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2018

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No. 6

**THE KISUMU COUNTY LAKE REGION ECONOMIC BLOC
ACT, 2018**

No. 6 of 2018

Date of Assent: 27th November, 2018

Date of commencement: See Section 2

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**THE KISUMU COUNTY LAKE REGION ECONOMIC BLOC
ACT, 2018**

AN ACT of the County Assembly of Kisumu to provide for the ratification and implementation of the Lake Region Economic Bloc Agreement and for connected purposes.

ENACTED by the County Assembly of Kisumu, as follows—

Short title

1. This Act may be cited as the Kisumu County Lake Region Economic Bloc Act, 2018.

Commencement

2. This Act shall come into operation upon the enactment of concurrent legislation by at least a third of the Bloc County Assemblies.

Interpretation

3. In this Act—

“agreement” means the Lake Region Economic Bloc Agreement set out in the First Schedule

“Bloc” means the Lake Region Economic Bloc established under Article 2 of the Agreement; and

“member counties” means the counties of Bomet, Bungoma, Busia, Homa Bay, Kakamega, Kericho, Kisii, Kisumu, Migori, Nandi, Nyamira, Siaya, Trans Nzoia and Vihiga and any other county that may be admitted as a member in accordance with the Agreement.

“Ratification” means the action of signing or giving formal consent to a treaty or agreement making it officially valid.

Ratification

4. The Agreement herein entered into by the County Government of Kisumu establishing the Lake Region Economic Bloc is ratified.

Bloc to have capacity of Body corporate

5.(1) The Lake Region Economic Bloc shall have the capacity of a body corporate with perpetual succession and shall have power to acquire, hold, manage, and dispose of land and other property and to sue and be sued in its own name.

(2) The Bloc shall have power to perform any of the functions conferred upon it by the Agreement and to do all things, including borrowing, that are necessary or desirable for the performance of those functions.

Official Symbols of the Bloc

6. (1) The official symbols of the Bloc shall be the —

- (a) official Logo;
- (b) official Flag;
- (c) official Seal; and
- (d) Lake Region Economic Bloc official anthem.

(2) The official symbols' designs and colours are set out in the Second Schedule to this Act.

(3) Member County Assemblies shall enact legislation to protect the official symbols of the Bloc.

Financial provisions

7. (1) There shall be charged on and paid out of the County Treasury Fund, without further appropriation than this Act, all payments required to be made from time to time by the respective county government under the terms of the Agreement.

(2) Each Member County shall consider the Blocs budget in their annual budgetary estimates as guided by the Public Finance Management Act, 2012.

Amendment of the Agreement

8. If the Agreement is amended or modified, the County Attorney shall cause a notice of the amendment or modification and of the date when the amendment or modification comes or is deemed to have come into operation, to be published in the Gazette, and the copy of the notice to be laid without delay before the County Assembly; and such amendment or modification shall, for the purposes of this Act, come or be deemed to have come into operation on that other date.

Regulations

9. The Council may make regulations for carrying into effect the provisions of the Lake Victoria Economic Bloc Agreement.

Consequential legislation

10.(1) A Member County Assembly shall enact any legislation required by this Act to be enacted to govern a particular matter within the period specified in the Third Schedule, commencing on the effective date.

(2) Despite sub-section (1) of this section, the Member County Assembly may, by resolution supported by the votes of a simple majority of the Member County Assembly extend the period prescribed in respect of any particular matter under sub-section (1), by a period not exceeding six months.

(3) The power of the Member County Assembly contemplated under sub-section (1) of section 9section 8may be exercised—

- (i) only once in respect of any particular matter; and
- (ii) only in exceptional circumstances to be certified by the Speaker of the Member County Assembly.

SCHEDULES**First schedule (Section 3)****LAKE REGION ECONOMIC BLOC AGREEMENT****PREAMBLE**

WHEREAS the County Governments of Bomet, Bungoma, Busia, Homa Bay, Kakamega, Kericho, Kisii, Kisumu, Migori, Nandi, Nyamira, Siaya, Trans Nzoia and Vihiga (hereinafter referred to as the Member Counties) enjoy a close geographical proximity to the lake basin region, economic, commercial, industrial and other ties for many years:

AND WHEREAS the Constitution of Kenya establishes a devolved system of government (consisting of a national government and forty-seven county governments) that not only brings decision-making structures and processes closer to the people, but also creates opportunities for regional growth and development:

AND WHEREAS while the devolved system of government promises to address long-running political challenges of inclusive governance, the counties are too small to leverage economies of scale:

AND WHEREAS a critical object of the system of devolved government, according to Article 174(f) of the Constitution of Kenya to promote social and economic development and provide proximate and easily accessible services across Kenya:

AND WHEREAS the Constitution of Kenya provides an enabling framework for establishment of regional economic Blocs and in particular, Article 189(2) of the Constitution require County governments to cooperate in the performance of functions and exercise of powers and permits the establishment of joint committees and joint authorities to facilitate such cooperation:

AND WHEREAS economic Blocs can enable the Counties to leverage economies of scale, and facilitate the development, management and utilization of cross boundary economic resources and infrastructure:

AND WHEREAS the said Member Counties, with a view to realising a fast and balanced regional development are resolved to creating an enabling environment in all the Member Counties in order to attract investments and allow the private sector to play a leading role in the socio-economic development activities through the development of sound macro economics and sectoral policies and their efficient management and while

taking cognizance of the world's government negotiated set of Sustainable Development Goals (SDGs) and the national development plans particularly *Kenya Vision 2030*, which constitutes the country's economic blueprint that charts the strategic priorities and interventions for development for the period 2008-2030:

AND WHEREAS the said Member Counties, with a view too strengthening their cooperation have resolved to adhere to the fundamental and operational principles that shall govern the achievements of the objectives set out herein and to the principles of devolution and cooperation governing relationship between county governments:

AND WHEREAS the said Member Counties have resolved to act in concert to achieve the objectives set out herein:

NOW THEREFORE the County Governments of Bomet, Bungoma, Busia, Homa Bay, Kakamega, Kericho, Kisii, Kisumu, Migori, Nandi, Nyamira, Siaya, Trans Nzoia and Vihiga:

DETERMINED to strengthen their economic, industrial, social, technological and other ties for their fast, balanced and sustainable development by the establishment of the Lake Region Economic Bloc:

CONVINCED that cooperation within counties that have close geographical proximity in all field of human endeavors will raise the standard of living of their people, leverage economies of scale, maintain and enhance the economic stability, foster close and peaceful relations among the counties and accelerate the development of the Member Counties:

AGREE AS FOLLOWS:

ARTICLE 1

Interpretation

1. In this Agreement

Agreement means the Lake Region Economic Bloc Agreement;

Assembly Forum means the Lake Region Economic Bloc Assembly Forum established under Article 7;

Bloc means the Lake Region Economic Bloc established under Article 2;

Chief Executive Officer means the Chief Executive Officer appointed under Article 18;

Council means the Council of the Lake Region Economic Bloc established under Article 7;

Minorities means a category of people differentiated from the social majority in a particular Member County;

Lake Region means Lake Victoria and its surroundings;

Pillar Committee means Committees established under Article 7; and

Summit means the Summit of the Lake Region Economic Bloc established under Article 7.

2. In this agreement a reference to a law, regulation or guidelines shall be construed as a reference to the law, regulation or guidelines as from time to time amended, added to or repealed.

ARTICLE 2

Establishment of the Bloc

By this Agreement the Member Counties establish amongst themselves the Lake Region Economic Bloc.

ARTICLE 3

Membership of the Bloc

1. The members of the Bloc, in this Agreement referred to as "the Member Counties", shall be the County Governments of Bomet, Bungoma, Busia, Homa Bay, Kakamega, Kericho, Kisii, Kisumu, Migori, Nandi, Nyamira, Siaya, Trans Nzoia and Vihiga and any other county granted membership to the Bloc under this Agreement.

2. The Member Counties may, upon such terms and in such manner as they may determine together negotiate with any other county the granting of membership to, or association of that county with, the Bloc or its participation in any of the activities of the Bloc.

3. Subject to paragraph 4 of this Article the matters to be taken into account by the Member Counties in considering the application by another county to become a member of, be associated with, or participate in any of the activities of the Bloc shall include that county's;

- (a) Acceptance of the Bloc as set out in this Agreement;
- (b) geographical proximity to and interdependence between it and Member Counties;

- (c) potential contribution to the strengthening of cooperation within the Bloc;
- (d) maintenance of a market driven economy; and
- (e) social and economic policies being compatible with those of the Bloc.

4. The conditions and other considerations that shall govern the membership or association of a new county with the bloc or participation in the activities of the Bloc shall be those prescribed in this article.

5. The granting of observer status with respect to the Bloc shall:

- (a) in the case of another county, be the prerogative of the Summit; and
- (b) in the case of an intergovernmental organization or civil society organization, be the prerogative of the council.

6. The procedure to be followed with respect to the granting of membership, participation in any activities of the Bloc, or observer status shall be prescribed by the council.

ARTICLE 4

Legal capacity of the Bloc

1. The Bloc shall have the capacity, within each of the Member Counties, of a body corporate with perpetual succession, and shall have power to acquire, hold, manage and dispose of land and other property, and to sue and be sued in its own name.

2. The Bloc shall have power to perform any of the functions conferred upon it by this agreement or any other law and to do all things, including borrowing, that are necessary for the performance of those functions.

3. The Bloc shall, as a body corporate be represented by the Chief Executive Officer.

ARTICLE 5

Objectives of the Bloc

1. The objectives of the Bloc shall be to develop policies and programs aimed at widening and enhancing cooperation among the Member Counties in economic, industrial, social, technological and research fields, for their mutual benefits.

2. In pursuance of the provisions of paragraph 1 of this Article, Member Counties undertake to establish among themselves and in accordance with this Agreement institutions in order to strengthen the industrial, commercial, social, technological and other relations to realise accelerated, harmonious and balanced development and sustained expansion of economic activities.

3. For purposes set out in paragraph 1 of this Article the Bloc shall—

- (a) act together to leverage economies of scale in the Lake Region, including shared resources such as Lake Victoria, in order to improve the livelihoods of the residents of the Lake Region Economic Bloc;
- (b) facilitate access to wider markets nationally, regionally and internationally;
- (c) enhance food security through a coordinated agricultural strategy;
- (d) pursue economic growth by creating an enabling environment for trade and investment initiatives;
- (e) pursue joint public investments with a view to enhancing the Lake Region's economic growth;
- (f) enhance and strengthen partnerships with the private sector through public private partnerships initiatives in the areas of infrastructure, agriculture, education, tourism, primary health care, information and communication technologies, trade and industrialization and water, environment and climate change;
- (g) strengthen and consolidate cooperation in agreed fields that will lead to equitable development within the Member Counties and which will in turn raise the standard of living and improve the quality of life in their population;
- (h) ensure the mainstreaming of gender, persons with disability and the youth in the social, economic and technological development.

ARTICLE 6

Fundamental Principles of the Bloc

The principles that shall govern the practical achievements of the objectives of the Bloc includes—

- (a) the values and principles set out in the constitution and laws of Kenya;
- (b) mutual trust, political will and equality;
- (c) equitable distribution of the costs and benefits of cooperation;
- (d) cooperation for mutual benefit;
- (e) adherence to the principles of devolved government established in Article 175 of the Constitution of Kenya;
- (f) peaceful coexistence and good neighborliness; and
- (g) peaceful settlement of disputes.

ARTICLE 7

Establishment of the Organs and Institutions of the Bloc

1. There are established as organs of the Bloc—
 - (a) the Summit;
 - (b) the Council;
 - (c) the Pillar Committees (Sectoral Committees);
 - (d) the Secretariat; and
 - (e) Such other organs as may be established by the Summit.
2. The institutions of the Bloc shall be such bodies, departments and services as may be established by the Summit.
3. Upon the entry into force of this Agreement the Summit establishes the Lake Region Economic Council.
4. The organs and institutions of the Bloc shall perform the functions and act within the limits of the powers conferred upon them by and under this Agreement.
5. In the appointment of staff and composition of the organs and institutions of the Bloc, regional and gender balance shall be taken into consideration.

ARTICLE 8

Membership of the Summit

1. The Summit shall consist of the Governors of the Member Counties.

(2) If a member of the Summit is unable to attend a meeting of the Summit and it is not convenient to postpone the meeting, the member may, appoint the Deputy Governor to attend the meeting.

(3) A Deputy Governor so appointed under paragraph 2, shall for purposes of that meeting, have all the powers, duties and responsibilities of the member of the Summit for whom the Deputy Governor is acting.

ARTICLE 9

Functions of the Summit

1. The Summit shall give general directions, guidance and impetus as to the development and achievement of the Bloc.

2. The Summit shall consider the annual progress reports and such other reports submitted to it by the Council as provided for by this agreement.

3. The Summit shall direct the achievement of the objectives of the Bloc.

4. The Summit shall have such other functions as may be conferred upon it by this Agreement.

5. Subject to this Agreement, the Summit may in writing delegate the exercise of any of its functions, subject to any conditions which it may think fit to impose to a member of the Summit, to the Council or to the Chief Executive Officer.

6. The Summit shall approve the Bloc's budget.

7. The Summit may recommend regulations for enactment by the Member Parties for carrying into effect the provisions of this Agreement.

ARTICLE 10

Meetings of the Summit

1. The Summit shall meet at least twice a year and may hold extraordinary meetings at the request of any member of the Summit.

2. At least half of the total membership of the Summit shall form quorum at any of its meetings.

3. The decisions of the Summit shall be by a simple majority of the members of the Summit provided that the Summit shall endeavor from time to time to reach its decisions by consensus.

4. Subject to the provisions of this Agreement, the Summit shall determine its own procedures, including that for convening its meetings, for the conduct of its business, and for the rotation of the Office of Chairperson among the members of the Summit.

ARTICLE 11

Membership of the Council

1. The Council shall consist of:

- (a) the member of the County Executive Committees of each Member County responsible for finance.
- (b) the County Secretary of each Member County, and
- (c) the Chief Executive Officer.

2. The tenure of office of the Chairperson of the Council shall be one year.

3. The office of Chairperson of the Council shall be held in rotation among the members of the Council.

4. The Chairperson of the Council shall automatically come from the Member County of the Chairperson of the Summit.

ARTICLE 12

Functions of the Council

1. The Council shall be the policy organ of the Bloc.

2. The Council shall promote, monitor and keep under constant review the implementation of the programs of the bloc and ensure the proper functioning and development of the bloc in accordance with this agreement.

3. For purposes of paragraph 1 of this article the Council shall:

- (a) make policy decisions for the realization of the objectives of the Bloc;

- (b) ensure coordination and harmonization of the policies, programs and projects of the Bloc;
- (c) give directions to the Pillar Committees and the Secretariat;
- (d) make staff rules and financial rules and regulations of the secretariat;
- (e) consider the budget of the Bloc;
- (f) recommend to the Summit the establishment or reorganization of any pillar committee or committees;
- (g) implement the decisions and directives of the Summit as may be directed to it;
- (h) submit annual progress reports to the Summit and prepare the agenda for the meeting of the Summit;
- (i) make such rules and regulations, issue directives, take decisions, make recommendations and give opinions, as may be necessary for the realization of the objectives of the Bloc; and
- (j) exercise such other powers and perform such other functions as are vested in or conferred in it by this agreement.

4. The Council shall cause all regulations, guidelines or directives made by it or given by it in this Agreement to be published in the gazette and such regulations, guidelines or directives shall come into force on the day of publication unless otherwise provided.

ARTICLE 13

Meetings of the Council

1. The Council shall meet at least four times in every year, two meetings of which shall be held immediately preceding a meeting of the Summit.

2. The Council may, with the concurrence of at least one-third of the Member Counties delegations, hold an extraordinary meeting.

3. The decisions of the Council shall be by a simple majority of the members of the Council provided that the Council shall from time to time, endeavour to reach its decision by consensus.

4. At least half of the Member Counties shall form a quorum at any of the meetings of the Council.

5. All the members of the Council who emanate from the same Member County shall collectively constitute a single Member County delegation for purposes of Paragraphs 2, 3 and 4 of this Article.

6. For the avoidance of doubt, a County Executive Committee Member shall be the leader of a County delegation.

7. Subject to the provisions of this Agreement, the Council shall determine its own decision-making procedures, including that for convening its meetings, for the conduct of its business, and for the rotation of the Office of Chairperson of the Council.

8. The minutes of the Council shall be a public record open to inspection at its offices during regular business hours.

ARTICLE 14

Establishment and Composition of the Pillar Committees

1. There shall be such pillar committees to the Bloc established by the council as may be necessary for the achievements of the objectives of this Agreement.

2. Subject to paragraph 1, the pillar committees may be responsible for the following sectors —

- (a) Agriculture, Tourism, Education, Health, Financial Services, Information and Communication Technologies, Infrastructure, Trade and Industrialization, Water, Environment and Climate Change, Gender mainstreaming, People living with Disabilities, Youth and the Minorities; and
- (b) any other pillar as may be determined by the Council from time to time.

3. Each Pillar Committee shall consist of the members of the County Executive Committees of the Member Counties responsible for the sectors falling within their respective areas.

ARTICLE 15

Functions of Pillar Committees

Subject to any directions the Council may give, each pillar committee shall —

- (a) be responsible for the preparation of a comprehensive implementation programme and setting out of the priorities with respect to its sector;
- (b) monitor and keep under constant review the implementation of the programmes of the Bloc with respect to its sector;
- (c) submit to the Council either on its own initiative or at the request of the Council, reports and recommendations on realization of the objectives of this Agreement; and
- (d) have such other functions that may be conferred on it by this Agreement.

ARTICLE 16

Meetings of Pillar Committees

(1) Subject to any directions that may be given by the Council, the Pillar Committee shall meet as often as necessary, for the proper discharge of their functions and shall prepare its rules of procedure.

(2) The rules of procedure of meetings applicable to the Council shall apply with necessary modifications to the Pillar Committees.

ARTICLE 17

Establishment of the Secretariat

- 1. The secretariat shall be the executive organ of the Bloc.
- 2. The secretariat shall comprise of;
 - (a) Chief Executive Officer; and
 - (b) Such other offices as may be deemed necessary by the Council.

ARTICLE 18

Chief Executive Officer

1. The chief executive officer shall be appointed by the summit on the recommendations of the Council.

2. The Council shall conduct interview for the chief executive officer and make recommendations for the summit for appointment.

3. The Council shall prescribe the procedure for the competitive recruitment the chief executive officer.

ARTICLE 19

Qualifications for Appointment of the Chief Executive Officer

1. A person is qualified for appointment as the Chief Executive Officer if the person:

- (a) holds a degree from a university recognized in Kenya;
- (b) has knowledge and experience of at least ten years in matters relating to any of the following fields:
 - (i) Public administration;
 - (ii) Law;
 - (iii) Economics;
 - (iv) Finance;
 - (v) Management; or
 - (vi) Social Sciences;
- (c) meets the requirements of Chapter Six of the Constitution of Kenya; and
- (d) has had a distinguished career in their respective fields.

2. The Chief Executive Officer shall be the principal executive officer of the Bloc and shall:

- (a) be the Head of the Secretariat;
- (b) be the Accounting Officer of the Bloc;
- (c) be the Secretary of the Summit, the Council and the Pillar Committees; and
- (d) carry out such other duties as are conferred by this Agreement or as the Council may from time to time confer upon him or her.

3. The Chief Executive Officer shall serve a fixed term of three years.

4. The terms and conditions of service of the Chief Executive Officer shall be determined by the Council and approved by the Summit.

ARTICLE 20

Other Officers and Staff of the Secretariat

1. There shall be such other officers and staff in the service of the Bloc as the Council may determine.
2. All staff of the secretariat shall be appointed on contract and in accordance with staff rules and regulations and in accordance with the terms and conditions of service of the Bloc.
3. The salaries, job design and other terms and conditions of the service of the staff shall be determined by the Council.

ARTICLE 21

Functions of the Secretariat

1. The Secretariat shall be responsible for—
 - (a) the general administration and financial management of the Bloc;
 - (b) implementing the rules, regulations and decisions of the Summit and the Council;
 - (c) proposing draft agenda for the meetings of the Summit and the Council;
 - (d) organizing and keeping records of the meetings of the Summit, the Council, and the committees of the Bloc;
 - (e) procuring the goods and services the Bloc requires to realize its objectives;
 - (f) custody of the property of the Bloc;
 - (g) submitting the budget of the Bloc to the Council for its consideration;
 - (h) the strategic planning, management and monitoring of programs and projects for the realization of the objectives of the Bloc;
 - (i) mobilizing funds for the implementation of the programs and projects of the Bloc;
 - (j) initiating, receiving and submitting recommendations to the Council;
 - (k) submitting reports on the activities of the Bloc to the Council;

- (l) submitting quarterly and annual reports on the finances and administration of the Bloc to the Council and the County Treasuries of the Member Counties;
 - (m) initiating studies and research relating to the realization of the objectives of the Bloc;
 - (n) promoting the Bloc and disseminating information on the Bloc to stakeholders and the public; and
 - (o) any other function assigned to it by the Summit or the Council or under this Agreement.
2. The Chief Executive Officer shall where appropriate act on behalf of the Secretariat.

ARTICLE 22

Establishment and Composition of the Lake Region Economic Bloc Assembly Forum

1. There is established as an institution of the Bloc, the Lake Region Economic Bloc Assembly Forum as a consultative forum for the Bloc's county assemblies to convene and discuss the economic and legislative agenda and vision of the Bloc.
2. The Forum is a self-accounting institution.
3. The Forum consists of:
 - (a) the Speakers of the Member Counties;
 - (b) the Chairpersons of the Budget committees of Member County Assemblies;
 - (c) Majority Leaders and Majority Whips from the Member County Assemblies;
 - (d) Minority Leaders and Minority Whips from the Member County Assemblies; and
 - (e) a Woman representative and a representative of the People living with Disabilities and Youth from each Member County Assembly nominated by the County Assembly.
4. The Speakers shall elect the Chairperson of the Assembly from amongst themselves.

5. Subject to the provisions of this Agreement, the Forum shall determine its own decision-making procedures, including that for convening its meetings, for the conduct of its business, and for the rotation of the Office of Chairperson of the Forum.

ARTICLE 23

Functions of the Lake Region Economic Bloc Assembly Forum

1. The Lake Region Economic Bloc Assembly Forum shall promote the objectives of the Bloc.
2. Notwithstanding the generality of Paragraph 1, the Forum shall—
 - (a) promote the Bloc's legislative programme in their respective County Assemblies;
 - (b) carry out civic education and public engagement on the Bloc's activities; and
 - (c) perform any other function that may be assigned and conferred under this agreement.

ARTICLE 24

Meetings of the Lake Region Economic Bloc Assembly Forum

1. The Forum shall meet at least four times in a year.
2. Subject to the provisions of this Agreement, the Forum shall determine its own procedures, including that for convening its meetings, for the conduct of its business and for the election of its office bearers.

ARTICLE 25

Membership and Leadership of the Lake Region Economic Council

1. The Lake Region Economic Council shall consist of—
 - (a) the Chairperson of the Summit;
 - (b) one member of the Council nominated by the Summit;
 - (c) the Chairperson of the Lake Region Assembly Forum;
 - (d) one Economic Advisor from Member Counties nominated by the Summit to serve for one term of three years;
 - (e) one reputable Economic Expert nominated by the Summit to serve for one term of three years;

- (f) one representative from the Private Sector nominated by the Summit to serve for one term of three years;
- (g) the Chief Executive Officer of the Regional Bank;
- (h) Two members of the Summit nominated by the Summit to serve for not more than three years; and
- (i) The Chief Executive Officer of the Secretariat, who shall be the Secretary.

2. The Council shall elect its chairperson from amongst the members nominated under paragraph 1(h).

3. The Lake Region Economic Council may elect a Vice Chairperson from amongst themselves.

4. The Lake Region Economic Council is a self-accounting institution.

ARTICLE 26

Functions of the Lake Region Economic Council

The functions of the Economic Council are to—

- (a) create forums for Government, Businesses, academia, labour unions to discuss policy issues;
- (b) to gather, analyze and compile information on key economic development trends and propose policy alternatives;
- (c) to develop and recommend to the Summit strategic policy interventions to promote social equity, economic growth, employment creation and reduction of poverty and inequality;
- (d) to appraise Government policies for their effectiveness in achieving economic and social transformation; and
- (e) to mobilize knowledge and technical resources from relevant knowledge networks, including research and education institutions.

ARTICLE 27

Meetings and Decisions of the Lake Region Economic Council

1. The Lake Region Economic Council shall meet twice in a year and may hold extra-ordinary meetings at the request of any member of the Economic Council.

2. The decisions of the Lake Region Economic Council shall be by consensus or, failing which, by a simple majority of the members of the Lake Region Economic Council.

ARTICLE 28

Budget

1. There shall be a budget for the organs of the Bloc save for the self-accounting institutions of the Bloc.

2. Subject to this Agreement, a budget for the Bloc for each financial year shall be prepared by the Chief Executive Officer for consideration by the Council and approval by the Summit.

3. The budget of the Bloc shall be funded by equal contributions by the Member Counties and receipts from donations and any other sources as may be determined by the Council and approved by the Summit.

4. All expenditures of the Bloc shall be utilized to finance activities of the Bloc as shall be determined by the Council on the approval by the Summit.

5. The financial year of the Bloc shall run from 1st July to 30th June.

6. The appropriation of the amount required to balance the budget of the Bloc shall be subject to such review and approval as the budgetary processes of the respective Member Counties and the Public Finance Management Act, may require.

7. Each Member County shall consider the Blocs budget in their annual budgetary estimates as guided by the Public Finance Management Act, 2012.

8. The accounts of the Bloc shall be audited by the Auditor General.

ARTICLE 29

Other Resources

Other resources of the Bloc shall include such extra budgetary resources as:

- (a) grants, donations, funds for projects and programmes and technical assistance; and

- (b) income earned from activities undertaken by the Bloc.

ARTICLE 30

Financial Rules and Regulations

1. The Council shall make financial rules and regulation for the Bloc in line with the Public Finance Management Act, 2012.
2. Self-accounting institutions of the Bloc shall make their own financial rules and regulations in line with the provisions of their respective enabling legislation.

ARTICLE 31

Procurement of Goods and Services

The procurement of goods and services required for the realization of the objectives of the Bloc and dispose of the assets of the Bloc shall be done in accordance with Article 227 of the Constitution of Kenya and the Public Procurement and Asset Disposal Act, 2015.

ARTICLE 32

Dispute Resolution

- (a) This Agreement shall be interpreted according to and shall be governed by the laws of Kenya.
- (b) Any dispute arising in connection with this Agreement, including any question in respect of the interpretation, validity, termination, or non-termination of this Agreement, shall be settled within the framework of the Intergovernmental Relations Act, 2012.
- (c) All disputes shall be settled using the alternative dispute resolution framework including arbitration.
- (d) Where a matter is referred to arbitration, the Arbitration Act, 2007, shall apply.

ARTICLE 33

Headquarters and other offices of the Bloc

1. The headquarters of the Bloc shall be in Kisumu.
2. There may be established such offices of the Bloc in other Member Counties and elsewhere as the Council may determine.

ARTICLE 34

COOPERATION

The Bloc may, pursuant to the Constitution and the Intergovernmental Relations Act, 2012, enter into such agreement with the National Government, national government entities, counties that are not members of the Bloc and in accordance with existing national laws, enter into agreement with foreign institutions for the furtherance of the objectives of the Bloc.

ARTICLE 35

TRANSITIONAL PROVISIONS

1. On the appointed day, the Chief Executive Officer and staff of the Secretariat of the Bloc shall assume the offices of Chief Executive Officer and staff of the Bloc respectively and shall be deemed to have been appointed thereto under the provisions of this Agreement.

Provided that the Chief Executive Officer shall serve for the remaining period of his current contractual term.

2. Until the Council adopts its procedure, the procedure that applies to the Bloc shall continue to apply.

ARTICLE 36

Transition

1. On the appointed day, there shall be transferred to and vested in the Bloc by virtue of this Article and without further assurances, all assets and liabilities of the secretariat.

2. Every contract made by or on behalf of the Bloc before the commencement of this Agreement in writing, and whether or not of such a nature that rights and liabilities there under can be assigned by the Bloc, shall have effect as if made under this Agreement.

ARTICLE 37

Sanctions

A Member County which defaults in meeting its financial and other obligations under this Agreement shall be subject to such action as the Summit may on the recommendation of the Council, determine.

ARTICLE 38

Implementation of the Agreement

1. Each Member County, in accordance with its respective statutory authorities and applicable procedures, undertakes to adopt and enforce the necessary rules and regulations to implement and enforce this Agreement, and the programs adopted by such Member County to implement the programs contemplated by this Agreement.

2. Each Member County shall submit an annual report on implementation of this Agreement to the Summit.

3. The Governor of each Member County is authorized to take such lawful action as may be necessary and proper to effectuate the Agreement and the initial organization and operation there under.

ARTICLE 39

Accession

1. Any County that enjoys geographical proximity with the Bloc may, at any time after the entry into force of this agreement, notify the Chairperson of the Summit of its intention to accede to this agreement and to be admitted as a member of the Bloc.

2. The Chairperson of the Summit shall, upon receipt of such notification, transmit copies thereof to all the Member Counties.

3. The Summit shall decide to admit a County as a member of the Bloc by consensus or, failing which, by a two-thirds majority vote of the Member Counties.

ARTICLE 40

Cessation of Membership

1. Any Member County that desires to renounce its membership of the Bloc shall submit a written notification to the Chairperson of the Summit.

2. At the end of one year from the date of such notification, if not withdrawn, this agreement shall cease to apply with respect to the renouncing Member County, which shall there by cease to belong to the Bloc.

3. During the period of one year referred to in Paragraph 2 of this Article, a Member County wishing to withdraw from the Bloc shall comply with the provisions of this agreement and shall be bound to discharge its obligations under this agreement up to and including the date of its withdrawal.

ARTICLE 41

Expulsion of a Member County

1. The Summit may expel a Member County from the Bloc for gross and persistent violation of the principles and objectives of this Agreement after giving such a Member County twelve months' written notice.
2. Upon expiration of the period specified in Paragraph 1, the Member County concerned shall cease to be a member of the Bloc, unless the notice is cancelled within the notice period.
3. During the period referred to in paragraphs 1 and 2, the Member County concerned shall continue to comply with the provisions of this Agreement and is liable to discharge all subsisting obligations and long-term commitments incurred during membership.

ARTICLE 42

Rights over property and Assets of the Bloc upon Cessation of Membership

1. Where a member county withdraws or it's expelled in accordance with this Agreement, the property of the Bloc in that Member County shall remain vested in the Bloc.
2. A County that has ceased to be a member of the Bloc shall have no claim to or any rights over any property and assets of the Bloc.

ARTICLE 43

Amendments

1. Any Member County may submit proposals for the amendment or revision of this agreement.
2. Proposals for the amendment or revision of this agreement shall be submitted to the Chairperson of the Summit, who shall transmit such proposals to the Member Counties within thirty (30) days of receipt thereof.
3. The Summit shall, upon the advice of the Council, examine the proposals for amendment or revision of this agreement within a period of six months following notification of the Member Counties.
4. The Summit shall adopt any amendment or revision of this agreement by consensus or, failing which, by a two-thirds majority vote of the Member Counties.

5. Any amendment or revision of this agreement that the Summit adopts in accordance with Paragraph 4 of this Article shall be submitted for ratification by all the Member Counties in accordance with Article 41 of this Agreement.

ARTICLE 44

Duration of the Agreement and Termination

1. Once effective, this Agreement shall continue in force and remain binding upon each and every Member County unless terminated.

2. This Agreement may be terminated at any time by a two-thirds majority vote of the Summit. In the event of such termination, all rights established under the Agreement shall continue unimpaired.

ARTICLE 45

Ratification, Effective Date and Execution

1. This Agreement shall be signed and sealed in identical original copies by the respective Governors of the signatory Member Counties.

2. A signed copy shall be filed with the County Secretary of each of the signatory Member Counties, and one copy shall be filed and retained in the archives of the Bloc.

3. The signatures shall be affixed and attested under the following form:

In Witness Whereof, and in evidence of the adoption and enactment into law of this Agreement by the County Assemblies of the signatory Member Counties, the respective Governors do hereby, in accordance with the authority conferred by law, sign this Agreement in duplicate original copies, attested to by the respective County Secretaries, and have caused the seals of the respective Counties to be hereunto affixed this _____ day of (month), (year).

ARTICLE 46

Entry into force

This Agreement shall enter into force when ratified through the enactment of concurrent legislation by at least a third of the Blocs' County Assemblies.

SECOND SCHEDULE**CLAUSE—5****THE OFFICIAL LOGO****CLAUSE 5—THE OFFICIAL FLAG****Key**