



COUNCIL OF GOVERNORS

**REPORT ON THE
CONSULTATIVE MEETING ON
HARNESSING OPPORTUNITIES
IN THE INTRA-REGIONAL
ECONOMIC BLOCS**



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Table of Contents

Executive Summary	iii
1.0 INTRODUCTION	1
2.0 PROCEEDINGS	5
2.1 Opening Remarks by Rosemary Njaramba - Council of Governors	5
2.2 Session 1: Brief on the Study Findings on Status of the REBs, by Joseph Kungu, CoG	6
2.3 Session 2: Landscape Analysis of Regional Economic Blocs in Kenya: Comparative Advantages, Challenges, and Opportunities	6
Plenary Discussions and Reflections	6
2.4 Session 3: Policy, Legal and Institutional Frameworks	7
2.4.1 Experiences in Establishing Regional Economic Blocs, by Mtalaki Mwashimba, County Attorney, Mombasa County	9
2.4.2 Policy, legal and institutional context to support the establishment of the Regional Economic Blocs, by Joash Dache, CEO, Kenya Law Reform Commission	9
2.4.3 Presentations: Gender Mainstreaming in Intra-Regional Economic Bloc Process, by Winfred O. Lichuma, EBS, Gender and Human Rights Expert	9
2.5 Session 4: Operating and Sustaining Regional Economic Blocs	11
2.5.1 Experience from the Lake Region Economic Bloc, by Abala Wanga, CEO of the LREB Secretariat	11
2.5.2 Funding Regional Economic Blocs, by Elizabeth, The National Treasury	11
2.5.3 Perspective on County Budgets and Regional Economic Blocs, by Stephen Masha, Controller of Budget	11
2.6 Session 5: Emerging Opportunities for Regional Economic Blocs	11
2.6.1 Regional Economic Blocs and Investment in Kenya, by Dr Moses Ikiara, MD, KenInvest	11
2.6.2 Leveraging Private Sector in the Development of Regional Economic Blocs: KEPSA	11
2.6.3 Leveraging on the Opportunities Under AGOA and other Trade Treaties: State Department of Trade	11
2.7 Session 6: Group Presentations	11
2.8 Session 7: Resolutions	16
3.0 CONCLUSION AND WAY FORWARD	18
4.0 ANNEXES (PRESS STATEMENT AND PROGRAM)	19

Executive Summary

Since the promulgation of the new Constitution in 2010, devolution is taking root and there is growing appreciation among county governments that regional economic integration can provide the critical leverage necessary to realize economic growth potential. Counties within geographic proximity have thus come together to establish economic blocs. The blocs are aimed at positioning the counties to jointly exploit regional opportunities for accelerating inclusive economic growth in several ways, such as, optimizing their regional comparative advantage and economies of scale; creating harmonious enabling environments that attract and promote investment, nurture regional and local economies and trade; and facilitating the development, management and utilization of shared cross-boundary economic resources and infrastructure.

There are six regional blocs in Kenya: Lake Region Economic Bloc (LREB), South Eastern Kenya Economic Bloc (SEKEB), Jumuiya ya Kaunti za Pwani (JKP), Frontier Counties Development Council (FCDC), North Rift Economic Bloc (NOREB) and Mt Kenya and Aberdare's Economic bloc.

There are legal provisions to enable and support county governments to work together towards a common goal. Article 189 (2) of the Constitution provides:

“Government at each level, and different governments at the county level, shall co-operate in the performance of functions and exercise of powers and, for that purpose, may set up joint committees and joint authorities.”

The Article is given effect through the provisions of the Intergovernmental Relations Act 2012, which provides for inter- and intra-governmental structures for consultation and cooperation, while Section 6(3) of the County Government Act 2012 provides:

“A county government may enter into partnerships with any public or private organization in accordance with the provisions of any law relating to public or private partnerships for any work, service or function for which it is responsible within its area of jurisdiction.”

However, the legal provisions provide the broad framework for the establishment of such structures at the inter-county economic blocs. During the inception phase of the establishment of the structures, it may be important to further interpret the legal provisions through a set of guidelines for the counties entering into such agreements. It is also important to develop an overarching policy to guide the county governments on the standards and norms to put in place to run the blocs. Currently, the blocs are founded on different institutional arrangements and frameworks and are driven by the interests and goodwill of political leaders. The situation exposes them to political interference, thereby risking their sustainability when the leadership changes.

It is against this background that the Council of Governors and the Ministry of Devolution and ASAL, in collaboration with other stakeholders, organized a three-day meeting with the secretariats of all regional blocs and technical committees responsible for trade, investments and industry; finance and economic planning; and gender affairs. The meeting also involved National Government ministries and agencies, independent offices, and development partners to discuss all possible strategies for strengthening the economic blocs. The proposals were then presented to the policymakers for adoption and policy decision.

The Objectives of The Forum

- a) For regional blocs to share experiences, challenges and opportunities.
- b) For the National Government and development partners to interact with regional blocs and discuss partnerships.
- c) To discuss how to integrate gender-responsive aspects into the leadership, governance, mandate, and operational procedures of regional economic blocs.
- d) To provide regional economic blocs with opportunities to collate and analyse gender-disaggregated data to inform their operational and policy decisions.

The consultative meeting ended with the national and county governments agreeing on a set of resolutions involving the following actions:

- Formulation of a framework for an annual regional economic blocs' exchange forum;
- Formulation of a joint action plan to strengthen the policy, legal and institutional framework to support the regional economic blocs;
- Formulation of a joint approach to the sustainability of regional economic blocs;
- Identification of approaches to exploiting the emerging opportunities for regional economic blocs (i.e. issues of youth, women, demographic dividends among others).

At the end of the workshop, the meeting tasked various ministries, agencies and departments to develop clear action plans for unlocking policy, legal and institutional challenges that inhibit the operationalization of the regional economic blocs (RECs).



Introduction

County governments formulated regional economic blocs (REBs) to galvanize opportunities within regions, broaden synergies for resource mobilization, and expand trade and investments. REBs are therefore a strategic mechanism for speeding up rural economic development. They are also a fulcrum for harnessing peace and cohesion and nurturing partnerships.

Currently, there are six regional blocs where 44 counties are members in at least one bloc. The three that are not members are Nairobi, Narok and Kajiado. The table below summarizes the membership of the various county economic blocs.

Bloc	Number of Counties	Counties
North Rift Economic Bloc (NOREB)	8	Uasin Gishu, Trans Nzoia, Nandi, Elgeyo-Marakwet, West Pokot, Baringo, Turkana, Samburu,
Lake Region Economic Bloc (LREB)	13	Bungoma, Busia, Homa Bay, Kakamega, Kisii, Kisumu, Migori, Nyamira, Siaya, Vihiga, Bomet, Trans-Nzoia and Kericho
Frontier Counties Development Council (FCDC)	9	Garissa, Wajir, Mandera, Isiolo, Marsabit, Tana River, West Pokot, Turkana and Lamu
South Eastern Kenya Economic Block (SEKEB)	3	Makueni, Kitui and Machakos
Mt Kenya and Aberdare's Economic bloc	10	Tharaka-Nithi, Meru, Nyeri, Laikipia, Murang'a, Kiambu, Nakuru, Nyandarua, Embu and Kirinyaga
Jumuiya ya Kaunti za Pwani (JKP)	6	Lamu, Kilifi, Kwale, Mombasa, Tana River and Taita Taveta

The Council of Governors (CoG) commissioned a study in September 2016 on county economic blocs. The study established the following:

- Some counties are not members of any regional bloc. Others have multiple memberships.
- County blocs lack legal instruments ratified by the respective member counties.
- County blocs lack economic blueprints.



With these shortcomings, the achievement of transformative county economic blocs is at risk. At the same time, the study findings reveal the entry points for strengthening the regional economic blocs. The following are therefore necessary for institutionalizing the county blocs:

- A legal and policy framework;
- an effective governance structure; and
- a sustainability mechanism.

Frameworks to Guide County Economic Blocs

a) County bloc policies and laws

The County Governments Act Section 6(3) gives county governments powers to enter into partnerships with public/private entities for functions within their jurisdiction. As such, the regional blocs do not need any other law to regularize them in the individual member counties, but rather, they may need a partnership to be ratified in member county government assemblies. This will ensure ownership of projects by the county governments.

b) Creating an enabling business environment that attracts and promotes investment

This can be achieved through facilitation of trade and investments, as well as national, regional and international partnerships.

Governance and Institutional Frameworks

To sustain a functional, effective and efficient inter-county integration that also takes into account the realities of business in a globalized environment, county economic blocs require comprehensive governance structures that address linkages with national, regional and international frameworks.

Sustainability of County Blocs to Achieve their Goals

The following are some of the aspects that can ensure the sustainability of the county blocs:

- Continued goodwill from the leadership of county and national governments;
- alignment of county blocs' economic priorities with the national agenda;
- the functionality of the institutions established concerning the county secretariats' organisational structures, planning and programming, financing, accountability and reporting channels to the different stakeholders;
- the pursuit of cluster initiatives, creating economic linkages that confer benefits across the different counties, and which further entrench trust-building among counties and between the public and private sectors;

- locating flagship projects across all counties, leading to shared employment opportunities and income generation;
- promoting the use of endogenous abilities and assets (e.g., local natural resources and productive and entrepreneurial skills) in the generation of external economies within the bloc territories;
- urban planning and creation of zones for industrial activities;
- promotion of horizontal learning and exchange between regions;
- pooling resources to ensure greater efficiency in the delivery of common activities;
- disclosure of the cost/benefit sharing arrangements embedded in law and operational policies; and
- regular capacity building and institutional development in adopting and adapting to evolving regional and international developments.

Objective of the Meeting

Since 2016 when the CoG carried out a study on county economic blocs, the situation has changed significantly. Some blocs have progressed in their activities, while others are still facing kick-off challenges. It is against this backdrop that the CoG organized a meeting to bring together the regional economic blocs, county officials, National Government ministries and departments, independent bodies and development partners, to design robust interventions and strategies to strengthen REBs.

Among the key areas lined up for specific discussions was the question of gender and how it could be mainstreamed into transformational activities of regional economic blocs. There is evidence to show that full participation of women as economic actors is essential to building healthy and sustainable economies. Despite the significant progress made in promoting gender equality in economic structures, including trade and investment groups, there is still lack of sustainable structures and mechanisms for ensuring the transformative engagement of women and men in new trade and investments. Therefore, the consultative meeting offered a platform for such discussions.

Other specific objectives included the following:

- To give a platform for the secretariats of regional blocs to share experiences, challenges and opportunities.
- To encourage the National Government, regional blocs and development partners to interact and form partnerships.
- To provide regional economic blocs with a joint opportunity to collate and analyse gender-disaggregated data to inform their operations and policy decisions.

Expected Outcomes

- Adoption of an annual regional economic blocs exchange forum.
- Adoption of a joint action plan for harmonizing policy, legal and Institutional framework.
- Adoption of gender sector working groups as a key strategy for strengthening the integration of gender perspectives in the governance, structure and operations of the regional bloc.
- Adoption of a funding mechanism for the REBs.

2 Proceedings

2.1 Opening Remarks by Rosemary Njaramba, Council of Governors

Ms Njaramba observed that the meeting was being hosted at an opportune time because county governments had already initiated REBs.

She highlighted the importance of a REBs policy among other accountability frameworks, to ensure that county governments played catalytic roles in promoting regional socio-economic development. The policy and relevant accountability frameworks, she said, would stimulate the achievement of efficiency in the management and utilization of public resources at the county-level.

Njaramba added that implementation of the various REBs agenda in the counties would complement other public service reform initiatives that sought to improve the quality of service to the public and fast-track implementation of county governments' policies and priorities as per the governors' manifestos and county blueprints.

She thanked the Council of Governors, development partners (UN Women and AHADI) and the National Government for organizing the consultative workshop to facilitate such important discussions.

2.2 Session 1: Brief on Study Findings of the Status of REBs –Joseph Kungu, CoG

Kungu started by explaining the purpose of the study, which he said was to establish the operational statuses of the existing REBs. At the time of the study, six REBs had been established. The findings revealed four key issues central to the operationalization of REBs in the country:

- a) That the REBs are in various stages of formation and initiation;
- b) That the REBS do not have clear governance structures, pointing to a varied framework of command and leadership;
- c) That some counties belong to more than one REB; and
- d) That there is still no clarity on the specific functions of REBs, owing to lack of policy and legal framework.

2.3 Session 2: Landscape Analysis of Regional Economic Blocks in Kenya: Comparative Advantages, Challenges, and Opportunities

Plenary discussions and reflections

The meeting noted that of the six existing REBs, five were represented and shared the experiences of their formation. They highlighted challenges and opportunities. The five counties were: Lake Region Economic Bloc (LREB), South Eastern Kenya Economic Bloc (SEKEB), Jumuiya ya Kaunti za Pwani (JKP), North Rift Economic Bloc (NOREB) and Central Kenya bloc.

Following are the highlights of the plenary discussions and reflections:

- a) There is a legal justification for the formation of regional economic blocks. Article 189 (2) of CoK provides a legal basis for county governments to establish joint committees and authorities for
 - *co-operation in the performance of functions and exercise of powers;*
 - *promoting sustainable equitable socio-economic development; and*
 - *providing service or function for which they are responsible within their areas of jurisdiction (Section 6(3) of the County Governments Act, 2012).*
- b) Regulation 128 of the Public Finance Management (County Government) Regulations, 2015, provides conditions for the formation of RECs:
 - *the nature and costs of the project(s) are beyond the means of one county government;*
 - *the project traverses more than one county government territory; or*
 - *the project benefits can be enjoyed by more than one county government.*
- c) An REB can be established through an intergovernmental agreement (Regulation 128 (2) of the Public Finance Management (County Government) Regulations, 2015) that shall be filed with the AG and Department of Justice.
- d) The challenges that REBs continue to face are mainly brought about by
 - *insufficient legal and policy frameworks to promote regional economic integration between county governments, and*
 - *lack of uniform standards, procedures and operational mechanisms.*
- e) The comparative advantages of regional economic blocs can be organized in three main categories: political leadership, enabling economies of scale, and technical leadership (secretariat).
- f) Regional economic blocs should critically examine cooperation in investment promotion, one which requires member counties to protect cross-county border investments and returns to investors of other member counties within their territories. Specifically, the member counties are urged to ensure

- *protection and security of cross-border investments of investors of other member counties;*
- *non-discrimination of investors in the other member counties, by according them treatment no less favourable than that accorded in similar circumstances to the residents of those member counties or third parties;*
- *that in the case of expropriation, any measures taken are for a public purpose, non-discriminatory, and following due process of the law, accompanied by prompt payment of reasonable and effective compensation.*

g) REBs urgently need investment policy and strategy frameworks that should include

- *model agreements (MoUs) for adoption by county governments,*
- *model legislation to guide the institutionalization and general administration of the REB, and*
- *mechanisms for public participation in the operations of the REB.*

Such policy and strategy frameworks should be based on existing laws and legislation, as well as member counties' regimes for investment facilitation and promotion. The proposed policy should prioritize three broad pillars:

i. **Cooperation and Facilitation of Investment:** It is proposed that regional economic blocs execute the necessary legal instruments through their respective county assemblies to establish the various blocs as "Common Investment Area". Under the regime established, member counties would then cooperate in investment facilitation by ensuring the following:

- *transparency in the legal and institutional regime for investment in the respective regional economic bloc,*
- *property ownership and protection,*
- *protection of intellectual property rights,*
- *contract enforcement and dispute settlement,*
- *non-discrimination, and*
- *regional and international cooperation on investment promotion and protection.*

ii. **Investment Promotion:** Under this pillar, the regional economic blocs and the member counties are required to prioritize the following imperatives:

- *development of strategies for promoting sound and broad-based business environments,*
- *establishment of effective investment promotion agencies (IPAs),*
- *coordinated investment promotion and facilitation program,*
- *streamlining of the administrative procedures related to investments,*

- *promotion and maintenance of dialogue mechanisms with investors,*
- *evaluation of the costs and benefits of investment promotion initiatives and incentives, and*
- *utilization of international and regional initiatives aimed at building investment promotion expertise.*

iii. **Liberalization of Investment Measures:** Under this pillar, the respective regional blocs and member counties would be required to gradually remove all the restrictions to investment in the respective blocs. The member counties will have to take measures to promote the free flow of capital, skilled labour, professionals and technology. They will further need to liberalize

- *rules, regulations and policies on investments;*
- *rules on licensing and registration; and*
- *rules to facilitate payments, receipts and repatriation of profits.*

2.4 Session 3: Policy, Legal and Institutional Frameworks

2.4.1 Experiences in Establishing Regional Economic Blocs: Mtalaki Mwashimba, County Attorney, Mombasa County

2.4.2 Policy, Legal and Institutional Context to Support the Establishment of the Regional Economic Blocs: Joash Dache, CEO, Kenya Law Reform Commission

2.4.3 Gender Mainstreaming in Intra Regional Economic Bloc Process: Winfred O. Lichuma, EBS, Gender and Human Rights Expert

This session was facilitated by Lichuma. She helped the participants to appreciate the differences between gender and sex. At the plenary session, participants discussed how they first learnt that they were either girls or boys. Using these anecdotes, sex (natural, biological and hormonal characteristics) and gender (socially constructed identities which are contextual, change with time and differ with communities) were differentiated.

Lichuma stated that gender equity was critical in that it led to positive action, which necessitated the implementation of specific initiatives for women to overcome their unequal starting positions in a patriarchal society. Equity shifts the emphasis from equality of access to creating conditions more likely to result in, equality of outcome. She explained that an extreme form of such action would be positive discrimination that focused on increasing the participation of women through the established minimum allocation of quotas, such as in the political representation of women, creation of networks of experts and advocates in women's rights issues, and policies specific to violence against women.

Discussions during the session also distinguished between "women in development (WID)" and "gender and development (GAD)". WID sought to integrate women in development based on the concern that women were absent or invisible from mainstream agendas.

The approach gave rise to initiatives focusing exclusively on women. Its shortcomings and skewed assumptions led to the emergence of GAD, which focuses on unequal power relations between men and women.

Lichuma highlighted various policies and legal frameworks on gender mainstreaming:

International

- Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW) (1979).
- Maputo Protocol on Women's Rights (2003).
- Beijing Platform for Action (1995).
- SDGs (2015).

National

- National policies/laws, e.g., the Political Parties Act.
- Vision 2030.
- Constitution of Kenya (2010) and enabling legislations.

Further, she observed that in mainstreaming gender in regional economic blocs, the following actions were important:

- Reviewing available documentation establishing the regional blocks. Examples drawn from EAC, COMESA and AU reveal enhancement of gender mainstreaming through adopting gender policies, gender action plans and gender strategies and/or gender guidelines to improve integration of gender equality in the structures.
- Creating conducive environments for integrating gender into all planned activities and interventions.
- Formulating interventions that are gender-responsive with clear indicators.
- Analyzing all devolved functions to determine the gender concerns in different regions.
- Enabling active participation of men and women, boys and girls, while paying attention to vulnerabilities that may require special policy and implementation interventions. For example, young women, older women and persons with disabilities face unique circumstances that need different treatment.

The facilitator drew the attention of participants to the concept of achieving the principle of equality in regional economic blocs through the sector working groups. She stated the following reasons as to why this would be the most effective and efficient strategy:

- Regional blocs share a common history, values, and in some cases, similar cultures.
- They seek to achieve common goals.
- Legal and policy frameworks guide the regulatory instruments.
- MoUs will further be a vehicle to seek agreements to achieve social cohesiveness.

- All regional blocs have an interest in protecting citizens' rights, including the right to development.
- It is important to address the different dimensions of all the identified issues.
- Common areas of operations must be streamlined.
- Effective decision making requires harmony.
- It is good practice to monitor the implementation of policies on various issues.
- Most regional integration programmes work through sector working groups that continuously shape the agenda of the issues identified.

2.5 Session 4: Operating and Sustaining Regional Economic Blocs

2.5.1 Experience from the Lake Region Economic Bloc: Abala Wanga, CEO of the LREB Secretariat

2.5.2 Funding Regional Economic Blocs: Elizabeth, The National Treasury

2.5.3 Perspective on County Budgets and Regional Economic Blocs: Stephen Masha, Controller of Budget

2.6 Session 5: Emerging Opportunities for Regional Economic Blocs

2.6.1 Regional Economic Blocs and Investment in Kenya: Dr Moses Ikiara, MD KenInvest

2.6.2 Leveraging Private Sector in the Development of Regional Economic Blocs: KEPSA

2.6.3 Leveraging on the Opportunities Available Under AGOA and Other Trade Treaties: State Department of Trade

2.7 Session 6: Group Presentations

Group 1: Policy, Legal and Institutional Frameworks

Group 2: Global perspectives on REBs and Emerging opportunities

Presentations by the two groups covered several interests identified for consideration by REBs and urgent action as shown on next page:

No.	Critical Areas (Challenges and Opportunities)	Proposed action: Short-term/Long-term	Lead Agency
Global Opportunities and Challenges: Trade Opportunity within the region and AGOA			
1.	Available markets EAC COMESA AGOA EU REBs have the opportunity to serve the markets.		
2.	Pooled Production.		
3.	Shared resources Finances Skills Equipment and Infrastructure.		Counties, REBs
4.	Maximizing on the county's value chain through comparative advantage and competitive edge.		Counties, REBs
5.	Backward linkages with the Special Economic Zones, Export Processing Zones.		National Government (NG), counties, REBs
6.	Diversification of origin of investments, with a special focus on Kenyans in the diaspora and other demographics.		NG, counties
7.	Synergy for research, innovations, development and knowledge banking. Partnerships with institutions of higher learning. There are new products that need additional support to maximize their potential.		Counties, REBs
8.	Trade-in services Tourism Financial services Transport and communication Circuit tour		Counties, REBs
9.	Harmonization of the REBs blueprints with CIDPs.		Counties, REBs
10	Focus on high potential sectors within REBs, i.e. agriculture, handcrafts.		Counties, REBs

Challenges			
1.	High production cost.	Creation of an enabling business environment.	NG, counties
2.	Limited market access due to low quality.	Quality management Capacity building	State Department for Trade (SDT) and relevant agencies. <i>i.e.</i> KEPHIS, KEBS
3.	Inadequate resources.	Joint resource mobilization strategy by REBs. Establishment of Development Banks	REBs, counties
4.	Varied county tariffs	Harmonization and rationalization of county tariffs and fees	National Treasury (NT), counties
5.	Inefficiency and timeliness	Lead-time planning and professionalism	NG, counties, REBs
6.	Changes in political spheres	Development of legislation to safeguard established structures (REBs)	NG, counties

Critical Area/ Challenges/ Opportunities	Proposed Action Short Term / Long Term	Lead Agency	Time Frame
LACK OF POLICY FRAMEWORK There is a need for an overarching policy to guide the establishment and operationalization of the blocs.	Develop a policy to consider the following: Nature of the entity Guiding principles Objects of the entity How many counties per bloc? Can one county gain membership in more than one bloc?	(MODA COG, IBEC, IGRTC, TREASURY, COB, KLRC, AG, IGRTC, CAF, SENATE). (The inter-agency team to facilitate the inclusion and participation of REBs in the process).	
INSUFFICIENT LEGAL FRAMEWORK Public Finance Management Act/ Public Procurement and Disposal of Assets Act/ other laws related to the management of public finances	Short term: Counties/blocs are encouraged to develop programs/ activities that are in line with the requirements of the existent law and that reporting/ accounting mechanisms are not compromised /ensure compliance with Regulation 128 of PFM: Funds from development partners should be channelled through CRF. There is no procedure in PFM authorising for transfer or expenditure of resources by regional economic blocs. Any funds received must be included as revenue for the county. If the funding is in the form of a loan, it must be guaranteed by the CS Treasury or county assembly.		Nov 30, 2018

Critical Area/ Challenges/ Opportunities	Proposed Action Short Term / Long Term	Lead Agency	Time Frame
	Long term: Amend the PFM to accommodate funding/ joint funding for blocs as joint entities, and provide for accounting mechanisms, auditing framework for REBs.		
Inter-Governmental Relations Act	Amend the IGRA to provide elaborate provisions for engagements amongst county governments for economic development.		
Model legislation	There is a need to develop a legal framework to guarantee the force of law behind the objects/ the bloc/ sustainability/ to anchor the institutional framework/ uniformity and consistency.		
Model agreement/ accord	There is a need to develop a model agreement framework to guarantee the force of law.		
CONCURRENCE OF FUNCTIONS The place of regional development authorities (RDAs) within regional economic blocs	There are several concurrent issues between RDAs and REBs that need consensus. Consider restructuring RDAs to comply with the constitution and REBs.		
MECHANISMS FOR INCLUSIVITY AND PUBLIC PARTICIPATION IN THE DEVELOPMENT AND OPERATIONALIZATION OF REGIONAL ECONOMIC BLOCS	Steps to be undertaken during the process of entering into the agreement. (Mirror the Treaty Making and Ratification Act) Process of withdrawal from the bloc. Develop a mechanism for inclusion of civil society, gender considerations, private sector.		

2.8 Session 7: Resolutions

THAT National Government and county governments shall develop a policy to provide an overarching framework for the establishment of the regional economic blocs, composition, dissolution, governance architecture, cooperation and facilitation of investment, investment promotion and liberalization of investment measures.

ACTION: MoDA CoG, IBEC, IGRTC, NATIONAL TREASURY, COB, KLRC, AG, IGRTC, CAF, Senate, State Department of Trade, Kenya Private Sector Alliance (KEPSA) and development partners.

NOTING that there is no law on the operationalization of funding mechanisms to the regional economic blocs for counties, a call for the review of legal regime specifically but not limited to the Inter-Governmental Relations Act to make elaborate provisions for engagements amongst county governments for purposes of economic development; Public Finance Management Act to regularize funding from the exchequer and development partners. Also, there is a need for the development of model legislation to enable the counties to execute the necessary legal instruments through their respective county assemblies to establish the various regional economic blocs as a Common Investment Area.

ACTION: MoDA CoG, IBEC, IGRTC, NATIONAL TREASURY, COB, KLRC, AG, IGRTC, CAF, Senate, State Department of Trade, KEPSA and development partners.

THAT the county governments are encouraged to strengthen the existing regional economic county blocks for streamlined coordination; benefit from economies of scale and offer a broad-based regional approach to trade growth and investment attraction in the meantime, in line with Article 189 (2) on the Co-operation between National and county governments, County Governments Act, No. 17 of 2012 s. 6 and Regulation 128 (2) of the Public Finance Management (County Government) Regulations, 2015.

THAT National Government and county governments shall review and restructure the existing regional authorities to align to the devolved system of governments.

ACTION: MODA COG, IBEC, IGRTC, NATIONAL TREASURY, COB, KLRC, AG, IGRTC, CAF, SENATE, State Department of Trade, KEPSA and development partners.

THAT in all the programs of the regional economic blocs for the counties, county governments will endeavour to mainstream gender, youth, minorities, marginalized groups and persons with disabilities in planning and implementation of programmes.

ACTION: Ministry of Public Service, Youth and Gender Affairs, National Gender and Equality Commission, and county governments.

THAT county shall adopt effective public participation approaches that genuinely engage citizens in determining development priorities for the regional economic blocs for the counties.

ACTION: County governments, MoDA, Commission on Administration of Justice (CAJ).

REGIONAL ECONOMIC BLOCS: OPPORTUNITIES

BOTH the National and county governments need to provide a harmonized regulatory framework in policy, legislation and institutional arrangements. This includes addressing the inter-county boundaries taxations standardizations, patenting and profit repatriations.

ACTION: County governments, Parliament, National Treasury, Ministry of Industry, Trade and Cooperatives, KEPSA and Kenya Association of Manufacturers (KAM), REBs.

RECOGNIZING the need for ensuring counties maximize on their specific competitive advantage, the regional economic blocs are highly encouraged to identify their unique competitiveness to attract investors, including mapping out of the extractive resources for setting up industries to exploit them.

OBSERVING that there is a lack of appropriate value addition processes, raw materials are extracted from and exported in their raw state at very low prices, and that value addition or the processing is done outside Kenya and the finished goods or processed materials imported as finished products that attract more money. Therefore, it is recommended that strategies be put in place, with the regional economic blocs facilitating value addition in areas such as agro-processing, leather, textile and blue economy for both domestic and international markets.

ACTION: Ministry of Industry, Trade and Cooperatives; Ministry of Agriculture and Irrigation, Kenya National Chamber of Commerce and Industry (KNCCI).

THAT the National and county governments shall strengthen and provide linkages to small, micro and medium enterprises to access both domestic and international markets and that county regional economic blocs will be included in bilateral and multilateral trade negotiations.

ACTION: County Governments, Ministry of Industry, Trade and Cooperatives, Ministry of Foreign Affairs, and Micro and Small Enterprise Authority (MSEA), KEPSA, KAM, Export Promotion Council (EPC) and KNCCI.

THAT the National and county governments shall harmonize regulatory frameworks to improve the ease of doing business in the country.

ACTION: County governments, Parliament, National Treasury, Ministry of Industry, Trade and Cooperatives, KEPSA and KAM.

THAT county governments shall develop a mechanism to strengthen the existing regional economic blocs to achieve economies of scale, fair competition, and adequate resources for infrastructural development, among others.

ACTION: County governments, Parliament, Regional Economic Blocs and development partners.

3 Conclusion and Way Forward

At the end of the workshop, the CoG CEO thanked the participants for their contributions to the discussions. The meeting successfully reviewed all the priority areas and concerns. It was agreed the resolutions will be fast-tracked and shared with counties for their input, after which they would be forwarded to CoG for adoption and approval.

4

Annexes

ANNEXE 1: PRESS STATEMENT AFTER THE CONSULTATIVE MEETING ON HARNESSING OPPORTUNITIES IN THE INTRA-REGIONAL ECONOMIC BLOCS, OCTOBER 1, 2018 TO OCTOBER 3, 2018, NAIVASHA



COUNCIL OF GOVERNORS
MINISTRY OF DEVOLUTION AND ASAL

Following the consultative meeting between county governments, National Government, private sector and development partners concerning regional economic blocs, the resolutions agreed upon are as below:

1. Policy Legal and Institutional Framework

- a) The National Government and county governments, will jointly through a technical committee, develop a policy and legal framework to provide for the establishment, composition, management, operational and governance of REBs.
- b) Stakeholders will review relevant legal regimes specifically but not limited to Inter-Governmental Relations Act to make elaborate provisions for engagements amongst county governments for economic development; Public Finance Management Act to regularize funding from the exchequer and development partners, and Public Procurement and Asset Disposal Act to provide for procurement in these entities. We have agreed that there is also need for legislation (mirroring the Treaty Making and Ratification Act) that can enable counties to execute and deposit the necessary legal instruments through their respective county assemblies in the establishment of the various REBs.
- c) The National Government and County Governments will review and restructure the existing regional development authorities (RDAs) to align these to the devolved system of governance so that there is no duplication between the work of counties, REBs and the RDAs.
- d) REBs will endeavour to mainstream gender, youth, minorities, marginalized groups and persons with disabilities in planning and implementation of the program, and shall adopt effective public participation approaches that genuinely engage citizens in determining development priorities for the REBs.

2. Regional Economic Blocs: Opportunities

- e) National and county governments shall harmonize regulatory frameworks to improve the ease of doing business in the country.
- f) To avoid further duplication, REBs will align their blueprints with county integrated development plans (CIDPs).
- g) REBs will maximize on their specific competitive advantage to attract investors. REBs will also engage in extractive resources mapping to guide the setting up of industries to exploit natural resources.
- h) REBs will focus on value addition in areas such as agro-processing, leather, textile and blue economy for both domestic and international markets.
- i) REBs will strengthen and provide linkages to micro, small, and medium enterprises to access both domestic and international markets, and will be included in bilateral and multilateral trade negotiations.
- j) REBs will tap into regional and international markets (EAC, COMESA, AGOA, EU) and also the diaspora community for resource mobilization and access to larger markets.
- k) REBs will take advantage of shared resources like finances, skills, equipment and infrastructure, as well as backward linkages with the Special Economic Zones/ Export Processing Zones.
- l) REBs will encourage synergy in research, innovations and knowledge banking. This will culminate in partnerships with institutions of higher learning.
- m) REBs will encourage trade in services: tourism, financial, transport and communication.

The Council of Governors and the Ministry of Devolution and ASAL would like to thank our partners, the County Executive Committee Members, County Attorneys, representatives of the various regional blocs, the National Government ministries, departments and agencies, and the private sector, for supporting this meeting.

From today, we will now move to translate these joint resolutions into actions so that when we meet again, we will be reporting on progress.

Signed

H.E. Prof. Kivutha Kibwana
Governor, Makueni County and Chair, Legal Affairs and Human Rights Committee

Amb. Hussein Dado
Chief Administrative Secretary
Ministry of Devolution and ASALs

ANNEXE 2: PROGRAMME

Time	Day 1: Monday, October 1, 2018	Responsible/Moderator
Overall Facilitator:		
8:30 – 9:00 a.m.	Registration	Council Secretariat
9:00 – 9:30 a.m.	Opening Session: Welcome, Introduction and Opening Remarks <ul style="list-style-type: none"> a. Jacqueline Mogeni, CEO, CoG (represented by Rosemary Njaramba) b. Simeon Ole Kirgotty, Secretary, Devolution and Intergovernmental Relations 	Maurice Ogola
9:30 – 11:00 a.m.	Regional Economic Blocs in Context Presentations: <ul style="list-style-type: none"> a. Study on the Regional Economic Blocs <ul style="list-style-type: none"> ➤ Jacqueline Mogeni, CEO, CoG b. Perspectives to Progressing Regional Economic Blocs: <ul style="list-style-type: none"> ➤ Mr. Charles Sunkuli, PS Devolution c. Jumuiya ya Kaunti za Pwani d. Lake Region Economic Bloc e. Frontier Counties Development Council 	Emmanuel Nzai
9:30 – 11:00 a.m.	Regional Economic Blocs in Context: Presentations: <ul style="list-style-type: none"> a. Study on the Regional Economic Blocs <ul style="list-style-type: none"> ➤ Jacqueline Mogeni, CEO, CoG b. Perspectives to Progressing Regional Economic Blocs: <ul style="list-style-type: none"> ➤ Mr. Charles Sunkuli, PS Devolution c. Jumuiya ya Kaunti za Pwani d. Lake Region Economic Bloc e. Frontier Counties Development Council 	Emmanuel Nzai
4:15 – 5:30 p.m.	Global Perspectives on Regional Economic Blocs <ul style="list-style-type: none"> a. Lessons from the USA on the formation of state and county regional bloc formations (National County Associations) <ul style="list-style-type: none"> ➤ Amb. Elkana Odembo b. Experience of the JKP <ul style="list-style-type: none"> ➤ Gov. Amason Kingi, Governor of Kilifi County c. Lessons from the East Africa Community: <ul style="list-style-type: none"> ➤ Dr Susan Komen, Principal Secretary, State Department of East African Community 	Amb. Elkana Odembo/ CEO CoG



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Developed and printed with support from the
United States Agency for International Development (USAID)

The Council of Governors (CoG)
Delta Corner, 2nd Floor, Opp PWC Chiromo Road,
Off Waiyaki Way
P.O Box 40401 - 00100 Nairobi, Kenya
Email: info@cog.go.ke
Phone: +254 (020) 2403313/4
Mobile: +254729777281
<http://www.cog.go.ke>