Integration

The Constitution under Article 2(5), recognizes the general principles of International Law as part of the Laws of Kenya; while Article 2(6) provides that treaties ratified by Kenya shall form part of the laws of Kenya (see Box 4.2). This means that all treaty obligations are self-executing in Kenya as long as the treaty is ratified in Kenya. In this regard, therefore, county governments, and by extension county blocs, become a party to the regional and international obligations that have been ratified by the national government.

Since regional and international treaties are ratified at the national level, the commitments and obligations contained in such instruments have a direct bearing on local business and development initiatives. In the constitutive regional treaties, the Partner States agreed within the principle of subsidiarity and complementarity in coordinating and aligning national policies and laws with the regional agenda; and with EAC institutions and laws taking precedence (Article 8). Market-driven policies are the principal policy instruments in EAC and COMESA. Similarly, the same treaties recognise the need for symbiotic partnerships within and outside the region (EAC treaty, Article 5(2) & 8; COMESA Treaty, Article 3, 4).

4.2: National and County Jurisdiction

The Constitution of Kenya recognizes the concurrent jurisdiction of the national and county governments in relation to development, trade and investment matters. However, regional and international commitments can only be engaged through national frameworks. The county blocs have to adapt and align their policy and legal frameworks with the commitments and obligations of the national government.

The REC's integration initiatives aimed at removing obstacles to free trade at the regional, inter-regional, and hemispheric levels; as part of a multipolar trade strategy aimed at supporting comprehensive processes of national structural reforms (Devlin and Estevadeordal, 2001). They end up promoting growth by creating regionally integrated markets that permit the promotion of efficiency gains through trade and Foreign Direct Investment (FDI) (Devlin and Giordano 2004). In the process, and more importantly, generate demand for additional regional cooperation to further fully exploit the advantages of a regional market.

The principal policy instrument contained in the regional economic integration constitutive treaties is that of trade and investment liberalisation (Annex B.1). The operational instruments include the EAC Customs Management Act, Trade and Investment facilitating instruments⁵, immigration laws among others. At the national level, the business environment is better defined in the context of the EAC and COMESA frameworks, particularly the EAC Customs Union (CU) and

⁵ Trade facilitation refers to the simplification and harmonization of international trade procedures including import and export procedures. Procedures in this context largely refer to the activities (practices and formalities) involved in collecting, presenting, communicating and processing the data required for movement of goods in international trade.

Common Market (CM) protocols and the complementary legal frameworks and COMESA trade and investment facilitating instruments. KRA trade tariff structures translate directly from the EAC CU trade agreement and the Customs Management Act (CMA). Thus the majority of the policies, laws and regulatory frameworks impacting on business are derived from regional commitments and international obligations. The county regional blocs, through county governments, have to harmonise and benchmark the Regional Economic Communities (REC) and multilateral frameworks to remain competitive in a liberalized and globalized business environment.

Complementary to the regional long term policy direction of trade liberalisation and development, the RECs promote the integration initiatives of infrastructural development for enhanced connectivity, productive sector development, and services sector development as are summarised in Annex B.3. To complement the economic activities are social sector interventions in free movement of persons and related factors of production, enhanced regional peace, and security and constitutionalised democratisation processes. Survival in the regional and global markets entails sustained competitiveness. This constitutes the central focus of the REC policy frameworks.

4.1.2 Multilateral Agreements and Trade Policies and Rules

The national trade and investment rules originate from multilateral agreements. The World Trade Organization (WTO)⁶ is the only global international organization dealing with the rules of trade between nations. At its heart are the WTO agreements⁷, negotiated and signed by the bulk of the world's trading nations and ratified in their parliaments. They spell out the principles of liberalization and the permitted exceptions.

Table 4. 1: The Basic Structure of the WTO Agreements

1. Umbrella		AGREEMENT ESTABLISHING WTO	
	Goods	Services	Intellectual property
2. Basic principles	GATT	GATS	TRIPS
3. Additional details	Other goods agreements and annexes	Services annexes	
4. Market access commitments	Countries' schedules of commitments	Countries' schedules of commitments (and MFN exemptions)	
5. Dispute settlement	DISPUTE SETTLEMENT		

Source: WTO, 1995

⁶ Most countries (162 by 2015) are signatories to the World Trade Organization (WTO), with 22 others as observers, processing their start accession negotiations within five years of becoming observers.

⁷ The structure of the World Trade System is categorised into six broad areas, governing both global trade and investment. The WTO agreements cover goods, services and intellectual property

⁸ Various international comparative indicators (World Trade Indicator, Ease of Business indices, Logistics Performance Indicator) indicate that Kenya belongs in the middle field, sometimes below neighbouring countries. The indices, however, indicate high potential for further liberalisation.

These principles include individual countries' commitments to lower customs tariffs and other trade barriers and to open and keep open services markets. They set procedures for settling disputes and prescribe special treatment for developing countries. They require governments to make their trade policies transparent by notifying the WTO about laws in force and measures adopted, and through regular reports by the secretariat on countries' trade policies. The multilateral frameworks provide the overarching policy and legal frameworks against which national and regional trade and investment frameworks are anchored (Annex B.8). In any case, Kenya's trade policy is substantially liberalised⁸ and anchored on the principles of the World Trade Organisation (WTO).

At the policy level, this entails the principles of the most favoured nation and national treatment in which no member country can be discriminated by other members. In the context of the current global policy frameworks, these translate to trade and investment liberalisation. Whereas trade is liberalised, investment liberalisation is subject to the level of development as is espoused in the multilateral trade agreements. Select Special and Differential Treatment (SDT) provide policy flexibility for less developed, island states or temporary relief for countries going through challenges. There must be ample demonstration for justification of the application of SDT.

Kenya, like all other WTO member countries, is allowed policy space to discipline unfair trade practises according to the provisions of General Agreement on Tariffs and Trade (GATT) Article VI on anti-dumping and WTO Agreement on Safeguards and Agreement on Subsidies and Countervailing Measures. This policy space is also echoed in the EAC Customs Union Protocol, the COMESA Protocol on Free Trade Area, and the Economic Partnership Agreement (EPA). inline with principle and consistency with the WTO, the policy space is also to be reflected in future trade agreements that Kenya concludes with other partners.

The country, however, lacks a legal framework and institutional mechanism and capacity to undertake surveillance for cases of dumping, subsidies and other unfair competition that are disallowed under the above WTO agreements. This has exposed Kenyan producers to threats of dumping and sale of imported goods benefiting from subsidies. This has the effect of killing domestic industries and the country's effort of promoting products for domestic and export markets. The provision of Trade Remedies in the National Trade Policy is designed to address this challenge.

Trade plays a significant role in any country's growth and development through its linkages with all the sectors of the economy. Trade supports agriculture, manufacturing and service industries by creating markets through which goods and services get to the consumer and therefore provide a channel through which effects of economic growth can be transmitted to various players in the economy. These are the same functions that have been devolved in the Kenyan constitution. It is in the interest of county governments that the deepening and expansion of regional integration and bilateral trade agreements widen the scope of trade opportunities for the Kenyan businesses, all of whom are located in the counties. This can be enhanced through harmonised trade facilitation instruments and procedures while benchmarking regional and international agreements, commitments and obligations.

The operational mechanisms for tariffs, valuation procedures; dispute settlement, remedies and safeguards; protection of intellectual property rights; technology transfer, information disclosure; and support institutions to oversee the implementation of the agreements need to be operationalised. Once these agreements have been cascaded to the national level, they translate

into national law and policies. The onus is on the national government to translate the same into the national laws and policies and notify on the institutions operationalising them. Thus the multilateral agreements assented to by Kenya are naturally county trade and investment laws. Flexibility on preferential treatment has to be exercised within the WTO principles and rules. The county governments can only take advantage of such options once they participate fully in the WTO processes.

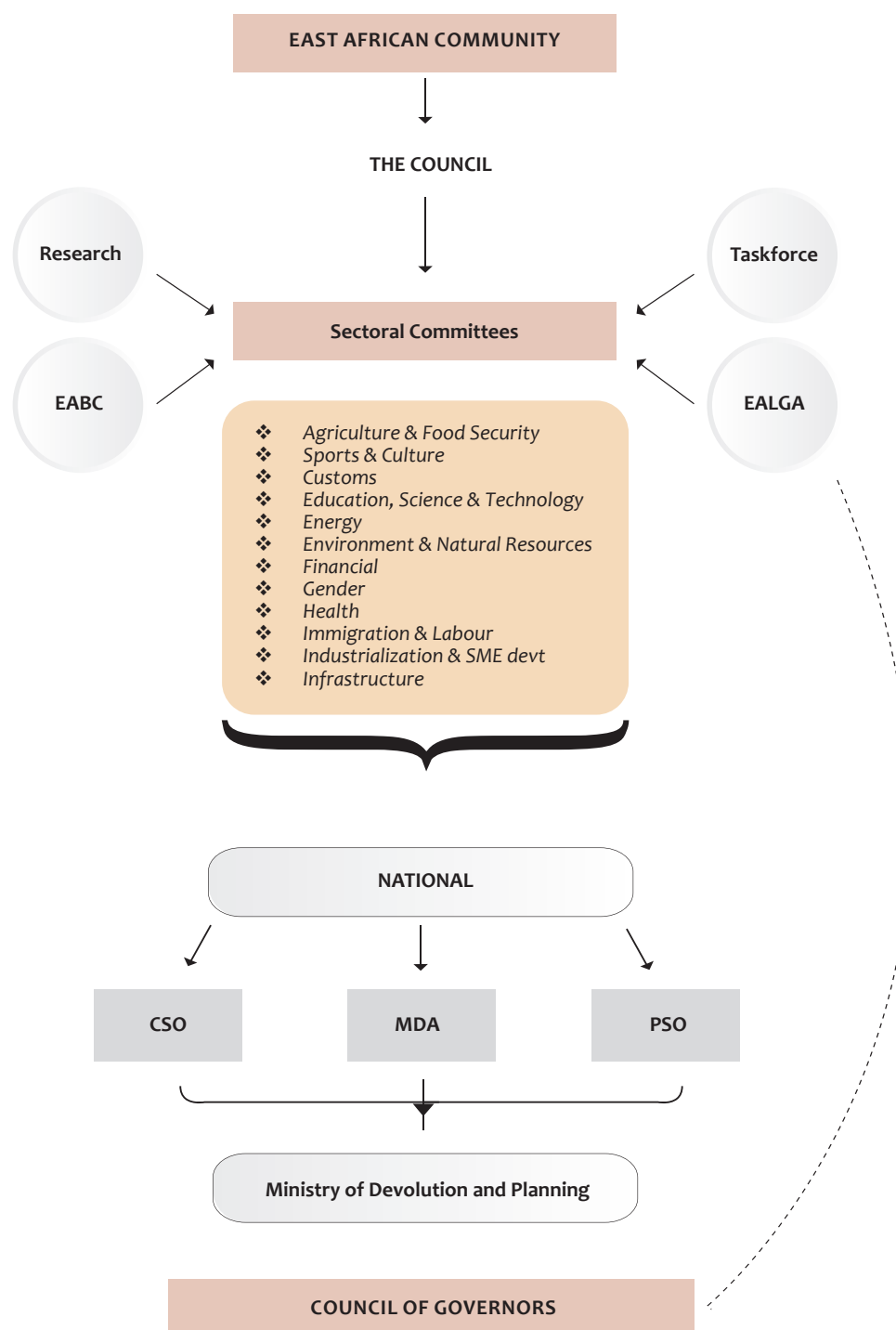
4.2 Support Organisational Structures on Regional Integration and Multilateral Issues

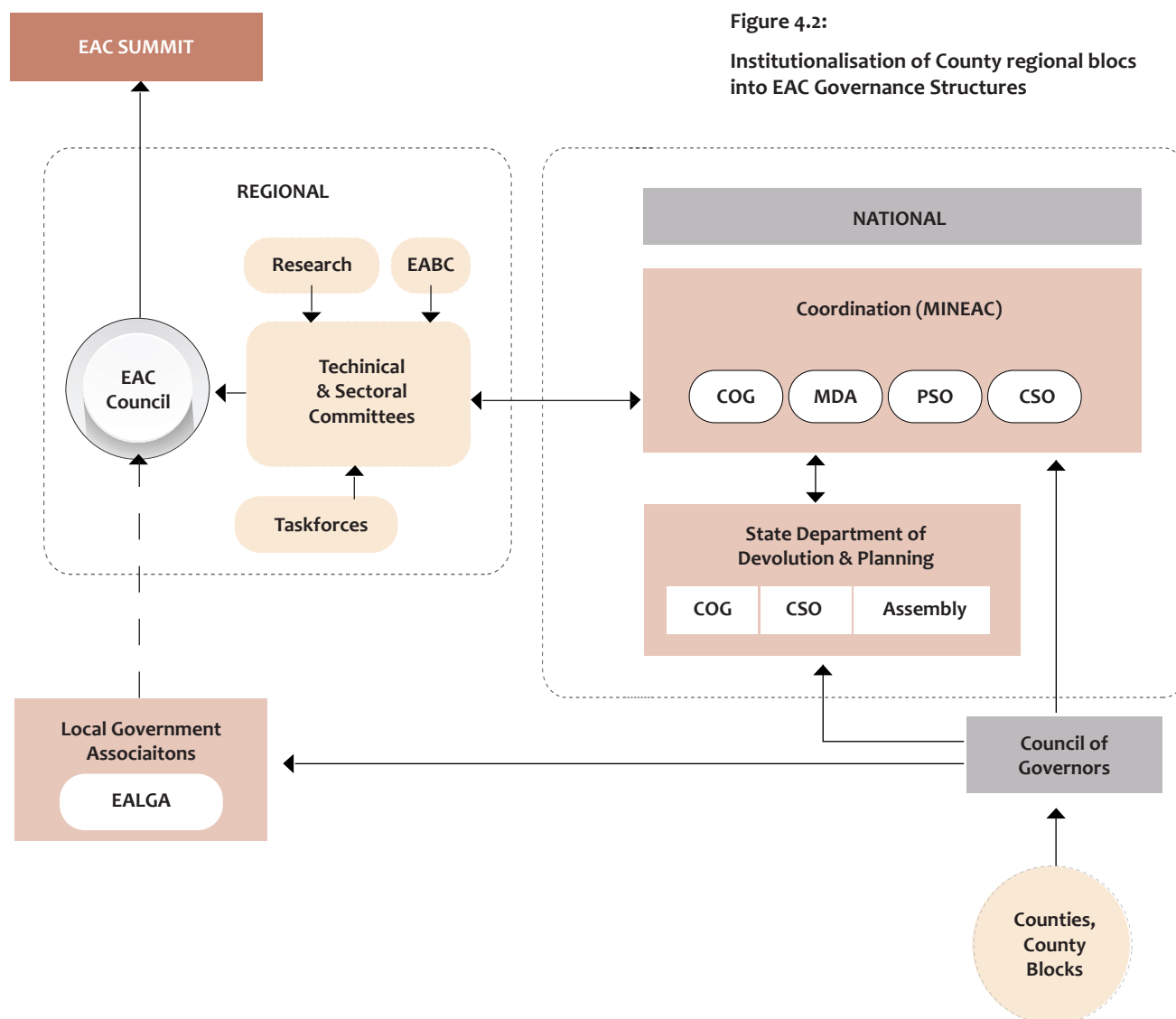
The regional organisational structures anchored on inter-governmental frameworks have inbuilt mechanisms and governance structures for engaging different national, regional and international players in decision-making processes (Annex B.4). In the case of regional organisations, these constitute apex bodies in which heads of the state provide leadership and policy direction. The support mechanisms are built on committee participation in which specialised sector-based technical committees deliberate and provide regional level policy and legal direction domestication of such commitments at the national level. Wide stakeholder participation is institutionalised in the constitutive treaties, with provisions for local-level participation through the national government, private sector or civil society. The participation of Counties and county blocs is paramount.

The sectoral/technical committees are the entry points to the regional institutional structures. The national TWGs or sectoral committees on regional integration and multilateral issues mirror the regional/multilateral sectoral committees. Similar institutional structures also apply when dealing with COMESA, other RECs and multilateral organisations on international issues, with EAC organisational structure as a case study (see figure 4.1). The National Technical Working Groups (TWGs) constitutes the entry point for the COG and regional county bloc involvement.

From the county bloc priorities, the initial key priority activities are in the agriculture, energy and infrastructure sectors. Linking the underpinning policy and legal frameworks with the county bloc priority activities requires participation and harmonisation of the frameworks with the national government. The appropriate TWGs for holding these consultations are those in charge of infrastructure and productive sectors. To influence regional and global agenda, the county governments and county blocs have to position themselves through direct participation in the RECs/ MTS alongside the national government. There is need for urgent consultations between the COG and the national government to streamline and institutionalise county government participation in regional and international agenda. Figures 4.2, 4.3 and 4.4 indicate the entry points for county government participation that the COG should follow up.

Figure 4.1: Proposal of institutionalising County Governments in the EAC
Organisation Structure





4.3 National Anchor Institutions on Trade and Investment

Through legally recognised institutions, there already exists an intergovernmental framework of coordination that can be built on to strengthen the integration of county governments into the regional and international frameworks. In support of the regional and global commitments and obligations, legally recognised national institutions enforcing regulatory and technical requirements have been put in place (Annex B.6). The coordinating policymaking ministries, departments and agencies are equally notified to the regional and international organisations. The full list of the MDAs in the current government structure is annexed (See Annex B.11). Regional and international participation in trade and investment issues has to be coordinated and channelled through the respective legal representative institutions. The COG in collaboration with county governments should prioritise representation in the key sectoral committees in the coordinating ministries in charge of trade and investment. Further, the translation of regional/international commitments/obligations is achieved through national policies linkages in the planning and budgeting frameworks of the MDAs implementing the anchor activities and programmes.

Figure 4.3:
Institutionalisation of County
Regional Blocs into CFA/TFTA
Governance Structures

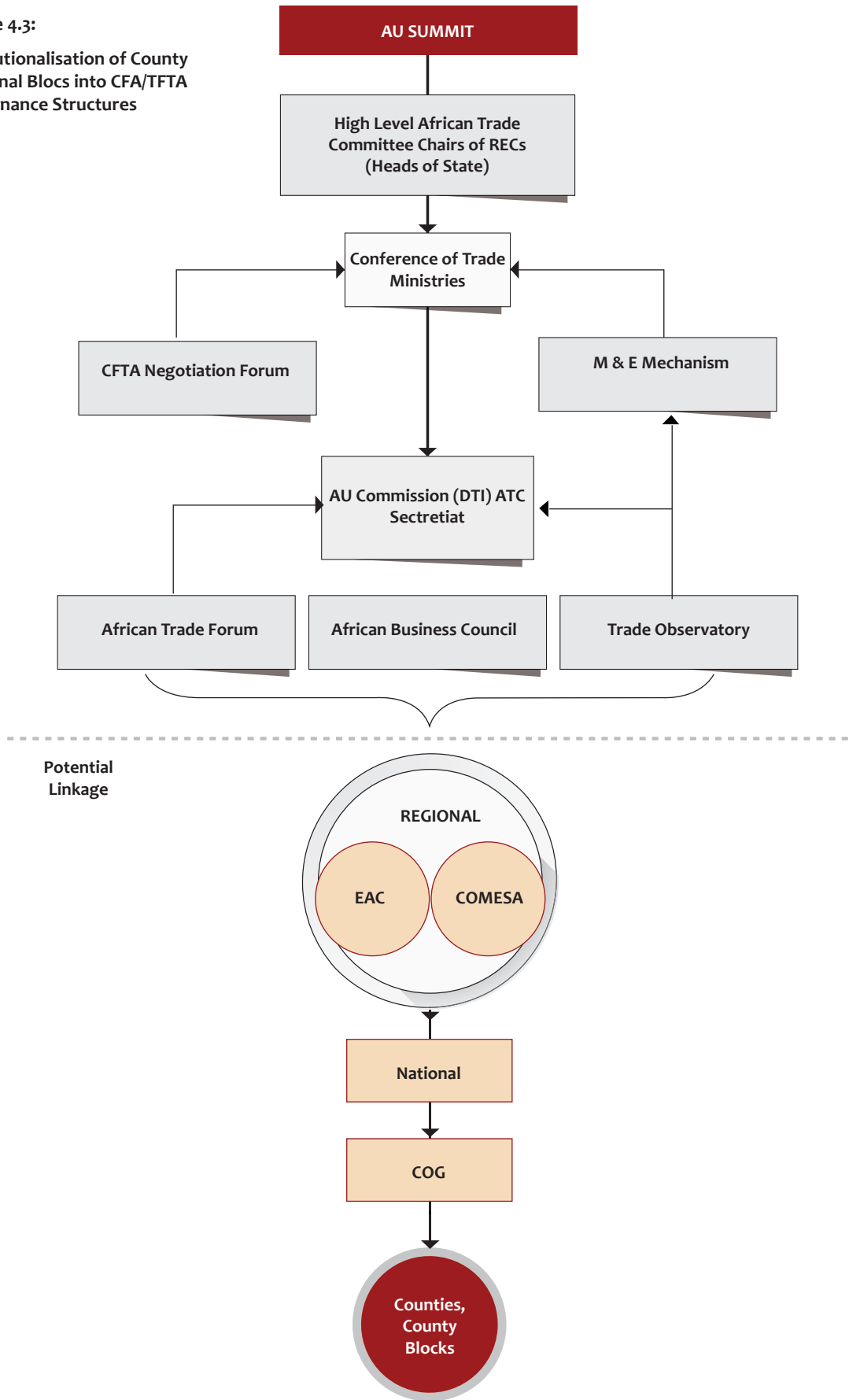
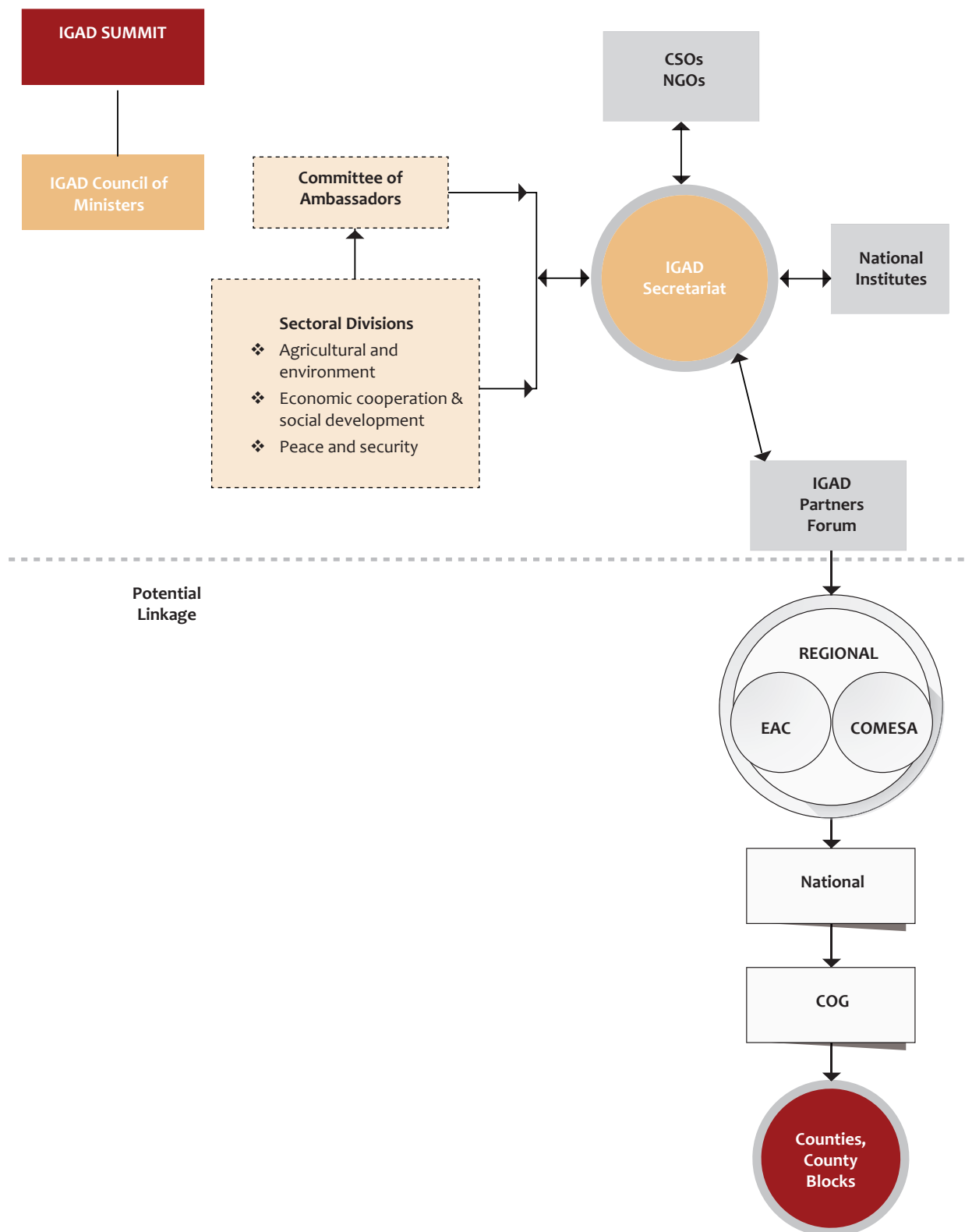


Figure 4.4: Institutionalisation of County Regional Blocs into IGAD Governance Structure



4.4 Linkage of County Trade Potentials with Regional and Global Markets

4.4.1 Key National Exports to Regional and Global Markets

In line with MTP2, trade within and outside the country remains a priority sector in Kenya's economic pillars. This is consistent with Kenya's foreign policy which aims at increasing international trade and international economic partnerships. Regional and international trade accounted for 28 % of Kenya's GDP in 2015. Regional and external exports account for 16%, with close to half of the exports being destined to EAC and COMESA. All the county regional blocs participate in regional and global trade (See Annex B.6). Kenya is the world's leading exporter of black tea and a major global player in horticulture, including flowers. Counties across the different county blocs are engaged in the export sector.

The principal exports originating from the different blocs and counties mainly constitute agricultural commodities such as tea, coffee, cut flowers and horticulture. Other notable exports include fish, livestock and livestock products, tourism, financial services, transport logistics. In this regard, the producers in the counties are well acquainted with the regional and international market requirements, procedures and processes.

4.4.2 Priority Products/Services earmarked for Development and Export at National and County Levels

Vision 2030 (GoK, 2007) which is the vehicle for accelerating the transformation of our country into a rapidly industrializing middle-income nation by the year 2030 contains the flagship projects and services under the economic pillar which have a direct impact on county economic activities. These are summarised in Table 4.2. The second Medium Term Plan (GOK, 2013) in particular, recognises the pivotal role of devolution as a pathway to socio-economic development with positive effects on equity and national unity. Consequently, policy, legal and institutional frameworks were prioritised for development and strengthening. The role of the private sector is to invest to generate incomes and create jobs to absorb the high numbers of jobless youth.

Table 4. 2: Vision 2030 Flagship Projects

Services	Products	Foundation anchors/enablers
Agriculture, Livestock and Fisheries	Irrigation and value addition in agriculture, livestock and fisheries	Infrastructure- roads, rail, energy, pipelines, ICT
Business Process Outsourcing (BPO)	Manufacturing	Science, technology and innovation
Financial services	Oil and other mineral resources,	Macroeconomic stability
Trade including wholesale and retail	Trade and investment policies and agreements	Human resource development-
Climate change	Environment and climate change conventions	Constitution

Source: Vision 2030, Vision 2030 MTP2

Whereas Kenya is yet to achieve Vision 2030 growth target of 10% GDP annual growth rate, substantial progress has been made in key enablers of infrastructure (roads, rail, ports, energy and ICT). Other priority intervention areas with remarkable progress are in the transport and logistics sectors, finance, insurance and mining. The priority intervention areas are the same ones that have been prioritised in the county blocs, with several flagship projects for promotion and investment with a view of creating surplus for inter/intra-county bloc trade as well as regional and international trade. In this regard, the prospects of delivering Vision 2030's overall agenda stands better chances of achievement if the county blocs implement their flagship projects on a timely basis.

Other than Mt Kenya bloc, all the other blocs border neighbouring countries. Trade is a reality. To leverage these regional markets, Kenyan producers and the private sector have to diversify into new product lines to meet the demand in the African, regional and global markets. Towards this end, three special economic zones targeting manufacturing in Mombasa, Kisumu and Lamu are to be established. Other initiatives in the blocs include building clusters for meat and leather products, a stronger dairy sector, and the development of industrial and SME parks that will provide linkages to other sectors like agriculture and services. Further, investment in the key connectivity infrastructure on the northern corridor, LAPPSET and airports expands opportunities for business at national and county level. Inter-county connectivity infrastructure shall also be prioritised for ease of trade and movement of persons.

4.4.3 National Mechanisms of integrating Regional and International obligations into County Bloc activities

The national frameworks integrating regional and international obligations into county priorities are provided for through the constitutive treaties. However, the national processes and mechanisms leading to transposing the regional and international obligations into county programming are administrative and underdeveloped. They depend largely on the guidelines provided by the state department of planning and sector ministry policies and strategies. The few sector ministries and county government consult with county governments during the preparation of the sector plans. Fewer consultations take place during the preparation of county plans, apart from limited consultations coordinated through CoG which serve to resolve outstanding issues. Issues originating from regional and international undertakings are rarely discussed.

5

5.0 National, Regional and International Territorial Development Practises Benchmarks

5.1 Introduction

A key strategic requirement of best practice⁹ is the ability to balance the unique qualities of an organization with the practices that it has in common with others leading to the desired goal. In this regard, comparative international, regional and county bloc practices in policy, legal and institutional arrangements were reviewed to inform the final proposals on the suitable models for county regional economic blocs to situate and strengthen the functionality of county regional blocs in Kenya. Specifically, the aspects of the modular model centred on the governance arrangements, organizational and functional set up; planning, financing, administrative and operational mechanisms and protocols, dispute settlement and accountability frameworks, and human resource requirements to facilitate the inter-county relations and cooperation within and outside the blocs and their constituents.

The international, regional and national best practices case studies have been drawn from the EU, UK and Germany in Europe; the USA, South America, Japan; South Africa and Nile Basin, Nile Basin Commission, Lake Victoria Fisheries Organisation and Lake Victoria Basin Commission regional organizations. The UK, USA, Germany, LVFO and LVBC provided good lessons to complement the county regional bloc governance frameworks, policy, legal, organizational and functional practices.

5.2 International Good Practices

5.2.1 European Union(EU)

The territorial development of the EU has benefitted from the establishment of the single market which is attractive to both local and foreign investment; and massive EU programs which created the impetus for growth and development. This has been made possible through the EU's unique institutional set-up in which specialized agencies are assigned critical responsibilities. The EU's broad priority of political direction is set by the European Council: The European Commission proposes new laws, and the Parliament and Council adopt them for implementation by the member states. Participation in the EU and the EU Parliament is through direct election while those in the commission are appointed. Member state governments defend their own countries' national interests in the Council of the European Union.

The EU regional integration approach of collective policies directed toward disadvantaged localities have been the cornerstone of the regional integration policy mix, through two vehicles- the Structural Fund the Cohesion Fund allocated up to 4 per cent of Gross Domestic Product (GDP) to target poorer recipient countries (Griffith-Jones et al., 2003). Ireland, for example, leveraged

9 A best practice is a technique or methodology that, through experience and research, has proven to reliably lead to a desired result.

the EU structural and cohesion funds to accumulate human capital, diversify its fiscal control and maintain wage competitiveness. According to Sapir (2003), a convergence policy should focus on investing in institution building and human and physical capital while complementing national instruments to foster political acceptability and long-term planning.

The powers and responsibilities of all of these institutions are laid down in the Treaties, which are the foundation of everything the EU does. They also lay down the rules and procedures that EU institutions must follow. The Treaties are agreed on by the presidents and/or prime ministers of all the EU countries and ratified by their respective parliaments. The territorial practices are summarized in Table 5.1 with Figures 5.1, 5.2, 5.3 and 5.4 illustrating governance, power structure, accountability and demonstration on networks in the case of the European Environment Bureau (EEB).

Table 5. 1: EU Territorial Practices

Policy	Territorial cohesion (Lisbon Treaty) promoting convergence by: <ul style="list-style-type: none"> ✓ Promoting a functional approach to the integrated development of territories as spaces where citizens can live their lives ✓ Fostering place-based policies through cross-sectoral coordination of policies and multi-level governance from local to EU level ✓ Encouraging cooperation between territories to strengthen European integration ✓ Improving knowledge of territories to guide their development ✓ EU Investment policy-contributes to EU Investment Structural Funds ✓ Europe 2020 Strategy
Legal	<ul style="list-style-type: none"> ✓ Lisbon Treaty ✓ Maastricht Treaty
Institutions¹⁰	Community-level <ul style="list-style-type: none"> ✓ European Parliament ✓ European Council ✓ Council of the European Union ('Council') ✓ European Commission ✓ Court of Justice of the European Union ✓ European Central Bank ✓ Court of Auditors National level: <ul style="list-style-type: none"> ✓ Parallel national structures
Governance	<ul style="list-style-type: none"> ✓ General Assembly ✓ Board ✓ Committee of Directors General ✓ Liaison Committee ✓ Sectoral Committees ✓ Experts Committees ✓ Ad hoc groups

¹⁰ The European Parliament, the Council and the Commission are assisted by the European Economic and Social Committee and the Committee of the Regions performing advisory functions.

Table 5. 1: EU Territorial Practices

Organisational structure	<ul style="list-style-type: none"> ✓ Integrates bottom-up, top-down and regional/international mechanisms in decision and policy-making and programming ✓ Recognizes the decision-making capacity of the Regional Committee in European regional policy ✓ Allows regional representatives to participate directly in the meetings of the Council of Ministers of member states ✓ Transforms the Committee of the Regions from a consulting body into an institution that participates in and has power over EU decision-making processes ✓ Uses this Committee as the basis for a European Senate, whose legislative powers are coordinated by the European Parliament, to create a democratic legislative power comprised of two parliamentary chambers, one of which enables the regions to participate in European policy implementation ✓ Effectively applies the subsidiarity principle recognized by the Maastricht Treaty to these policies ✓ Consolidates the INTEREG Community Initiative as part of EU policy, with three basic areas of action: cross-border cooperation, interregional cooperation, and transnational cooperation ✓ Recognizes regions' capacity to use their competencies to export their experiences and projects to external institutional agents and other non-European regions.
Functional Frameworks and Mechanisms	
(i) Planning	<ul style="list-style-type: none"> ✓ Green Paper on Territorial Cohesion: turning territorial diversity into strength ✓ Territorial Agenda of the European Union 2020 ✓ Territorial Agenda 2020 put in practice for enhancing the efficiency and effectiveness of the Cohesion Policy by a place-based approach
(ii) Operational	<ul style="list-style-type: none"> ✓ Ensuring that the subsidiarity principle prevails in the juridical basis of the EU Treaty; recognizing regional representation in the EU institutional system ✓ Promoting action involving cross-border and transnational, interregional cooperation ✓ Viewing internationalization of regions as a function that completes and determines the dimensions of a region's political and economic actions ✓ Reducing customs barriers, increasing mobility of goods and persons and supporting free competition aimed at creating and promoting market integration and globalization
(iii) Financing	<p>Dedicated Funds raised through customs revenues, accessed¹¹ within a structured framework, to address priority intervention areas of:</p> <ul style="list-style-type: none"> ✓ Cohesion ✓ Development e.g. transport and environment infrastructure, ✓ Investment ✓ Agriculture ✓ Fisheries development <p>Capacity to establish their taxes and spend independently in their competency areas</p> <p>Promote co-financed local and regional economic activity;</p>

¹¹ Concentration. Programs must address economic and social development goals. Coordination. Inter-funds must be coordinated in order to obtain synergy in the resources provided and increase efficiency of public intervention. Multi-annual programming. Plans and programs have a multi-annual budget allocation (six years), which covers development of the committed investment. Cooperation. Programs require coordination among EU institutions and state, regional, and local authorities in each member state; this requirement also extends to economic and social agents. Additionality. Member states may not substitute their own territorial investments with those provided by the EU; they must justify their financial contributions.

Table 5. 1: EU Territorial Practices

(ii) Accountability	Direct access to Court of Auditors
(iii) Dispute settlement	European Ombudsman investigates complaints about maladministration by EU institutions and bodies
(iv) Communication	Publications Office publishes information about the EU Promoting culture, particularly where linguistic specificity is involved.
(v) Benefit-sharing	<ul style="list-style-type: none"> ✓ ERDF (European Regional Development Fund) —aims at reducing regional disparities, reconvertng regions in industrial crisis, and promoting underdeveloped rural areas; ✓ ESF (European Social Fund)—finances training programs for the re-entry of the long-term unemployed and self-employed; and young workers' entry into the labour force. ✓ EAGGF (European Agricultural Guidance and Guarantee Fund)—finance the adaptation of agricultural operations in declining regions to new forms of agriculture and the development of new economic sectors in rural areas. ✓ FIFO (Financial Instrument for Fisheries Orientation)—provides financial support to coastal regions with traditional fishing industries affected by the sector's decline. ✓ Cohesion Fund—finances infrastructure projects, European transport networks, and environmental programs in states with a GDP below 90 per cent of the European average to facilitate their convergence with more developed states.

Source

Figure 5.1: EU Organisational Governance Structure

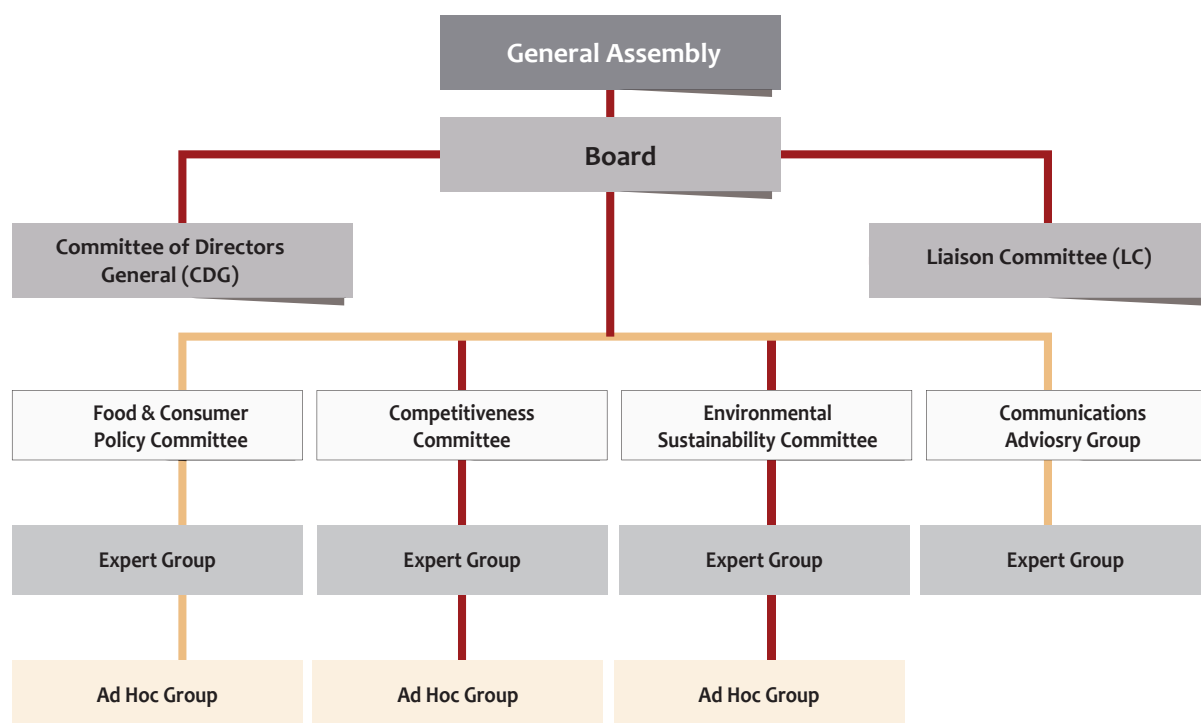


Figure 5. 2: The EU's Power Structure

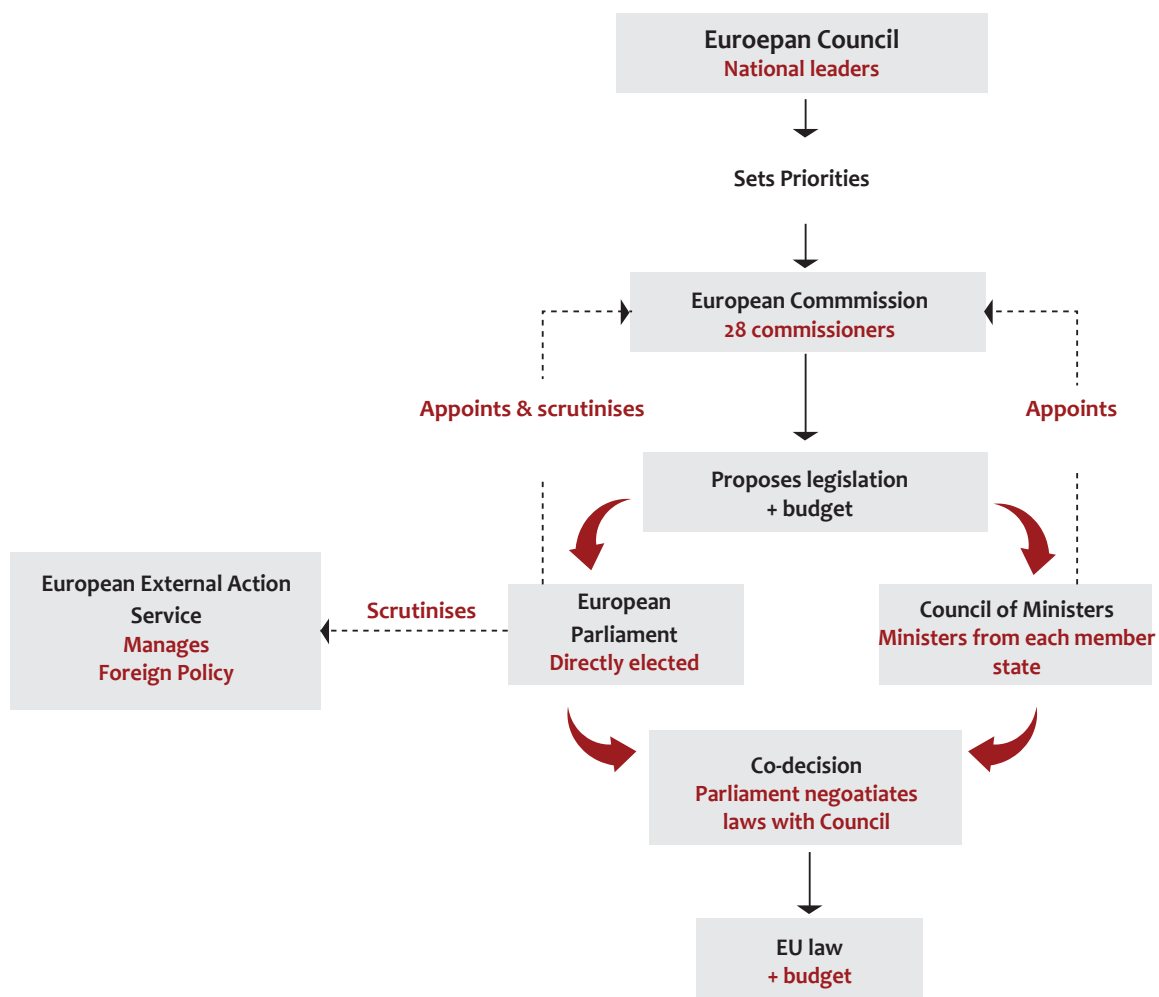


Figure 5. 3a: The EEB in the EU Web

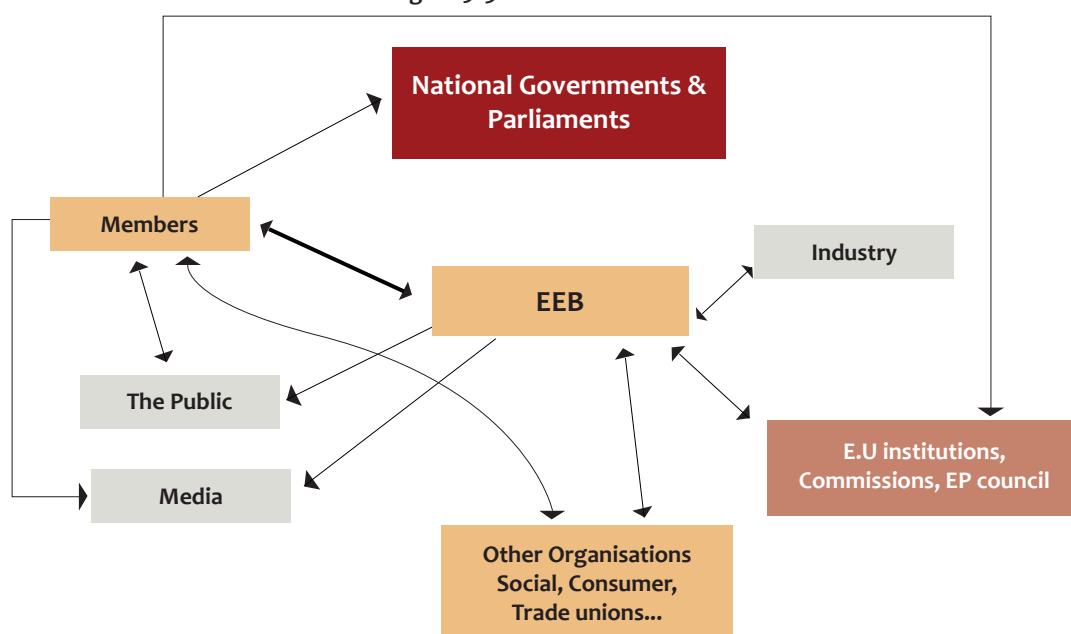
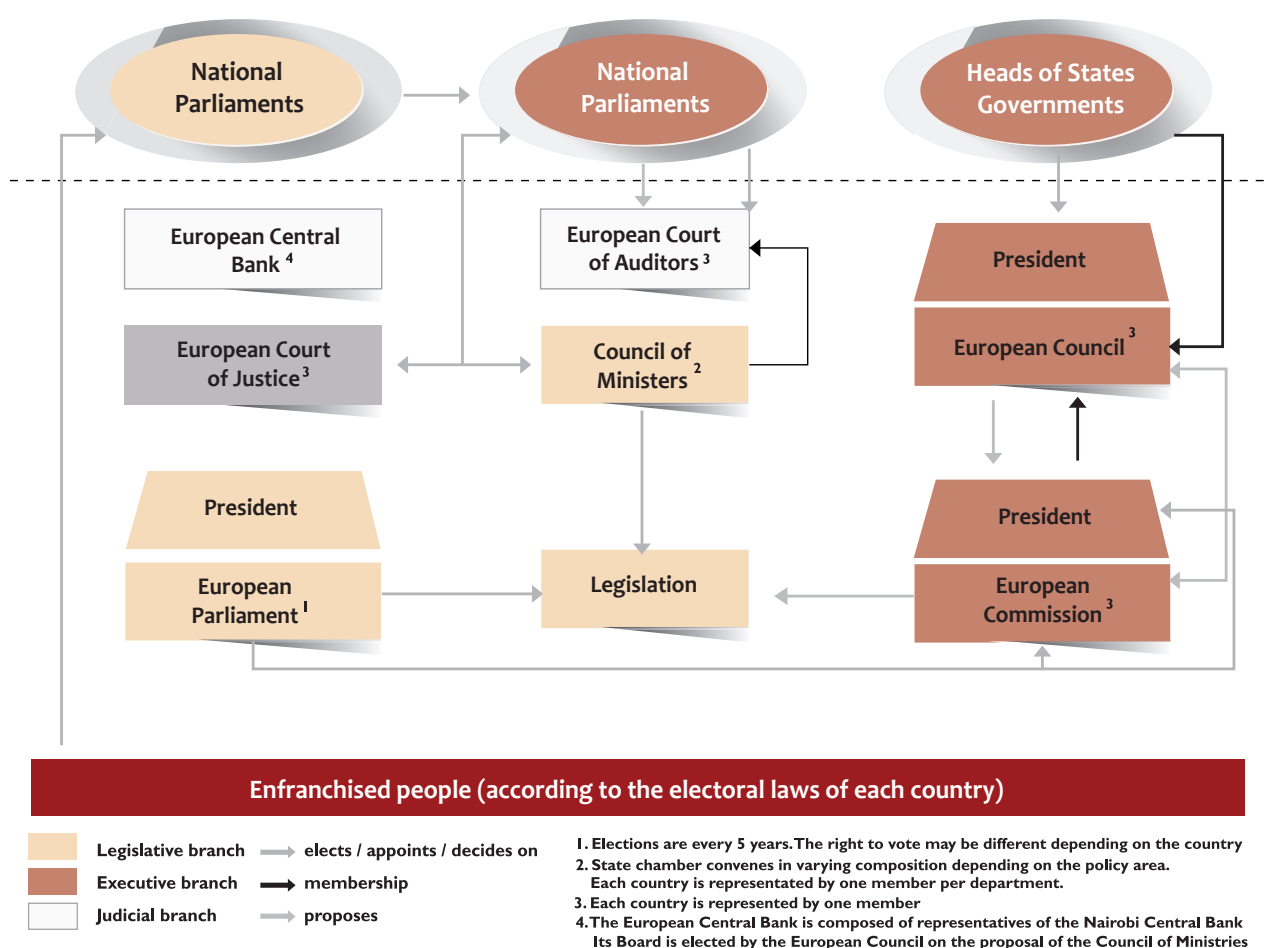


Figure 5. 3b: EU Accountability Function



5.2.2 The United Kingdom

In the UK, the Local White Paper (2010) of realizing every place's potential through Local Enterprise Partnerships (LEP), was expected to be achieved by devolving resources and responsibility to those places that can demonstrate credible and compelling economic leadership in pursuit of growth. This was followed by the opening of the Regional Growth Fund and a range of measures designed to provide incentives for local authorities to promote business growth. This recognises that local economic development is fundamentally about taking a view of the locality's potential and offering it as a location from the perspective of various key economic and social stakeholders.

The key priority interventions included:

- (i) **Shifting power to local communities and businesses** -by establishing dynamic local enterprise partnerships of local business and civic leaders, operating within an area that makes economic sense, and which can provide the vision, knowledge and strategic leadership to set local priorities and empower communities to fulfil their potential;
- (ii) **Increasing confidence to invest** – by creating the right conditions for growth through a consistent and efficient framework for investment, an effective planning framework and new incentives to make sure local communities benefit from development; and,

- (iii) **Focused investment** – by tackling barriers to growth that the market will not address itself and supporting investment that will have a long term impact on growth.

The public sector continues to invest in enablers including infrastructure, business environment based on policies, laws and institutional frameworks, together with supportive private sector investment. The LEPs are private based enterprises with robust governance structures and implementation frameworks. However, they leverage EU funds (ERDF, ESF & ERDF).

Local Enterprise Partnerships (LEPs)

The May 2010 Coalition Agreement outlined plans for the creation of Local Enterprise Partnerships, defined as “joint local authority-business bodies brought forward by local authorities themselves to promote local economic development.”

Roles:

- ❖ Working with Government to set out key investment priorities, including transport infrastructure and supporting or coordinating project delivery;
- ❖ Coordinating proposals or bidding directly for the Regional Growth Fund;
- ❖ Supporting high growth businesses, for example, through involvement, in bringing together and supporting consortia to run new growth hubs;
- ❖ Making representation on the development of national planning policy and ensuring the business is involved in the development and consideration of strategic planning applications;
- ❖ Leading changes in how businesses are regulated locally;
- ❖ Strategic housing delivery, including pooling and aligning funding streams to support this;
- ❖ Working with local employers, JobCentre Plus and learning providers to help local jobless people into jobs;
- ❖ Coordinating approaches to leveraging funding from the private sector;
- ❖ Exploring opportunities for developing financial and non-financial incentives on renewable energy projects and the Green Deal; and
- ❖ Becoming involved in the delivery of other national priorities such as digital infrastructure.

A set of four key criteria were used to assess the LEP proposals:

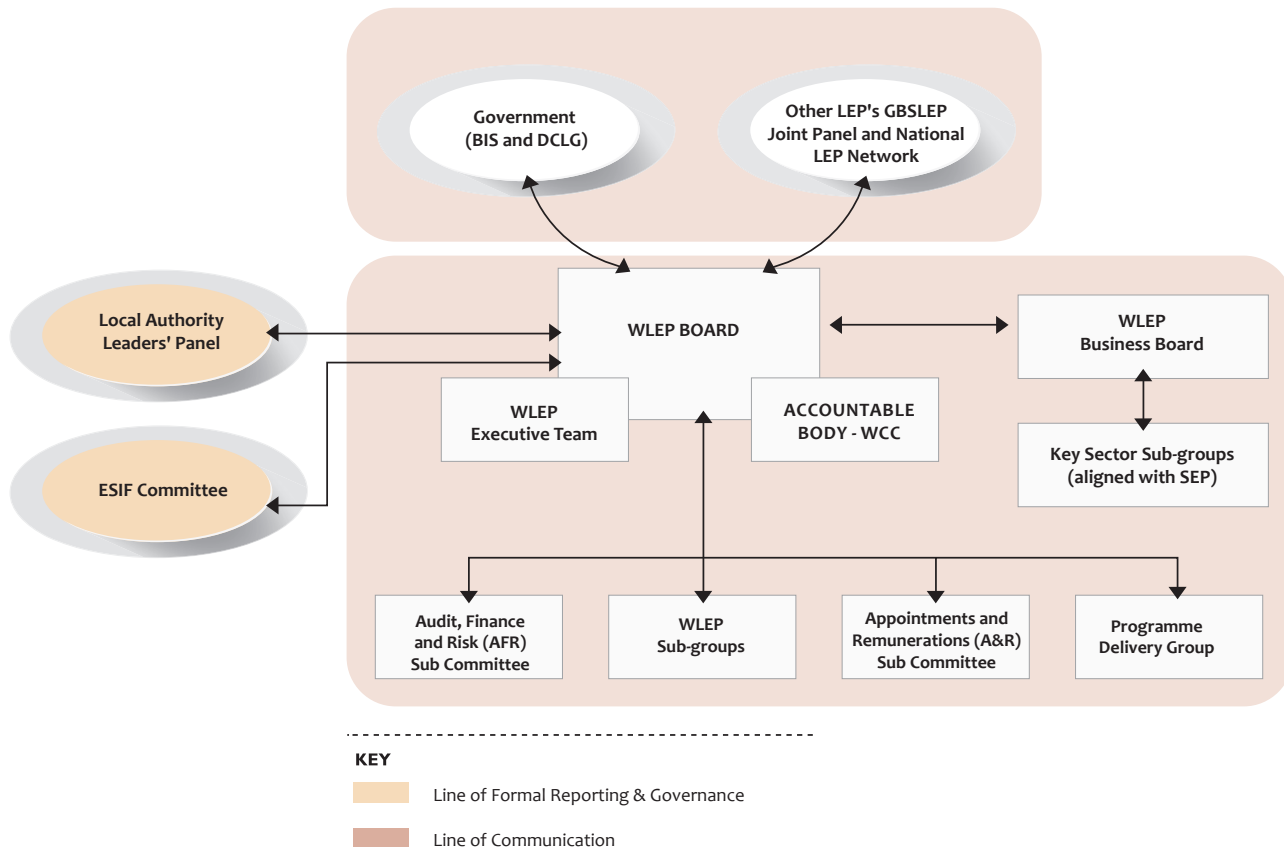
1. Support from business;
2. Natural economic geography;
3. Local authority support; and
4. Added value and ambition.

The LEP comes up with an agreed position on the location, sectoral focus and range of incentives within a Zone that it hosts. This constitutes an important means through which to minimise local displacement of businesses. The LEP's additional role is to identify the barriers likely to impede the growth of the local economy and the necessary options from the menu on offer to overcome such barriers. LEPs also bring together a wider package of support, by working with local colleges and Work Programme providers and linking Enterprise Zones to current and planned infrastructure.

Thus the strategic decision-making capacity is a key contribution of local government that emphasizes that:

- a) Prioritization of economic choices must be backed by democratic accountability;
- b) Local government must lead the diverse strands of the public sector locally;
- c) Linking economic development with social and environmental protection is a key role;
- d) The contribution of publicly owned land assets should be a central focus.
- e) Local government should use its land-use planning and other functions to influence the behaviour of developers and investors;
- f) Local government should take the lead in addressing intra-municipal inequality;
- g) Local government should lead in involving the public sector in contributing locally and being more partnership-ready;
- h) Local government should work to improve the local business environment in terms of tax and regulation, planning, licensing, and traffic.

The Worcestershire Local Enterprise Partnership Structure



Local Government Association (LGA)

The national voice of the local government, working with councils to support, promote and improve local government, is a politically-led, cross-party organisation that works on behalf of councils to ensure that local government has a strong, credible voice with the national government. It aims to influence and set the political agenda on the issues that matter to councils so that they can deliver local solutions to national problems.

The focus is on achieving four outcomes centred on:

- i. Funding for local government;
- ii. Devolution;
- iii. Promoting health and wellbeing;
- iv. Economic growth, jobs and housing;
- v. Sector-led improvement;
- vi. Economic growth, jobs and prosperity; and
- vii. Public service reform

National Association of Local Councils (NALC)

The national membership body for local (parish and town) councils work with County Associations of Local Councils to support, promote and improve these councils, as they:

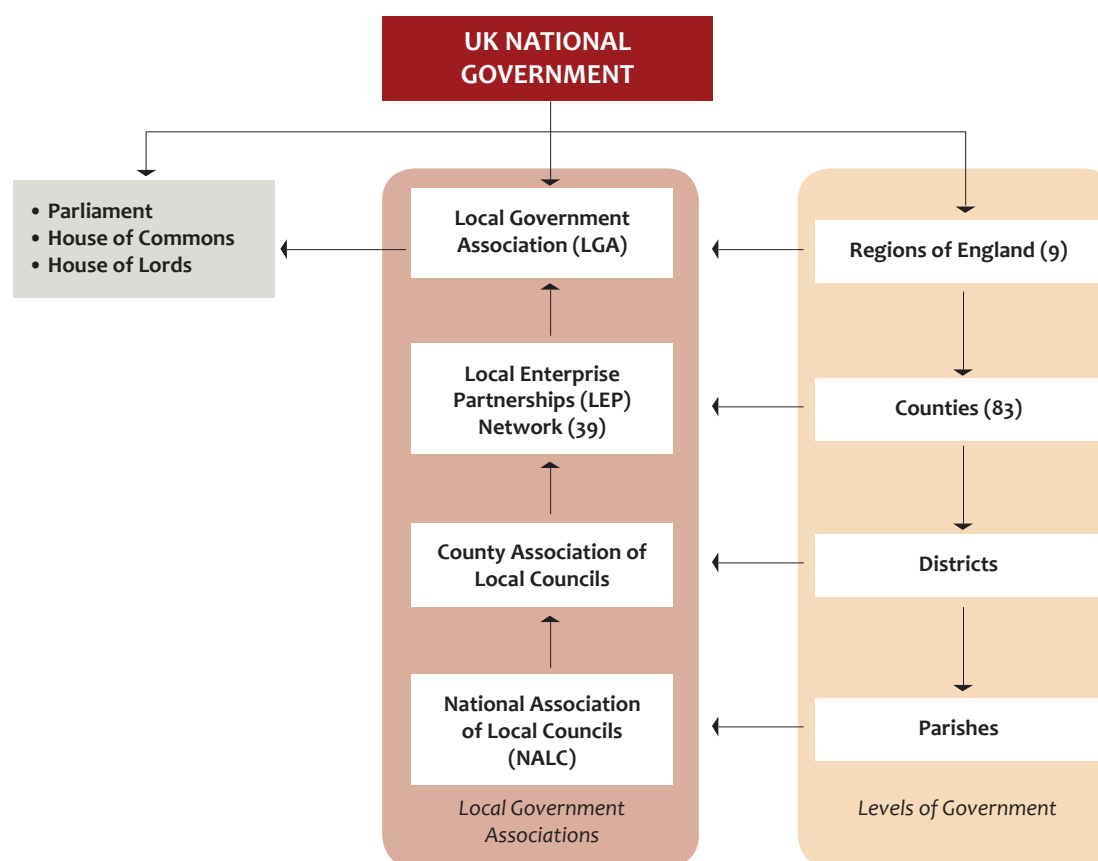
- ❖ Provide the community with effective, accountable and democratic representation;
- ❖ Use grassroots knowledge to work in partnership with other councils and bodies to deliver public services, taking on more responsibility where this is appropriate;
- ❖ Plan for the future by protecting local assets and shaping development such as new homes and shops;
- ❖ Work with local businesses and other partners to support local economic growth and regeneration;
- ❖ Modernise on how to operate, while ensuring that town and parish councils are resilient, efficient and effective, including driving up standards of practice; and,
- ❖ Ensure council tax support funding from the Government is passed on to town and parish councils by principal councils.

UK Territorial, Organisational and Functional Structures and Roles

Policy	2010 to 2015 government policy: Local Enterprise Partnerships (LEPs) and enterprise zones Local Growth: Realising every places potential - White Paper Oct 2010
Legal	Coalition Agreements Local Authorities Acts/Municipal Corporations Acts
Institutions	<ul style="list-style-type: none"> • Regional Authorities • County Councils • Municipalities • Parishes
Governance	<ul style="list-style-type: none"> • DCLG Departmental Board • Executive Team • Audit and Risk Assurance Committee • Nominations and Governance Committee <p>Objects, powers and framework of governance are set out in respective Local Enterprise Partnerships (LEPs) Articles of Association</p>
organisational structure	<ul style="list-style-type: none"> • Department for Communities and Local Government • Depart Department for Communities and Local Government • Department for Business, Energy and Industrial Strategy • Local Enterprise Partnerships Network • Local Government Association (LGA) • National Association of Local Councils (NALC)
Functional Frameworks and Mechanisms	
(a) Planning	Set by the LEP Board and implemented by respective working groups
(b) Operational	LEP Executive Committees
(c) Financing	<p>The three main sources of income for local government in England are government grants, council tax and redistributed business rates.</p> <p>Councils also receive income from returns on borrowing and investments, interest and capital receipts, sales, fees and charges and council rents Local Authority under core frameworks provided by Government include:</p> <ul style="list-style-type: none"> • Regional Growth Fund • Growing Places Fund • Single Local Growth Fund (SLGF) • Public Works Loans Board • EU Structural and Investment Funds (<i>European Regional Development Fund & European Social Fund</i>)
(c) Accountability	<p>Accountable Body for the LEP - Local Authority (The respective City Council)</p> <ul style="list-style-type: none"> • The Local Audit and Accountability Act 2014 introduced a new local audit framework in England • Growth Deals guidance • Accountable Body for the LEP - Local Authority (The respective City Council) • Overview and Scrutiny Committees (OSCs)

UK Territorial, Organisational and Functional Structures and Roles	
Dispute settlement	<p>Local Assurance Framework -</p> <ul style="list-style-type: none"> Alternative dispute settlement mechanism (administrative, mediation, Accountable Body Chief Executive) Existing local authority protocols and codes of conduct <p>Following Complaints Policy, Juridical and international dispute settlement mechanisms</p>
Communication	<p>Communications Strategy - encompassing media relations, community engagement, web, social media, branding and other associated issues</p> <p>Communications Protocol - ensuring effective governance of communications activity between the LEP and its City Deal partners</p>
Benefit-sharing	Local Authority Asset Management Strategies

Figure 5. 4: UK Territorial Governance and Organisational Structures



5.2.3 Germany

Since the creation of the Federal Republic in 1949, Germany has evolved its views on territorial development policy, involving a dynamic interplay of bottom-up and top-down approaches. The bottom-up approach rests on the autonomy of local municipalities, many of which have had LED units for decades, based on clusters with many networked complementary businesses. The management and institutional structures depend on the locality of the cluster. Cluster policies differ reflecting industry characteristics and institutional differences at various spatial scales, or levels of governance. The clustering policy reflects the core activity, orientation, complexity, coherence, institutionalization and level of maturity.

Bundesrat

1. The Bundesrat is one of the five constitutional bodies in Germany. The federal states participate through the Bundesrat in the legislation and administration of the Federation. It represents the state as a whole (the federation and the constituent federal states - 16 Länder)
2. The German Bundesrat is a legislative body that represents the sixteen Länder (federal states) of Germany at the national level. The Bundesrat participates in legislation, alongside the Bundestag, the directly elected representation of the people of Germany, with laws affecting state competences and all constitutional changes requiring the consent of the body.
3. The Bundesrat has three central functions within this system, which provides for the division of power and combined fulfilment of the tasks that are incumbent on the state:
 - a) It defends the interests of the Länder vis-à-vis the Federation and, indirectly, vis-à-vis the European Union.
 - b) It ensures that the political and administrative experience of the Länder is incorporated in the Federation's legislation and administration and European Union affairs.
 - c) Like the other constitutional organs of the Federation, the Bundesrat also bears its share of overall responsibility for the Federal Republic of Germany.
4. The Basic Law establishes the Bundesrat as a federal constitutional organ.
5. Position on government draft legislation - The Federal Government introduces the majority of bills in Germany. The Bundesrat has the "first say" in parliament's processing of executive bills, as the Basic Law states that the Federal Government is required to submit its drafts directly to the Bundesrat for comment.
6. The decision on consent bills - Consent bills, which have a special bearing on Länder interests, cannot become law unless the Bundesrat gives its express approval.

Federal Clusters

Clusters are (regional) concentrations of businesses including their service providers along a value chain. Clusters are networks of alliances between large numbers of different actors in a (regional) production system.

Federal Level

Germany's 16 federal states have launched numerous measures to support the development of efficient clusters. These measures take into account the individual strengths of the regions – across technology, business or innovation – and are also designed around present structures and other features specific to the region.

Germany prioritised efficient, regional clusters. Companies and research institutions cooperating in the long-term benefit from each other's strengths and competencies. Together they transform innovative ideas into marketable solutions and services. Cluster management organizations support these innovation processes and offer additional services in such areas as internationalization or training.

Clusters included in the "go-cluster" programme are vanguards of innovation and demonstrate how highly competent Germany is in different industries and technological sectors.

Association of German Cities

The Association of German Cities is the voice of cities and the national local-authority association of cities which do not belong to a county as well as of most cities and towns within counties. As a community of solidarity of cities, it represents the idea of local self-government to Federal Government, Federal States (Bundesländer), and the European Union, governmental and non-governmental organisations. The work and services of the Association of German Cities are primarily geared to the needs and interests of the direct member cities and their citizens.

German County Association (DLT)

The German County Association (DLT) is an association of 295 German districts at the federal level. The immediate members are the 13 counties working for the municipal concerns in their respective regions. It represents three-quarters of the municipal transport authorities, around 96% of the area and with 55 million inhabitants, equivalent to 68% of the German population.

The German County Association represents the public interest and therefore differs from other associations as economic stakeholders, as the counties bear political responsibility for the citizens. The central task of the German Association of Districts is to promote the counties' constitutionally guaranteed local self-government, to exchange experiences among the counties and to bring the common interests of local authorities of the state and public advantage into state and federal agenda.

Most federal laws are executed by the local governments. The German County Association is therefore involved in legislative projects affecting local concerns by the German Bundestag and of the Federal Ministries. It also provides advice for decision-making in a variety of bodies and institutions of the federal and state governments.

The German Association of Towns and Municipalities

The association represents the interests of German towns and cities. At the state, federal and EU levels, the association gives the municipalities a strong voice. It draws on the issues that concern citizens locally. These include

- ❖ Municipality Finance
- ❖ Concessions And Concession Contracts
- ❖ Rural Development - Regional Policy
- ❖ Urban Planning Law And Urban Development
- ❖ Collective Bargaining in the Public Service
- ❖ Promoting the Municipal Economy

The roles of the municipalities have evolved from real estate to technology incubators, calumniating LED agencies.

Germany Territorial, Organisational and Functional Structures and Roles

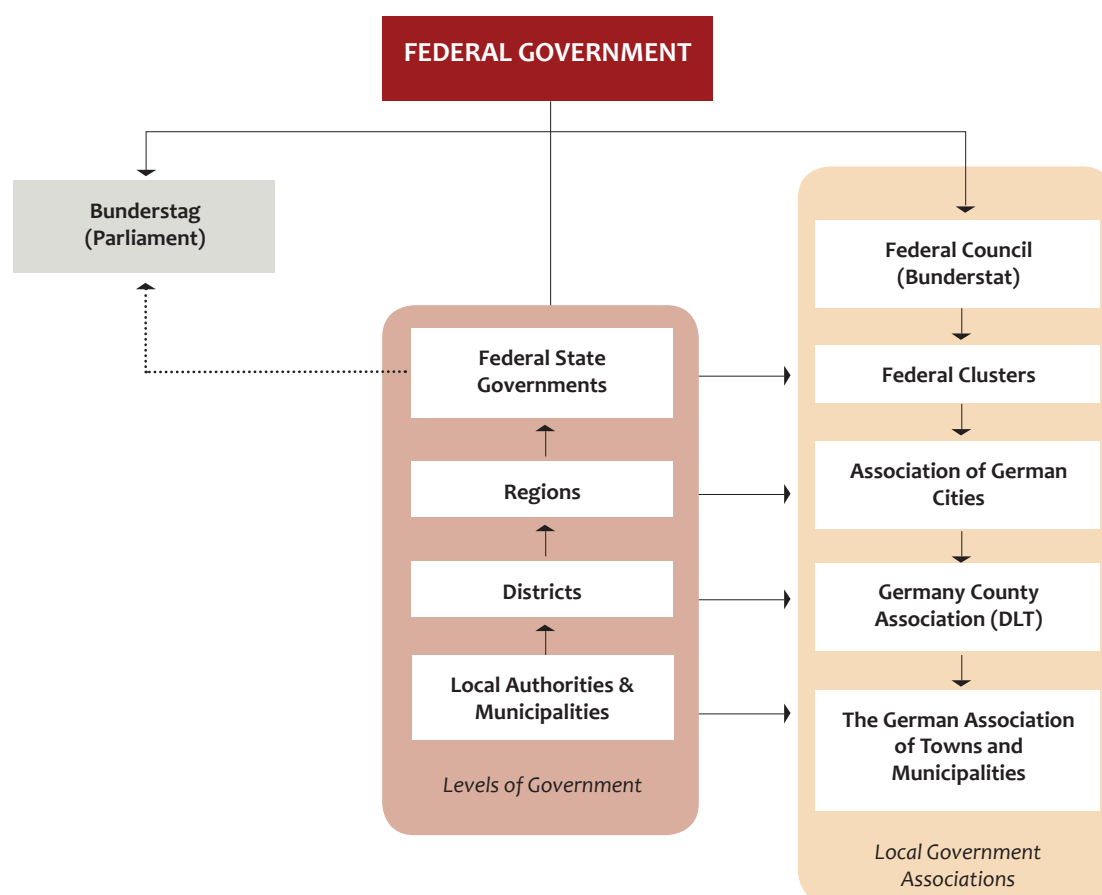
Policy	<ul style="list-style-type: none"> German Federal Government Cluster Strategy High-Tech Strategy 2020 Action Plan High-Tech Strategy 2020
Legal	<ul style="list-style-type: none"> Laws on local government (Gemeindeordnung) - Each German state has its municipal code Federal Basic Law: Article 50 of the Basic Law describes the key aspects of the Bundesrat's role: "The <i>Länder</i> shall participate through the Bundesrat in the legislation and administration of the Federation and matters concerning the European Union."
Institutions	<ul style="list-style-type: none"> Federal Ministry for Economic Affairs (BMWi) Federal Ministry of Education and Research
Governance	Federal autonomy and competition have led all 16 German states to employ the cluster concept in their economic, regional, and innovation policies, albeit with different degrees of intensity.
Organisational structure	<ul style="list-style-type: none"> Steering committee Advisory board Managing office Working groups <p>Two types of clusters: so-called bottom-up clusters (industry-driven, no significant political control) and so-called top-down clusters (generally initiated and controlled by politics)</p> <p>Stakeholders are more loosely involved through e.g. advisory committees, or their involvement is restricted to individual projects.</p>

Functional Frameworks and mechanisms

a) Planning	<p>The governance of regional cluster policy includes aspects of initiation and funding and is a reflection of regional governance structures combined with horizontal and vertical interactions, ie with neighbouring regions and superordinate levels of governance. According to the degree of their involvement, actors may be divided into shareholders and stakeholders.</p> <p>Shareholders commit financial resources to the equity and/or the operating costs of a CMO, and their support extends beyond individual projects.</p>
b) Operational	<p>Bottom-up:</p> <ul style="list-style-type: none"> Usually, SMEs or institutions commissioned by the members Usually an active member of the cluster <p>Top-down</p> <ul style="list-style-type: none"> Often external management (project management agency, business development agency) Commissioned or selected by political initiators
c) Financing	<p>The set-up of cluster organisations is often supported by a clear mandate and public funding from authorities on the federal or federal state level.</p> <p>Additional funding arrangements are integral components of the cluster policy</p>
d) Accountability	Local authorities

Germany Territorial, Organisational and Functional Structures and Roles	
e) Cost/benefit-sharing	<p>Formulae for revenue redistribution to ensure a uniform standard of living across the Federation, with the better off regions subsidising the poorer regions is contained in the state laws (the 'Brotherhood Model of Revenue Equalisation').</p> <p>To equalise revenue sharing, 75 per cent of the Value Added Tax (VAT) reserved for the States and is distributed according to their population. The remaining 25 per cent is distributed asymmetrically between the States to ensure resource equalisation up to 95 per cent of the Federal average.</p> <p>Municipalities may receive untied payments and tied payments that must be used for particular purposes or special projects.</p>

Figure 5. 5: Germany Territorial Governance and Organisational Structures



5.2.4 USA

The Council of State Governments (CSG) founded in 1933 is the nation's only organization serving all three branches of the state government. CSG is a region-based forum that fosters the exchange of insights and ideas to help state officials shape public policy. This offers unparalleled regional, national and international opportunities to network, develop leaders, collaborate and create problem-solving partnerships. There are standing committees with defined functions to service the CSG and the states. Associations of the different levels of government help to keep in check financing and programming in line with national priorities. There strong accountability mechanisms across the different levels of government.

The National Governors Association

The National Governors Association (NGA) is the bipartisan organization of the nation's governors. Through the NGA, governors share best practices, speak with a collective voice on national policy and develop innovative solutions that improve state government and support the principles of federalism. Governors also identify priority issues and deal collectively with matters of public policy and governance at the state and national levels.

The mission of the National Governors Association (NGA) Office of Federal Relations is to ensure that governors' views are represented in the shaping of federal policy. The NGA policy positions, reflecting governors' principles on priority issues, guide the association's efforts to influence federal laws and regulations affecting states.

The Council of State Governments (CSGs)

The Council of State Governments is the nation's only organization serving all three branches of state government. The CSG is a region-based forum that fosters the exchange of insights and ideas to help state officials shape public policy. This offers unparalleled regional, national and international opportunities to network, develop leaders, collaborate and create problem-solving partnerships. It monitors and acts on critical intergovernmental matters on all three federal branches of government; seeks intergovernmental partnerships, particularly with former CSG members now serving in the federal government or Congress; and, coordinates with other state and local government associations on intergovernmental issues where states have a vested interest.

The National Centre for Interstate Compacts (NCIC)

The NCIC is a policy programme developed by CSG to assist states in developing interstate compacts, which are contracts between states. State governments often prefer to direct themselves collaboratively when addressing problems that span boundaries, and compacts have proved to be an effective mechanism for states to jointly problem-solve, often avoiding federal intervention. NCIC serves as an information clearinghouse, a provider of training and technical assistance and a primary facilitator in assisting states in the review, revision and creation of new interstate compacts to solve multi-stage problems.

The National League of Cities

The National League of Cities (NLC) is dedicated to helping city leaders build better communities. Working in partnership with the 49 state municipal leagues, the NLC serves as a resource to and an advocate for the more than 19,000 cities, villages and towns it represents as follows:

- ❖ Advocates for cities and towns in Washington D.C. through full-time lobbying and grassroots campaigns;
- ❖ Provides programmes and services that give local leaders the tools and knowledge to better serve their communities;
- ❖ Provides opportunities for involvement and networking to help city officials seek ideas, share solutions, and find common ground for the future;
- ❖ Keeps leaders informed of critical issues that affect municipalities and warrant action by local officials;
- ❖ Strengthens leadership skills by offering numerous training and education programmes;
- ❖ Recognizes municipal achievements by gathering and promoting examples of best practices and recognizing cities and towns for model programs and initiatives;
- ❖ Partners with state leagues to supplement resources and strengthen the voice of local government in the nation's capital and all state capitals; and
- ❖ Promotes cities and towns through an aggressive media and communications programme that draws attention to city issues and enhances the national image of local government.

The US Conference of Mayors

The United States Conference of Mayors (USCM) is the official non-partisan organization of cities with populations of 30,000 or more. There are 1,407 such cities in the country today. Each city is represented in the Conference by its chief elected official, the mayor.

The primary roles of The U.S. Conference of Mayors are to:

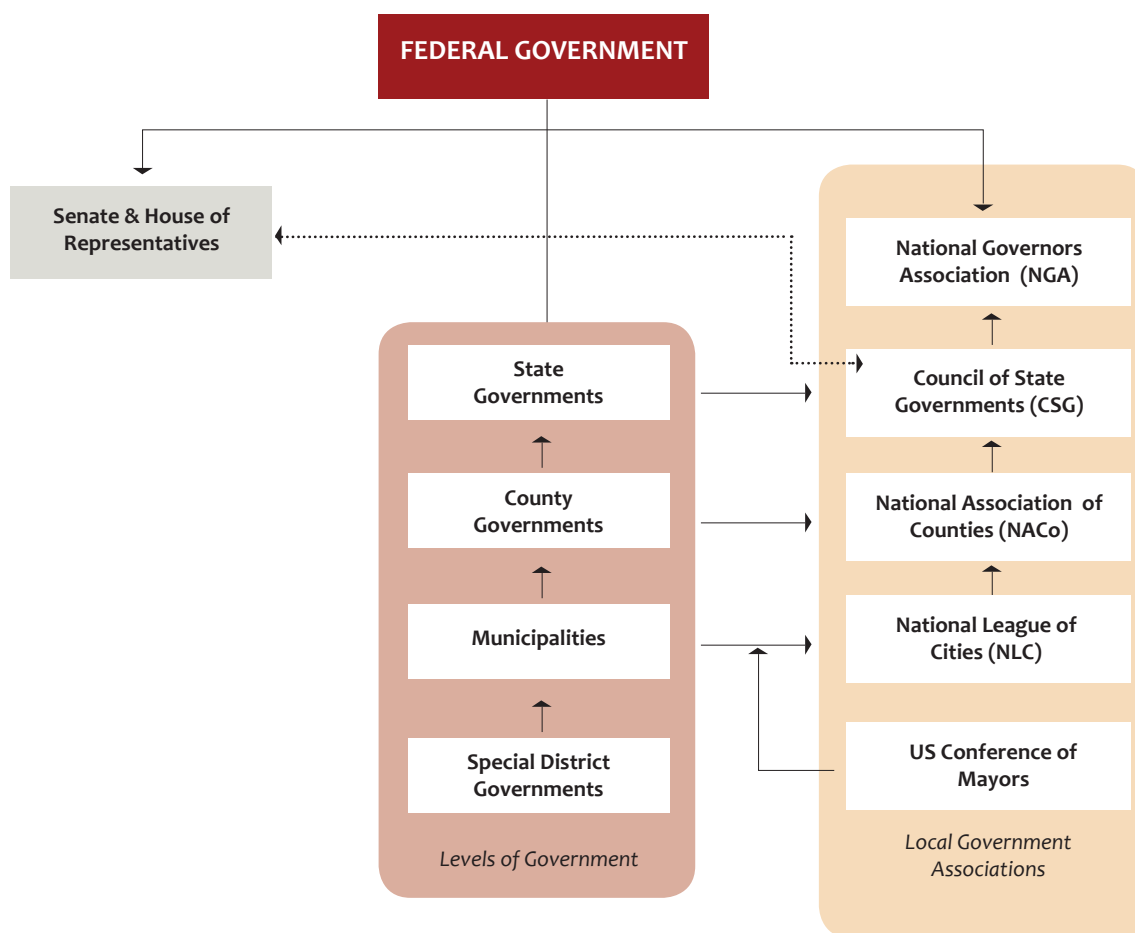
- ❖ Promote the development of effective national urban/suburban policy;
- ❖ Strengthen federal-city relationships;
- ❖ Ensure that federal policy meets urban needs;
- ❖ Provide mayors with leadership and management tools; and
- ❖ Create a forum in which mayors can share ideas and information.

USA Territorial, Organisational and Functional Structures and Roles

Policy	<ul style="list-style-type: none"> American County Platform reviewed annually on need basis US Constitution Individual States Constitutions
Legal	<ul style="list-style-type: none"> Federal Administrative Procedure Act (APA) Compact Clause - Article I, Section 10, Clause 3 of the U.S. Constitution Compact Law The Interstate Compact is the most binding legal instrument to provide formal cooperation between States. In recent decades, the compact has emerged as one of the better known and more widely employed mechanisms for intergovernmental cooperation.
Institutions	<ul style="list-style-type: none"> National Association of Counties Council of State Governments National Governors Association United States Conference of Mayors
Governance	<ul style="list-style-type: none"> An expanded Governing Board whose membership includes all governors, majority and minority legislative leaders, and all chief judges in member jurisdictions An Executive Committee tasked with major oversight of CSG activities including budget and major policy decisions An agile and responsive Leadership Council charged with casting the strategic vision for CSG and acting, along with CSG's senior staff leaders, as a "quick reaction force" to urgent organizational matters
Organisational Structure	<ul style="list-style-type: none"> Strong linkages between federal, states and local governments State governments County governments Municipalities Special districts
Functional Frameworks and Mechanisms	
a) Planning	<ul style="list-style-type: none"> Executive Committee and leadership council The association's 10 policy steering committees cover the full array of domestic policy issues impacting county governments and the local communities. These committees meet at least twice each year to review and make recommendations on public policy issues and legislation. The policy development process initiated by the steering committees is the foundation for the American County Platform, which is used to deliver the county government message to the Administration, Congress and the American public.
b) Operational	<ul style="list-style-type: none"> NACo is a grassroots-driven organization that encourages member engagement. Currently, there are more than 1,100 individual county elected and appointed officials from every region of the country represented on the 10 policy steering committees, ad hoc and standing committees, and various caucuses and task forces.

USA Territorial, Organisational and Functional Structures and Roles	
c) Financing	<ul style="list-style-type: none"> • Intergovernmental Transfers • Own Source revenue • Changing sources • Income Taxes • Corporate Taxes
d) Accountability	<ul style="list-style-type: none"> • US Government Accountability Office • US Treasury • Internal Revenue Service
e) Revenue Sharing	<ul style="list-style-type: none"> • Constitutional Revenue Sharing

Figure 5.6: USA Territorial Governance and Organisational Structure



5.3 Regional Organizations in Kenya

5.3.1 Lake Victoria Fisheries Organization

The LVFO is made up of the following organs: the Council of Ministers, the Policy Steering Committee, the Executive Committee, the Fisheries Management Committee, the Scientific Committee (and any committees, subcommittees and working groups that may be established); and the Permanent Secretariat. The Council of Ministers consists of the Ministers in the Member States, or their authorized representatives, who are responsible for the fisheries sector. The Policy Steering Committee consists of the Chief Executive Officers of the Ministries in each Member State that deals with fishery matters. The Executive Committee is comprised of six members from the Member States who are the heads of the departments responsible for fisheries management and the departments responsible for fisheries research, or their authorized representatives.

Under Article XIX of the LVFO Convention, the LVFO must cooperate with other intergovernmental organizations and institutions, especially those that deal with fisheries and might contribute to the work of the LVFO. The LVFO also collaborates with various fisheries agencies and institutions located in the member states, as well as with private sector actors, NGOs, Community Based Organizations, and other projects focused on the Lake Victoria fisheries to promote a healthy ecosystem and sustainable fisheries resource utilization, together with the socio-economic development of the Lake Victoria Basin communities. The LVFO's functions are:

- ❖ Promoting the proper management and optimum utilization of fisheries and other resources of Lake Victoria;
- ❖ Enhancing the capacity building of existing institutions and developing additional relevant institutions in cooperation with existing institutions and other international, regional and non-governmental organizations;
- ❖ Creating a forum for discussion regarding environmental and water quality initiatives affecting the Basin and maintaining a liaison with existing bodies and programmes;
- ❖ Researching water quality in Lake Victoria;
- ❖ Encouraging, recommending, coordinating and, as appropriate, undertaking relevant training and extension activities concerning fisheries;
- ❖ Considering and advising on the effects of the introduction of non-indigenous aquatic animals or plants into Lake Victoria or its tributaries and adopting measures related to the introduction, monitoring, control or elimination of such animals or plants;
- ❖ Serving as a clearinghouse and databank for information on Lake Victoria's fisheries and promoting the dissemination of information;
- ❖ Adopting budgets, seeking funding, formulating financial management plans and allocating funds for the LVFO's activities or to activities of the Member States related to furthering the purposes of the LVFO Convention; and
- ❖ Undertaking such other functions deemed necessary or desirable to achieve the purposes of the LVFO Convention.

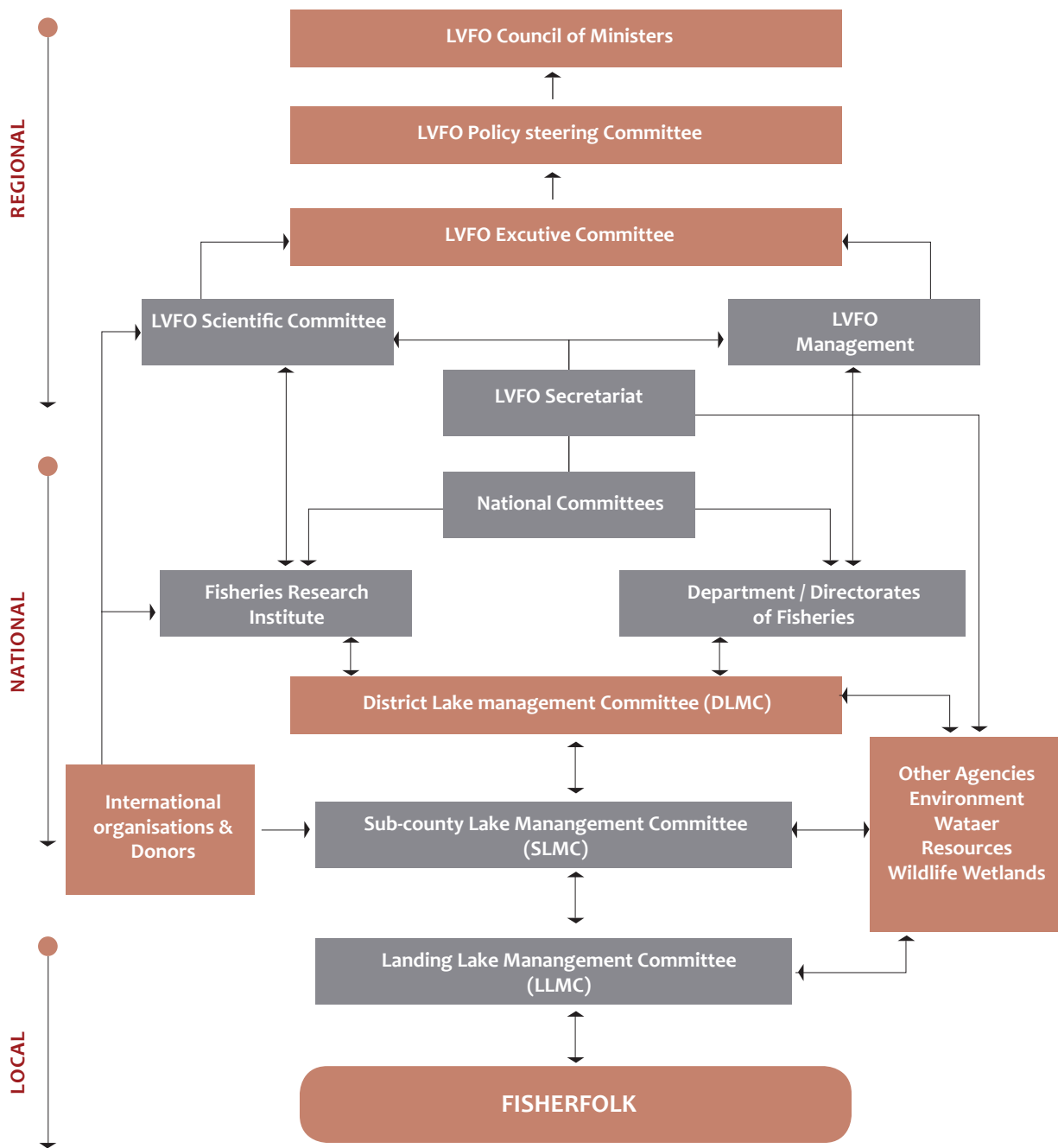
LVFO Territorial, Organisational and Functional Structures and Roles

Policy	<ul style="list-style-type: none"> To harmonize domestic laws and regulations for the sustainable use of the living resources of Lake Victoria, and to develop and adopt conservation and management measures for the shared fisheries resources
Legal	<ul style="list-style-type: none"> Convention for the Establishment of the Lake Victoria Fisheries Organization (the “LVFO Convention”) on 30 June 1994, Article 9(3) of the EAC Treaty established that various pre-existing organizations
Institutions	<ul style="list-style-type: none"> Member state fishery organisations and agencies Community-based organisations NGOs Processors
Governance	<ul style="list-style-type: none"> EAC-Council of Ministers, Policy Steering Committee, Executive Committee, Fisheries Management Committee, Scientific Committee Permanent Secretariat.
Organisational Structure	<ul style="list-style-type: none"> International Conventions Member States LVBC

Functional Frameworks and Mechanisms

a) Planning	<ul style="list-style-type: none"> Structured 5-year strategic plans implemented through annual work plans linking member state requirements with international conventions
b) Operational	<ul style="list-style-type: none"> Guided through scientific research
c) Financing	<ul style="list-style-type: none"> Partner state contributions Donor support
d) Accountability	<ul style="list-style-type: none"> Communities on water quality and environment conservation Internationally under the convention on best practices Funding governments and organisations
Dispute resolution	<ul style="list-style-type: none"> Except for cases where immunity is granted in the LVFO convention, other disputes are resolved through arbitration methods
Benefit-sharing	<ul style="list-style-type: none"> New conservation and water management practices
Communication, e.g. Notifications	<ul style="list-style-type: none"> Article XIII of Protocol requires ED to inform member states of any decisions or recommendations that are adopted by the Council of Ministers

Figure 5. 7: LVBC Institutional and Governance Structure



5.3.2 Lake Victoria Basin Commission (LVBC)

The LVBC operates within the organizational structure formed by the EAC Sectoral Council, the Coordination Committee, the Sectoral Committees, and the Secretariat of the Commission. The Sectoral Council, which consists of Ministers from the Partner States, is the main policy and decision-making organ for the LVBC. In addition to policy direction, the Sectoral Council is responsible for developing regulations, issuing directives, and, programme management and implementation. The Sectoral Committees draws membership from senior officials in the Member States, the heads of public institutions, representatives of regional institutions, representatives from sectors covered under Article 3 of the LVBC Protocol (which establishes the scope of cooperation relating to the Lake Victoria Basin), and representatives from business, industry and civil society. It sets regional priorities and designs implementation mechanisms. The “National Focal Points” coordinate and implement the national chapters of the regional priorities.

There is also coordination between the Partner States and the Lake Victoria Development Programme (LVDP). The National Focal Points are the main links between the LVDP and the Member States and are responsible for coordinating and harmonizing the activities related to the Lake Victoria Basin conducted by the various Ministries in the Member States, NGOs, special interest groups and other development partners.

The LVBC Protocol calls for the Partner States to cooperate with development partners and for the LVBC to cooperate with the objectives of the Partnership Consultative Committee, established under the Partnership Agreement between the EAC and its development partners, in promoting the development of the Lake Victoria Basin. The LVBC Protocol also recognizes the relationship between the Lake Victoria Basin and the Nile River Basin, and calls upon the Member States, negotiating as a bloc, to cooperate with other interested parties. The Protocol is additionally tasked with:

- ❖ Harmonization of policies, laws, regulations and standards;
- ❖ Promotion of stakeholders’ participation in the sustainable development of natural resources;
- ❖ Guidance on implementing sectoral projects and programmes;
- ❖ Promotion of capacity building and institutional development;
- ❖ Promotion of security and safety on Lake Victoria;
- ❖ Promotion of research and development;
- ❖ Monitoring, evaluation and compliance with policies and agreed-upon actions;
- ❖ Preparation and harmonization of the Member States’ negotiating positions against any other state on matters concerning the Lake Victoria Basin;
- ❖ Receipt and consideration of reports from the Member States’ institutions on their activities relating to the management of the Basin under the LVBC Protocol;
- ❖ Initiation and promotion of programmes that target poverty eradication; and
- ❖ Performance of any other functions that may be conferred upon the LVBC under the LVBC Protocol.

LVBC Territorial, Organisational and Functional Structures and Roles

Policy	<ul style="list-style-type: none"> To promote, facilitate and coordinate the activities of different actors towards sustainable development of the Lake Victoria Basin and poverty eradication
Legal	<ul style="list-style-type: none"> Article 114(2)(b)(vi) of the EAC Treaty The “LVBC Protocol, 2004 The Lake Victoria Environmental Management Project I & II (“LVEMP”), The Partnership Agreement, 2001 which several EU countries signed up with EAC
Institutions	<ul style="list-style-type: none"> Member state ministries Nile Basin EAC Secretariat
Governance	<ul style="list-style-type: none"> Sectoral Council Coordination Committee Sectoral Committees Secretariat of the Commission
Organisational Structure	<ul style="list-style-type: none"> National Regional Riparian region

Functional Frameworks and Mechanisms

(a) Planning	<ul style="list-style-type: none"> Consultative process incorporating national and Nile riparian issues to harmonise cross border policy issues, strategies in project implementation
(b) Operational	<ul style="list-style-type: none"> Data/information sharing, exchange, and harmonization Policy, legal and regulatory harmonization
(c) Financing	<ul style="list-style-type: none"> EAC budget Stakeholders’ contributions including member states, NGOs, industries, into Lake Victoria Environmental Trust Fund (“LVETF”) Development partners Other sources
(d) Accountability	<ul style="list-style-type: none"> National, regional stakeholders and sponsors on implemented projects and programmes
(e) Benefit-sharing	<ul style="list-style-type: none"> In line with Article 5 of the LVBC Protocol, “Equitable and Reasonable Utilisation of Water Resources,” entitlement is governed by standards for how each Member State is supposed to use the resources of the Lake Victoria Basin to attain optimal and sustainable utilisation thereof and benefits therefrom, taking into account the interests of the Partner States.”
(f) Dispute resolution	<ul style="list-style-type: none"> Article 46 of the LVBC Protocol designate the EACJ as the final... in matters dispute with resolution methods to be used when disputes arise between the Member States concerning the interpretation or application of the LVBC Protocol.
(g) Notifications	<ul style="list-style-type: none"> Article 4 & 26 of the Protocol requires LVBC to notify member states of upcoming changes and those agreed upon and likely to impact on member state operations

Figure 5. 8: LVBC Governance Structure

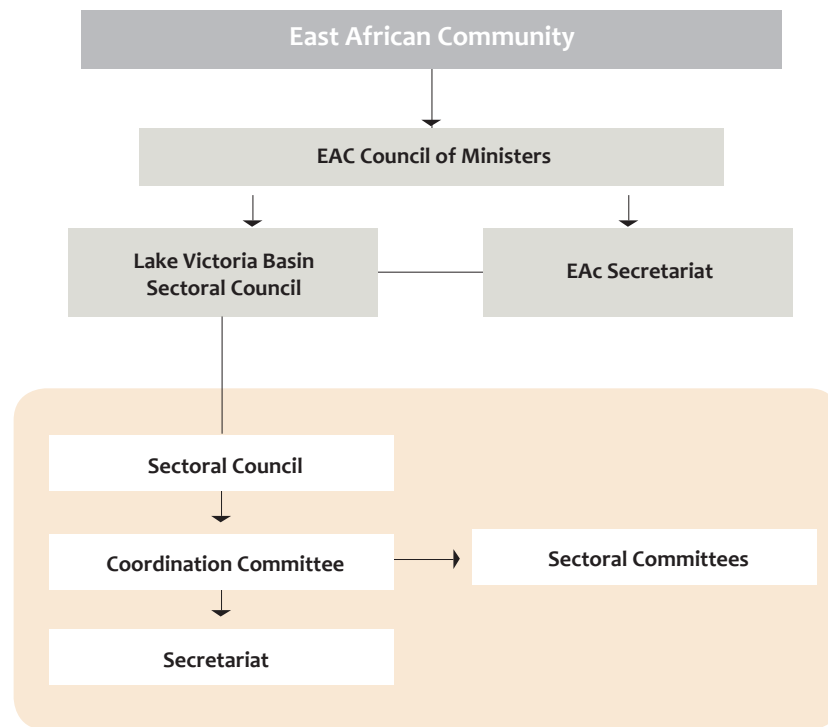
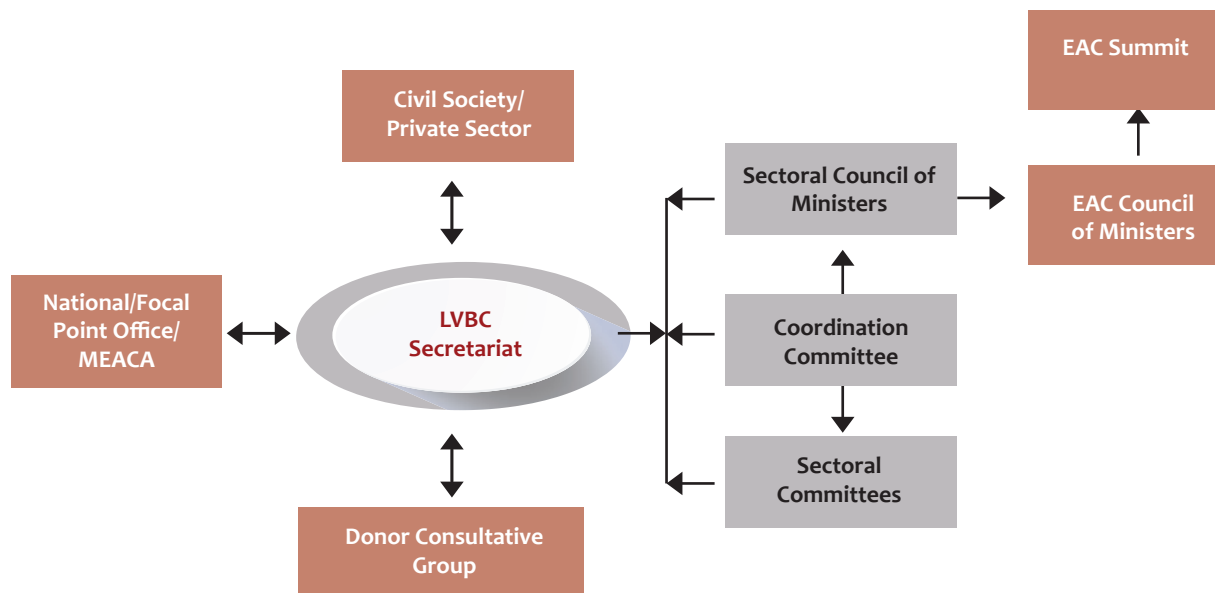


Figure 5. 9: LVBC Institutional Structure



5.4 Kenya Good Bloc Practices

Apart from Mt Kenya and Aberdares Economic Bloc, the remaining five blocs employed wide stakeholder consultations in the identification of the priority intervention areas. The consultative processes followed the existing respective county frameworks. An added best practice was found in SEKEB where representative stakeholders from all the three counties held a conference to vet the priority intervention areas. LREB had also prepared a very extensive blueprint within which the location of the identified priority areas are spread across the participating counties based on comparative and competitive advantage. Jumuiya's legal framework of the inter-county cooperation agreement should serve as a case study for adoption by the other counties. Further, Jumuiya's MOU with the universities and research institutions to provide back up support is reflected in the quality of the documentation. The linkages of the NOREB county bloc law with a comprehensive policy provides good lessons for those counties that have not prepared their policies and laws.

5.5 Minimum Territorial Governance and Institutional Structure Requirements

The key drivers of territorial performance are innovation, economic diversity, skills and human capital, connectivity, place quality, and strategic governance capacity (EU, 2013). In the case of the EU, the member states with the highest patent applications¹² have registered strong growth and development.

Successful territorial government economic activities involve a partnership between government, private sector and civil society on the one hand and related regional and international players on the other hand. It involves information sharing so that businesses know what the government is planning and vice versa.

5. 1: Good Governance Practices

Lautze et al. (2011) stressed three common features in governance: as a process, taking place through institutions (ie mechanisms, systems and traditions), and involving multiple actors. Governance processes are typically shaped through a mix of three archetypical institutions of markets, hierarchies and networks across different actors and with clear rules on how costs and benefits are shared (Slinger et al, 2011).

Governance structures should anticipate change in future, and as such should institutionalise partnerships capacities that help build resilience, robustness and flexibility while ensuring customer satisfaction. This allows for leveraging different professional attributes including capacities in institutions, investment finance, human resource and communication mechanisms (Satijn&Brinke, 2011).

National governments should incorporate the goals and tools of regional planning as an integral part of national planning. They should identify potential bottlenecks to regional and local development (Markusen&Diniz, 2005).

It may involve joint activities to upgrade locational quality. It may even involve cluster initiatives, but only as of the outcome of trust-building between the public and private sector.

¹² The 7 cities with the highest numbers of patent applications are all second tier – Eindhoven in the Netherlands, Stuttgart, Munich, Nuremburg and Mannheim in Germany, Grenoble in France and Tampere in Finland

With the convergence of economic policies around the world within a globalised and regionalised environment, national policies and regulatory frameworks are both standardised and internationalised during the domestication processes of global and regional trade agreements. The adopted policy and institutional frameworks encourage the accumulation of capital in local production processes; make efficient use of local economic potential; link each territory with the network of relations that determine the State's cultural, social, economic, and political identity; and, make local public and private agents responsible for investments, growth control, and income distribution (Markusen& Diniz,2005).

In this regard, regional collective institutions anchor national and sub-national government institutions to pursue top-down approaches to stimulate bottom-up initiatives, promote horizontal learning and exchange between regions, and effectively pool resources to ensure greater efficiency in the delivery of technical and financial assistance. Further, initiatives on institutional strengthen should encompass local actors in the delivery systems of trade-related capacity building, investments in infrastructure and human capital, and good governance. The net effect of these initiatives is macroeconomic stability and sectoral adjustments, leading to poverty reduction and promotion of equity while internalizing territorial political dynamics.

Local economic development efforts must recognize the dynamic external contexts in which a local economy operates and seek to actively manage and shape them, bringing forward improved supply-side responses at the local level and, in so doing, negotiating a better deal for the locality. While national governments pull the macroeconomic levers, local economic development attempts to intervene at the subnational level, which can enhance the beneficial (or remedy the negative) effects of macroeconomic trends and higher-tier policies (See Bo5.2). Essentially, such local development efforts position participating localities to benefit from the new demand-side drivers in the international economy.

5. 2: Anchors for Good National Policies

A crucial role for national government in the complex setting implied by Multi-Level Governance (MLG) is the ability to formulate a clear, transparent and directive national policy, based on international standards, viewpoints and strategies, which serves as a foundation and constraint for regional, ecological, socio-economic, cultural and historical territorial agendas. These networks, in their effective operation, are increasingly found to run across formal organizational borders and inter-organizational boundaries; with professionalism of national governments aligned with strategic policy-making and political-administrative leadership, and less with the managerial and procedural concerns of executing policies, or guiding and maintaining large-scale executive organizations for project management and implement (Toonen, 2011).

The territorial economic policy should to the greatest extent possible promote the use of endogenous abilities and assets (eg local natural resources and productive and entrepreneurial skills) in the generation of external economies within the territory and reduction of business transaction costs. Further, a good territorial policy should reduce the administrative burden it places on business and makes the services it provides more efficient. This can lead to enhanced territorial competitiveness by providing good quality local infrastructure; implementing policies and regulations that promote firm efficiency (ranging from labour training to natural resource regulations, including the operation of real estate markets); promoting functioning markets for business development services in the local economy (e.g., accounting, maintenance, informatics, and advertisement), and promoting cooperation among enterprises to create economies of scale in providing certain goods and services.

In a functional territorial economic policy, local governments should support the growth of dynamic, competitive and self-sustained enterprises that become tax contributors rather than consumers of fiscal resources. A functional territorial policy should additionally encompass the following:

- ❖ Cluster development;
- ❖ Strategic planning;
- ❖ Creation of LED agencies;
- ❖ Mechanisms for managing risk, asset, and relationship management activity implemented within a territorial framework;
- ❖ Stakeholder involvement, M&E and communication;
- ❖ Governance and accountability mechanisms and dispute settlement;
- ❖ Resource mobilisation and shared costs/benefits in the financing arrangements;
- ❖ Coordination/collaboration in the management and operations of the blocs;
- ❖ Planned urbanization at the local level;
- ❖ Markets and developments for product markets;
- ❖ Mechanisms for integrating regional and international obligations and commitments;
- ❖ Political dynamics; and
- ❖ Partnerships in trade and investment including international transfers (ODA and FDI).

Trade policy is the effect of scale, technological change, new investments, productivity growth in liberalized sectors on economies, and the economy's overall ability to reap benefits from these productivity increases.

The prerequisites for successful territorial development are summarized in Box 5.3. They cover macroeconomic stability, liberalized policy orientation, institutionalized governance mechanisms across all levels, political dynamics that embrace social-cultural diversities.

Box 5. 3: Ideal situation for Territorial Economic & Investment Policy

Macroeconomic stability	<ul style="list-style-type: none"> • Balance economic, social and environmental issues • Market-based policies anchored on FTA • Fiscal decentralisation • Labour mobility • Access to adequate funding- for management and investment • Diversification and expansion of export-linkages; with the increasing emphasis on high knowledge content exports • Financial sector integration • Promotion of economies of scale • Local economic development • Local financing, social stability and environmental sustainability
Policy orientation	<ul style="list-style-type: none"> • Rules and processes • Strategic planning • Anchoring territorial plans on national, regional and international visions • Connectivity of local economies to globalization-policy, value chains, exports, imports, through global and regional trade arrangements • Convertible currencies • External fiscal disciplines • Policy coherence, coordination and cooperation at and among all levels of governments • Policy interventions to address asymmetric imbalances • Predictable legal frameworks benchmarked to international practices (e.g. WTO on trade and investment) • Promote innovation
Governance	<ul style="list-style-type: none"> • Leadership qualities • Local governance that promotes public participation for enhanced inclusiveness; • Decentralised fiscal, political decisions and administrative structures; • Local transparency, accountability and utilization of local opportunities
Political dynamics	<ul style="list-style-type: none"> • Link each territory with the network of relations that determine the State's cultural, social, economic, and political identity • Functional mechanisms for citizen participation for enhanced ownership
Developmental aspirations	<ul style="list-style-type: none"> • Invest in infrastructure for connectivity to the markets • developing local governmental, entrepreneurial, and civil society organizations • promote Local actors participation in trade and investment • Embrace innovation and technology transfer and development of new production sectors and learning processes • Planned urbanization at the local level to locate investments

Box 5. 3: Ideal situation for Territorial Economic & Investment Policy

	<ul style="list-style-type: none"> • entrenching partnerships with external donors including multinational investors • encourage the accumulation of capital in local production processes; • make efficient use of local economic potential; • make local public and private agents responsible for investments, growth control, and income distribution • Package incentives for technology transfer, build productive capacities, • Adequacy of infrastructure connectivity
Institutional Arrangements	<ul style="list-style-type: none"> • To coordinate and support top-down and bottom-up decision-making processes • Interphase with national institutions to provide linkages with regional and international institutions • Level of delegated authority to the supranational organization • Strong local/national networks to negotiate for strategic interests • Well defined administrative structure to avoid duplication of effort and conflicts in authority • Urban planning
Cost & Benefit-sharing	<ul style="list-style-type: none"> • Allocate costs using agreed-upon criteria • Share benefits based on the policy arrangement
Communication	<ul style="list-style-type: none"> • Data and information dissemination • Institutionalized communication channels • Education and sensitisation of the general population on available opportunities • Leveraging cultural underpinnings ineffective communication
Human resource Capacity	<ul style="list-style-type: none"> • Diversity of skill complements • Regular capacity building programmes to upgrade staff skills
Adequate resources	<ul style="list-style-type: none"> • Mobilise development resources across the public and private sector and civil society • Budget functions
M&E functions	<ul style="list-style-type: none"> • Standardized evaluation criteria
Externalization function	<ul style="list-style-type: none"> • Investment partnerships • Diversified export basket

Regional integration should have inbuilt mechanisms for territorial development—similar to the compensatory mechanisms of the EU, but with adequate flexibilities to address territorial imbalances. National level macroeconomic stabilization policies, decentralization processes, and regional integration smooth out asymmetric growth within and among countries (Baldwin, 2003). Outreach initiatives and an ordered dialogue that allows local actors to provide inputs into the formulation of trade and integration policies are key to promoting ownership and consistency of regional and territorial development policies. In the EU, for example, the involvement of civil society in trade negotiations has proven to be an innovative feature of trade-related policymaking (Giordano, 2002). Expanded market access, clear and predictable trade rules, strong collective regional institutions, special and differentiated treatment for smaller economies, and well-funded financial programs for the transition to free trade are salient results of this approach (Giordano, Mesquita, and Quevedo 2004).

When regional collective bodies have the adequate technical capacity, sufficient institutional independence, and relevant financial power, they can strengthen coherent policy frameworks for territorial initiatives (Giordano, Mesquita & Quevedo, 2004). This should result in an economically—based production system of interrelated businesses that efficiently use production elements and achieve market levels of productivity and competitiveness; culturally—with the development process supported by social institutionalization; and politically—so that local initiatives promote a social climate favourable to investment, business creation, and, increased training and technological know-how.

To stem growing regional inequality, governments must supplement devolution of responsibility for various public functions, including economic development, to provincial and local governments with adequate technical assistance, financial resources, and anti-corruption campaigns, while creating conditions for a culture of cooperation and collective governance (Markusen & Diniz, 2005).

5. 4: Approaches to Territorial Development

Bottom-up approaches to territorial development are inadequate to deal with globalization effects. They must be complemented with top-down approach linkages to regional initiatives through national frameworks. (Giordano, Mesquita & Quevedo, 2004). A strategic negotiated deal with regional and local leaders, stating mutual expectations for enhancing subnational growth; and sustainability and environmental quality should be built into all development schemes. Infrastructure and human capital investments remain powerful forces for growth, and their spatial distribution pattern should enhance regional development.

There must be sufficient connected programming with local subnational realities (See Box 5.4). Regional integration can be a powerful development policy tool.

Territorial development takes one of three forms: Generic, Reflexive or Strategic.

- ❖ Generic territorial development focuses on reducing government-created obstacles for companies, a measure that businesses usually appreciate and that can have a stronger growth effect than other proactive measures.

- ❖ Reflexive territorial development adds analytical activities to better understand the competitive environment of businesses so they can make better-informed decisions. The EU's current effort to promote regional foresight exercises is an example.
- ❖ Strategic territorial development engages a variety of partners to agree on a shared vision and distribute responsibility for implementation.

For the global economy to succeed, local, national, and multinational policies must have a goal of investing in local capacity and social inclusion (Clerk, 2016).

Latin America has responded to the challenges of globalization with a renewed interest in regional integration and by transferring more responsibility and resources to local entities, which increasingly assume an active role in promoting socio-economic development (Clerk, 2016). However, these must be complemented with policy instruments to compensate asymmetries that may hamper social cohesion and generate a backlash against integration and participation in the global economy. An important conclusion is that regional, national and subnational policy instruments should be conceived and implemented simultaneously. At the same time, it is important to fully exploit the potential of bottom-up approaches that build upon the efforts of civil society organizations and local governments to forge new international networks that facilitate regional and global integration. The response to this challenge requires stronger involvement of local actors in global networks and the active cooperation of stakeholders.

Pitfalls to avoid:

- ❖ Favouring the largest metropolitan areas by globally oriented firms, investors, and business services;
- ❖ Lopsided infrastructure provision (both physical and human capital);
- ❖ Abandonment of concerted regional policy;
- ❖ Failure of treating devolution as a national and regional economic development strategy;
- ❖ Failure to identify niches otherwise displaced by global players; and
- ❖ Lack of sound governance and delivery capacity at the national level.

6

PART 3:

Challenges/Gaps and Proposals For Institutionalising Regional County Blocs

6.0 Challenges and Gaps

6.1 Introduction

Most countries trade at the multilateral, regional, bilateral and national levels concurrently. It is incumbent for governments to position themselves at vantage points to benefit from all levels of trade, taking into account competitive and comparative advantages. There is consensus among the county governments that county regional economic integration can provide the critical leverage necessary to realize their economic growth potential. In this regard, the Governors have taken the bold initiative of forming county regional blocs to position their counties to realize their potential and exploit opportunities for accelerating inclusive economic growth by optimizing their regional comparative advantage and economies of scale. Towards this end, there is need to re-oriented the territorial economic policy to enhance local competitiveness and attract new investments of various sizes to more fully exploit locational comparative advantages and generate robust growth in local employment and income. Annex A.3 summarises bloc specific challenges and gaps in realising the objectives and goals of their county blocs.

6.2 Policy and Legal Challenges

In the spirit of Article 189(2) of the Constitution facilitating the establishment of intergovernmental arrangements for enhanced service delivery, the operational national and county government acts do not make provisions on facilitation of county regional blocs. Thus, under Article 228(5) of the Constitution, the Controller of Budget cannot sanction expenditures related to the county blocs without a budgetary line sanctioned by the PFM Act. The majority of the county blocs have come together under administrative arrangements, MOUs and inter-county agreements. Except for NOREB which had already formulated the relevant policy and legal framework for anchoring itself, the other blocs are at different stages of anchoring themselves in the relevant policy and legal framework.

Similarly, operational frameworks have not been fully developed. Each bloc uses measures that appeal to it. In addition to establishing secretariats with differences in the legal sanctioning, staffing is also different. Other areas requiring immediate attention include the county bloc financing and accountability arrangements. Chances are that any expenditures outside the supportive financial legal framework shall raise audit queries in future.

Apart from the Mt. Kenya and Aberdares bloc where consultations were limited to the apex structures with few select professionals, the other blocs have to a large extent, involved a wide range of stakeholders in their consultation ahead of the identification of priority intervention areas. Decisions taken through Mt. Kenya bloc may be contested in future for lack of stakeholder involvement and endorsement of the prioritised interventions.

The regional treaties and WTO agreements constitute the basic laws and principles of trade and investment in Kenya. The right national-level legal provisioning on implementation of regional and international treaties should also be explored since the majority of such commitments and obligations are implemented and reported on a county level in the case of Kenya. In absence of the participation of county governments in processes leading to the signing of regional and international agreements, the county governments are likely to implement legislation contradicting regional and international obligations engaged at the national level. These may lead to disputes that may negatively impact the national economy. Further, heavier than anticipated burdens are also placed on the counties without the requisite delivery capacities. Similarly, the dispute settlement mechanisms originating from regional and international engagements have not been factored into the majority of the proposals in the present form. In this regard, specific county legislations to domesticate such obligations should be ratified in the county assemblies. The Draft Devolution Policy (2015) should also be reviewed to incorporate provisions for establishing county blocs.

6.3 Institutional and Operational Challenges

The success of the county blocs hinges on the practicability of the institutional partnership arrangements and networks underpinning the coordination between county and national governments in the discharge of the prioritised joint economic activities. The governance mechanisms have to a large extent been set up and are operational. Apart from FCDC, the critical institutions that need to be set up are those of the Secretariats to the different blocs. Those in operation are interim and cannot put in enough hours to address the immediate issues of the blocs. Another urgent issue is the legal status of the secretariats. Four of the secretariats shall take inter-governmental frameworks while two shall be anchored on companies with a limited guarantee. There will need to obtain a legal interpretation of the two forms to ensure that the legal status does not get in the way of resource mobilisation and accountability. It is further imperative that the secretariats are professional, with a good appreciation of regional and international trade and investment requirements.

6.1: Concurrent Jurisdiction of the National and County Governments

The Constitution of Kenya recognizes the concurrent jurisdiction of the national and county governments in relation to development, trade and investment matters. However, regional and international commitments can only be entered into through national frameworks. The county blocs therefore have to adapt and align their policy and legal frameworks with the commitments and obligations of the national government.

6.4 Productive Potentials

In absence of the facilitating legal and policy frameworks, the county blocs stand to lose out on regional and international partnerships. Kenya's export sector is commodity-based, with agriculture being the dominant sector. Better returns in the agricultural sector lie in value addition. The counties are on the right path in having identified critical value addition industrial manufacturing prospects to take them forward. The critical challenges lie in fiscal policy differences across the

counties, even for those in the same bloc. In particular, the Constitution under article 209(3) and Article 209(5) allows counties to charge rates and levies on services rendered but it does not cap such revenue-generating options. Excessive charges including those levied at the production stage discourage investment. A more potent challenge is that of securing investment, in a non-conducive business environment. Prospects in manufacturing require setting aside serviced land for that purpose. These are high-cost investments which may not be met from county budgets alone. Dedicated investment funds and loans in partnership with the private sector and donors have to be secured with national government security backup.

Well analysed bankable investment projects have to be marketed. Project profiling calls for extensive analysis, in some cases, test runs. Cost-effective partnership mechanisms of county governments and national technical facilitating institutions have to be cultivated. The current practice of fee-charging service provision in KenInvest and other facilitating institutions may discourage counties from carrying out adequate analysis before committing to any form of investment.

The mineral sector is picking up with the discovery of oil, gas and rare minerals. These are new areas of investment requiring very specialised types of policies and rules. The national government with external technical support has to work with counties in the formulation of such policies and rules. The gestation period in such investment in the majority of cases lasts beyond an election term. The goodwill of the sitting politicians and technical experts is paramount. Well researched investment priorities should not be discarded on political grounds, but rather they should be informed by good research.

Several counties and county blocs prioritised energy and water management projects. These normally call for complex contract formulation and management. Shortcuts in negotiating such contracts have devastating effects lasting several generations. The national government has to work with counties in rallying related international organisations' support in the formative stages. The long-term solution is to come up with institutionalised training programmes in universities and other tertiary institutions for continuous capacity building.

In the liberalised and globalised era, competition is very stiff. Kenya's growth strategy is hinged on export-led growth. The country's manufacturing sector continues to experience high production costs. The main contributors to high production cost include high transport costs, uncompetitive energy pricing and lack of access to affordable investment credit. The solution to competitiveness lies entrepreneurial development and the use of a coordinated approach in pursuit of solutions.

The challenge of the narrow range of trade basket items needs diversification to take advantage of the expanding markets. There is also a need for potential services sectors to diversify for purposes of trade within and outside the country.

7

7.0 Proposals For Institutionalisation of Regional County Blocs

In the assessment of the economic implications of the blocs and their potentials to deliver on their objectives and goals, the reviews established the diversity of the prioritised activities with the respective endowments with potentials on competitive and comparative advantages, the economic potentials of the different blocs covering the sectors of tourism sports and culture; industrialization, value addition in agriculture and livestock development; mining, oil and energy exploration and development; water resource management; fishing and marine transport; ICT; social sector services in health; and, education. The key enablers include infrastructure, development of institutions, developing and strengthening the financial services sector, branding, peace and security. These priorities are consistent with Vision 2030 flagship projects and the MTP2 which recognises the pivotal role of devolution as a pathway to socio-economic development (GoK, 2012). Consequently, the policy, legal and institutional frameworks have been prioritised for development and implementation. The role of the private sector in investment is to generate both incomes and jobs creation to absorb high numbers of jobless youth.

The mechanisms of leveraging the synergies with the national government, regional and international frameworks in the quest of expanding their economic frontiers remain underdeveloped. The key challenges revolve around policy, legal and institutional frameworks, operational mechanisms for leveraging partnerships while engaging county blocs at the county and national levels; the modalities of translating the existing endowments into business opportunities; and, strategies for addressing staffing and resource constraints (See Annex A.3).

The opportunities lie in the collective partnerships across the different layers of government with regional and international frameworks, promoting a business-friendly environment attractive to large, small local and large foreign investors, aligning county and national visions, and where applicable pursue economies of scale investments. The county bloc blueprints create opportunities for counties to synergise and pursue business clusters, entrenching value chain production with spillovers across all counties. The proximity of power and authority to the grassroots in the new governance structure of devolution forces the political leadership and management to remain accountable and ensure the delivery of their promises. Bridging existing policy, legal and institutional gaps across the county blocs shall pave the way for operationalising the county regional blocs.

7.1 Bridging the Gaps and Challenges in the Operational, Trading and Investment Arrangements

The priority strategic interventions include creating harmonious enabling environments that attract and promote investment, nurturing regional and local economies; expanding trade; and facilitating the development, management and utilization of shared cross-boundary economic resources and infrastructure. This will entail anchoring county regional blocs' policies, laws and institutions on efficient and effective collaborative mechanisms of local and national governments plugging

into regional economic integration as an entry point to the global frameworks if sustainable development is to be guaranteed.

7.1.1 Proposals to address Operational Gaps and Challenges

The proposals to address critical gaps and challenges in each bloc are presented in Annex A.3. Broadly, the proposed interventions include:

- i. Formulation guidelines for the formulation of county bloc policy and legal frameworks, with provisions for entrenching regional and international agreements, for ratification by county assemblies to facilitate the operations of county blocs;
- ii. Formulation of the county bloc blueprints and 5-year CIDPs to ensure alignment of national and county development frameworks;
- iii. Proposals for formalising institutional partnerships between national and county governments in handling regional and international issues;
- iv. Proposals for atypical reference governance frameworks for adaptation at county bloc levels;
- v. COG to initiate dialogue with donors to support the formulation of county bloc policies, laws and blueprints to anchor county blocs;
- vi. COG to follow up on outstanding functions to be devolved in line with the Constitution;
- vii. COG to maintain a dialogue with CRA and the national Treasury on enhancing the funding of counties for them to deliver on their international obligations;
- viii. COG to liaise with the national government in preparing proposals for county governments to access resources tied to the multilateral agreements, e.g. SDG 2030, COP 21, WTO on trade facilitation; and,
- ix. Comprehensive capacity building and institutional development support at the county level.

7.1.2 Policy Alignment with National, Regional and International Frameworks

Vision 2030 remains the country's flagship long term policy framework implemented through 5-year medium-term plans anchored on competitiveness for guaranteed prosperity. The CIDPs provide policy and programme linkages with county economic policies, laws and plans aligned to Vision 2030 and the MTPs, and regional authority master plans. In this regard, the corresponding 5-year CIDPs should be prepared concurrently with the MTP 2018-2022. This should be preceded by the appraisal of the impact assessment of the outgoing CIDPs ending in 2017.

In cases where trade is externalised, the national government frameworks as espoused in regional, bilateral and multilateral agreements, are the legal anchors facilitating trade and investment (Annexes B.2 and B.7). At the operational level, county sector strategies guide activity implementation at the county level. However, the practice in the current arrangements indicates that counties, through COG, have to undertake proactive initiatives in requesting for inclusion in government delegations to regional and international fora. Even then, the only areas that seem to have received attention in the county governments are select events in tourism marketing, investment conferences, national exhibitions and agricultural shows.

A longer-term approach lies in a coordinated strategy in the harmonisation of county agricultural and livestock sector development, investment and manufacturing. There has to be coherence between the national and county policies while benchmarking international best practices.

What can be done best by the private sector should be left to it. The ultimate objective is to provide opportunities for creating wealth through income generation and distribution, increased employment, competitiveness and economic and social well-being.

7.1.3 Institutionalised National and County Government Partnerships

To align the CIDPs with national MTPs, close county government working collaborations have to be maintained in the national level planning processes within the framework in which regional and international commitments and obligations with national and county priorities are integrated. The key functions and the MDAs implementing the recommendations from the sectoral committees are as per Annex 11.

7.1.4 Economic Implications of the Regional County Blocs

Proposals to re-orient and enhance local competitiveness and attract new investments have direct economic implications on the strategies of the county blocs. These vary from investing in key enablers and productive sectors, harmonisation of the business environment and related incentive packages, joint marketing and promotion, capacity building and strengthening the functionality of the support institutions in the delivery of the anticipated goals.

7.1.4.1 Investing in Enablers for Enhanced Competitiveness

The key pillars and flagship intervention projects build on the foundation frameworks of macroeconomic stability; security, good governance; enhanced equity and wealth creation opportunities for the poor; infrastructure, energy and ICT adequacy; and, the innovation that enhances competitiveness. These are the same anchors prioritised for the regional county economic integration blocs. These anchors can be used to upgrade locational quality while facilitating the management of the productive sector and service delivery at the county level. This may also call for investing in inter-county connectivity infrastructure to ease in cross-county trade and movement, ensuring access to energy and providing stable internet connectivity.

7.1.4.2 Development and Diversification of the Productive Sectors

The development and diversification of the productive sectors stand to benefit from the cluster approach in which related industries are located within proximity. This will facilitate the establishment of large industries that can sustain economies of scale with positive competitive potentials for regional and international trade. Further, regional and international partners should be leveraged to bring in new technology and products.

The cluster strategy creates opportunities for large scale investments attractive to foreign investors. There is also the added advantage for several enterprises located in the different counties to be linked to the value chains feeding into large scale investment. Besides the shared prosperity across the counties, the overall agenda adds value to the extent that production and trade have expanded. Other spinoff benefits include cross-county cohesion given the benefits arising from the joint investments.

7.1.4.3 Capacity Building and Institutional Development Requirements

The immediate capacity building requirements in all the blocs are on short term training on how to manage blocs with county and national governments. At the institutional level, support is required in the setting up of the secretariats and formulation of the bloc policies and laws, blueprints and CIDPs aligned to Vision 2030 and MTPs. Other complementary activities include research, marketing and profiling of the priority projects for marketing to investors. Consultancy and workshops are the preferred delivery modes.

Table 7. 1: County Bloc Capacity Building and Institutional Development Priorities

Bloc	Proposals		
	Capacity Building	Institutional Development	Formant of Delivery
NOREB	<ul style="list-style-type: none"> • Training of secretariat staff 	<ul style="list-style-type: none"> • Operationalisation of the secretariat 	<ul style="list-style-type: none"> • Secondment of staff • Recruitment of CEO • Hiring consultants • Workshops • Conferences
	<ul style="list-style-type: none"> • Stakeholder sensitisation 	<ul style="list-style-type: none"> • Preparation of blueprint, and CIDs 	
	<ul style="list-style-type: none"> • Entrepreneurship development for special interest groups 	<ul style="list-style-type: none"> • Project profiling and investment master plan 	
		<ul style="list-style-type: none"> • Research on regional and international settings • Resource mobilization strategy • Marketing NOREB • Running NOREB Secretariat 	
LREB	<ul style="list-style-type: none"> • Capacity building 	<ul style="list-style-type: none"> • Preparation of county policy and law, and CIDs • Profiling priority bloc economic activities • Resource mobilization and investment conferences 	<ul style="list-style-type: none"> • Formation of a technical committee to identify needs and propose delivery mechanisms • Hire consultants • Workshops & conferences
SEKEB	<ul style="list-style-type: none"> • Capacity building for County and secretariat staff 	<ul style="list-style-type: none"> • Establishing the Secretariat 	<ul style="list-style-type: none"> • Joint Workshops • Benchmarking • Hire consultants • Investment conferences
	<ul style="list-style-type: none"> • Training of county assembly staff 	<ul style="list-style-type: none"> • County Assemblies on legal provisions required to establish and operationalise county blocs • Profiling priority bloc economic activities & Investment master plans • Resource mobilization and investment conferences 	
CDC	<ul style="list-style-type: none"> • Short-term training on skills development in 	<ul style="list-style-type: none"> • Regular predictable round table meetings to review, monitor and backstop 	<ul style="list-style-type: none"> • Workshops • Scheduled meetings

Bloc	Proposals		
	Capacity Building	Institutional Development	Formant of Delivery
	proposal writing, log frames, performance management systems etc. for the secretariat staff.	bottlenecks on agreed deliverables <ul style="list-style-type: none"> Quarterly reports from the regional development bodies on their activities in the counties shared with the County Governors and relevant line County Executive Members. 	<ul style="list-style-type: none"> Investment conferences Hire consultants Regular reports
		<ul style="list-style-type: none"> Formulation of economic blueprint and policy and CIDPs Profiling priority bloc economic activities Resource mobilization and investment conferences 	
Mt Kenya	<ul style="list-style-type: none"> Capacity building of secretariat, county and county assembly staff 	<ul style="list-style-type: none"> Establishment and review of the governance structure of the secretariat 	<ul style="list-style-type: none"> Workshops Hire consultants Investment conferences
	<ul style="list-style-type: none"> Training on financial management 	<ul style="list-style-type: none"> Formulation of the county bloc policy, law and blueprint and CIDPs Profiling priority bloc economic activities Resource mobilization and investment conferences 	
Jumuiya	<ul style="list-style-type: none"> Formulation of policy and legislation entrenching Jumuiya as a legal entity 	<ul style="list-style-type: none"> Technical support to sector committees 	<ul style="list-style-type: none"> Formulation of guidelines on responsibilities JKP resolutions and agreements passed through county assemblies
	<ul style="list-style-type: none"> Policy on raising funding from Counties to support secretariat 	<ul style="list-style-type: none"> Establishment of the secretariat 	

Bloc	Proposals		
	Capacity Building	Institutional Development	Formant of Delivery
		<ul style="list-style-type: none"> • Structured and functional sector committees with responsibilities specified • Formation of Jumuiya Institute of Innovation & Socio-economic transformation (JISET) • Functional Governors Apex • JKP Secretariat 	<ul style="list-style-type: none"> • Curriculum for JISET • Presentation of researched papers • Sensitisation • Capacity building through partner universities • Public Participation in respective forums • Private sector engagement

7.1.4.4 Harmonisation of Policies and Incentive Packages

The national and county business environment in the majority of cases is defined by the regional and multilateral agreements. In the case of Kenya, EAC and COMESA protocols and agreements constitute the main business laws. Since a number of these agreements were entered into before the establishment of counties as another layer of government, there is urgency in sensitising county government players on the enforcement of existing obligations and commitments. However, going forward, mechanisms have to be put in place to institutionalise the engagement of counties/blocs in the processes leading to the signing of such agreements. This will provide an opportunity for the counties to put forward their unique requirements for consideration with the possibility of special dispensations in the regional and international agreements.

In the meantime, the counties and county blocs should leverage and domesticate the REC trade and investment laws and other related best practices to come up with a business environment conducive to investment. Kenya's Doing Business Index provides a good starting point in identifying areas requiring urgent attention to improve the business environment and attract investors.

7.1.4.5 Management of Inter-County Shared Resources

There already exist REC institutions managing cross-border shared resources. These include Lake Victoria, watersheds and tourism corridors and products. Mechanisms at national level exist for the joint harnessing of such resources. There is a need to identify shared inter-county resources and come up with a suitable mechanism for harnessing such resources for the benefit of all parties. Such mechanisms should be consistent with regional/international protocols in cases where they exist.

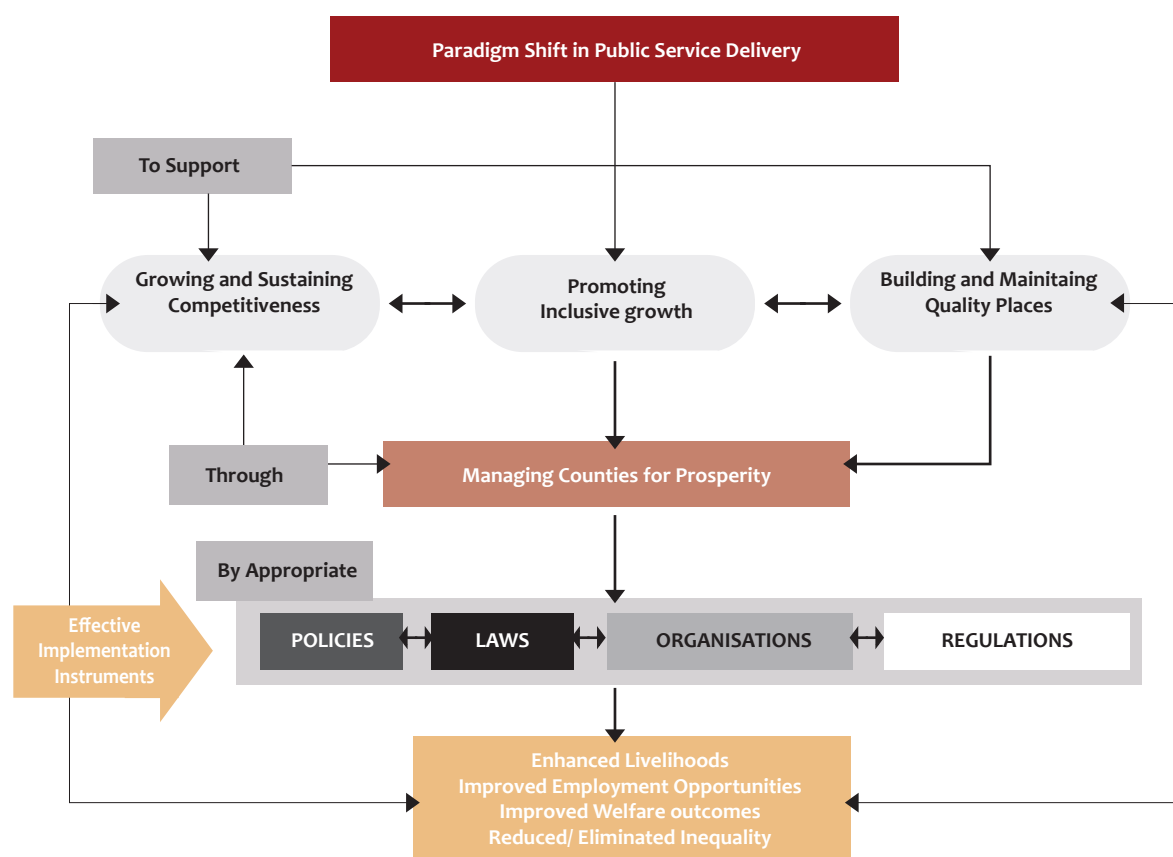
7.1.4.6 Joint Promotion and Marketing of Programmes/Projects

Similar priority interventions have been identified across the different blocs. These include tourism, agriculture and livestock development, infrastructure and transport sector, peace and security. To maximise on the investment returns at both national and county government levels, strategic partnerships should be explored for joint programme/project implementation.

Since several development activities at the county level constitute business opportunities; the private sector is encouraged to invest in the available opportunities. Towards this end, the national government has prioritised the maintenance of a conducive business environment to attract local,

regional and international investors. The strategic priority interventions consist of value addition and diversification of economic activities through select flagship projects, to create employment, expanding income potentials with consequent elimination of poverty. This requires a paradigm shift in public service that recognises growing and sustaining competitiveness, promoting inclusive growth anchored on internationally benchmarked quality and quality institutions and implements (Fig 7.1).

Figure 7. 1: Building Blocks for Cooperation and Competition among Counties in Kenya



Source: Lubaye (2012). *An Introduction to the County Governments of Kenya*

7.1.4.7 Sustainability Strategies

Anchoring blocs in law

The initiative of the county regional blocs is long-haul mechanisms and process for enforcing synergies, collaborations/cooperation, harmonisation, leverage/symbiotic cooperation, across counties within and outside the bloc. This is only feasible once the county blocs are anchored in law, within the relevant inter-governmental acts, policies and the corresponding county laws and policies. The same mechanisms should also facilitate the entrenchment of regional county blocs in the national, regional and international frameworks.

Wide stakeholder participation

There must be continuous sensitisation, consultations and public participation to obtain buy-in for county bloc activities from all stakeholders, in particular, the political class; promotion of public-private partnerships as part of resource mobilisation or marketing outlets. The regional county bloc governance mechanisms provide suitable vehicles for sensitisation, consultation and resource mobilisation.

Policy harmonisation and alignment

At the policy level, the county bloc blueprints should be based on a minimum period of 10 years and preferably aligned to the timeline of Vision 2030. In addition to the regional bloc priorities, the blueprints should also incorporate REC and international commitments and constitutional obligations part of the devolved functions. Further, critical national interventions to support and complement county bloc priorities should be spelt out clearly. The 5-year CIDPs' timelines should be synchronised with the MTPs implementing Vision 2030; incorporating key complementary interventions of the national government, in particular, synergies in infrastructure development; and, harmonisation of trade and investment facilitation policies and frameworks.

Capacity building

With the pending election in 2017, there will need to train the new officials joining the counties. In the meantime, the current crop of the county and secretariat staff need training on how to manage county bloc activities in collaboration with county governments.

Financing

Besides the normal budgetary financing, the county governments have to go out of their way to mobilise investment resources for priority economic activities. In this regard, therefore, project profiling has to be done in advance for purposes of marketing to would-be investors. In cases entailing large contracts, the national government and state law office should be involved. In any case, private sector investments should be prioritised.

Role of COG Secretariat

Besides its regular responsibilities, of coordination and resource mobilisation among others, the COG Secretariat shall follow up on the following outstanding issues:

1. Implications for non-participating counties;
2. Implications of multiple memberships;
3. The institutionalisation of regional blocs in the national government trade and investment frameworks;
4. County laws for ratification of international and bilateral agreements impacting on devolved functions;
5. Follow-up with the national government for the incorporation of resources from levies and surcharges of devolved functions in the CRA sharing formula;
6. Twinning in unique initiatives between counties and external organisations;
7. Policy decisions to be explored on the co-existence of the county governments, county blocs and regional development authorities in the same geographical areas; and,
8. Rationalisation of the functions of the regional bodies, CDF and County governments/ blocs to remove duplication of efforts.

7.2 Integrating County Bloc Strategic Interventions into the National Frameworks

The blueprints constitute county visions and strategies. Aligning such visions with Vision 2030 strengthens the institutionalisation process of the county blocs. It also improves visibility and promotion of the county bloc activities in attracting investors.

7.3 Financial and Human Resources Requirements

In the absence of policies and blueprints, resource requirements can only be estimated. In the majority of cases, no estimates were provided by the county blocs. NOREB and FCDC were the only blocs that provided their estimates for funding anticipated capacity building and institutional strengthening requirements. Whereas the majority of the county blocs had not provided estimates of resource requirements for the operationalisation of county regional blocs, the estimates were found in submissions from Jumuiya and NOEB.

Table 7. 2: Budgetary Requirements for FY 2016/17 to operationalize the County Regional Blocs

BUDGET ESTIMATES						
	NOREB	LREB	SEKEB	Mt Kenya	FCDC	Jumuiya
Development of economic blue print @ 40M per bloc	40.0	-	40.0	40.0	In progress	40.0
Stakeholder/Leaders sensitization forums @ 6M	52.4	78.0	18.0	60.0	42.0	36.0
County bloc policies and laws including public participation @ 3.75 per county	30.0	-	-	40.0	25.0	25.0
End of term evaluation CIDPs aligned to MTP2 and preparation of CIDPs aligned to MTP3 per county	8.0	13.0	3.0	10.0	7.0	6.0
Preparation of 5-year CIDPs aligned to MTP3 @ 5M per county	40.0	65.0	15.0	50.0	35.0	30.0
Investment master plan and Profiling bloc priority activities @ 6.5 per county	40.0	85.0	20.0	65.0	45.0	50.0
10 year county sector plans @ 10M per county per sector	80.0	50.0	50.0	50.0	50.0	60.0
Research-targeted @ 3M per county	22.4	39.0	9.0	30.0	21.0	xxxx
Entrepreneurship development for special interest groups@ 5M per county	37.6	65.0	15.0	50.0	35.0	30.0
Harmonisation of the business environment - tariffs, and bills @1M per county	6.4	13.0	3.0	30.0	7.0	6.0
Research mobilization strategy @ 1.25 per county	10.0	16.0	4.0	13.0	9.0	8.0
Marketing and Branding @ 25M per county	213.0	325.0	75.0	250.0	175.0	150.0
Training secretariat staff/ capacity building @ 5M per county	40.0	65.0	15.0	50.0	35.0	30.0
Running Secretariat @ 65M per county	42.6	20.0	85.0	65.0	45.0	50.0
Operationalization of institutionalized research partnership with universities	xxx	xxxx	xxxx	xxx	xxx	50.0
O&M	28.5					
Total						

8

PART 4

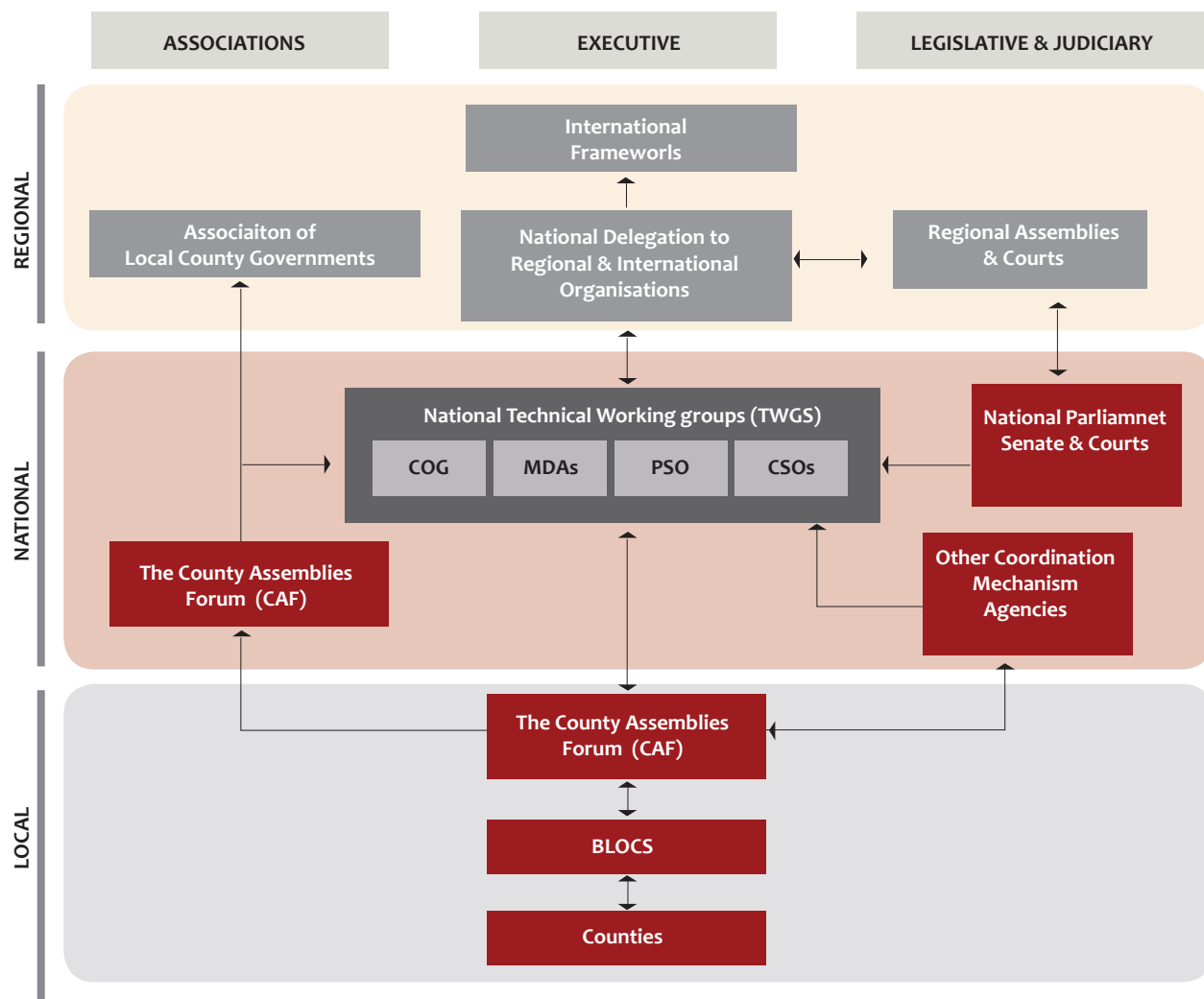
Institutionalisation of the County Blocs

8.0 Strategies For Adaptation of Suitable County Bloc Models

8.1 Model Institutional Framework

Successful undertaking of territorial government economic activities involves a partnership between government, private sector and civil society on the one hand, and related regional and international players on the other hand. It involves information sharing so that businesses know what the government is planning and vice versa. National governments should incorporate the goals and tools of regional planning as an integral part of national planning, identifying potential bottlenecks to regional and local development. A potential model institutional framework in Figure 8.1 builds on these principles with intervention mechanisms in Box 8.1.

Figure 8. 1: Model Institutional Framework



Box 8. 1: Ideal situation for Territorial Economic & Investment Policy

Macroeconomic stability	<ul style="list-style-type: none"> • Balance economic, social and environmental issues • Market-based policies anchored on FTA • Fiscal decentralisation • Single market supportive of labour mobility • Access to adequate funding- for management and investment • Diversification and expansion of export-linkages; with the increasing emphasis on high knowledge content exports • Financial sector integration • Promotion of economies of scale • Local economic development • Local financing, social stability and environmental sustainability
Policy orientation	<ul style="list-style-type: none"> • Common collective policies cutting across all counties (eg liberalisation) • Promote a functional approach to the integrated development of territories (eg Clustering, value chains, etc) • County bloc policy and law, harmonised rules and processes, trade & investment laws, procedures, etc.) • Strategic planning (eg alignment with Vision 2030, blueprints, MTPs and CIDPs With adequate flexibility for county-specific interests) • Anchoring territorial plans on national, regional and international visions • Connecting local economies to globalization-policy, value chains, exports, imports, through global and regional trade arrangements • External fiscal disciplines • Policy coherence, coordination and cooperation at and among all levels of government • Policy interventions to address asymmetric imbalances • Predictable legal frameworks benchmarked to international practices (e.g. WTO on trade and investment) • Promote innovation • Fostering place-based policies through cross-sectoral coordination of policies and multi-level governance from local to national, regional and international level • Encouraging cooperation between territories to strengthen national integration • Improving knowledge of territories, to guide their development • Eradication of barriers to trade and investment
Legal frameworks	<ul style="list-style-type: none"> • The Constitution of Kenya • Inter-governmental Laws • PFM Act • Procurement Act • County laws
Governance	<p>Governance structure</p> <ul style="list-style-type: none"> • Inter-Governmental Summit • Bloc apex body • Stakeholder associations/professional bodies • Technical Committees

Box 8. 1: Ideal situation for Territorial Economic & Investment Policy

	<ul style="list-style-type: none"> • Secretariat Leadership qualities • Local governance that promotes public participation for enhanced inclusiveness; • Decentralised fiscal, political decisions and administrative structures; • Local transparency, accountability and utilization of local opportunities • Powers and responsibilities of all of these institutions are laid down in the facilitating policies and laws • Rules, procedures and processes should be spelt out in the operational policies and regulations • Political involvement in policy approvals • Structured and institutionalised national and county government partnerships in regional and international undertakings
Political dynamics	<ul style="list-style-type: none"> • Invest in institution building, human and physical capital development, and complement national instruments to foster political acceptability and long-term planning • Link each territory with the network of relations that determine the state's cultural, social, economic, and political identity; • Functional mechanisms for citizen participation for enhanced ownership • Shift power to local level communities
Developmental aspirations	<ul style="list-style-type: none"> • Invest in infrastructure for connectivity to markets • Developing local governmental, entrepreneurial, and civil society organizations • Promote local actors participation in trade and investment, clusters with many networked complementary businesses • Embrace innovation and technology transfer and development of new production sectors and learning processes • Planned urbanization at the local level to locate investments • Entrenching partnerships with external donors including multinational investors • Encourage the accumulation of capital in local production processes • Make efficient use of the local economic potential • Make local public and private agents responsible for investments, growth control, and income distribution • Package incentives for technology transfer, build productive capacities • Work from agreed criteria for the location of projects • Adequacy of infrastructure connectivity • Promotion of clusters, hubs, spokes • Business innovations between the counties and the private sector
Institutional Arrangements	<ul style="list-style-type: none"> • Harmonious working relationships between the county and national government, private sector and other interested parties • To coordinate and support top-down and bottom-up decision-making processes

Box 8. 1: Ideal situation for Territorial Economic & Investment Policy

	<ul style="list-style-type: none"> • Interphase with national institutions to provide linkages with regional and international institutions • Level of delegated authority to the supranational organization • Strong local/national networks to negotiate for strategic interests • Well-defined administrative structure to avoid duplication of effort and conflicts in authority • Urban planning assigned critical responsibilities • Assigning specialized agencies
Organizational setups	<ul style="list-style-type: none"> • Integrates bottom-up, top-down and regional/international mechanism in decision and policy-making, programming • Recognize the decision-making capacity of the recs impacting on county policies in particular cross-border cooperation, interregional cooperation, and transnational cooperation • Allow regional representatives to participate directly in the meetings of the Council of Ministers of member states • Transform the Committee of the Regions from a consulting body into an institution that participates in and has power over EU decision-making processes • Use this Committee as the basis for a European Senate, whose legislative powers are coordinated with the European Parliament, to create a democratic legislative power comprised of two parliamentary chambers, one of which would enable the regions to participate in European policy implementation; • Effectively apply the subsidiarity principle recognized by the Maastricht Treaty to these policies; • Linkages between counties, associations, private sector, etc
Functional frameworks	
(a) Planning	<ul style="list-style-type: none"> • Strategic visioning and long-term planning • Cohesive county, bloc and national agenda
(ii) Operational	<ul style="list-style-type: none"> • Entrench the principle of subsidiarity • Promote cooperation and collaboration mechanisms with national, regional and international frameworks
(iii) Accountability	<p>Spell frameworks for accountability</p> <ol style="list-style-type: none"> 1. County assemblies <ul style="list-style-type: none"> • Senate 2. Auditors 3. Citizens <p>Special interest groups including private sector</p>
(iv) Dispute settlement	<ul style="list-style-type: none"> • Alternative including working within MOU arrangements in informal setups • Judicial • International frameworks
(v) Cost and benefit-sharing	<ul style="list-style-type: none"> • Allocate costs using agreed-upon criteria • Share benefits based on the policy arrangement
(vi) Communication	<ul style="list-style-type: none"> • Communication strategies and protocols • As per constitutional requirements

Box 8. 1: Ideal situation for Territorial Economic & Investment Policy

		<ul style="list-style-type: none"> • Data and information dissemination • Institutionalized communication channels • Education and sensitisation of the general population on available opportunities • Leverage cultural underpinnings ineffective communication
(vii)	Human resource Capacity	<ul style="list-style-type: none"> • Diversity of skill complements • Regular capacity building programmes to upgrade staff skills • Build institutions • Competitive staff recruitment
(viii)	Financing/Adequate resources	<ul style="list-style-type: none"> • Mobilise development resources across the public and private sectors, and civil society • Budget functions • Dedicated financial instruments to ring-fence development resources • Partnership funds e.g. Enterprise Fund, Youth Fund, Women's Enterprise Fund • Exploring opportunities for developing financial and non-financial incentives on renewable energy projects and Green Deal;
(ix)	M&E functions	<ul style="list-style-type: none"> • Standardized evaluation criteria
(x)	Externalization function	<ul style="list-style-type: none"> • Investment partnerships • Diversified export basket

8.2 Typical Governance Mechanisms

The typical engagement structure of county blocs with national, regional and international frameworks shall differ according to the issue at hand. However, the principle running through all engagements is that of partnerships. Engagements at regional and international level shall be coordinated through national frameworks. In this regard, the counties and COG should identify the TWGs and coordinating MDAs to work with on the preparation of the national position papers. The same approach should be leveraged in matters of resource mobilization from international organizations. County representatives from the county blocs to re-enforce the technical requirements.

The existing governance structures to a large extent are aligned to international good practice, involve wide stakeholder involvement, accountability and dispute settlement mechanisms. The organisational structures also inbuild hierarchical systems of engagement through their span is shorter. The three arms of government - judiciary, executive and legislative - are involved in select specialised activities. In this regard, the county bloc governance structure is not being built in a vacuum. It entails adaptations of best practices that resonate with the Kenyan socio-economic culture.

Engagement at the county bloc levels shall be centred on the bloc secretariat, to which all counties will subscribe, by way of financial and human resources. The functionality of the bloc secretariat depends on the adopted governance structure. There are two types of secretariats in operation in the transitional phase. One is that of inter-governmental arrangement where county staff are seconded to the secretariat on a fixed-term basis, and the other is that of a private company limited

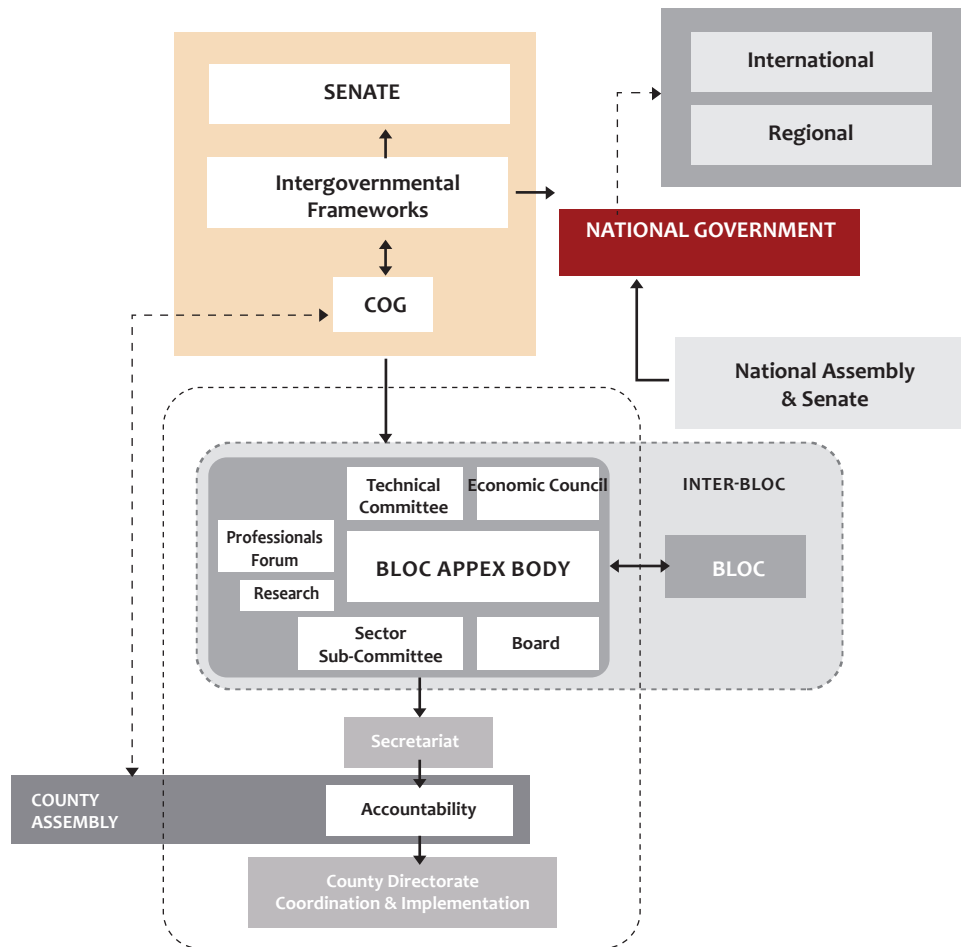
by guarantee. It is easier to fund the former through the budget. Donors would also be more comfortable in funding such secretariats. There is yet a third type of secretariat based on public company status.

The final status of the secretariat shall be agreed on with technical support from the legal team. In any case, the role of the secretariat shall consist of:

1. Coordination
2. M&E
3. Resource mobilisation
4. Information dissemination
5. Organizing AGMs
6. Ensuring compliance with county regional commitments

The challenges of counties feeling that their optimal economic demands can only be met from multiple participants across more than one bloc can be put to rest with policy provisions of the inter-bloc implementation of shared activities. This will eliminate the need for double financial contribution and secondment of staff, since such projects may have a finite life span.

Figure 8.2: Model Governance Framework



8.3 Implementation Strategies

Part of strengthening counties is the adoption of common approaches and implementation timelines to harness cross-county synergies and symbiotic partnerships for vision convergence as a nation. Strategic implementation approaches are to:

1. Standardise frameworks for the formulation county bloc policy and legal framework;
2. Come up with guidelines for the preparation of the Blueprints;
3. Embrace the business cluster model to leverage on available county and cross-county resources and endowment;
4. Joint inter-bloc marketing and promotion especially in common trade and investment events;
5. Joint implementation of common priority economic activities;
6. Complementary national investments in the key enablers in support of the delivery of county bloc priority economic activities;
7. Benchmarking regional and international obligations and commitments;
8. A common approach to global initiatives;
9. Joint mobilisation of resources from global initiatives with resources attached to them (eg SDG and Climate change); and
10. A common approach to shared cross-border resources.

8.4 Implementation Plan

In anticipation of anchoring all blocs in policy and legal frameworks, county bloc policies and laws have to be ready and in place for ratification by the county assemblies before December 2016.

Table 8. 1: Broad Implementation Framework and Timelines

S/No		Target blocs	Sept-Dec 2016	Jan-March 2017	April-June 2017	July-Dec 2017	Jan-June 2017	July-Dec 2017	Jan-June 2018
1	County bloc policies and laws for approval by county assemblies	All							
2	Establishment and operationalization of county bloc secretariats (Jan 2017)								
3	Preparation of county regional bloc blueprints	All							
4	End of term evaluation of CIDPs aligned to MTP2								
5	Preparation of 5-year CIDPs aligned to MTP3 (2018-2022)								
6	Profiling priority bloc economic activities								
7	Follow-up on operational issues including those requiring further consultation between national and county governments								

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ANNEXE: Background Research

Annexe A: Status Report

Annexe A. 1: County Regional Economic Blocs Policies, Laws and Priority intervention areas

County Regional Bloc	No. of counties	Counties	Priority Interventions	Underpinning policies	Underpinning laws
North Rift Economic Bloc (NOREB)	8	Uasin Gishu, Trans Nzoia, Nandi, Elgeyo-Marakwet, West Pokot, Baringo, Turkana, Samburu	Enablers: <ul style="list-style-type: none"> Trade and Investment laws, regulations Security and cohesion Resource mobilisation Infrastructure Governance and social development Entrepreneurship Branding Institutions Strategic long-term plans Sectors: <ul style="list-style-type: none"> Tourism Sports, Culture & Arts Agriculture and livestock development Food security Forestry Energy and natural resources (Mining, Oil & gas) Infrastructure development Industrial development 	<ul style="list-style-type: none"> Vision 2030 MTP 2013-2017 County CIDPs Concept Paper NOREC Economic Policy 2016 KVDA Integrated Master Plan 2013-2033 	<ul style="list-style-type: none"> The Constitution, 4th schedule The County Government Act, No. 17 of 2012 The Inter-Governmental Relations Act, of 2012 The Public Finance Management Act, 2012 The Public-Private Partnership Act, No. 15 of 2013 NOREC MOU Agreement NOREC Bill in County Assemblies
Mt. Kenya and Aberdare	10	Tharaka-Nithi, Meru, Nyeri, Laikipia, Murang'a, Kiambu, Nakuru, Nyandarua, Embu and Kirinyaga	Pillars: <ul style="list-style-type: none"> Agriculture and livestock Tourism and other Services Water resource management Industrialisation Enablers: <ul style="list-style-type: none"> Infrastructure-energy, roads ICT Healthcare 	<ul style="list-style-type: none"> Vision 2030 MTP 2013-2017 County CIDPs 	<ul style="list-style-type: none"> The Constitution, 4th schedule The County Government Act, No. 17 of 2012 The Inter-Governmental Relations Act, of 2012 MOU

County Regional Bloc	No. of counties		Priority Interventions	Underpinning policies	Underpinning laws
Lake Region Economic Bloc (LREB)	13	Bungoma Busia, Homa Bay, Kakamega, KisiiKisumu, Migori, Nyamira, Siaya, Vihiga, Bomet, Trans-Nzoia, Kericho	Pillars: Productive Sectors: Agriculture Tourism Sports Social sector: Health and education Enablers: Financial services- establishing a bank ICT Infrastructure Future: Regional Economic Zones Energy improvement for local industries Integrated database for the health sector	Vision 2030 MTP 2013-2017 County CIDPs	The Constitution, 4th schedule The County Government Act, No. 17 of 2012 The Inter- Governmental Relations Act, of 2012 MOU County law under formulation
Jumuiya ya Kaunti za Pwani	6	Lamu, Kilifi, Kwale, Mombasa, Tana River and Taita Taveta	Pillars: Tourism Mining Marine transport Fishing Institutions: Establishment of a coastal Tourism Board Fishing and marine transport Coast regional development bank Establishment of an institute in partnership with universities on innovation Construction of the fish port The revival of collapsed industries Upgrading coastal hospital Resolution of outstanding land disputes	Vision 2030 MTP 2013-2017 County CIDPs	The Constitution, 4th schedule The County Government Act, No. 17 of 2012 The Inter- Governmental Relations Act, of 2012 The PFM Act Cooperation Agreement between the 6 counties MoU between local Universities (TTUC, TUM & Pwani University) and the 6 coastal region counties Concept Note and framework

County Regional Bloc	No. of counties	Counties	Priority Interventions	Underpinning policies
South Eastern Kenya Economic Block (SEKEB)	3	Makueni, Kitui and Machakos	Pillars: <ul style="list-style-type: none"> • Tourism • Mining • Water resources • ICT Future activities: <ul style="list-style-type: none"> • Irrigated agriculture • Value chain development • Manufacturing • Commodity markets and trade • Transportation • Real estate development • Specialist hospitals • Regional Investment Bank 	<ul style="list-style-type: none"> • Vision 2030 • Concept Note • National Sectoral policies in mining, tourism, • CIDPs • SDGs 2030 • Climate Change (COP21)
Frontier Counties Development Council	7	Garissa, Wajir, Mandera, Isiolo, Marsabit, Tana River, Lamu,	Enablers <ul style="list-style-type: none"> • Infrastructure, • Capacity building & institutional strengthening • Good Governance, • Results based management, • Monitoring and evaluation frameworks • Networking and Strategic Partnership Sectors: <ul style="list-style-type: none"> • Water and Sanitation • Livelihoods • Peace and Security • Renewable Energy • Oil and Gas 	<ul style="list-style-type: none"> • Sessional paper 8 of 2012 • Vision 2030 ASAL • Regional/national programmes- LAPSSET, Ending Drought Emergencies, NDMA, ENNDA • MOU • Sustainable Development Goals (UN) • Vision 2030 ASAL • County Strategic Plans, ADIP, CIDPs

Source: COG (2016), Various County Blocs

Annexe A. 2: Planning, Organizational and Accountability Processes

Regional County Economic Blocs -Planning, Accountability, Organisational and Financing Frameworks and Mechanisms						
Regional County Economic Bloc	Frameworks/Mechanisms	County blocs	County governments	County assembly	National	Regional/International players
North Rift Economic Bloc (NOREB)	Planning	Prioritisation is done through departmental ministries at the county level	Integrate bloc priorities into the CIDPs	Ratify legal framework to facilitate counties integrate same into CIDPs	Alignment with national policies (limited participation)	Benchmarking (through alignment with national agenda)
	Financing	Cost benefit-sharing model (retain 70% of revenue generated and employment retained in host county, costs ratios aligned to CRA) Contributions from counties raised from Local taxes, levies and royalties Donor funding Private sector investment PPP Joint ventures Concessions Other revenue generation modalities	County government contributions and resource mobilisation	Approving the budgets aligned to work plans anchored on CIDPs	CRA allocations Sector transfers	Donor funding through the national treasury NGOs Private sector
	Organisational	Inter-governmental arrangements Committees drawing membership from counties	Except for CEO, secretariat staff are seconded from county governments Committees drawing membership from stakeholders	Standing orders of the county assemblies	Alignment of sectoral activities with national structures	To be defined in the recommendations

Regional County Economic Blocs -Planning, Accountability, Organisational and Financing Frameworks and Mechanisms						
Regional County Economic Bloc	Frameworks/Mechanisms	County blocs	County governments	County assembly	National	Regional/International players
	Accountability	Governors' Summit	Public/community audit Financial and programme-based audits within financial systems	Financial and programme-based audits within financial systems Validation and Approval of audit reports	Senate committee	Donor funding to be accounted for to respective donors
	Dispute settlement	Community mechanisms Mediation Arbitration Judicial process	Community mechanisms Mediation Arbitration Judicial process	Limited	Judicial process	International-Investment dispute resolution mechanisms
	Benefit/cost-sharing	Cost/benefit sharing model- of 70% cost/profit in the county of the project location	To be an integral part of projects	Awaits county assembly approval	NA	NA
	Communication	To be approved through organs as appropriate Governors using county communication frameworks	County government mechanisms	Appropriate forums	Appropriate intergovernmental forums	Appropriate forums
	M&E	Systems to be established Performance indicators to be agreed on a design of the blueprint Frequency of M&E to be aligned with county practices	M&E to be institutionalised with reporting formats and timeframes	M&E institutionalised	M&E institutionalised within NIMES	Integrated into the national M&E frameworks
Mt. Kenya and Aberdare Economic Bloc	Planning	Prioritisation is done through departmental ministries at the county level	Integrate bloc priorities into the CIDPs	Ratify legal framework to facilitate counties to integrate same into CIDPs	Limited participation in the initial consultation but may be apparent	Benchmarking (through alignment with national agenda)

Regional County Economic Blocs -Planning, Accountability, Organisational and Financing Frameworks and Mechanisms						
Regional County Economic Bloc	Frameworks/Mechanisms	County blocs	County governments	County assembly	National	Regional/International players
					during preparation of blueprint	
	Financing	Ksh 2m per county	County government contributions and resource mobilisation	Approving the budgets aligned to work plans anchored on CIDPs	CRA allocations Sector transfers	Donor funding through the national treasury NGOs Private sector
	Organisational	Propose a private company with a limited guarantee Committees drawing membership from counties	Secretariat draws staff from professionals Committees drawing membership from stakeholders	Standing orders of the county assemblies	Alignment of sectoral activities with national structures	To be defined
	Accountability	To be formulated during policy preparation	Public/community audit Financial and programme-based audits within financial systems	Financial and programme-based audits within financial systems	Senate committee	Donor funding to be accounted for to respective donors
	Dispute settlement	To be deliberated on during policy formulation	To be agreed on during policy formulation	Limited	Judicial process	International-Investment dispute resolution mechanisms
	Benefit/cost-sharing	To be formulated within county bloc policy	To be an integral part of projects			
	Communication	To be formulated within county bloc policy	County government mechanisms	Appropriate forums	Appropriate intergovernmental forums	Appropriate forums
	M&E	To be formulated within county bloc policy Systems to be established Performance indicators to	Frequency of M&E to be aligned with county practices	To be a constituent part of the financial and programme-based audits within financial systems	NA	NA

Regional County Economic Blocs -Planning, Accountability, Organisational and Financing Frameworks and Mechanisms						
Regional County Economic Bloc	Frameworks/Mechanisms	County blocs	County governments	County assembly	National	Regional/International players
		be agreed on a design of the blueprint				
Lake Region Economic Bloc (LREB)	Planning	<p>Prioritisation is done through departmental ministries at the county level</p> <p>Linkages with regional and global commitments and obligations</p>	<p>Integrate bloc priorities into the CIDPs</p> <p>Proactive leadership from the counties</p>	Approval of policies, laws and work plans and budgets	<p>Alignment with national policies – Vision 2030</p> <p>Tapped into national data banks, feasibility studies during the preparation of blueprint</p> <p>There is evidence of consultations with national government representatives</p>	Benchmarking (through alignment with national agenda)
	Financing	<p>Kshs 10 m per county to run the secretariat for 2 years</p> <p>Kshs 100m for setting up a regional bank</p> <p>Cost/benefit-sharing arrangements to be formulated</p>	County government contributions and resource mobilisation	Approving the budgets aligned to work plans anchored on CIDPs	CRA allocations Sector transfers	<p>Donor funding through the national treasury</p> <p>NGOs</p> <p>Private sector</p>
	Organisational	<p>Inter-governmental arrangements</p> <p>Committees drawing membership from counties</p> <p>Rotational chairmanship</p>	<p>Committees drawing membership from stakeholders</p> <p>Except for CEO, secretariat staff are seconded from county governments</p>	Standing orders of the county assemblies	Alignment of sectoral activities with national structures	To be defined

Regional County Economic Blocs -Planning, Accountability, Organisational and Financing Frameworks and Mechanisms						
Regional County Economic Bloc	Frameworks/Mechanisms	County blocs	County governments	County assembly	National	Regional/International players
	Accountability	Governors' Summit	Public/community audit Financial and programme-based audits within financial systems	Financial and programme-based audits within financial systems	Senate committee	Donor funding to be accounted for to respective donors
	Dispute settlement	Alternative methods Judicial process	Alternative methods Judicial process	Limited	Judicial process	International-Investment dispute resolution mechanisms
	Benefit/cost-sharing	To be formulated within county bloc policy	To be an integral part of projects			
	Communication	To be formulated within county bloc policy	County government mechanisms	Appropriate forums	Appropriate intergovernmental forums	Appropriate forums
	M&E	Quarterly governors' meetings to receive progress and status reports	Frequency of M&E to be aligned with county practices	To be a constituent part of the financial and programme-based audits within financial systems	NA	NA
Jumuiya ya Kaunti za Pwani	Planning	Prioritisation is done through departmental ministries at the county level County Bloc Policy to be formulated	Integrate bloc priorities into the CIDPs Public participation Passed resolutions for forming an economic bloc Approval of resources for expenditure In the process of passing legislation to anchor economic blocs to facilitate counties set aside funding for running the secretariat	Ratify legal framework to facilitate counties, integrate same into CIDPs	Priorities identified are aligned to Vision 2030 There is evidence of consultation with national govt. representatives, Vision 2030 Secretariat and support technical institutions	Benchmarking (through alignment with national agenda)

Regional County Economic Blocs -Planning, Accountability, Organisational and Financing Frameworks and Mechanisms						
Regional County Economic Bloc	Frameworks/Mechanisms	County blocs	County governments	County assembly	National	Regional/International players
	Financing	Financing options to be defined in the policy and legal instrument Cost/benefit-sharing through inclusion in CIDPs	County government contributions and resource mobilisation	Approving the budgets aligned to work plans anchored on CIDPs	CRA allocations Sector transfers	Donor funding through the national treasury NGOs Private sector
	Organisational	Inter-county arrangements Committees drawing membership from counties Implementation under national and county laws	Committees drawing membership from stakeholders Except for CEO, secretariat staff are seconded from county governments.	Standing orders of the county assemblies	Alignment of sectoral activities with national structures	To be defined
	Accountability	Jumuiya Apex body Public audit committees in the county assembly and senate	Public/community audit Financial and programme-based audits within financial systems	Approvals of financial and M&E reports	Senate committee	Donor funding to be accounted for to respective donors
	Dispute settlement	Alternative mechanisms with Apex body deliberating on the issue As provided for in the national laws	As provided for in the national laws	Limited	Judicial process	International-Investment dispute resolution mechanisms
	Communication	To be formulated within county bloc policy	County government mechanisms	Appropriate forums	Appropriate intergovernmental forums	Appropriate forums
	Benefit/cost-sharing	Accrued economies of scale Maximise synergies Equitable		To approve the agreed inter-county arrangement		

Regional County Economic Blocs -Planning, Accountability, Organisational and Financing Frameworks and Mechanisms						
Regional County Economic Bloc	Frameworks/Mechanisms	County blocs	County governments	County assembly	National	Regional/International players
		distribution of profits Employment creation Lesson learning				
	M&E	To be formulated within county bloc policy Systems to be established Performance indicators to be agreed on a design of the blueprint Frequency of M&E to be aligned with county practices	Frequency of M&E to be aligned with county practices	To be a constituent part of the financial and programme-based audits within financial systems	NA	NA
South Eastern Kenya Economic Block (SEKEB)	Planning	Prioritisation is done through departmental ministries at the county level	Integrate bloc priorities into the CIDPs	Ratify legal framework to facilitate counties integrate same into CIDPs	Priorities are aligned to Vision 2030 Min of Trade is the only national institution that has briefed the bloc on their policy	Benchmarking (through alignment with national agenda)
	Financing	Financing proposals to be defined in county bloc policy and law Revenue sharing arrangements to be defined in the yet to be prepared policy	County government contributions and resource mobilisation	Approving the budgets aligned to work plans anchored on CIDPs	CRA allocations Sector transfers	Donor funding through the national treasury NGOs Private sector

Regional County Economic Blocs -Planning, Accountability, Organisational and Financing Frameworks and Mechanisms						
Regional County Economic Bloc	Frameworks/Mechanisms	County blocs	County governments	County assembly	National	Regional/International players
	Organisational	Inter-county arrangements Committees drawing membership from counties	Except for CEO, secretariat staff are seconded from county governments Committees drawing membership from stakeholders	Standing orders of the county assemblies	Alignment of sectoral activities with national structures	To be defined
	Accountability	Governors Forum	Public/community audit Financial and programme based audits within financial systems	County Assembly	Senate Committee	Donor funding to be accounted for to respective donors
	Dispute settlement	Alternative mechanisms using the Council of Elders Arbitration Kenyan Courts	As provided for in the national laws	Limited	Judicial process	International-Investment dispute resolution mechanisms
	Benefit/cost-sharing	To be formulated within county bloc policy	To be an integral part of projects			
	Communication	To be formulated within county bloc policy	County government mechanisms	Appropriate forums	Appropriate intergovernmental forums	Appropriate forums
	M&E	To be formulated within county bloc policy Systems to be established Performance indicators to be agreed on a design of the blueprint Frequency of M&E to be aligned with county practices				

Regional County Economic Blocs -Planning, Accountability, Organisational and Financing Frameworks and Mechanisms						
Regional County Economic Bloc	Frameworks/Mechanisms	County blocs	County governments	County assembly	National	Regional/International players
Frontier Counties Development Council	Planning	Prioritisation is done through departmental ministries at the county level	Integrate bloc priorities into the CIDPs	Ratify legal framework to facilitate counties integrate same into CIDPs	Extensive consultations have been held with several ministries and state corporations	
	Financing	Kshs 2m contribution annually per county International organisation funding the Horn of Africa likely to generate more resources.	County government contributions and resource mobilisation	Approving the budgets aligned to work plans anchored on CIDPs	CRA allocations Sector transfers	Donor funding through the national treasury NGOs Private sector
	Organisational	A private company with a limited guarantee Committees drawing membership from counties	Secretariat draws staff from professionals Committees drawing membership from stakeholders	Standing orders of the county assemblies	Alignment of sectoral activities with national structures	To be defined
	Accountability	To be formulated within county bloc policy	Public/community audit Financial and programme-based audits within financial systems		Senate committee	Donor funding to be accounted for to respective donors
	Dispute settlement	To be formulated within county bloc policy	As provided for in the national laws	Limited	Judicial process	International dispute mechanisms
	Benefit/cost-sharing	To be formulated within county bloc policy	To be an integral part of projects			
	Communication	To be formulated within county bloc policy	County government mechanisms	Appropriate forums	Appropriate intergovernmental forums	Appropriate forums

Regional County Economic Blocs -Planning, Accountability, Organisational and Financing Frameworks and Mechanisms

Regional County Economic Bloc	Frameworks/Mechanisms	County blocs	County governments	County assembly	National	Regional/International players
	M&E	<p>To be formulated within county bloc policy</p> <p>Systems to be established</p> <p>Performance indicators to be agreed on a design of the blueprint</p> <p>Frequency of M&E to be aligned with county practices</p>				

Annexe A. 3: Proposed Interventions to Bridge Gaps and Challenges in the Governance, Policy and Institutional Structures

County Bloc	Issues	Gaps and Challenges	Interventions		
			Policies	Laws	Institutions
NOREB	Governance	No county law recognising bloc activities apart from MOU and agreement of the governors	County assemblies to approve formulated bloc policy	County assemblies to Ratify the county bloc law in the county assemblies	Recognise County Bloc Secretariat as part of the county government governance secretariat with the rotational chairmanship
	Organisational structures (hierarchical)	Representation in partnership with the national government in external regional and international affairs Recruiting CEO to Secretariat The non-Secondment staff of county to Secretariat	COG to follow up on Review national and county government partnership policy to strengthen functional relationships	COG to prepare a reference county bloc law for approval by Senate and adaptation by the different blocs	COG to follow up on: Review of the roles and partnerships of development authorities and county governments Recommend on minimum requirements for a county bloc governance and institutional structure
		MDAs coordinating policy frameworks of the devolved functions have not engaged counties and blocs on policy issues and negotiations Clarity of county representation in regional and international negotiation arrangements	National government to firm up policy county government on engagement in regional/international negotiations	Contained in the draft county law awaiting ratification by the county assemblies	The institutionalisation of regional blocs in the national government trade and investment frameworks
	Functionality (to achieve intended objective/ order)	Bloc blueprint	Formulating the blueprint Profiling county regional bloc economic activities for investment mobilization	COG to come up with overarching law county blocs law for ratification by County assemblies (County assemblies to ratify NOREB law on operations of the bloc)	Tapping into academic and research institutions within the bloc explore Partnerships with regional development authorities Joint promotion, programming of common priority activities in tourism,

County Bloc	Issues	Gaps and Challenges	Interventions		
			Policies	Laws	Institutions
		Disparities in trade and investment policies	Harmonise trade and investment policies and facilitating instruments while benchmarking regional and international commitments and obligations	Legal provisioning in the national trade and investment laws entrenching participation of county governments alongside national government	
		Inadequate financial and human resources	Incorporated into the county bloc policy as alternative resource mobilisation options Strengthen partnerships with the private sector to mainstream financial support to the bloc	To be facilitated through appropriate amendments in the PFM Act	Leveraging existing institutions for the capacity building programme
		Fee charges by national technical and regulatory institutions	County governments to be given equal treatment received by the national government when technical/regulatory institutions are called upon to provide support to the counties	To be handled at a policy level	To be streamlined in the appropriate inter-governmental mechanisms
		Lack of mechanisms for sharing levy-based resources from devolved functions	To be taken up with CRA to discuss the sharing of fees charged on devolved functions like tourism, fuel levy, etc.	Agreement to be incorporated in the CRA sharing formula	CRA to take up
	Operational (sequencing of tasks)	Formulation of the blueprint with project activities in each county remain outstanding	County government blue 5-year CIDP to be aligned with MTP3 Annual CIDPs to draw from 5-year CIDP Branding of the bloc to reflect priority activities for marketing purposes	Passing county bloc law in county assemblies	Institutionalise Planning and Programming partnerships with the state department of Planning

County Bloc	Issues	Gaps and Challenges	Interventions		
			Policies	Laws	Institutions
			The twinning of unique initiatives between counties and externally	To be left as a policy issue while leveraging existing legal frameworks	Coordinating sector ministry to provide leadership
			Promotion of joint industrial activities to create job opportunities and incomes		
	Planning	Harnessing symbiotic partnership with regional development authority without duplicating efforts	The policy decision to be explored on the co-existence of the county governments, county blocs and regional development authorities in the same geographical areas Implementation aligned to annual work plans and budgets	Pending further inter-governmental consultations on modalities of rationalizing functions	Pending rationalization of function
		Harnessing tourism and athletic strengths for development purposes	Counties with large tourism potentials to participate in international WTOs Branding	To be handled through policy	National and county government joint participation
		Translating trade and investment information into development activities	Translating regional and international agreements into national and county activities	National trade and investment laws to recognize and enact county government roles	National and county government joint participation
		Profiling of opportunities into bankable projects	Enhance joint venture to benefit from economies of scale	To be handled at the policy level	Partnerships with the private sector to expand investment opportunities
		Inadequate infrastructure	Work in collaboration with the national government in designing common inter-county infrastructure priorities for development	Revise the Fuel Levy Act to provide provisions for funding county roads	Encourage PPPs to raise infrastructure development resources

County Bloc	Issues	Gaps and Challenges	Interventions		
			Policies	Laws	Institutions
		Inadequate programmes for conservation and sustainable use of available resources	Leverage global initiatives to raise resources for conservation	Domesticate into the national laws facilitating devolution	Domestication of international laws in the counties
		Limited connectivity within and across counties	Integrate ICT in the regional development process	To be handled at the programming level	To integral to county and bloc activities
	Financing arrangements	Sharing formula for fuel and tourism levies	COG to follow up with CRA & COB on sharing arrangements	enact cost-sharing arrangements through county assemblies	Create local level mechanisms for conservation of natural endowment resources (forests, wildlife, etc.), to address challenges of climate change among other
		Limited funding options	Explore alternative funding mechanisms: royalties, lotteries, investments, etc.	Design county-specific laws expanding financing options outside the Public Finance Act	Leverage existing institutional arrangements
		Disparities in charges and levies across the participating counties	Harmonise charges and levies across the participating counties	Rationalize and Harmonise respective county laws	To be ratified by the county assemblies
			Leverage sports, arts and culture in diversifying financing options, create employment	Integrate into the finance act as one of the sources of county financing	Institutionalise in the County Finance Acts
	Accountability	Accountability remains to the Governors Summit and county assemblies	Strengthen communication with counties and the grassroots	Provisions made in the county bloc draft law	Utilising county institutional arrangements
			Quarterly and annual progress reports in line with agreed indicators	Finance Act	Governors dashboard
	Dispute settlement	No provisions in the county law on county bloc level dispute settlement Modalities of handling international disputes not provided for	The policy should refer to national mechanisms for dispute settlement	Amend the county law to include county dispute settlement mechanisms as well as recognition of international dispute settlement	Use existing institutions and institutional frameworks

County Bloc	Issues	Gaps and Challenges	Interventions		
			Policies	Laws	Institutions
	Communications	Existing structures have worked well so far	Use existing communication channels in the counties	To be managed within existing legal frameworks	Leverage existing structure
Mt. Kenya and Aberdares	Governance	No legal agreement apart from MOU No policy anchoring the bloc	Formulate the County Regional Bloc Policy for approval by the different county assemblies	Formulate the county regional bloc law based on policy for approval by the different county assemblies	Streamline the governance arrangements
	Organisational structures (hierarchical)	Limited consultations with stakeholders outside the county governments and professionals	Hire a consultant to finalise blueprint and policy	Formulate County Policy Act	Link county bloc institutional arrangements with grassroots frameworks in the counties
	Functionality (to achieve intended objective order)	Alignment with CIDP and international commitments not specified Inadequate sensitisation of the county and citizens on how the bloc relates to CIDPs Lack of county bloc law to anchor the operations of Mt Kenya Bloc	Updating the blueprint to specify priority interventions	Formulate the county bloc laws for approval by the county assemblies	Leverage existing institutional frameworks
	Operational (sequencing of tasks)	Limited sequencing of activities in the context of planning	Formulation of blueprint before 5-year CIDP	Use existing laws	Integral to county planning mechanisms
	Planning	Harnessing symbiotic partnership with regional development authority without duplicating efforts	The policy decision to be explored on the co-existence of the county governments, county blocs and regional development authorities in the same geographical areas Implementation aligned to annual work plans and budgets	Pending further inter-governmental consultations on modalities of rationalizing functions	Pending rationalization of function
	Financing arrangements	Weak financial management	Capacity building on financial management	To be integral to the county bloc law	Institutionalise within existing frameworks

County Bloc	Issues	Gaps and Challenges	Interventions		
			Policies	Laws	Institutions
	Accountability	Not yet in place	To incorporate into the county bloc policy framework	To incorporate into the county bloc legal framework	Leverage existing institutional frameworks
	Dispute settlement	Not yet formulated	To be integral to the county bloc policy document	To be integral to the county bloc legal framework	Leverage existing institutional frameworks
	Communications	The elitist approach is taken in formulating county initiative	Leverage county communication frameworks in disseminating objectives and intentions of the county bloc activities	To be integral to the county bloc legal framework	Leverage existing institutional frameworks
Lake Region Economic Bloc (LREB)	Governance	No legal agreement apart from MOU	To formulate county bloc policy for approval by county assemblies	To formulate County Bloc Law for approval by county assemblies	Schedule organs meetings
	Organisational structures (hierarchical)	No representation with the national government on regional and international issues	Hire a consultant to finalise blueprint and policy	Formulate County Policy Act	Representation in partnership with the national government in external regional and international affairs Consultations with stakeholders
	Functionality (to achieve intended objective/ order)	Alignment with CIDP and international commitments not specified	Formulation of blueprint before 5-year CIDP	Use existing laws	Integral to the county planning
		Ethnic conflicts with disastrous effects on tourism	To be treated under the Peace and Security Chapter	To be treated under the Peace and Security Chapter	To be treated under the Peace and Security Chapter
	Operational (sequencing of tasks)	Limited sequencing of activities in the context of planning	Formulate and Align CIDPs with MTPs	Use existing laws	Integral to planning
	Planning	Non-exploitation of the symbiotic partnership with regional development authority without duplicating efforts	Preparation of 5-year CIDP and annualising of the work plan and budgets Harnessing symbiotic partnership with regional development authority without duplicating efforts	Pending further inter-governmental consultations on modalities of rationalizing functions	Developing tourism circuits and support infrastructure Leverage existing institutional arrangements

County Bloc	Issues	Gaps and Challenges	Interventions		
			Policies	Laws	Institutions
			Revise blueprint with submissions for Kericho, Bomet and Trans Nzoia	To incorporate in the county law	Integral to the county planning
	Financing arrangements	Resource constraints	Public Sector Financing, Private Sector Investment and Public-Private Partnership	Use existing laws or amend as appropriate	Partnerships with the private sector to expand investment opportunities Create a fundraising team
		Weak financial management	Capacity building for enhanced financial management	To be integral to the county bloc law	Institutionalise within existing frameworks
	Accountability	Not yet in place	To incorporate into the county bloc policy framework	To incorporate into the county bloc legal framework	Publications and announcements
	Dispute settlement	Ethnic tensions	Fair distribution of economic opportunities	Formalise arrangements for cost-benefit sharing of common resources	Leverage local consultation mechanisms
	Communication	Existing structures have worked well so far	Use existing communication channels in the counties	To be managed within existing legal frameworks	Leverage existing structure
Jumuiya ya Kaunti za Pwani	Governance	Political conflicts arising from the interpretation of the bloc as a political party Balancing professionalism and politics Balancing regional interests with individual county interests No legal agreement apart from MOU	Leverage Political commitment to formulate county policy for approval by the county assembly	All counties to pass legislation to form Jumuiya bloc	Political commitment Professionalism in running the affairs of Jumuiya Develop a properly structured secretariat Unity of purpose and issue-based politics Continuous public participation to obtain the buy-in of Jumuiya activities from stakeholders
	Organisational structures (hierarchical)	Limitations on institutional structures with national government, regional and international fora	Hire a consultant to finalise blueprint and policy	Legislation to anchor JKP	Operationalization of the JKP secretariat Operationalize Jumuiya Institute of Innovation & Socio-Economic Transformation JISET as non-political thought leadership and strategic partnership

County Bloc	Issues	Gaps and Challenges	Interventions		
			Policies	Laws	Institutions
					instrument for universities and professionals
	Functionality (to achieve intended objective/ order)	Duplication of efforts with national govt and regional development authorities	Rationalise functions across the different players including regional development authorities at the county level	Pending further inter-governmental consultations on modalities of rationalizing functions	Restructure development authorities to align with devolution architecture Properly structured and fully functional secretariat, sector committees Availability of resources (technical & financial) to run Jumuiya Operationalization of Jumuiya Institute of Innovation & Socio-Economic Transformation (JISET) by the local universities
	Operational (sequencing of tasks)	Delayed development of a blueprint to provide activity sequencing in line with MTP Insufficient technical resources No structured secretariat, working with the interim secretariat Sector committees not fully formed	Formulate and align CIDPs with MTPs Operationalization of JISET/JKP Secretariat and development of an economic blueprint	Use existing laws	Leverage existing institutions
	Planning	Capacity constraints Policy, legal and institutional frameworks to anchor JKP not yet in place Absence of bankable investment projects and tasks which will be outlined in the economic blueprint	Leverage the 2017 End term reviews Vision 2030 MTP 2/Sector Plans and CIDPs towards Development of harmonized 10-year County Sector plans, CIDP 2018 – 2022 and the Jumuiya Economic Blueprint 2017 - 2030	Pending further inter-governmental consultations on modalities of rationalizing functions	Developing tourism circuits and support infrastructure Leverage existing institutional arrangements

County Bloc	Issues	Gaps and Challenges	Interventions		
			Policies	Laws	Institutions
	Financing arrangements	Resource constraints Absence of county legislation to form Jumuiya as a legal entity restricts the counties from funding the activities of Jumuiya	Fundraising, Partnerships and Capacity building	County legislation to form Jumuiya as a legal entity	To be addressed in the policy and legal frameworks
	Accountability	Absence of county legislation to form Jumuiya as legal entity accountable for its actions	Integrate into the policy framework	County legislation to form Jumuiya as a legal entity accountable for its actions	Leverage existing frameworks
	Communication	Existing structures have worked well so far	Use existing communication channels in the counties	To be managed within existing legal frameworks	Leverage existing structure

Annexe A. 4: Roles of Development Authorities in Implementation of County Bloc Activities

Bloc	Development Authority/Act	Roles of Development Authorities	Proposed Roles in County Bloc Activities
NOREB	KVDA Act Cap 441	<ul style="list-style-type: none"> Promotion of sustainable environment protection Trains farmers on the best standards of maize seed production; production of quality honey, agriculture and agribusiness Collaborates with various institutions amongst them KALRO in researching various crops such as onions, groundnuts, <i>sim sim</i> (sesame), pasture and Soya beans Available resources: Geothermal, Hydropower, Petroleum, Mining, Tourism, Solar, Wildlife 	<ul style="list-style-type: none"> Need to rationalise the function to remove duplication of efforts and wastage of resources BUT identify key strengths of the development authority that it can concentrate on
LREB	LBDA. Act Cap 442	<ul style="list-style-type: none"> To undertake overall integrated development planning, coordination and implementation of programmes and projects in the basin Implement development programmes and projects; Promote management and conservation of natural resources; Monitor and evaluate development programmes and projects 	<ul style="list-style-type: none"> Bring LBDA on board during implementation- with priority focus on rice
	KVDA, Act Cap 442	<ul style="list-style-type: none"> Promotion of sustainable environment protection Trains farmers on the best standards of maize seed production; production of quality honey, agriculture and agribusiness Collaborates with various institutions amongst them KALRO in researching various crops such as Onion, groundnuts, Sim sim (sesame), pasture and Soya beans 	
SEKEB	TARDA, Act Cap 433	<ul style="list-style-type: none"> Integrated planning and coordination of all development projects within the basin for utilization and protection of the water and soils of the area as well as the apportionment of resources Carry out studies to assess alternative demands on water and other resources in the area To coordinate all agencies concerned with water abstraction To maintain a liaison between the Government, the private sector and foreign agencies in the matter of the development of the area to limit the duplication of efforts and to assure the best use of technical resources Available resources: Geothermal, Hydropower, Petroleum, Mining, Tourism, Solar, Wildlife 	<ul style="list-style-type: none"> Align economic bloc policies to the national policies Counties representation in regional development authorities boards Align the regional development bodies' strategies and plans to the Economic Bloc's plans. Currently working with TARDA on the resettlement of people to make room for Thakwe Dam

Bloc	Development Authority/Act	Roles of Development Authorities	Proposed Roles in County Bloc Activities
Jumuiya	CDA, Act Cap	<ul style="list-style-type: none"> • Integrated Regional Planning for sustainable utilization and management of coastal resources, based on environmental carrying capacity; • Management of the Kenyan Exclusive Economic Zone (EEZ) • Development of local capacities to sustain the continuation and maintenance of integrated communal projects through sensitization and training; • Initiation, harmonization, and coordination of sectoral and community interests in the implementation of regional socio-economic development projects; • Exploration, promotion, and conservation (including surveillance) of marine resources within exclusive economic zones and other coastal resources for sustainable development; • Sourcing for innovations and research findings for implementation of pilot/ demonstration projects for the dissemination of the technology; • Promotion of private sector involvement in commercial activities and community development within its area of jurisdiction • Monitoring and Evaluation of regional development projects and programmes for effective achievement of the set objectives. 	<ul style="list-style-type: none"> • To be formalised during the revision of the blueprint • However initial thoughts were transforming such bodies into secretariats of the county blocs
FCDC	KVDA, Act Cap 441	<ul style="list-style-type: none"> • Promotion of sustainable environment protection • Trains farmers on the best standards of maize seed production; production of quality honey, agriculture and agribusiness • Collaborates with various institutions amongst them KALRO in researching various crops such as onion, groundnuts, sim sim (sesame), pasture and Soya beans 	<ul style="list-style-type: none"> • To hold Regular predictable round table meetings to review, monitor and backstop bottlenecks on agreed deliverables • Quarterly reports from the regional development bodies on their activities in the counties shared with the County Governors and relevant line County Executive Members. • The Economic Bloc (FCDC) facilitates and coordinates the engagement of these regional development bodies on behalf of the counties.

Bloc	Development Authority/Act	Roles of Development Authorities	Proposed Roles in County Bloc Activities
	Ewaso Ng'iro North and South Dev Authority ENNDA (Cap 448) and ENSDA (Cap 447)	<ul style="list-style-type: none"> • Water resource development and management • Participatory catchment conservation • Capacity building and project co-ordination 	<ul style="list-style-type: none"> • To be discussed further during the preparation of the blueprint
Mt Kenya	TARDA TARDA Act Cap 433	<ul style="list-style-type: none"> • Integrated planning and coordination of all development projects within the basin for utilization and protection of water and soils of the area as well as the apportionment of resources • Carry out studies to assess alternative demands on water and other resources in the area • To coordinate all agencies concerned with water abstraction • To maintain a liaison between the Government, the private sector and foreign agencies in issues of development of the area to eliminate the duplication of efforts and assure the best use of technical resources 	<ul style="list-style-type: none"> • To be reviewed during the formulation of the blueprint

Source: Development Authorities

Annexe B Series: Regional and Multilateral Agreements

Annexe B.1: REC Members

EAC	COMESA	IGAD	Great Lakes	IOC	CES
Burundi	Djibouti	Djibouti	Burundi	Comoros	Djibouti
Rwanda	Eritrea	Eritrea	Kenya	Madagascar	Eritrea
Kenya	Ethiopia	Ethiopia	Malawi	Mauritius	Ethiopia
Uganda	Egypt	Sudan	Rwanda	Seychelles	Egypt
Tanzania	Libya	Kenya	Uganda	Kenya	Libya
S. Sudan	Sudan	Uganda			Sudan
	Comoros				Comoros
	Madagascar				Madagascar
	Mauritius				Mauritius
	Seychelles				Seychelles
	Burundi				Burundi
	Kenya				Kenya
	Malawi				Malawi
	Rwanda				Rwanda
	Uganda				Uganda
	Swaziland				Swaziland
	Zambia				Zambia
	Zimbabwe				Zimbabwe
	DR Congo				S. Africa
					Botswana
					Namibia
					Angola
					Mozambique
					Tanzania
					D.R. Congo
					South Sudan

Source: Respective RECs

Annexe B.2: Status of Regional Agreements and Operational Instruments

REC	Level of integration /when	Regional Governance Structures	Policy & Institutions	Instruments and Agreements	Operational instruments
COMESA	FTA (2000)	COMESA Authority COMESA Council of Ministers Committee of Governors of Central Banks Intergovernmental Committee 12 Technical Committees A consultative committee of the business community and other interest groups The Secretariat	Summit Decision & national parliaments Liberalise trade and investment	Budget policy statements	Treaty Reciprocal tariff schedules Certificates of Origin Trade and investment facilitation instruments Inter-bank payment systems
EAC	CU (2005)	The Summit. ¹⁴ The Council of Ministers. The Co-coordinating Committee. Sectoral Committees. The East African Court of Justice.	Regional & national Parliaments Liberalise trade and investment	CU Protocol CMA	Treaty CET (0, 10, 25, negative list-sugar, milk, rice, wheat, e.t.c) CTN RoO SPS
	CM (2010)	The East African Legislative Assembly. The Secretariat.	Regional & National Parliaments Liberalise trade in goods and services, Right of establishment and residence	CM Protocol Country commitments of gradual liberalisation	Treaty CMP and Annexes Annexes on the free movement of goods, persons, workers, service
	MU(2024)		Regional Parliament MU Protocol Integrated monetary policies Single currency	Regional Central Bank Regional Statistical Bureau	Monetary Union Protocol
IGAD	PTA	Summit	Summit Decisions COMESA instruments Sustained peace and security Trade and investment liberalisation	IGAD Treaty AEC Treaty	Treaty Infrastructure-Transport, electricity, oil & water

¹⁴ Oversees state of peace, security, and good governance and progress towards achievement of political federation

REC	Level of integration /when	Regional Governance Structures	Policy & Institutions	Instruments and Agreements	Operational instruments
CES TFTA	Grand TFTA across COMESA, EAC and SADC	Tripartite Summit Technical Committees Inter-REC Secretariat	Harmonisation of Trade liberalisation policies & trade facilitation instruments to promote intra-regional trade Inter-REC Summit Decision RECs	TFTA Agreement 2014	TFTA Agreement 14 Annexes (Annex....)
CFTA	Under negotiation	Liberalise intra-Africa Trade	Trade liberalisation AU Assembly RECs Pan African Chamber of Commerce (PACC REC Business Councils African Business Council National Chambers of Commerce & industry ITC to provide TA RECs	Under negotiation	Abuja Treaty

Source: Regional and Continental Treaties

Annexe B.3: Long Term Strategies of the EAC, COMESA, IGAD and the CES REC

Broad Area/Pillar	EAC (2000)	COMESA (1994)	IGAD Treaty, 1993 rev 1995 (ope 2010)	CES Tripartite, 2010
Overall objective	<ul style="list-style-type: none"> Enhanced harmonious balanced growth Harmonized policy and regulatory framework Integrate into the global frameworks Strengthened institutions to manage RI 	<ul style="list-style-type: none"> Enhanced harmonious balanced growth anchored on trade and investment 	Peace, security and environment	Trade and Investment Policy and regulatory framework harmonisation
Economic	Trade liberalization and development CU and CM <ul style="list-style-type: none"> Customs cooperation and administration¹⁴ Trade facilitation Standards & Quality assurance Trade remedies and trade-related issues Dispute settlement 	Trade liberalization and customs cooperation <ul style="list-style-type: none"> Establish CU & CM Harmonised customs management and administration Trade facilitation mechanisms, remedies Competition framework Dispute settlement 	Benchmark COMESA trade and investment framework	Trade liberalisation through TFTA
	Infrastructure development <ul style="list-style-type: none"> Transport corridors Air and marine transport Communications 	Infrastructure development <ul style="list-style-type: none"> Transport and communications corridors Transit trade facilitation through the removal of barriers and harmonization insurance 	Infrastructure development Transport and communications	Infrastructure development
	Productive sector development <ul style="list-style-type: none"> Investment and Industrial development Agriculture, food security and livestock development Tourism and wildlife management Environment and natural resources 	Productive sector development-enabling investment and business environment for: <ul style="list-style-type: none"> Industry and energy Tourism management Agriculture, food security and rural development Management of environmental and natural resources Private sector development 	Management of environment and desertification Convention to combat desertification <ul style="list-style-type: none"> Sustainable and harmonised use of energy resources 	Industrial development

Broad Area/Pillar	EAC (2000)	COMESA (1994)	IGAD Treaty, 1993 rev 1995 (ope 2010)	CES Tripartite, 2010
	<ul style="list-style-type: none"> • Energy generation and distribution • Private sector development 			
	Services sectors <ul style="list-style-type: none"> • Financial and monetary affairs including banking and capital markets • Transport, meteorological and communication services 	Services sectors <ul style="list-style-type: none"> ▪ Finance and monetary affairs ▪ Tourism and wildlife services Transport, meteorological and communication services 	Limited to the social sector	Services To be negotiated after 2014
Social	<ul style="list-style-type: none"> • CM freedoms- the movement of persons, labour service, right of establishment and residence • Cultural exchange 	<ul style="list-style-type: none"> • Movement of persons, labour service, right of establishment and residence ▪ Cultural exchanges ▪ Management of displaced persons 	<ul style="list-style-type: none"> • Promotion of human rights, social and cultural exchanges • Resettlement of refugees and displaced persons 	Social sector <ul style="list-style-type: none"> • To be negotiated after 2014
	<ul style="list-style-type: none"> • MU • Monetary and financial cooperation 	MU <ul style="list-style-type: none"> • Deepened capital and financial markets • Financial sector policy harmonisation 	<ul style="list-style-type: none"> • Harmonisation of fiscal and monetary policies 	NA
Political/ governance	Political integration <ul style="list-style-type: none"> • Regional peace and security • International relations • Democracy • Defence 	<ul style="list-style-type: none"> • Regional peace and security • International relations • Democracy 	<ul style="list-style-type: none"> • Regional peace and security 	NA

Source: Regional Treaties

Annexe B.4: REC Governance Structure

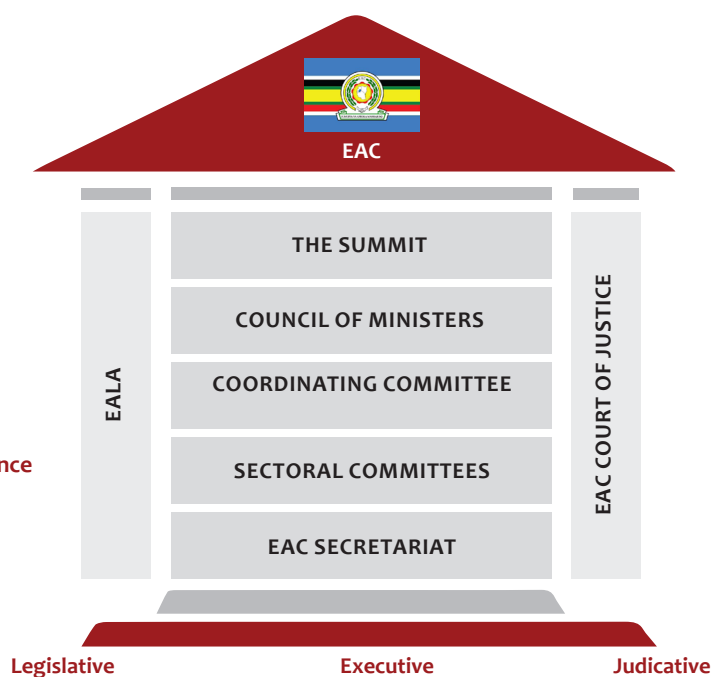
The governance structure of the EAC constitutes of its Organs (Article 9) presented in Fig..... The organisational structure draws from both the institutions and the sectoral committees Figure.....

	EAC	COMESA	IGAD	IOC	TFTA	CFTA
Summit / Heads of State representation	✓	✓	✓			
Ministerial-level body	✓	✓				
Intergovernmental/PSs Committee	✓	✓				
Sectoral / Technical committees	✓	✓				
Select stakeholder engagement at the regional level	✓	✓				
Local government. engagement at the regional level	✓					
Regional Secretariat	✓	✓	✓		Tripartite Task Force	✓
National focal/coordinating point						
Stakeholder engagement at the national level						

Source: REC Treaties

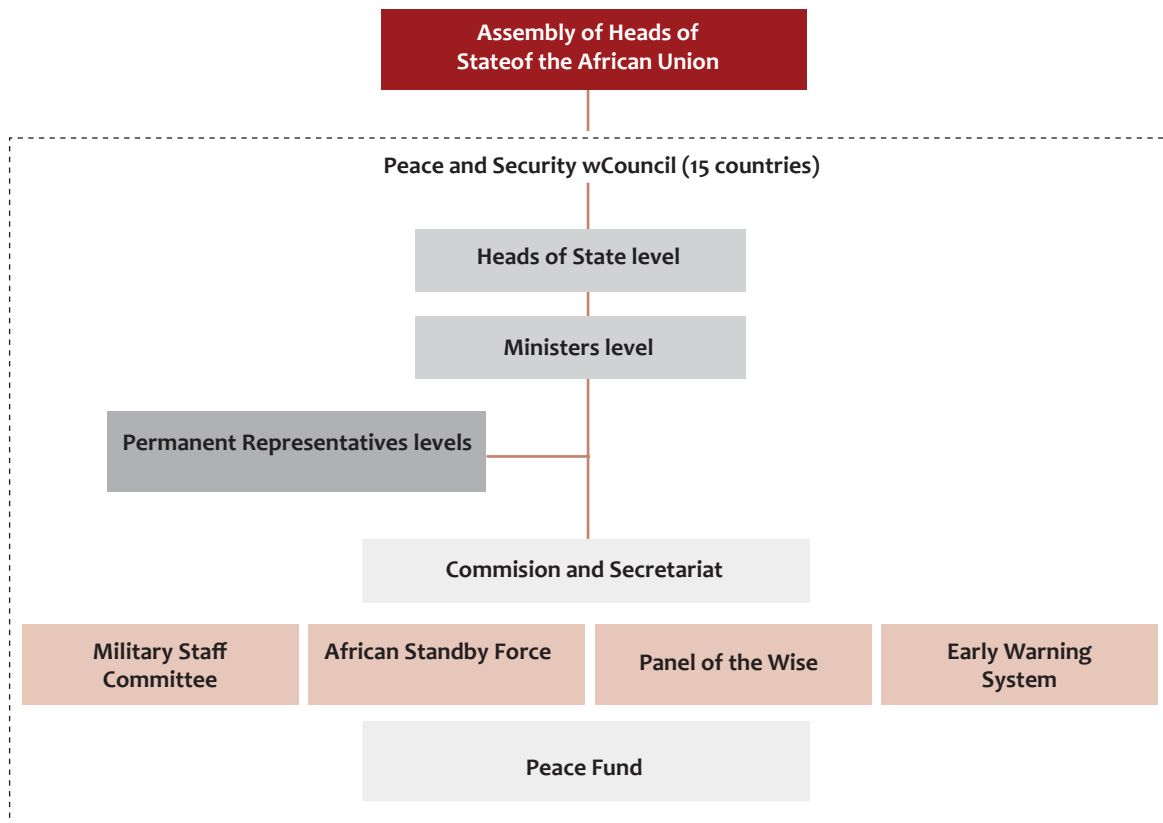
Figure A. 1: EAC Governance Structure

Source: EAC

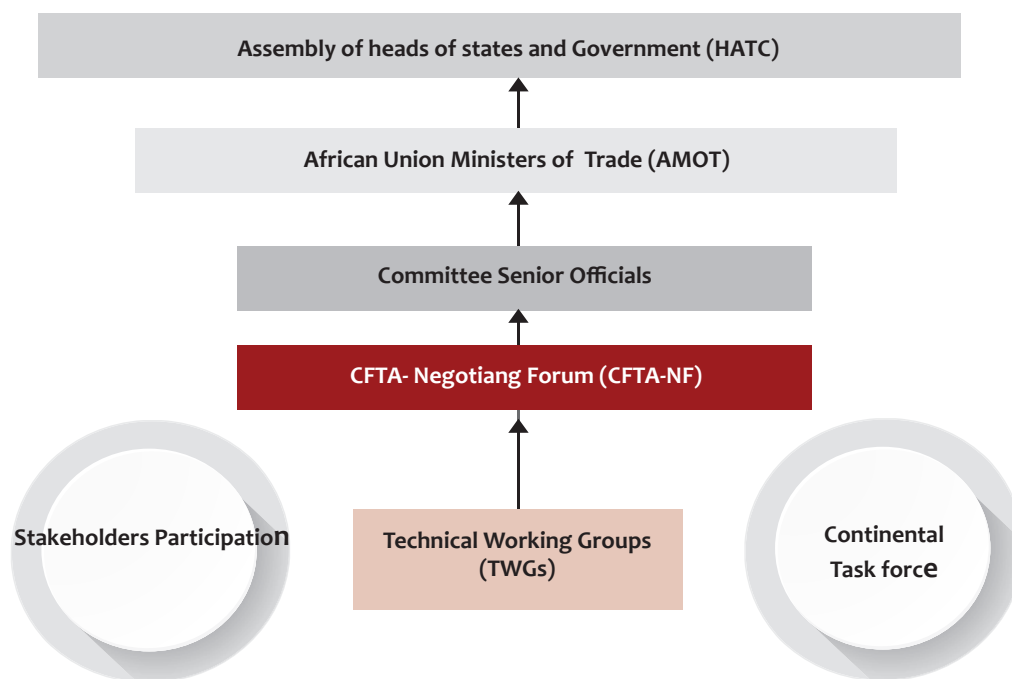


COMESA Governance Structure

IGAD Governance Structure



CFTA Negotiating Structure



Annexe B. 5: National Anchor Institutions facilitating the implementation of Regional Integration and Multilateral Agreements

Target	Framework	NATIONAL			
		Policies	Laws	Technical/ Regulatory Institutions	Coordinating ministries
	a) Trade				
Market access	<ul style="list-style-type: none"> RECS (EAC, COMESA) 	<ul style="list-style-type: none"> Liberalised factors of production 	<ul style="list-style-type: none"> EAC CMA EAC CMP EAC MUP COMESA FTA 	<ul style="list-style-type: none"> KRA Immigration CBK CMA 	<ul style="list-style-type: none"> TNT SDEAA Min of Trade & Industrialisation
			<ul style="list-style-type: none"> Export Promotion 	<ul style="list-style-type: none"> EPC, EPZA 	<ul style="list-style-type: none"> Min of Trade & Industrialisation
			<ul style="list-style-type: none"> Trade facilitation and Regulations 	<ul style="list-style-type: none"> KEBS KEPHIS KIPI 	<ul style="list-style-type: none"> SDA Min of Trade & Industrialisation
	<ul style="list-style-type: none"> Bilateral agreements: EPA, 	<ul style="list-style-type: none"> RTA 	<ul style="list-style-type: none"> EPA 	<ul style="list-style-type: none"> KRA KEBS KEPHIS 	<ul style="list-style-type: none"> MFI &IT SDEAA Min of Trade and Industry
	<ul style="list-style-type: none"> AGOA 	<ul style="list-style-type: none"> Preferential Trade Agreements 	<ul style="list-style-type: none"> AGOA Act 	<ul style="list-style-type: none"> KRA KEBS KEPHIS 	<ul style="list-style-type: none"> TNT SDA Min of Trade & Industrialisation
	<ul style="list-style-type: none"> Global WTO 	<ul style="list-style-type: none"> Free Trade 	<ul style="list-style-type: none"> EAC CMA 	<ul style="list-style-type: none"> KRA KEBS KEPHIS KIPI 	<ul style="list-style-type: none"> Min of Trade and Industry
	<ul style="list-style-type: none"> GSP 	<ul style="list-style-type: none"> Preferential Trade Agreements 	<ul style="list-style-type: none"> WTO Agreement 	<ul style="list-style-type: none"> KRA 	<ul style="list-style-type: none"> Min of Trade and Industry
	<ul style="list-style-type: none"> Trade in services 	<ul style="list-style-type: none"> Sector-specific policies 	<ul style="list-style-type: none"> EAC CMP WTO REC commitments 	<ul style="list-style-type: none"> APSEA Sector regulators 	
	<ul style="list-style-type: none"> Communications 	<ul style="list-style-type: none"> National ICT Policy, 2006 	<ul style="list-style-type: none"> Kenya Communications Act, 2008 	<ul style="list-style-type: none"> KCA 	<ul style="list-style-type: none"> Ministry of Information and Communications
	<ul style="list-style-type: none"> Transport 	<ul style="list-style-type: none"> The National Transport Policy 	<ul style="list-style-type: none"> The National Transport and Safety 	<ul style="list-style-type: none"> KCAA IMO 	<ul style="list-style-type: none"> Ministry of Transport

Target	Framework	NATIONAL			
		Policies	Laws	Technical/ Regulatory Institutions	Coordinating ministries
			Authority Act, 2012		
	• Finance and Insurance		• Kenya Finance Act, 2015	• CBK, CMA, NSE, IRA, EADB, PTA,	• TNT
Intellectual property	• IPR		• IP Act	• KIPi	• Ministry of Trade & Industry
	(a) Investment				
	• REC	<ul style="list-style-type: none"> • Rationalise investments & investment incentives to promote efficiency in production while promoting the regions as single investment areas • EAC Industrialisation Policy & Strategy 	<ul style="list-style-type: none"> • EAC Treaty (Article 79 & 80) • Investment Agreement for CCIA 	<ul style="list-style-type: none"> • KenInvest • KRA 	• Ministry of Industrialisation
	• Bilateral		<ul style="list-style-type: none"> • EAC TIFA • COMESA TIFA 		
	• Global		• FTA		

Annexe B. 6: Source and destination of Kenya's main exports, 2015

Key national exports	Source county			Regional markets	Global Market	
	County region	County	Region	County	Continent	County
Tea	<ul style="list-style-type: none"> • NOREB • LREB • Mt. Kenya & Aberdare 	<ul style="list-style-type: none"> • Thika • Kiambu • Murang'a • Nyeri • Meru • Embu • Kirinyaga • Kericho • Kisii • Nandi 	<ul style="list-style-type: none"> • North, East Africa 	<ul style="list-style-type: none"> • Egypt 	<ul style="list-style-type: none"> • Europe • North America • Asia 	<ul style="list-style-type: none"> • United Kingdom • Russia • Poland • Ukraine • USA • Canada • Pakistan • Kazakhstan • Yemen
Cut flowers	<ul style="list-style-type: none"> • Mt. Kenya & Aberdare's • Nairobi • NOREB • SEKEB 	<ul style="list-style-type: none"> • Naivasha • Nairobi • Thika • Kiambu • Athi River • Kitale • Nakuru • Kericho • Nyandarua • Trans Nzoia • Uasin Gishu 	<ul style="list-style-type: none"> • Southern Africa • South-East Africa • East Africa 	<ul style="list-style-type: none"> • South Africa • Mauritius • Cote D'Ivoire • Rwanda 	<ul style="list-style-type: none"> • Australia • Europe • Asia • North America 	<ul style="list-style-type: none"> • Australia • United Kingdom • Germany • Norway • Russia • Switzerland • France • Belgium • Austria • Japan • USA
Refined petroleum	<ul style="list-style-type: none"> • Junuiya ya Pwani 	<ul style="list-style-type: none"> • Mombasa 	<ul style="list-style-type: none"> • East Africa • Southern Africa 	<ul style="list-style-type: none"> • Uganda • Tanzania • Burundi • Zambia 		
Coffee	<ul style="list-style-type: none"> • LREB • NOREB • Mt Kenya & Aberdare's • SEKEB 	<ul style="list-style-type: none"> • West Pokot • Trans Nzoia • Bungoma • Kakamega • Uasin Gishu • Kisii • Kericho • Nyeri • Meru • Embu • Thika • Kiambu • Murang'a • Nakuru • Machakos • Taita Taveta 	<ul style="list-style-type: none"> • East Africa • West Africa 	<ul style="list-style-type: none"> • Tanzania • Uganda • Ethiopia • Nigeria • Madagascar 	<ul style="list-style-type: none"> • Europe • North America • Asia • Australia 	<ul style="list-style-type: none"> • Germany • Sweden • Belgium • Switzerland • Finland • United Kingdom • Norway • France • Netherlands • Russia • Italy • USA • South Korea • Japan • India • China

Key national exports	Source county			Regional markets	Global Market	
	County region	County	Region	County	Continent	County
						• Australia
Legumes	<ul style="list-style-type: none"> • NOREB • LREB • Mt. Kenya &Aberdare's • SEKEB • Jumuiya ya Pwani 	<ul style="list-style-type: none"> • Nyandarua • Nyeri • Kiambu • Trans Nzoia • Nandi • Kericho • Kisii • Narok • Kirinyaga • Murang'a • Embu • Meru • Bungoma • Kakamega • Busia • Siaya • Kisumu • Machakos • Kitui • Isiolo • Siaya • Taita Taveta • Kilifi • Kwale • Mombasa 	<ul style="list-style-type: none"> • Southern Africa • East Africa 	<ul style="list-style-type: none"> • South Africa • Uganda • Tanzania • Rwanda 	<ul style="list-style-type: none"> • Europe • Asia • North America 	<ul style="list-style-type: none"> • United Kingdom • Netherlands • France • Germany • Ireland • Belgium • Switzerland • Norway • Hong Kong • Qatar • Singapore • Kuwait • Bahrain • Kazakhstan • Lebanon
Fish						
Livestock						
Tourism						
Financial services						
Transport logistics						

Annexe B.7: Multilateral Trade and Investment Agreements, Policies and Institutions

S/N	REC/WTO	Constitutive instrument	Framework	Policy anchor	Legal Anchor	Regional & Global anchor Institutions
2	WTO Systems		Multilateralism		Agreement establishing WTO	
		WTO Agreements	Trade ¹⁵	Free trade in which rules-based liberalisation with safeguard measures <ul style="list-style-type: none"> • MFN • Transparency 	MTA <ol style="list-style-type: none"> 1. General Agreement on Tariffs and Trade (GATT), 2. General Agreement on Trade in Services (GATS) 3. Trade-related Aspects of Intellectual Property 4. Rights (TRIPS) agreement. 5. Safeguard valves in GATT Article VI on anti-dumping, WTO Agreement on Safeguards and Agreement on Subsidies and Countervailing measures 6. RTAs under GATTs Art 24¹⁶ for countries in a group 7. SDTs for select unique categories of WTO memberships 	<ul style="list-style-type: none"> • OECD • IMF • ITC • UNCTAD • WCO
				Emerging issues	<ul style="list-style-type: none"> • Regional economic groupings • Trade and the environment • Trade and investment • Competition Policy • Transparency in government procurement 	

¹⁵ The WTO Rules based discipline mechanisms of trade in goods and services are founded on the multilateral trading system, taking into account the need for development. These include agreements on agriculture, textiles and clothing, banking, telecommunications, government purchases, industrial standards and product safety, food sanitation regulations, intellectual property, and much more. However, a number of simple, fundamental principles run throughout all of these documents.

¹⁶ On exception basis in which trade flow more freely among the countries in the group without barriers being raised on trade with the outside world, thus complementing the multilateral trading system. Non-members should not find trade with the group any more restrictive than before the group was set up.

S/N	REC/WTO	Constitutive instrument	Framework	Policy anchor	Legal Anchor	Regional & Global anchor Institutions
					<ul style="list-style-type: none"> • Trade “facilitation” (simplifying trade procedures, making trade flow more smoothly) • Through means that go beyond the removal of tariff and non-tariff barriers). • Electronic commerce Trade and labour rights- a topic that has been discussed a lot in the WTO from time to time 	
			Investment	Industrialisation		UNIDO
				DTA	BITs	
			Dispute settlement	Rules-based		<ul style="list-style-type: none"> • International Centre for Settlement on Investment Disputes (ICSID) • Multilateral Investment Guarantee Agency (MIGA) in 1998 • Multilateral Agreement on Investment (MAI)

Annexe B. 8: The Main Components of Multilateral Trade Agreements

Main Components of International Trade Agreements	Main Issues Covered	Nature
Market Access	<ul style="list-style-type: none"> • Tariffs, Valuation procedures • NTBs-SPS, TBT • Trade remedies, safeguards • TRI-RoO, • Domestic supports/subsidies • Schedules of commitments 	<ul style="list-style-type: none"> • MFN, NT • S & DT
Agriculture	<ul style="list-style-type: none"> • Food security • Moving up the value chain 	<ul style="list-style-type: none"> • Policy flexibility • Limiting tariff peaks and escalations, quotas, • Preferential treatment for NFIDC • Existence of export subsidies and domestic support policies
NAMA	<ul style="list-style-type: none"> • Supply capacities • Value addition and content cumulating 	<ul style="list-style-type: none"> • Manufacturing market access • The fragmented manufacturing process and content commutation
TRIPS	<ul style="list-style-type: none"> • Provides for the protection of intellectual rights e.g. authorships, copyrights, trademarks, community folklore, • Covers also patents eg innovations • Exemptions for medicines, 	<ul style="list-style-type: none"> • Protection of innovation to allow recoup initial investments
TRIMS	<ul style="list-style-type: none"> • Technology transfer 	<ul style="list-style-type: none"> • IP • SPS • TBT
GATS (services)	<ul style="list-style-type: none"> • Modes of service trade 	<ul style="list-style-type: none"> • Offers and requests
Remedies	<ul style="list-style-type: none"> • Dispute settlement • Safeguards 	<ul style="list-style-type: none"> • Legal framework on safeguards
Transparency	<ul style="list-style-type: none"> • Disclosure of all information • Accessibility and Predictability of Trade Policy 	<ul style="list-style-type: none"> • Information access to all • Eg maintaining a website
Institutional arrangements	<ul style="list-style-type: none"> • Processes of implementing the agreement 	<ul style="list-style-type: none"> • The framework of the management of the implementation of the agreement

Source: Various WTO Documents

Annexe B. 9: Specific WTO Trade Agreements

1. Agreement Concerning the International Registration of Marks
2. Agreement for Facilitating the International Circulation of Visual and Auditory Materials of an Educational, Scientific and Cultural
3. Agreement for the Protection of Appellations of Origin and their International Registration
4. Agreement for the Repression of False or Deceptive Indications of Source on Goods:
5. Agreement on Agriculture:
6. Agreement on Basic Telecommunications Services
7. Agreement on Customs Valuation
8. Agreement on Government Procurement
9. Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994
10. Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994
11. Agreement on Import Licensing Procedures
12. Agreement on Mutual Acceptance of Oenological Practices
13. Agreement on Pre-shipment Inspection
14. Agreement on Rules of Origin
15. Agreement on Safeguards
16. Agreement on Subsidies and Countervailing Measures
17. Agreement on the Application of Sanitary and Phytosanitary Measures
18. Agreement on Technical Barriers to Trade
19. Agreement on Textiles and Clothing
20. Agreement on the Importation of Educational, Scientific and Cultural Agreements
21. Agreement on Trade in Civil Aircraft
22. Agreement on Trade-Related Aspects of Intellectual Property Rights
23. Agreement on Trade-Related Investment Measures
24. Agreement Regarding International Trade in Textiles
25. Agreement Respecting Normal Competitive Conditions in the Commercial Shipbuilding and Repair Industry
26. Agriculture and the Multilateral Trading System
27. Special Agreement on Commodity Arrangements (SACA)
28. Agreement on Government Procurement
29. International Dairy Agreement
30. International Bovine Meat Agreement
31. Trade facilitation Agreement

Annexe B. 10: Classification of Functions of the Government (COFOG)

Classification of Functions of the Government (COFOG)	MTEF Sector	Ministries, Departments and Agencies
Economic Affairs	Agriculture, Rural and Urban Development	State Department of Agriculture
		State Department for Livestock
		State Department for Fisheries
		Ministry of Land, Housing and Urban Development
		National Land Commission
	Energy Infrastructure and ICT	State Department of Infrastructure
		State Department of Transport
		Ministry of Information, Communication and Technology
		Ministry of Energy and Petroleum
	General Economic and Commercial Affairs	Ministry of Industrialization and Enterprise
		State Department for East African Affairs
		State Department for Commerce and Tourism
Health	Health	Ministry of Health
Education	Education	State Department of Education
		State Department for Science and Technology
		Teachers Service Commission
Public Sector & Safety	Governance, Justice, Law and Order	State Department for Interior
		State Department for Coordination of National Government
		Office of the Attorney General and Department of Justice
		The Judiciary
		Ethics and Anti-Corruption Commission
		Directorate of Public Prosecutions
		Commission for the Implementation of the Constitution
		Registrar of Political Parties
		Witness Protection Agency
		Kenya National Commission for Human Rights
		Independent Electoral and Boundaries Commission
		Judicial Service Commission
		National Police Service Commission
		National Gender and Equality Commission
		Independent Police Oversight Authority

Classification of Functions of the Government (COFOG)	MTEF Sector	Ministries, Departments and Agencies
General Public Services	Public Administration and International Relations	The Presidency
		State Department for Planning
		State Department for Devolution
		Ministry of Foreign Affairs
		The National Treasury
		Parliamentary Service Commission
		National Assembly
		Commission on Revenue Allocation
		Public Service Commission
		Salaries and Remuneration Commission
		Auditor General
		Controller of Budget
		Commission on Administrative Justice
Defence	National Security	Ministry of Defence
		National Intelligence Service
Recreation, Culture and Social Protection	Social Protection, Culture and Recreation	Ministry of Sports, Culture and Arts
		Ministry of Labour Social Security and Services
Community Amenities	Environment Protection, Water and Natural Resources	State Department for Environment and Natural Resources
		State Department for Water and Regional Authorities
		Ministry of Mining
Macro Working Group	Macro Working Group	The National Treasury (EAD, BSD, ERD & DMD)
		Central Bank of Kenya
		Kenya National Bureau of Statistics (KNBS)
		Macro-Economic Department (Ministry of Devolution & Planning)
		Kenya Institute for Public Policy Research and Analysis (KIPPRA)
		Kenya Revenue Authority
		Commission of Revenue Allocation

Annexe C Series: Benchmarks

BRAZIL

Brazil is a federal republic with three levels of government: Federal, State and Municipal. The states coordinate development issues with municipalities undertaking implementation. There has been reduced reliance on revenue transfers from the centre to develop more production-friendly taxation. Further, fiscal autonomy at the state level creates huge disparities in state taxation which may not augur well with competition and competitiveness. However, external performance monitoring of the politicians as well as regular well researched independent briefings to the politicians at different levels helps in informing decision-making processes.

Brazilian National Confederation of Municipalities

The National Confederation of Municipalities (CNM), based in Brasilia, Brazil, is an independent, non-partisan and non-profit organisation founded in 1980. It is the largest association in Latin America with approximately 5,000 affiliated members. Work at the national level includes negotiations with the National Congress, and with the Federal Government where the CNM presents the demands of municipalities and mayors. The CNM is not just a network of municipalities but is also a network of associations. There are about 27 associations at the regional level and there are more than 193 regional associations at the macro-regional level that the CNM engages with. These associations are independent and the CNM provides information to them to help them coordinate action at the national, municipal, and regional levels. The political department works with macro-regional and regional level associations of municipalities.

National Front of Mayors (FNP)

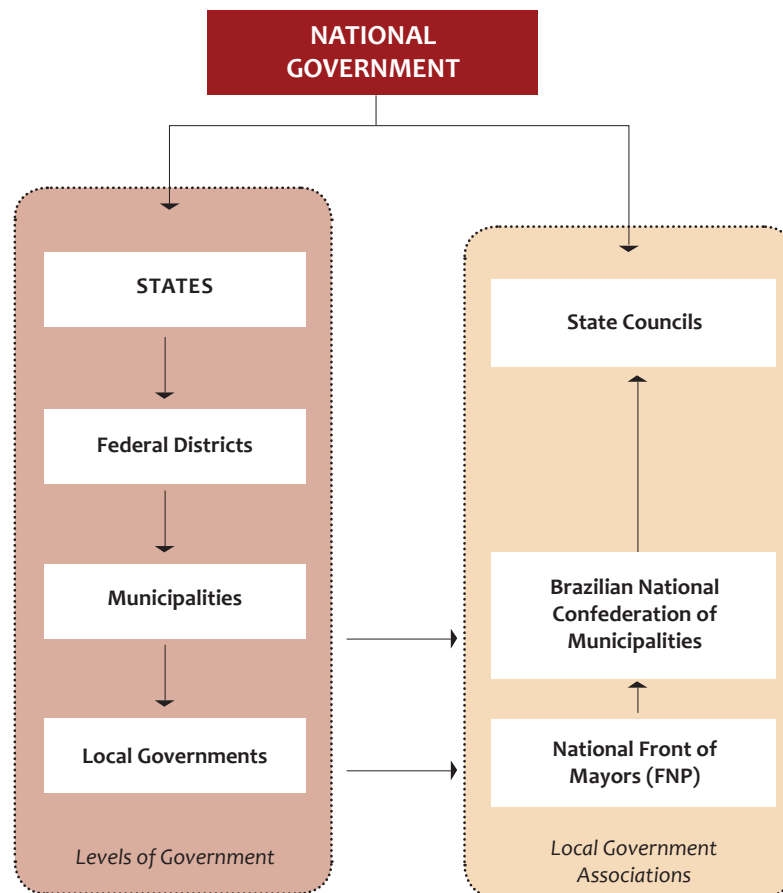
The National Front of Mayors (FNP) is a nonpartisan organization made up of mayors and cities across Brazil. The agenda is focused not only on municipal financial staff but to breaking new ground by addressing new issues such as urban policy, social inclusion and decentralized international cooperation between cities.

In addition to the local development programmes, the FNP promotes decentralized cooperation. In this view, FNP and CIFAL established an institutional partnership that has an objective of promoting Latin American integration, through decentralized cooperation and sharing of innovative experiences. The alliance aims to assist municipalities with ensuring sustainable development and achieving the Millennium Development Goals (UN MDGs) at the local level. The collaboration is mainly through the holding of joint events such as seminars and workshops to promote dialogue and seeking solutions to current problems of public administration.

Brazil Territorial Practices

Policy	Commission of Policies for Sustainable Development and the National Agenda 21 (CPDS) Brazil National Sustainable Development Strategy
Legal	Brazilian Agenda 21, completed in 2002, is “not a government document, but a social pact” Complementary Federal Law No. 63 of 1990
Institutions	Brazilian National Confederation of Municipalities (CNM) Commission of Policies for Sustainable Development (CPDS) - CPDS includes representatives from a variety of federal ministries; consultations at state and regional levels were held at the development stage; All levels of government are expected to take up implementation measures
Governance	No clear autonomy between municipalities, federal states and central government
organisational structure	<ul style="list-style-type: none"> • Commission (Federal government) • State • Municipality • Local Authority
Functional Frameworks and mechanisms	
a) Planning	Municipalities and States autonomous but subscribe to national policies
b) Operational	
c) Financing	<ul style="list-style-type: none"> • Federal Government (Federal cash transfers) • States revenue (State Transfers from value-added-taxes and others) • Municipal government funding • Revenue-Sharing Fund for the States (Fundo de Participação dos Estados, or FPE) <p>Inter-state and Inter-Municipal Transport Services and Communication Services (ICMS) Tax collected by the states, not the central government; and with different intra-and inter-state rates, and the tax liability is calculated on a tax-inclusive basis. The states can set internal rates, causing a wide dispersion of rates across Brazilian states.</p>
d) Accountability	Fiscal Responsibility Law in 2000 National Treasury
e) Revenue Sharing	<p>25% of the ICMS has to be transferred by the states to the municipalities. Since each state can determine its breakdown, the Complimentary Federal Law established that at least 75% of the transfers have to be done, considering the value-added content registered at each municipality, and the other 25% by state law.</p> <p>Three largest revenue sharing mechanisms:</p> <ul style="list-style-type: none"> • Federal to states • Federal to municipalities • States to municipalities

Brazil Territorial Governance and Organisational Structures



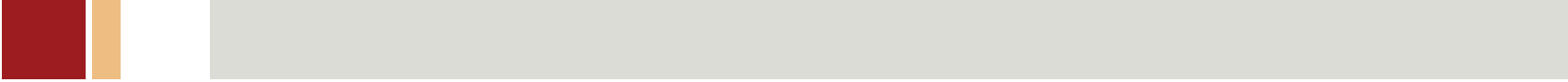
JAPAN

Japan Association of City Mayors

The Association's purpose is to promote liaison and coordination between cities across Japan and to contribute to the promotion and advancement of local autonomy by ensuring smooth operation and progress of the municipal administration. To improve the welfare of citizens and promote better urban development, the association not only promotes decentralization of government but also conducts research studies and collects opinions on countermeasures against the issues and problems that all cities have in common and matters that a city alone cannot solve.

The results must be announced as an opinion or proposal of the Japan Association of City Mayors to seek an understanding of related parties. Moreover, the association encourages the Diet and the central government to realize its resolutions and requests and makes efforts to substantiate its assertions by making proposals and appeals.

For that purpose, a national meeting of city mayors (general meeting) is held in June every year, and board meetings are also held to make the decisions of the Japan Association of City Mayors. Besides, the association strives to satisfy the demands of each city by conducting research studies in special committees, councils, study groups, etc.



The Japan Association of City Mayors participates in the Forum for Policy Consultations between the Central and Local Governments as a member to discuss policy issues regarding local autonomy; including role sharing between the central and local governments, and local administrative and financial systems with the central government from the planning stage, and to reflect the views of municipal governments that are closest to citizens.

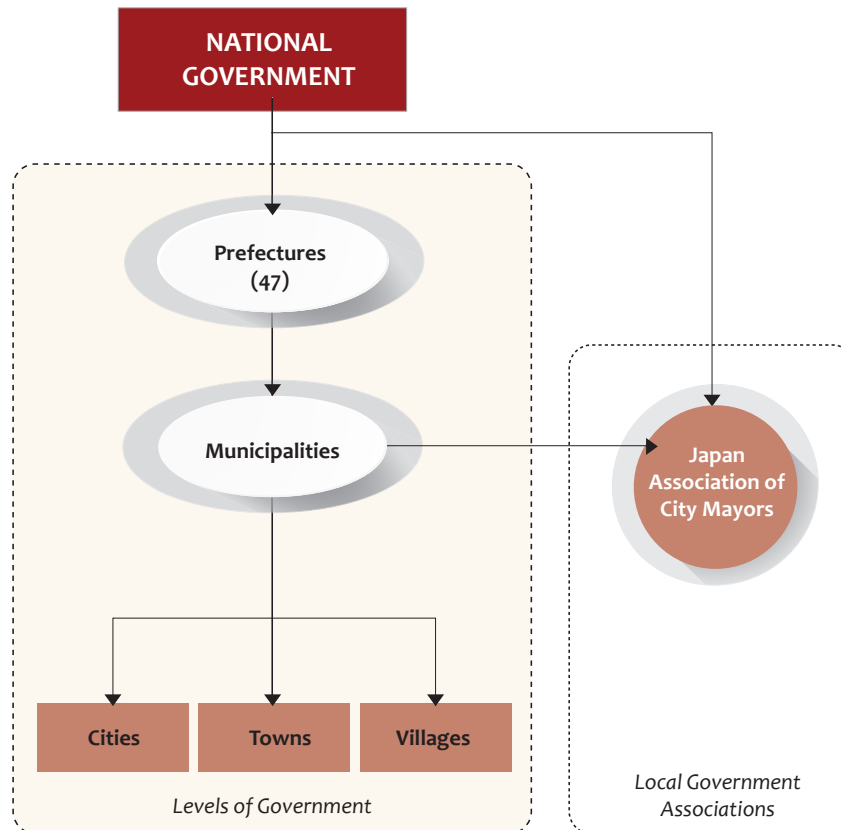
Concerning laws, etc, which have an impact on local autonomy, the association is legally granted the right to offer opinions to the Cabinet or submit a written statement to the Diet. Furthermore, there is an information provision system that enables each minister to give details about relevant measures so that six local government major organizations, including this association, can offer opinions to the Cabinet when local governments are required to undertake new clerical duties and burdens.

Operations:

1. Liaison and coordination of municipal administration
2. Research studies on administration and finance
3. Holding of seminars, workshops, etc.
4. Publication and distribution of journals and other municipal administration-related books
5. Matters regarding common interests of municipalities or municipal employees
6. Implementation of projects necessary for the achievement of the association's purposes

Japan's Territorial Practices	
Policy	
Legal	<ul style="list-style-type: none"> • Local Autonomy Law No. 67 • Comprehensive Decentralization Law (2000) • Decentralization Act 1999
Institutions	<ul style="list-style-type: none"> • Local Administration Bureau (LAB) • Local Public Finance Bureau (LPFB) • Japan Council of Local Authorities for International Relations (CLAIR)
Governance	<ul style="list-style-type: none"> • National Council • Board of Directors • Board of Councillors • Committees • Administrative Committees • Finance Committee • Social and Educational Committees • Economic Committee • Councils • Study Groups
Organisational Structure	<p>Each jurisdiction has a Chief Executive, called a Governor in prefectures, and a Mayor in municipalities. Most jurisdictions also have a unicameral assembly, although towns and villages may opt for direct governance by citizens in a general assembly. Both the executive and assembly are elected by popular vote every four years.</p> <p>Local governments follow a modified version of the separation of powers used in the national government. An assembly may pass a vote of no confidence in the executive, in which case the executive must either dissolve the assembly within ten days or automatically lose their office. Following the next election, however, the executive remains in office unless the new assembly again passes a no-confidence resolution.</p>
Functional Frameworks and mechanisms	
a) Planning	
b) Operational	
c) Financing	<p>Local taxes account for about one-third of local government revenue, followed by local allocations tax, national treasury disbursements and Local Government bonds/loans.</p> <ul style="list-style-type: none"> • Local transfer tax: Collected as national tax and transferred to Local Governments • Special local grant: A revenue source treated as a substitute for local taxes, introduced to supplement a part of the decrease of local tax caused by tax cuts since FY99 • Local allocations tax • National treasury disbursements: A general name for funds disbursed from the central government to Local Governments for specified purposes • Local Government bonds: Local Government borrowings not redeemed within the fiscal year
d) Accountability	Local Public Finance Bureau
e) Revenue Sharing	

Japan Territorial Governance and Organisational Structures



AFRICA

SOUTH AFRICA

Though local governments have a legal mandate to pursue economic development activities, the country's central and provincial governments continue to play a guiding role in developing LED policies and identifying sound practices, while district and local municipalities execute LED interventions.

National Council of Provinces (NCOP)

The National Council of Provinces, or NCOP, is the second house of Parliament. It makes sure the different needs of each province are taken care of in the nationwide laws passed by the National Assembly.

The National Council of Provinces is made up of 54 permanent members and 36 special delegates. It elects its chair. Each of South Africa's nine provinces sends 10 representatives to the NCOP.

These 10 representatives include six permanent members and four special delegates. Special calculations of the popular vote in elections make sure that minority interests are represented in each province's delegation to the NCOP.

Local government representatives are allowed to debate in the NCOP but they do not vote - 10 part-time members represent the three different types of municipalities. The South African Local Government Association also takes part in the NCOP.

Bills passed in the National Assembly must be referred to the NCOP for consideration. The NCOP may pass, propose amendments to or reject a Bill. The National Assembly must reconsider a Bill in cases of amendments or rejections, and pass it again with or without amendments.

Elected by the provinces - Represents provinces to ensure that provincial interests are taken into account at the national sphere of government

South African Local Government Association (SALGA)

SALGA is an autonomous association of municipalities whose mandate is derived from the Constitution of the Republic of South Africa. This mandate defines SALGA as the voice and sole representative of local government. SALGA interfaces with Parliament, the National Council of Provinces (NCOP), Cabinet as well as provincial legislatures.

The association is a unitary body with a membership of 278 municipalities, with its national office based in Pretoria and offices in all nine provinces. The strength at SALGA lies in the intellectual capital it has acquired through its people over the years and its values: to be Responsive, Innovative, Dynamic and Excellent, underpin all that it does. SALGA's mission - to be consultative, informed, mandated, credible and accountable - ensures that it remains relevant to its members and provide value as it continuously strives to be an association that is at the cutting edge of quality and sustainable services.

SALGA's Role

In line with its mandate SALGA has set out its role to:

- ❖ Represent, promote and protect the interests of local government
- ❖ Transform local government to enable it to fulfil its developmental role
- ❖ Raise the profile of local government
- ❖ Ensure full participation of women in local government
- ❖ Perform its role as an employer body
- ❖ Develop capacity within municipalities

Its role can thus be summarized in the following four key roles:

- a. Advice and support – policy analysis
- b. Research and monitoring
- c. Knowledge exchange
- d. Support to members

Representation – stakeholder engagement; lobbying on behalf of local government in issues of national policies and legislation

Act as an employer body – collective bargaining on behalf of its members; capacity building and municipal human resource.

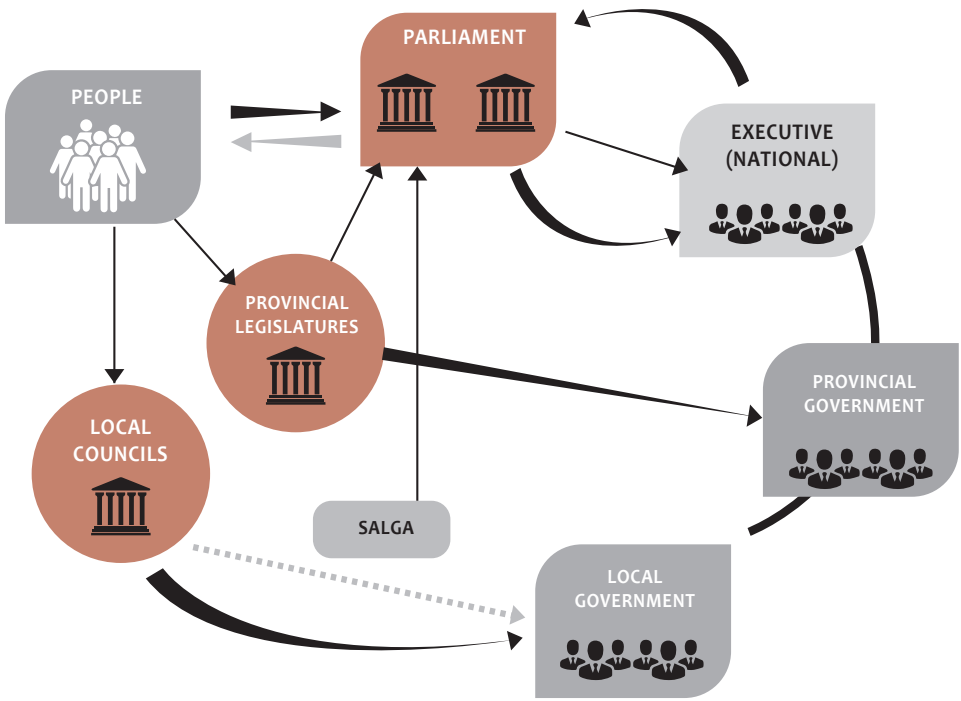
Strategic Profiling – building the profile and image of local government locally and internationally

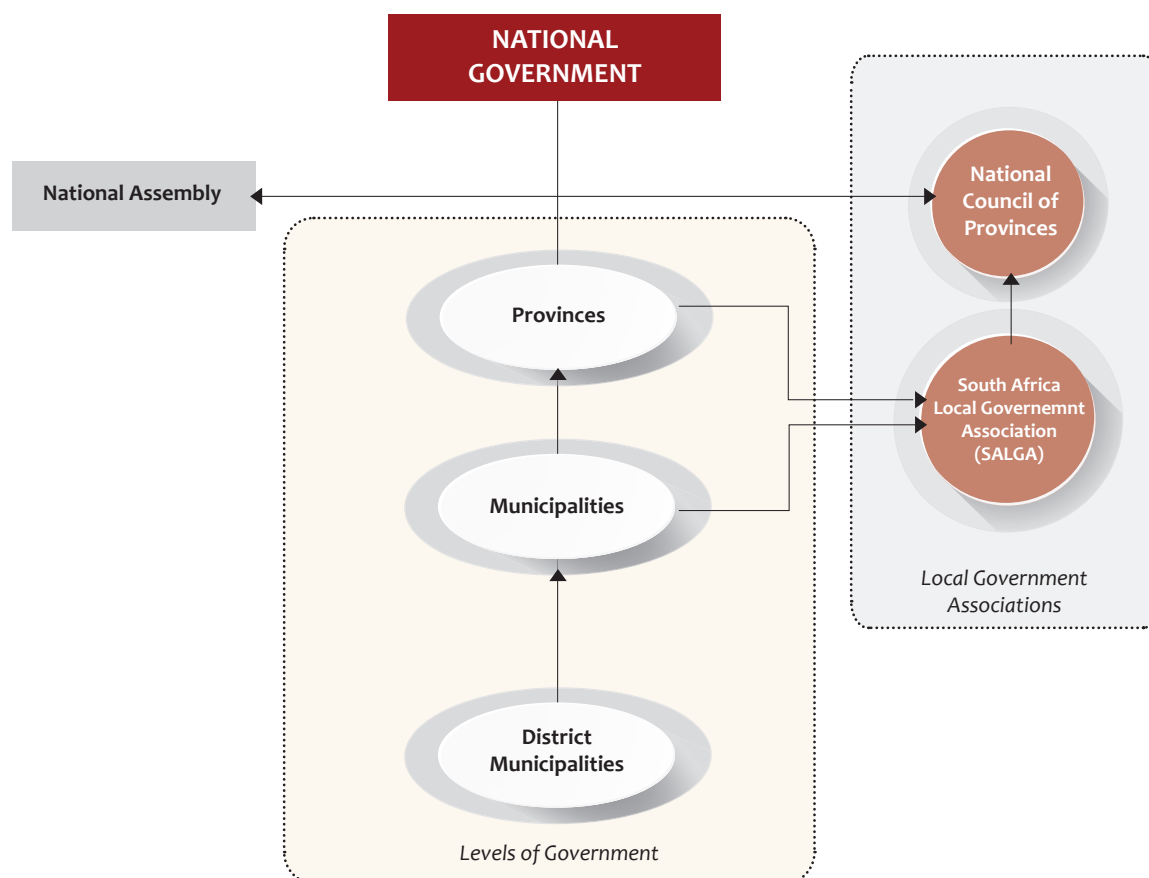
Our role as an organization is effectively played out through various programmes and working groups. These working groups are responsible for facilitating:

- ❖ Cooperative governance between the spheres of government as directed by the National Executive Committee or the Provincial Executive Committees.
- ❖ Consultation, coordination and participative decision-making between SALGA and its members.
 - ◆ Mandated as the voice and sole representative of local government
 - ◆ Interfaces with parliament, NCOP, Cabinet as well as provincial legislatures.

South Africa Territorial Practices	
Policy	
Legal	
Institutions	National Council of Provinces (NCOP) South Africa Local Governments Associations (SALGA)
Governance	
Organisational structure	
Functional Frameworks and mechanisms	
a) Planning	
b) Operational	
c) Financing	
d) Accountability	

South Africa Territorial Governance and Organisational Structures





NILE BASIN

Through the principle of subsidiarity, cooperation and collaboration across the two levels of administration, challenges tend to be solved at the lowest level. However, multi-level cooperation mechanisms are employed to address cross border development initiatives. These entail political considerations. Among such cross border development initiatives are infrastructure, formulation of standards and regulations. River basin cooperation is a multi-stakeholder environment; multiple stakeholders should be involved in developing cooperation and shaping the distribution of costs and benefits. This enables avenues for engagement by civil society and enhanced specific stakeholder consultation over key projects and programmes.

The Nile Basin consisting of the Nile Basin countries purposed to collectively coordinate and manage the use of the shared water resources, though structured governance and institutional mechanisms.

To achieve its Mission, Nile-SEC is guided by four strategic objectives:

- ❖ To nurture cooperation among the basin states (will also result in increased country commitment).
- ❖ To strengthen the relevant capacities of Member States for cooperative water resource management and development.
- ❖ To increase the utilization of knowledge for decision making and improve performance in trans-boundary water resources management and development.
- ❖ To strengthen Nile-SEC institutional capacity.



NILE-COM

Comprised of ministries in charge of water affairs in NBI member states. This is the highest political and decisionmaking body.

Roles & Responsibilities:

- ❖ Policy guidance
- ❖ Approving of programs
- ❖ Approving of the annual work plan and budget
- ❖ Ensuring smooth implementation of NBI's activities
- ❖ Ensuring government contribution from Member Countries as well as external support agencies and NGOs
- ❖ Appointing and terminating the services of the Executive Director on the recommendation of the Nile Technical Advisory Committee
- ❖ Taking all policy and political decisions of the organization
- ❖ Approving the filling of other senior posts by the Nile Technical Advisory Committee

NILE-TAC

The Nile-COM is supported by the Nile Technical Advisory Committee (Nile-TAC), comprised of 20 senior government officials, two from each of the Member States.

Roles and Responsibilities of the Nile-TAC

- ❖ Offering technical support and advice to the Nile Council of Ministers on matters related to the management and development of the Nile waters.
- ❖ Acting as an interface between the Nile-COM and development partners, and between Nile-COM and the Secretariat, programmes and projects of the NBI.
- ❖ Provide oversight for NBI programmatic activities.

NILE-SEC

The Nile Basin Initiative Secretariat (Nile-SEC) is the executive arm of the Nile Basin Initiative (NBI) based in Entebbe, Uganda. Established in November 2002 by the Nile Council of Ministers (Nile-COM).

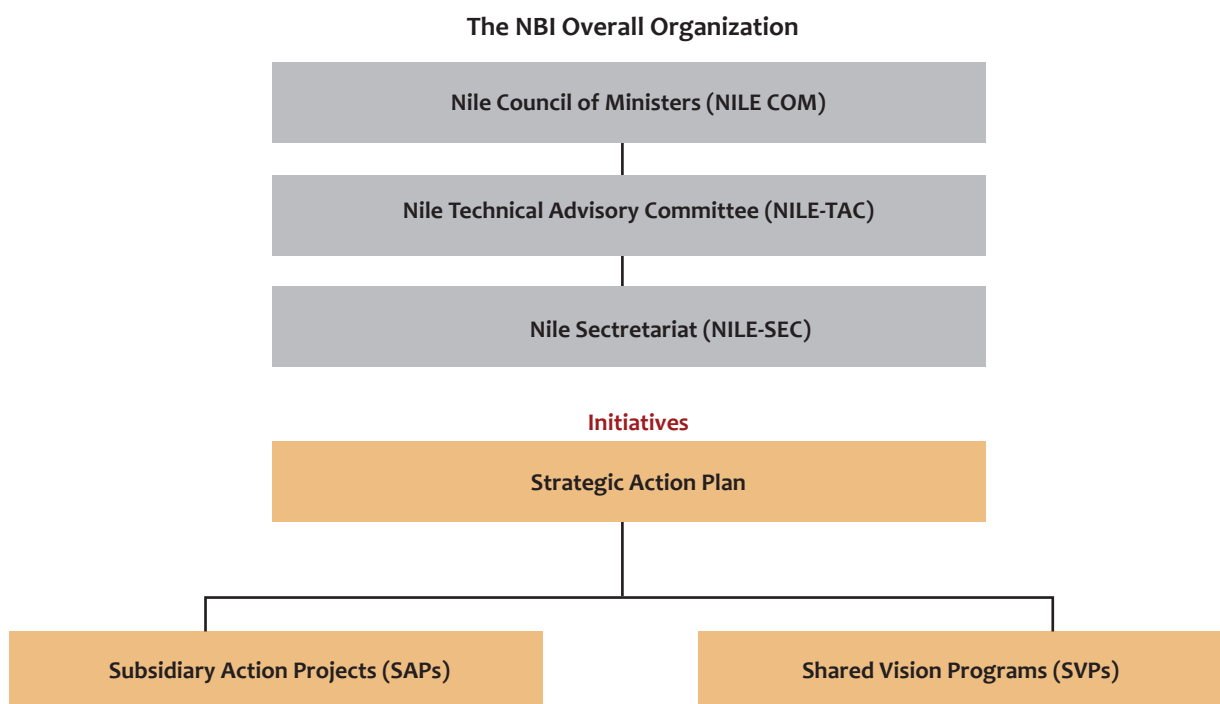
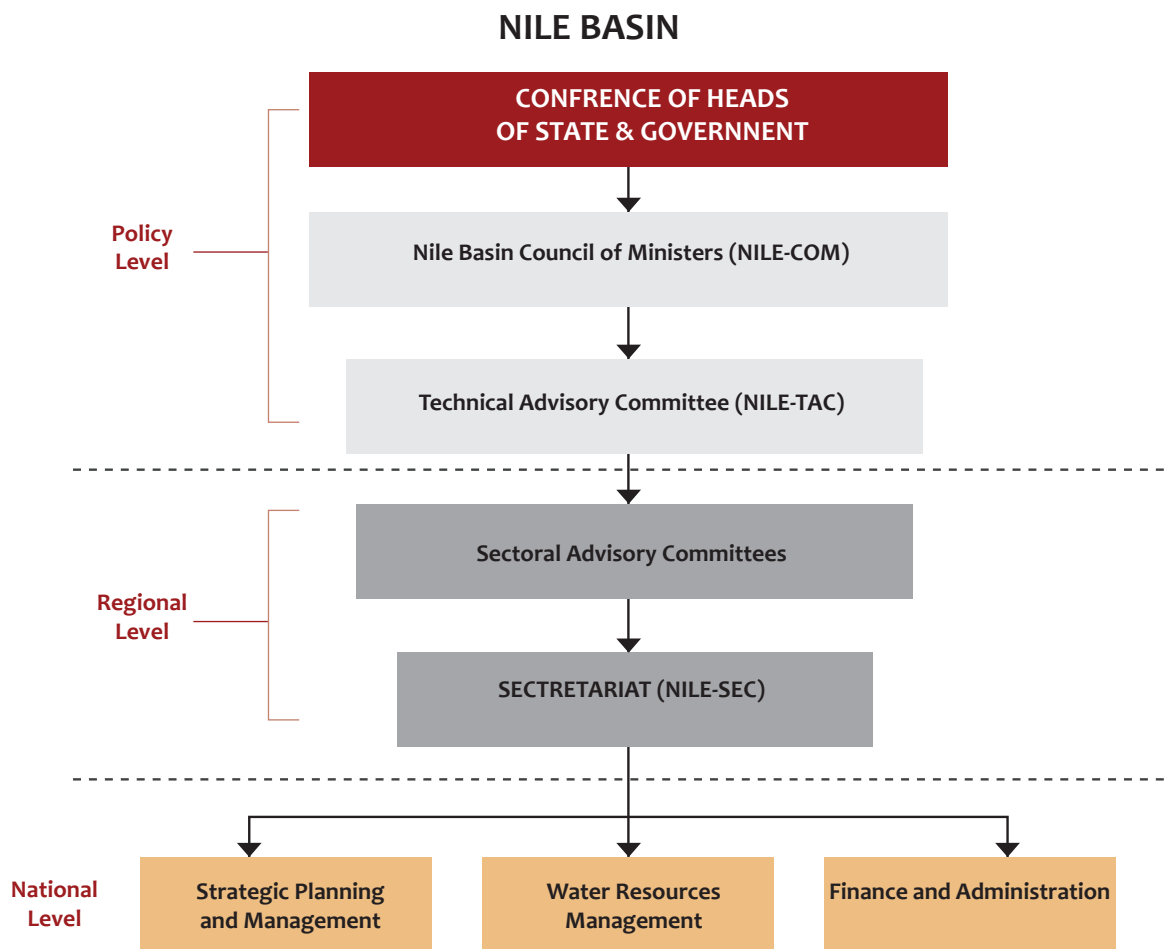
Nile-SEC is responsible for the overall basin-wide perspective and corporate direction of NBI.

Roles

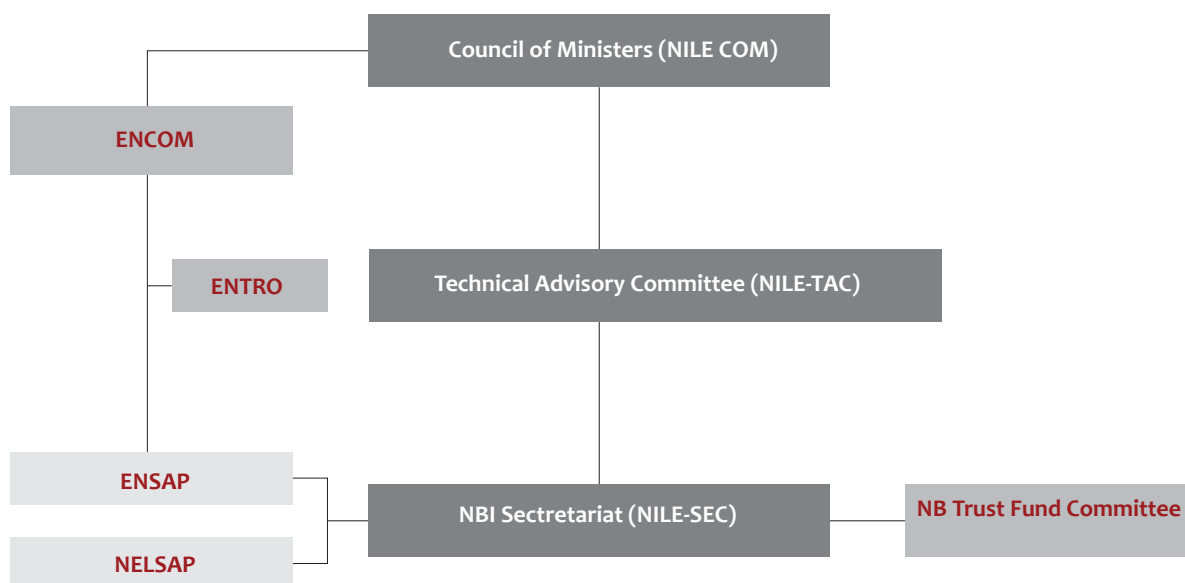
- a) Basin Cooperation Programme: Nile-SEC actively provides the first and only all-inclusive regional platform that brings together the Nile Basin States for open discussions and understanding of the interests, positions and expectations of the Basin States in what concerns the management and utilization of the shared water resources.
- b) Water Resources Management programme: Under this programme, Nile-SEC strengthens Member States' institutional and technical capacities and provides shared knowledge bases to support decision making and action at local levels. This includes generating basin-wide science-based information and making available to the Member States analytic tools and the necessary policies.

Nile Basin Territorial Practices

Policy	<p>Transboundary policies:</p> <ul style="list-style-type: none"> • Nile Basin Sustainability Framework • NBI Gender Mainstreaming Policy and Strategy • Wetland Management Strategy • Information Disclosure Policy • Climate Change Strategy • Communication and Stakeholder Engagement Strategy: 2013 – 2016 • Environmental and Social Policy <p>Promote transboundary water resource management endorsed by the Nile Council of Ministers (Nile-COM) in June 2013 include:</p> <ul style="list-style-type: none"> • The Environmental and Social Policy (ESP), • Climate Change Strategy (CCS) and • Wetland Management Strategy (WMS) were
Legal	Nile River Basin Cooperative Framework Treaty
Institutions	
Governance	<ul style="list-style-type: none"> • NILE-COM • NILE-TAC • NILE-SEC
Organisational structure	
Functional Frameworks and mechanisms	
a) Planning	
b) Operational	
c) Financing	
d) Accountability	
Dispute Resolution	<p>In the event of a dispute between two or more the Nile Basin States concerning the interpretation or application of the present Framework, the concerned States shall, in the absence of an applicable agreement between them, seek a settlement of the dispute by peaceful means following the following provisions:</p> <p>a) If the States concerned cannot reach an agreement by negotiation requested by one of them, they may jointly seek good offices or request mediation or conciliation by the Nile River Basin Commission or other third parties, or agree to submit the dispute to arbitration following procedures to be adopted by the Council, or to the International Court of Justice.</p> <p>b) If after six months from the time of the request for negotiations referred to in paragraph 2 the States concerned have not been able to settle their dispute through negotiation or any other means referred to in paragraph 2, the dispute shall be submitted, at the request of any of the parties to the dispute, to impartial fact-finding following the Annex of the fact-finding Commission, unless the States concerned otherwise agree.</p>

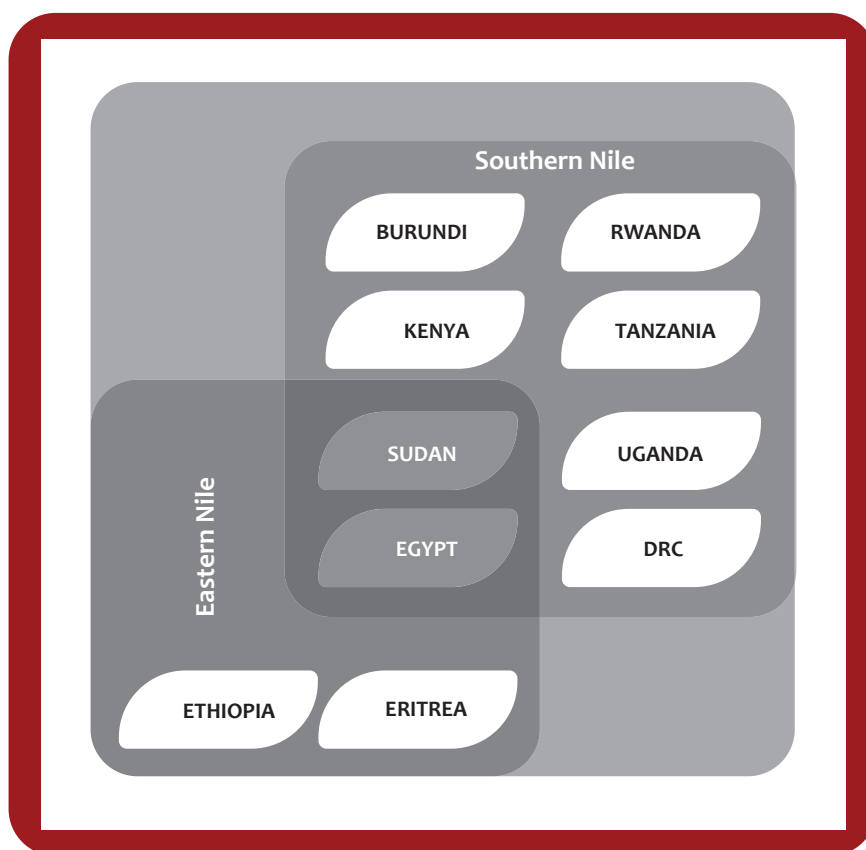


Nile Basin Governance Structure

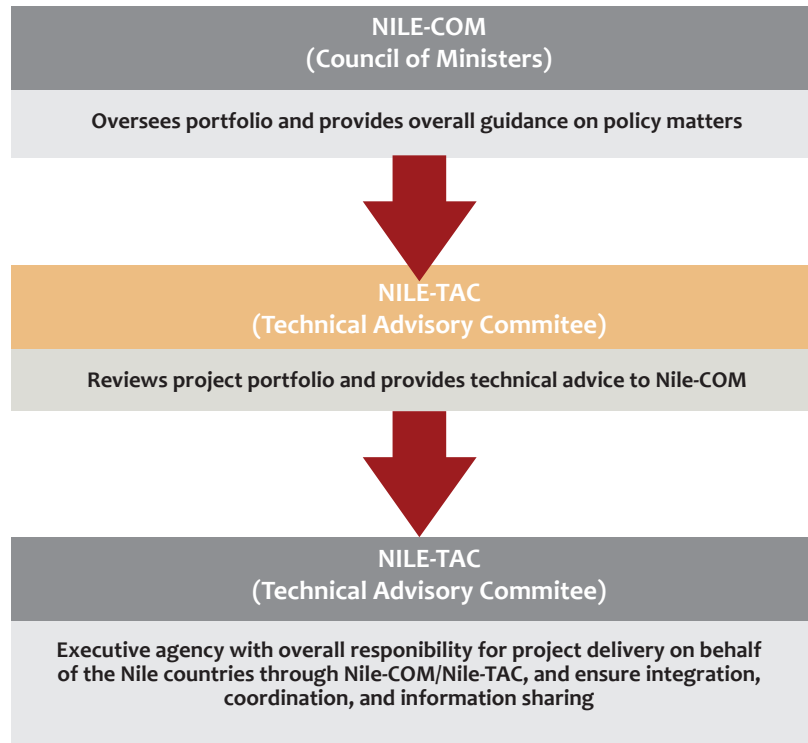


An illustration of possible levels of Nile Cooperation

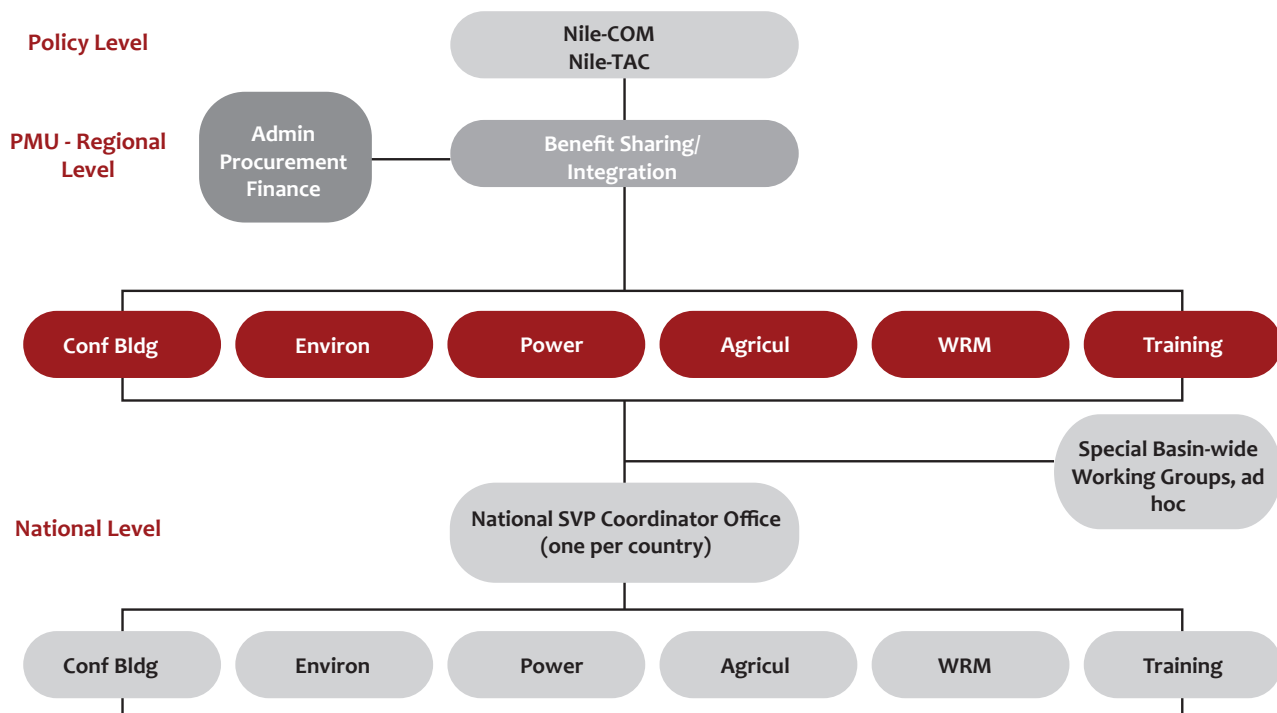
International Nile Discourse



NBI Operational Structure



Organisational Chart: Shared Vision Program



World Bank: NILE TRANSBOUNDARY ENVIRONMENTAL ACTION PROJECT

USA

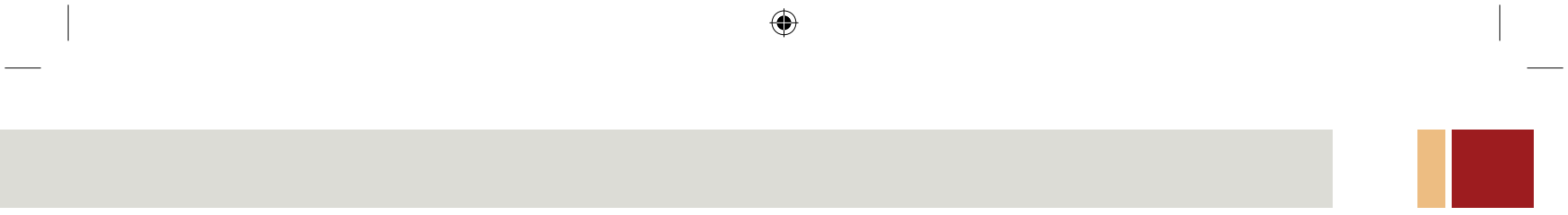
A comparative analysis of economic departments and those in charge of employment and human resource development demonstrates the diversity of strategies employed by different communities to address their economic development initiatives in the USA. There is a need to customize interventions even when the result is the same. These range from poor financial management, underutilisation of available staff, inappropriate institutional arrangement and lack of a focused economic drive. Companies should have visions upon which to plan future directions; technology applications and partnerships should constitute part of the delivery mechanisms. In most cases, the restructuring created a more customer-focused and demand-driven agency culture.

Montgomery County, Maryland, one of the more affluent districts in the USA, enjoys a stable economy even during the recession. The County specializes in professional and technical services, information technology and biomedical sciences; with employment accounting for one-third of the national employees. The county's support for start-up biomedical firms, with a commitment to build a life science centre, has promoted the development of successful companies by continuous employee training. This was anchored on the vision of building on incubators as engines of development and innovation. Thus, the restructuring of the county's HR department by combining the WorkForce Investment services and the Economic Development Department in 2002 created more synergy in pursuit of development and workforce investment efforts. The Workforce Investment Services has evolved from a private non-profit firm to a public sector agency. Leadership continues to play a central role in business success. In the meantime, the partnership has been more beneficial to the parties concerning access to more resources and better expertise in business development.

The main challenges lie in congestion and housing. At the operational level, financial management systems to separate funding from the Chamber of Commerce and that of government disrupted services in 2000. Further, the point at which the partnership was effected was at a lower level, thus requiring a longer chain in the decision-making process. However, in 2004, higher-level sectors were established, upgrading the states of the Workforce Investment Services to full-fledged departments.

Denver is reputed for a combination of geographic location, likeable climate, and good business environment among many other attributes. This resulted in an influx of youthful migrants who contributed to the energetic workforce. As a result, many high tech industries have been established. These industries were hardest hit during the 2008 financial crisis. The political leadership opted to reorganize and merge several service delivery functions and business support functions for enhanced efficiency under the management of professionals. This was done through a phased approach to give staff adequate time to adapt to changes in the work environment. Non-core functions including those requiring technical expertise are outsourced. Concurrently, research-based policy options were adopted. The benefits included entrenched greater accountability, consistency in mission among the different departments, holistic thinking and better utilization of resources under one roof.

New York City is highly cosmopolitan and contributes to the highest GDP among USA cities. It also houses the largest number of international organisations. A decline in the federal funding targeting human resource development in the 80s impacted negatively on the workforce quality, with a



sizable number of workers resigning. The restructuring undertaken in the late 90s was narrow, targeting welfare beneficiaries. It was only after the election of a business professional as a mayor that workforce development was more focused on serious retraining of the workforce on business creativity. Businesses' willingness to retrain their employees was modest. The pioneer businesses to retrain their employees soon reaped profits large enough to tempt others to start retraining their employees. To a large extent, external expertise was leveraged to impart the appropriate skills. Programming was anchored on strategic planning, visioning and one-stop systems management. A sector-based approach to identify job training and employment needs was utilised. The city started attracting large businesses.

Strong leadership from the top can influence change. This should be accompanied by a shift in cultural outlook anchored on accountability, transparency and hard work. Stringent M&E frameworks and benchmarks underpin training diversification, taking into account private sector HR requirements and skill complements.

North Central Indiana is rural-based agricultural farmland area, with the more skilled better-paid labourers working in the manufacturing sector. The low skilled labourers with low pay are deployed in the agricultural sector. Skills upgrading is available to management, directors and workers. This addresses the frequent changes in the directorship. North Central Indiana advocates for regional economies to sustain competitiveness. In this regard, the six counties in the region plan jointly. Multi-jurisdictional cooperation is imperative in finding solutions to the region's problems. However, changes in their political leaders require induction to ensure that they buy-in to the existing partnership. This can be addressed through formalized arrangements. The future calls for new partnerships with research and universities who will assist with innovations.



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FROM THE AMERICAN PEOPLE

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AGILE AND HARMONIZED ASSISTANCE
FOR DEVOLVED INSTITUTIONS

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