COMESA

Common Market for Eastern and Southern Africa

"Inclusive and Sustainable Industrialization"

ANNUAL REPORT 2015

"Inclusive and Sustainable Industrialization"

CONTENTS

ACRONYMS

AAMP	African Agricultural Markets Programme
AAPF	Australia-Africa Partnerships Facility
ACTESA	Alliance for Commodity Trade in Eastern and Southern Africa
AFOLU	Agriculture, Forestry and Other Land Use
AFSEC	African Electro-Technical Standardization Commission
AGOA	African Growth and Opportunity Act
AGRA	Alliance for a Green Revolution in Africa
APSA	Africa Peace and Security Architecture
AU	African Union
AUC	African Union Commission
BLO	Brussels Liaison Office
BIT	Bilateral Investment Treaties
CAADP	Comprehensive Africa Agriculture Development Programme
CAF	COMESA Adjustment Facility
CBC	COMESA Business Council
CCC	COMESA Competition Commission
CCIA	COMESA Common Investment Area
CEMES	Common Exchange Marketing Electronic System
CET	Common External tariff
CEWS	Continental Early Warning System
CM	Council of Ministers
CMR	Customs Management Regulations
COMWARN	COMESA Conflict Early Warning System
CPIA	Country Policy and Institutional Assessment
CSA	Climate Smart Agriculture
CTN	Common Tariff Nomenclature
CVTFS	COMESA Virtual Trade Facilitation System
DAFF	Department of Agriculture Forestry and Fisheries (South Africa)
DDA	Doha Development Agenda
DFID	Department for International Development (of the UK)
DTA	Double Taxation Agreements
EAC	East African Community
EAFA	East African Farmers Associations
ECCAS	Economic Community of Central African States
ECOWAS	Economic Community of West African States
EGNOS	European Geostationary Navigation Overlay Service
EPA	Economic Partnership Agreement
ESA-RFBS	The Eastern and Southern Africa Regional Food Balance Sheet
FAMIS	Food and Agricultural Marketing Information System
FAO	Food and Agricultural Organization of the United Nations
FDI	Foreign Direct Investment
FEMCOM	Federation of Women in Business in Eastern and Southern Africa
FEWSNET	Famine Early Warning System Network
FTA	Free Trade Area
GAFSP	Global Agriculture and Food Security Programme
GDP	Gross Domestic Product
GIS	Geographic Information System
GISAMA	Guiding Investments to Strengthen Agricultural Markets in Africa

HIV/AIDS	Human Immune Virus/Acquired Immune Deficiency Syndrome
IC	Intergovernmental Committee
ICT	Information and Communication Technology
IIA	International Investment Agreements
IITA	International Institute of Tropical Agriculture
IPA	Investment Promotion Agencies
IPCC	Intergovernmental Panel on Climate Change
IPPC	International Plant Protection Convention
IRM	Investor Road Map
MDGs	Millennium Development Goals
NAFSIP	National Agriculture and Food Security Investment Plans
NAIP	National Agricultural Investment Plan
NEPAD	New Partnership for Africa Development
NTBs	Non-Tariff Barriers
NEPAD	New Partnership for Africa's Development
NPPO	National Plant Protection Organisation (South Africa)
ODA	Official Development Assistance
PACA	Partnership for Aflatoxin Control in Africa
PPP	Public Private Partnerships
PTA Bank	Trade and Development Bank for Eastern and Southern Africa
RECs	Regional Economic Communities
REPSS	Regional Payment and Settlement System
RIPAs	Regional Investment Programmes for Agriculture
RCTG	Regional Customs Transit Guarantee
RKC	Revised Kyoto Convention
SACAU	Southern African Confederation of Farmers' Union
SACU	Southern Africa Customs Union
SADC	Southern Africa Development Community
SMEs	Small and Medium Enterprises
SAPP	Southern Africa Power Pool
SPS	Sanitary and Phyto-sanitary Standards
STDF	Standards and Trade Development Facilitation
STR	Simplified Trade Regime
SQA	Standards and Quality Assurance
TFTA	Tripartite Free Trade Area
TIFA	Trade and Investment Framework Agreement
TMSA	Trade Mark Southern Africa
TRIPDA	Tripartite Regional Infrastructure Projects Database
TTCID	Tripartite Technical Committee on Industrial Development
TTNF	Tripartite Technical Negotiating Forum
TWG	Technical Working Group
UEMOA	West African Economic and Monetary Union (French Acronym)
UN	United Nations
UNAIDS	United Nations Joint Programme on HIV&AIDS
UNCTAD	United Nations Conference on Trade and Development
UNECA	United Nations Economic Commission for Africa
UNEP	United Nations Environmental Programme
UNFCC	United Nations Framework Convention on Climate Change
USAID	United States Agency for International Development
WTO	World Trade Organisation
ZEP-Re	COMESA Re-Insurance Company

VISION

To be a fully integrated, internationally competitive regional economic community with high standards of living for all its people ready to merge into an African Economic Community".

MISSION

"To endeavour to achieve sustainable economic and social progress in all Member States through increased co-operation and integration in all fields of development particularly in trade, customs and monetary affairs, transport, communication and information, technology, industry and energy, gender, agriculture, environment and natural resources."

COMESA was initially established in 1981 as the Preferential Trade Area for Eastern and Southern Africa (PTA), within the framework of the then Organisation of African Unity's Lagos Plan of Action and the Final Act of Lagos. The PTA was transformed into COMESA in 1994 to take advantage of a larger market size, to share the region's common heritage and destiny and to allow greater social and economic co-operation, with the ultimate objective being the creation of
an Economic Community.

Design and Layout: Phil Sipho Kambafwile

LETTER OF TRANSMITTAL FROM THE SECRETARY-GENERAL

His Excellency Ato Hailemariam Desalegn
Prime Minister of the Federal Democratic Republic of Ethiopia and
Chairman of the COMESA Authority

Your Excellency,

In accordance with the provisions of Article 17, Paragraph 8 of the COMESA Treaty, I have the honour and privilege to submit to Your Excellency the COMESA Annual Report for 2015 themed "Inclusive and Sustainable Industrialisation".

The Report highlights achievements of COMESA in 2015, reviews the impact of world trade on Africa in general, and in the COMESA region in particular, including its influence on our regional integration agenda. The report also covers the activities of the COMESA Organs and those of the COMESA-EAC-SADC Tripartite arrangement whose ultimate objective is the creation of an African Economic Community. The report presents the audited financial statements for the year 2015, and submitted to the Policy Organs for their consideration.

Your Excellency will note from this Report that Member States have continued to implement the COMESA integration programmes in collaboration with the various COMESA Institutions. In addition, your Secretariat continues to receive the support of Member States and co-operating partners. This underscores the commitment of the Member States to COMESA's ideals, and what it stands for. It also demonstrates the confidence which our co-operating partners have in our institution.

We are more than persuaded that the prevailing spirit of commitment, confidence and co-operation will strengthen our resolve to push the region's integration agenda forward as we build a stronger foundation for more forms of deeper economic integration.

Sindiso Ngwenya
SECRETARY-GENERAL

MESSAGE FROM THE CHAIRMAN OF THE AUTHORITY

I have the pleasure and singular honour to present the Annual Report of the Common Market for Eastern and Southern Africa for the year 2015. I would like to express my deep gratitude to my colleagues, the Vice-Chairman and the Rapporteur of the Bureau of the Authority of Heads of State and Government, and to all the Heads of State of COMESA for their continued and unwavering support during my mandate as the Chairman since March 2015.

My gratitude also goes to all our development partners for their continued support which has enabled COMESA to make notable progress in the economic integration of our region. Progress made includes: the free movement of goods since the launch of the Free Trade Area in 2000; trade facilitation instruments and programmes such as: the Customs Transit Guarantee Scheme, the Yellow Card, the Simplified Trade Regime and the One Stop Border Posts among many. These have helped to raise the level of integration among our Member States.

The report highlights that intra-COMESA exports decreased by 8% from US$ 9.9 billion in 2013 to US$ 9.1 billion in 2014. COMESA programmes seek to create the enabling environment for private sector investment in order to attract more foreign direct investment (FDI). Total FDI flows into the region declined by 3.7% from US$ 15.8 billion in 2013 to US$ 15.2 billion in 2014.

Our theme for 2015 is: "Inclusive and Sustainable Industrialisation requires us to promote investments that upgrade our technological and industrial base as a foundation for innovative economies so that our region can leap frog and skip some stages of development. Rwanda, has transformed from a basic agricultural economy to a knowledge-based economy bypassing the industrial stage. Kenya has the world famous cutting edge Mpesa innovation and now, thousands of small scale dairy farmers are using iCow which informs farmers about price and the days of highest demand for milk, besides giving critical information about modern farming.

Thus, transformation of the Tripartite FTA into a knowledge-based economic integration region will move our countries to the next level of socio-economic development.

Infrastructure that includes transport, information, communication and energy services is of crucial importance since our countries are geographically contiguous and many are landlocked. Poorly integrated and inefficient infrastructure and transport systems impose a high cost on business that cripples African competitiveness in the world economy. A massive investment in this area will stimulate economic growth and bring about sustainable development.

It is within this context of great hope for Africa in general and for our region in particular that I would like to end by taking this opportunity to express my sincere thanks to the Secretary General and the entire staff of the Secretariat for their exemplary work and dedication to the cause of regional economic integration. I equally thank the entire COMESA family for the unreserved support they have given me throughout my mandate as the Chairman of the Authority of Heads of State and Government, since March 2015.
Let history record our thanks for the people of Africa who have now decided to lead the way and be the master of their own destiny during the twenty first century.

His Excellency, Ato Hailemariam Desalegn
Prime Minister of the Federal Democratic Republic of Ethiopia;
Chairman of the Authority of the COMESA Heads of State and Government

PART: 1

COMESA INSTITUTIONAL STRUCTURE

Article 7 of the Treaty states that there shall be established Organs of the Common Market as follows:

The Authority;
The Council;
The Court of Justice;
The Committee of Governors of Central Banks;
The Intergovernmental Committee;
The Technical Committees;
The Secretariat; and
The Consultative Committee

THE AUTHORITY

The Authority is the supreme organ of the Common Market and is composed of the Heads of State and Government of all the 19 member states. The composition and functions of the Authority are enshrined in Article 8 of the COMESA Treaty.

Head of the COMESA Authority, 2015

During the year under review, His Excellency, Ato Hailemariam Desalegn, Prime Minister of Ethiopia, took over the office of the Chairman of the COMESA Authority from His Excellency, Joseph Kabila Kabange, the President of the Democratic Republic of Congo.

The 18th COMESA Summit

The Eighteenth Summit of the Authority was held in Addis Ababa, in Ethiopia from 30th to 31st March 2015 under the theme: "Inclusive and Sustainable Industrialisation". The final communiqué of the 18th Summit of the Authority is available at www. comesa.int.

THE COUNCIL OF MINISTERS

The Council of Ministers is composed of Ministers from the Coordinating Ministries of all the 19 member states. It is responsible for overseeing the functioning and development of COMESA and ensuring the implementation of agreed policies. The Council held two meetings in Addis Ababa, Federal Republic of Ethiopia on 26th to 27th March 2015 and in Lusaka, Zambia on 8th to 9th December 2015. At the meetings, the Council considered administrative and programme implementation issues of the institution. These covered the Simplified Trade Regime; Agriculture, Environment and Natural Resources; Gender and Women's Affairs; Science, Technology and Innovation; Immigration; Infrastructure; Transport and Communications; Information Technology; Energy; Legal Affairs; the Customs Union; Inter-Country Markets; Innovative means of Financing; and Relations with Co-operating Partners among others. All these issues are considered in this report.

THE COURT OF JUSTICE

The Court of Justice is an Organ of the Common Market established under Article 7 of the Treaty. The responsibility of the Court is to ensure adherence to the provisions of the Treaty and to assist in the interpretation and application of the Treaty. The Court has adjudicated on a number of disputes and its decisions have been received with appreciation in Member States.

One objective of the Court is to disseminate information and the workings of the Court to member states through publicity seminars. The seminars are organized in conjunction with the national judiciaries, law societies, chambers of commerce and other court users. For the period under review the Court conducted a publicity seminar in Mbabane, Swaziland; as well as a training workshop for Judges in dispute resolution.

The Court relocated to Khartoum, Sudan after completion hand over of the Court building by the Government of the Republic of Sudan. In 2015, new Judges of the Court were appointed.

THE COMMITTEE OF GOVERNORS OF CENTRAL BANKS

The Committee of Governors of Central Banks is governed by Article 13(b) of the Treaty. The Committee held its Eighteenth Meeting on 11th to 12th December 2013.

The Governors urged speedy utilisation of the Regional Payment and Settlement System, and its benefits Member States. The usefulness of the COMESA Multilateral Fiscal Surveillance Framework as an instrument that will assist the region to achieve fiscal discipline was underscored for the achievement of the COMESA Customs Union and the Common Market. They approved the Medium Term Strategic Plan for COMESA Monetary Institute for 2013-2017.

THE INTER-GOVERNMENTAL COMMITTEE

The Inter-Governmental Committee is governed by Article 14 of the Treaty. The Committee develops the programmes and action plans in all sectors of co-operation, except the finance and monetary sectors. It monitors and constantly reviews the functioning and development of the Common Market and oversees implementation of programmes in accordance with the Treaty provisions. In exercising this power, the Committee may request a technical committee to investigate any particular issue, or the Secretary-General to undertake specific investigations.

THE TECHNICAL COMMITTEES

Technical Committees are governed by Articles 15 and 16 of the COMESA Treaty and are responsible for the preparation of comprehensive implementation programmes and timetables that prioritise the programmes with respect to each sector. They monitor and review the implementation of programmes on co-operation and may request the Secretary-General to undertake specific investigations. The Committees submit their reports and recommendations to the Inter-Governmental Committee, which subsequently forwards them to the Council of Ministers.

THE SECRETARIAT

The COMESA Secretariat is located in Lusaka, Zambia. It is headed by the Secretary-General, appointed by the Authority as the Chief Executive Officer responsible for the overall running of the institution. The Secretary-General is required to serve and assist the organs of the Common Market to undertake their functions and in consultation with the Inter-Governmental Committee, submit reports on the activities of the Common Market to the Council and the Authority.

THE COMMITTEE ON PEACE AND SECURITY

The Member States established the "Committee on Peace and Security" comprising senior officials in the Ministries of Foreign Affairs. The Committee sits at least once a year to discuss issues of peace and security in the region. Its recommendations are discussed by the Ministers of Foreign Affairs. The meetings of the Ministers of Foreign Affairs discuss issues on existing conflicts and how best they can be resolved. They also discuss post-conflict reconstruction as a way of ensuring reconciliation and conflict prevention. The COMESA Authority considers the ministers' recommendations and takes appropriate decisions.

PART: 2

PERFORMANCE OF THE WORLD ECONOMY

2.0 THE WORLD ECONOMY IN 2015

The global economic growth slowed from 2.6% in 2014 to 2.4% in 2015. This poor performance is attributed to the economic slowdown in the Emerging and Developing Economies leading to sharp decline in commodity prices, weakening capital flows, currency volatility and decreased global trade and demand. Growth in low income countries declined from 6.1% in 2014 to 5.1% in 2015. Developing country growth declined from 4.9% in 2014 to 4.3% in 2015.

Global industrial production and world trade volumes declined markedly. World trade growth rate slowed down to 2%. Consequently, investment growth stalled, and imports contracted. However, consumption growth remained fairly steady over the period.

The weakening commodity prices were reflected in sizeable exchange rate depreciation for many commodities. Emerging market Currencies registered sharp depreciations.

2.1 Commodity Prices

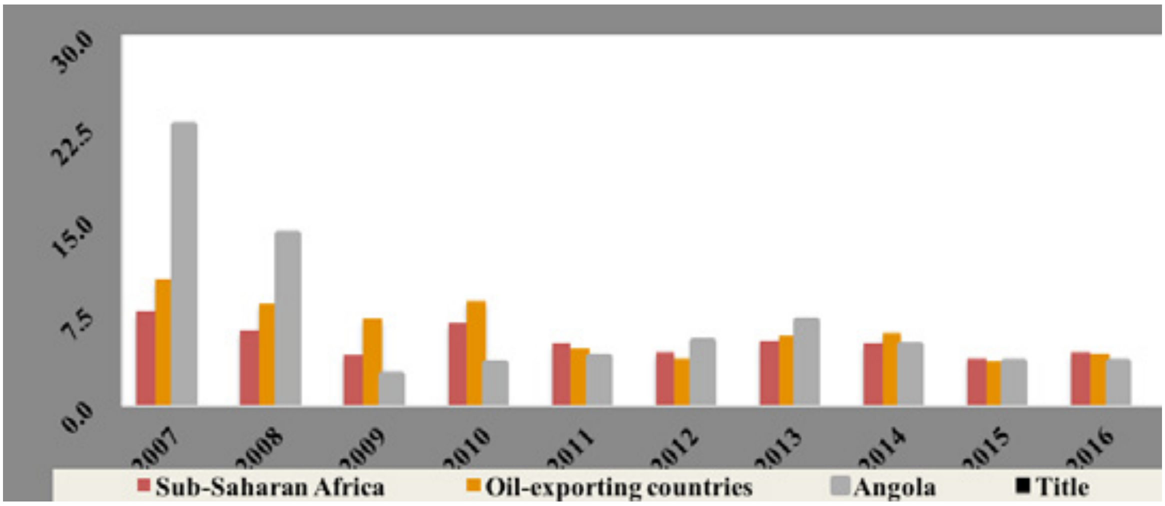
Oil prices declined throughout much of 2015 due to the weak global economic activity and higher oil supply in OPEC member states, the US and Russia. Natural gas and coal prices also declined and non-fuel commodity prices also weakened, while metal prices and those of agricultural commodities declined during 2015.

The decline in the prices of agricultural commodities was 8% in 2015. The prices of agricultural raw materials also declined in 2015. However, cotton prices increased due to weaker supply. The prices of coffee, tea and cocoa showed a divergent trend. The price of coffee declined as a result of the modest recovery in Brazil's Arabica coffee production while that of tea increased after the recent drought in Kenya.

2.2 Economic Performance of the SSA Economies

In SSA, economic activity fell below expectation in 2015 due to the decline in commodity prices, geopolitical instability and domestic strife in a few countries. Oil-exporting countries experienced difficulties due to low oil prices and falling export earnings. The growth was therefore, expected to be 3% in 2015, down from the 7% achieved before the fall in oil prices.

Figure 1: Real GDP Growth of African Economies (%)



Source: IMF E-Library Database, 2016

Some middle-income countries in SSA faced unfavourable conditions with regard to their internal economic shocks curtailed electricity production; difficult financing conditions and the paucity of foreign exchange earnings due to weaker commodity prices.

Furthermore, China is redirecting its growth away from manufacturing, construction, and exports that use raw materials to the services sector and consumption. Raw material exporting SSA countries would therefore experience particularly strong economic shocks.

2.2 COMESA IN REGIONAL, AFRICAN AND THE GLOBAL ECONOMIES

2.2.1 Trade and regional integration in Africa

Recent trends in African trade flows highlight the shifting dynamics and increased competition from China for the African markets. Although, Europe remains Africa's largest trading partner, Africa's trade with Asia rose 22% between 2012 and 2013, while trade with Europe grew 15%. Manufactured exports from Europe to Africa fell from 32% of the total trade in 2002 to 23% in 2011. Asia's share in Africa's trade rose from 13% to 22% during the same period.

The trend in trade in the COMESA region was not different from the rest of Africa. The major export market for COMESA is still the EU with exports of US$ 35 billion in 2014 and accounted for 33% of COMESA's total exports, a 22% drop from the US$ 45 billion recorded in 2013. The major exports to the EU are: petroleum products, crude oil, and natural gas primarily exported by Libya and Egypt. China was the second major importer from the region which amounted to US$ 8.6 billion in 2014 which was a decline of 27% from the level reached in 2013 and accounted for 8% of total COMESA exports. On the import side, the EU was also the major source of imports from COMESA. Imports from the EU increased from US$ 45 billion in 2013 to US$ 50 billion in 2014, which was 25% of the COMESA global imports. The other source of imports for COMESA countries were China, India, the US and South Africa.

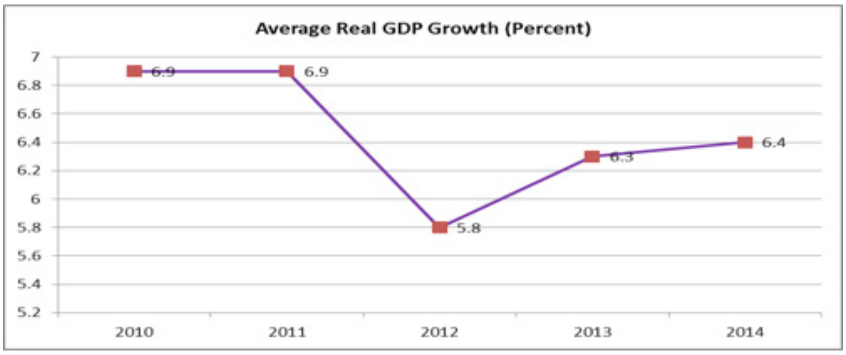
From 2010 to 2013, Intra-African exports grew by 50% and in 2013 this trade amounted to US$ 61.4 billion. However, the share of exports between the sub-regions increased modestly from 11.3% in 2012 to 12.8% in 2013.

2.2.2 Performance of the COMESA Economy

The COMESA region registered an impressive average growth rate of 6.4% in 2014. This was above the world average growth rate of 4% and that of Latin America and the Caribbean which was 3% but lower than the average rate for developing and emerging economies of 8%. The growth was underpinned by increased private consumption and gross capital formation supported by improved governance and macroeconomic management; growth in urbanization and the rising middle class that drives aggregate demand; and diversified trade and investment ties with emerging economies. There was a general improvement in the business environment as lower oil prices stimulated growth in COMESA Member States.

Domestic demand continued to boost growth of many countries. In 2014, domestic demand in most member states was boosted by private consumption and public infrastructure investment. The region's supply side growth in 2014, was mainly driven by agriculture, extractive industries, construction and services, and to a lesser extent by manufacturing.

Figure 2: COMESA Average Real GDP Growth (%)



Source: IMF Regional Economic Outlook Sub Saharan Africa, 2015

Table 1 Real GDP Growth (percent)

Country	2010	2011	2012	2013	2014
Burundi	3.8	4.2	4.0	4.5	4.7
Comoros	2.1	2.2	3.0	3.5	3.3
Congo, Dem. Rep.	7.2	6.9	7.2	8.5	9.1
Djibouti	3.5	4.5	4.8	5.0	6.0
Egypt, Arab Rep.	5.1	1.8	2.2	2.1	2.2
Eritrea	2.2	8.7	7.0	1.3	1.7
Ethiopia	10.6	11.4	8.7	9.8	10.3
Kenya	5.8	4.4	4.5	5.7	5.3
Libya	2.5	-62.1	104.5	-13.6	-22.9
Madagascar	0.4	1.8	3.0	2.4	3.0
Malawi	6.5	4.3	1.9	5.2	5.7
Mauritius	4.1	3.8	3.2	3.2	3.2
Rwanda	7.2	8.2	8.8	4.7	7.0
Seychelles	5.6	5	6.0	6.6	2.9
Sudan	5.2	2.7	-2.7	3.3	3.0
Swaziland	1.9	0.3	1.9	2.8	1.7
Uganda	6.2	6.6	2.6	3.9	4.9
Zambia	7.6	6.8	6.8	6.7	5.4
Zimbabwe	9.6	10.6	10.6	4.5	3.2
COMESA	6.9	6.9	5.8	6.3	6.4

Source: IMF REO 2015 Country Reports

2.2.3 Fiscal Balance

In 2014 COMESA's average fiscal deficit, excluding grants, as a percentage of GDP decreased from 5.0% to 4.8%. This was against a back drop of intense pressure to boost growth and reduce poverty through infrastructure investment and pro-poor spending. Given the uncertainty in FDI and official development assistance, reduced remittances due to loss of jobs and reduced earnings of Africans in the diaspora, governments have to broaden the tax base and curb illicit outflow of resources. The fiscal balance situation from 2010 to 2014 is captured Table 2 below.

Table 2: Overall Fiscal Balance, Excluding Grants (as a percent of GDP)

Country	2010	2011	2012	2013	2014
Burundi	-15.8	-14.9	-20.5	-18.1	-16.4
Comoros	-7.8	-6	-6.0	-9.7	-9.2
Congo, Dem. Rep.	-9.1	-10.2	-1.1	0.7	0.8
Djibouti	–	-6.1	-2.7	-5.9	-12.0
Egypt, Arab Rep.	-8.5	-9.6	-10.5	-14.1	-13.6
Eritrea	-21.3	-19.4	-14.7	-13.0	-12.1
Ethiopia	-4.6	-4.9	-2.9	-3.5	-3.8
Kenya	-6.3	-5.6	-5.5	-6.2	-7.3
Libya	11.5	11.5	27.8	-4.0	-43.3
Madagascar	-1.5	-4.8	-3.8	-5.2	-4.5
Malawi	-1.6	-3.5	-15.3	-18.6	-11.1
Mauritius	-3.9	-3.9	-2.5	-3.9	-3.6
Rwanda	-13.1	-13.1	-10.9	-11.2	-10.9
Seychelles	-1.7	0.1	-1.8	-3.7	0.1
Sudan	-4.7	-3.7	-4.1	-2.5	-1.1
Swaziland	-11.7	-5.8	5.2	0.2	-3.9
Uganda	-9.6	-6.6	-5.0	-5.1	-5.0
Zambia	-4.8	-2.9	-5.0	-8.2	-6.0
Zimbabwe	0.9	-1.7	-0.6	-1.9	-1.5
COMESA	-6.6	-6.1	-4.3	-5.0	-4.8

Source: IMF REO 2015 Country Reports

2.2.4 Inflation

The COMESA average annual inflation rate fell marginally from 6.0% in 2013 to 5.9% in 2014, due to lower oil and food prices and improved domestic food supply. However, some countries experienced increases in annual inflation rate due to exchange rate depreciation and disruptions in the supply chain. Inflation levels vary widely among member states but they were expected to continue their downward trend in 2015. More than half of the Member States were expected to meet the COMESA macroeconomic convergence criteria of not more than 5% and keep the inflation at a single digit level during 2015.

Table 3: Consumer Prices (Annual Average, Percent Change)

Country	2010	2011	2012	2013	2014
Burundi	4.1	14.9	18.2	7.9	4.4
Comoros	3.9	6.8	5.9	1.6	2.8
Congo, Dem. Rep.	23.5	15.5	2.1	0.8	1.0
Djibouti	4.0	5.1	3.7	2.4	3.1
Egypt, Arab Rep.	11.1	10.1	7.1	9.5	10.1
Eritrea	12.7	13.3	12.3	12.3	12.3
Ethiopia	8.1	33.2	24.1	8.1	7.4
Kenya	4.3	14.0	9.4	5.7	6.9
Libya	2.5	14.1	6.1	2.6	2.8
Madagascar	9.3	10.0	5.7	5.8	6.1
Malawi	7.4	7.6	21.3	28.3	23.8
Mauritius	2.9	6.5	3.9	3.5	3.0
Rwanda	2.3	5.7	6.3	4.2	1.8
Seychelles	-2.4	2.6	7.1	4.3	1.4
Sudan	13.0	18.1	35.5	36.5	36.9
Swaziland	4.5	6.1	8.9	5.6	5.8
Uganda	4.0	18.6	14.0	4.8	4.7
Zambia	8.5	8.7	6.6	7.0	7.9
Zimbabwe	3.0	3.5	3.7	1.6	-0.2
COMESA	7.1	17.7	11.7	6.0	5.9

Source: IMF REO 2014 Country Reports

2.2.5 Reserve Accumulation

In 2014, external reserve levels averaged three months import cover. Reserve management is essential for minimizing the opportunity cost for holding reserves and maximizing returns. Reserve accumulation for the Member States is shown in Table 4.

Table 4: Reserves (Months of Imports of Goods and Services)

Country	2010	2011	2012	2013	2014
Burundi	4.1	3.2	3.4	3.4	3.5
Comoros	5.7	5.8	6.2	5.7	5.8
Congo, Dem. Rep.	1.3	1.4	1.6	1.6	1.3
Djibouti	–	–	3.1	4.1	-
Egypt, Arab Rep.	–	–	3.1	3.1	-
Eritrea	2.3	2	3.4	3.4	3.9
Ethiopia	2.5	2.7	2	1.8	1.7
Kenya	3.2	2.9	3.7	4.0	4.7
Libya	–	–	–	–	-
Madagascar	3.8	4	3.1	2.3	2.2
Malawi	1.6	1	1.2	2.1	2.9
Mauritius	4	4.1	4.3	4.8	5.0
Rwanda	4.5	5.1	4.2	4.7	5.4
Seychelles	2.2	2.6	2.9	3.7	4.6
Sudan	0.6	1.2	0.5	0.9	-
Swaziland	3.2	2.7	3.7	3.7	3.7
Uganda	4.4	3.8	5.0	5.0	4.7
Zambia	3.3	3	3.4	3.4	3.5
Zimbabwe	1	1.1	0.9	0.8	0.8
COMESA	3	2.9	3.0	3.0	3.2

Source: IMF REO 2015 Country Reports

2.2.6 Savings

The savings rate in COMESA member states is below 20% of GDP. Many people cannot access savings instruments; unemployment in some countries is above 50%, the informal sector accounts for more than 55% of the GDP, and many lack disposable incomes. Building up of public and private savings creates conditions for economic diversification and productivity that enhance job creation and sustainable economic development. Savings rates in the COMESA Member States are presented in Table 5 below.

Table 5: Consumer Prices (Annual Average, Percent Change)

Country	2010	2011	2012	2013	2014
Burundi	7.8	6.3	2.7	1.6	2.4
Comoros	9.7	5.5	8.5	9.3	12.1
Congo DR	15.4	9.5	10.9	4.9	6.3
Djibouti	14.5	10.5	-	-	-
Egypt	17.5	14.5	13.6	12.1	-
Eritrea	3.7	10.8	12.2	8.9	7.3
Ethiopia	20.7	27.3	30.7	28.3	25.2
Kenya	15.0	10.4	13.1	11.3	13.3
Libya	59.1	29.2	47.2	18.4	-
Madagascar	18.9	18.8	10.8	10.4	12.9
Malawi	24.7	9.4	13.4	14.2	10.3
Mauritius	13.3	12.5	18.4	15.1	14.8
Rwanda	16.2	14.9	14.6	19.4	13.2
Seychelles	13.6	12.4	11.5	22.7	15.0
Sudan	18.0	18.7	7.9	9.4	-
Swaziland	1.3	-0.1	11.8	15.8	12.2
Uganda	12.0	12.5	21.6	22.9	24.3
Zambia	22.6	25.0	37.4	33.6	30.6
Zimbabwe	-4.4	-25.6	-11.0	-12.5	-9.0
COMESA (SSA)	15.5	15.6	19.1	17.5	17.3

Source: IMF REO 2015 Country Reports

2.2.7 Investment

Overall investment as a percent of GDP in COMESA fell marginally from 25.5% in 2013 to 25.3% in 2014. For a number of COMESA countries investment is less than 20% of GDP. Table 6 below gives the investments as a percentage of GDP

Table 6: Total Investment (Percent of GDP)

Country	2010	2011	2012	2013	2014
Burundi	19.2	19.3	19.5	19.6	19.6
Comoros	15.4	14.9	16.8	20.4	19.4
Congo, Dem. Rep.	23.5	20.5	17.9	16.0	15.8
Djibouti	19.8	24.6	26.4	29.6	-
Egypt, Arab Rep.	19.5	17.1	15.6	13.8	-
Eritrea	9.3	10	9.5	8.8	8.0
Ethiopia	23.6	27.2	37.1	35.8	34.2
Kenya	20.9	20.7	21.6	19.9	22.5
Libya	39.6	20.0	17.0	21.1	-
Madagascar	28.6	25.7	17.6	16.0	15.2
Malawi	26	15.3	16.9	16.0	15.4
Mauritius	23.6	25.7	24.8	24.0	20.4
Rwanda	21.7	22.2	25.9	26.5	25.2
Seychelles	36.6	35.1	37.4	37.9	37.5
Sudan	20.1	19.1	21.2	27.1	-
Swaziland	11.8	8.9	8.0	9.5	11.3
Uganda	23.1	27.4	29.7	29.2	31.8
Zambia	22.6	25	34.2	33.6	30.9
Zimbabwe	24.3	25.6	13.5	13.0	13.2
COMESA	22	22.9	26.2	25.5	25.3

Source: IMF REO 2015 Country Reports

2.2.8 External Current Account Including Grants

The external current account including grants averaged about 8.3% of GDP in 2014 compared to 7.8% in 2013. The average deficit for the COMESA region stood at 6.9% of GDP between 2010 and 2014. The deficit in is due to persistent trade imbalances from declining demand for exports relatively high import bills for fuel, food, and in some cases late disbursement of external aid flows. See table 7 below for the respective countries status of the current account.

Table 7: External Current Account excluding Grants (% of GDP)

Country	2010	2011	2012	2013	2014
Burundi	-12.2	-13.6	-17.3	-18.4	-17.6
Congo, Dem. Rep.	-10.6	-5.4	-6.2	-11.1	-9.6
Comoros	-15.9	-22.1	-14.7	-14.6	-10.6
Djibouti	-6.8	-6.8	-20.3	-23.3	-27.4
Egypt, Arab Rep.	0.6	0.6	-3.9	-2.4	-0.8
Eritrea	-5.6	0.6	2.3	0.3	-0.2
Ethiopia	-1.4	-2.5	-6.9	-6.0	-9.0
Kenya	-5.9	-9.1	-8.4	-8.7	-9.2
Madagascar	-9.7	-6.9	-6.7	-5.6	-2.3
Libya	24	24	29.1	13.6	-25.7
Malawi	-1.3	-5.9	-3.5	-1.8	-5.1
Mauritius	-10.3	-13.8	-7.3	-9.9	-7.2
Rwanda	-7.3	-7.5	-11.4	-7.1	-12.0
Seychelles	-22.1	-28.3	-25.8	-15.2	-22.5
Sudan	-4.9	-4.9	-9.2	-8.6	-5.1
Swaziland	-10.0	-8.2	3.8	6.3	0.9
Uganda	-9.4	-10.4	-8.1	-6.4	-7.5
Zambia	5.9	3.0	3.2	0.0	-0.2
Zimbabwe	-16.0	-30.9	-24.6	-25.4	-22.3
COMESA	-5.9	-7.5	-7.2	-7.8	-8.3

Source: IMF REO 2015 Country Reports.

2.3 CONCLUSION

COMESA Member States are still producing and exporting primary raw materials which limits economic development possibilities as any negative development in the developed world affects the region's trade and the economic performance. The objective for the region to achieve "Inclusive and Sustainable Industrialisation" and this requires economies to move to the next level of adding value and transforming primary products into manufactured products. In spite of the efforts of establishing regional trading blocs, intra-regional groupings' trade is yet to break the critical ceiling that would enable the countries to derive benefits from that trade.

PART: 3

IMPLEMENTATION OF COMESA PROGRAMMES

3.1. CUSTOMS AND TRADE FACILITATION

COMESA Customs and trade facilitation programmes are provided for in Articles 3 and 4 of the Treaty. Member states agreed to create an enabling environment in which foreign investment, cross border and domestic investment can generate sustainable growth and development. Article 45 provides for the gradual formation of a Customs Union among the member states.

The Council of Ministers at their 33rd and 34th meetings reconstituted the COMESA Heads of Customs Sub-Committee (CHCSC) and decided that it should meet every six months to guide the implementation of the customs and trade facilitation programmes. Council further directed the CHCSC to review the COMESA Common Tariff Nomenclature (CTN) and assess how it can address specific duty rates in parallel with the ad valorem duty rates should the specific duty be equivalent to the ad valorem employing the concept of variable geometry.

In 2015, the priority was to support Member States to implement the Council's decisions. This was done through consensus building during regional and national workshops to clarify technical matters and outstanding issues of the Customs Union.

3.1.1 Regional Workshops

The Secretariat, in collaboration with the World Bank, organized three (private sector, joint and public sector) regional workshops in Nairobi, Kenya in March 2015 to get inputs and collect information from stakeholders. Private sector participants were from the clearing and forwarding, transport, Chambers of Commerce and manufacturing sector. Public sector participants were from Ministries of Trade, Finance, and Customs authorities. The workshops sensitized 148 public and private sector officials on the Customs Union and its instruments.

Another workshop was organized in collaboration with ITC and WTO on implementation of the WTO Trade Facilitation Agreement (TFA) in COMESA Member States. The workshop sought to create a better understanding of the TFA and its implications, special and differential treatment, notification requirements, the role of the National Trade Facilitation Committee, the implementation of the TFA to promote and deepen regional integration, and the role of COMESA in its implementation and the Categorization of the TFA provision into A, B and C through the use of the ITC methodology.

By the end of 2015, Burundi, Egypt, Kenya, Mauritius and Rwanda had notified their Category A commitments to the WTO Preparatory Committee on Trade Facilitation while Mauritius, Kenya and Zambia ratified the TFA.

3.1.2 National Workshops

The Secretariat, in collaboration with the EU, conducted six workshops in DR Congo, Egypt, Ethiopia, Seychelles, Swaziland and Zimbabwe during 2015. The national workshops were to validate the outcomes of the gap analysis between the CMR and respective customs laws, confirm the Action Plans to domesticate the CMR; sensitize 121 public and private sectors officials on the Customs Union; and how to apply the COMESA Rules of Origin.

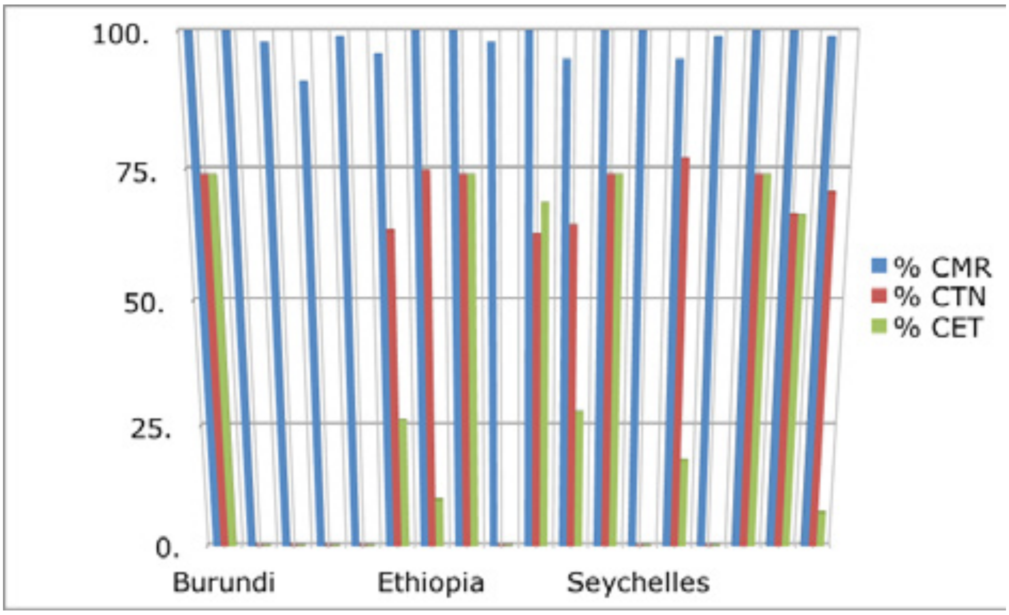
3.1.3 Analytical work

The gap analysis of 18 Member States conducted in 2014 confirmed the high level of alignment between the COMESA CMR and the national customs legislation bodies. On average 98.33% of the national customs laws articles were compliant with the COMESA CMR. The percentage of each country were: Burundi (100%), Comoros (100%), DR Congo (98%), Djibouti (91%), Egypt (99%), Eritrea (96%), Ethiopia (100%), Kenya (100%), Madagascar (98%), Malawi (100%), Mauritius (95%), Rwanda (100%), Seychelles (100%), Sudan (95%), Swaziland (99%), Uganda (100%), Zambia (100%) and Zimbabwe (99%).

The analysis done by the Secretariat in 2014 and 2015 showed that the eleven Member states that had aligned their CTN to the COMESA CTN above 62 percent were: Burundi (74%), Eritrea (63.5%), Ethiopia (74.7%), Kenya (74%), Malawi (62.8%), Mauritius (64.46%), Rwanda (74%), Sudan (77%), Uganda (74%), Zambia (66.6%) and Zimbabwe (70.7%).

The study revealed that only six countries had aligned their tariffs of between 66.4% and 74% to the CET while the rest had not as follows: Burundi (74%), Eritrea (26.2%), Ethiopia (9.8%), Kenya (74%), Malawi (68.7%), Mauritius (27.89%), Rwanda (74%), Sudan (18%), Uganda (74%), Zambia (66.4%), and Zimbabwe (7.13%). Figure 4 below summarizes the status of national tariff books' alignment in percentage to the CMR, the CTN and the CET.

Figure 3: The status of national tariff in percentage to the CMR, the CTN and the CET



3.1.4 The Sub-Committee Deliverables

The COMESA CHCSC agreed that the COMESA CTN should be maintained at HS 8 digit level and that member states with tariff lines with specific duties should include such tariff lines under their lists of sensitive products; or the member states should be allowed to maintain specific duties in their tariff books and use the two AVE (Duty collection and Unit value) methods to convert them into equivalent ad valorem value when assessing duties.

The sub-committee agreed that the principle of variable geometry should be applied but without reversing policy; and that its application should not result in the segmentation of the region, bearing in mind the role the FTA acquis. It also agreed that the private sector should be involved in policy formulation, as well as in the implementation of policy on regional integration.

3.1.5 Challenges

Issues raised during the national workshops included inconsistencies in the allocation of tariff rates in the COMESA CTN, the CET tariff rates that were above the bound rates for some member states, the effect of the CET rates that were higher than the national tariff rates on consumer prices, and the national tariff splits that were not included in the COMESA tariff. Moreover, each of the member states prepared a national action plan to implement the CMRs.

Challenges facing the public and private sector stakeholders in the implementation of the COMESA Protocol on the Rules of Origin include: limited experience due to lack of training to understand and deal with the Rules of Origin; very limited capacity in tariff clarification and customs valuation which are critical for the substantial transformation of CTH rule, material content and value addition criteria as a qualification for preferential tariff treatment.

3.2 SIMPLIFIED TRADE REGIME (STR)

The STR allows small scale cross border traders to benefit from the COMESA tariff preference for goods on a common list bilaterally agreed between two neighbouring States. It has four instruments namely; a simplified customs document, a simplified certificate of origin, the common list of products and a threshold for the value of the consignment per crossing. For Malawi, Zambia and Zimbabwe, the certificate of origin has been done away with as the goods on the common list originate from the region thus greatly simplifying trade. Malawi and Zimbabwe apply a threshold of US $1,000. Burundi, Kenya, Rwanda, Uganda and Zambia apply a threshold of US $2,000. DR Congo, Ethiopia and Sudan were yet to implement the STR.

DRC on the one hand and Zambia, Rwanda and Uganda on the other, negotiated and agreed on the common lists of products for the STR and will proceed towards implementation. The cross-border traders encountered a number of challenges such as lack information about their basic rights and obligations at the border and applicable tariffs for their consignments. To address this, Regulations on the Minimum Standards for the Treatment of Small Scale Cross-Border Traders, were developed and adopted at the 33rd Council of Ministers meeting in December 2014 and published in the COMESA Gazette for implementation by Member States.

3.3 NON-TARIFF BARRIERS (NTBs)

An online system for reporting, monitoring and eliminating NTBs was developed to capture, store, monitor and trace progress in the elimination of NTBs among the Tripartite countries. This system, accessible at: http://www.tradebarriers.org provides a systematic and transparent process for the identification and elimination of barriers to trade in the Tripartite region.

NTB Regulations that were adopted by Council in December 2014 were published in the COMESA Gazette and circulated to all Member States implementation. The Regulations provide a systematic way to address NTBs once reported. Member states are expected to establish National Focal Points and National Monitoring Committees on NTBs. The initial stage of resolving NTBs is when the Member State where an NTB was being imposed would request the imposing Member State to provide information regarding the NTBs in order to address the concerns. If this stage fails to resolve the NTB, then the Member States move to the next stage of engaging a facilitator to provide factual information to resolve the NTBs. Enforcement of the outcome of these proceedings is done under Article 171 of the COMESA Treaty.

Since the online system came into existence in 2008, 171 NTBs have been recorded between the COMESA Member States. Zimbabwe reported the highest number at 51 or 29.8% of the total by COMESA Member States and imposed the largest number of NTBs at 36 or 21.1% of the total NTBs imposed. Zambia was second as she imposed 28 NTBs or 16.4%. Kenya reported 20 NTBs or 11.7%. Of the 171 NTBs reported, only 7 or 4.1% remain outstanding. 95.9% of reported NTBs had been resolved. The outstanding NTBs were:

a. Between Kenya and Zambia on UHT milk;
b. Between Kenya and Zambia on pure palm-based cooking oil;
c. Between Madagascar and Mauritius on soap;
d. Between Egypt and Rwanda on wheat flour;
e. Between Zambia and Zimbabwe on import licences, surcharges on various products; and
f. Between Egypt and Zimbabwe on bottled soya oil.

The Tripartite initiative with the support of the African Development Bank funded the Tripartite Capacity Building Programme for the development of software for managing Non-Tariff Measures (NTMs) to enhance transparency and availability of information to stakeholders and create awareness on the regulatory requirements that would facilitate trade in the Tripartite region. The specific intervention of the NTMs component on the TCBP programme includes the installation of software for NTMs, the development of national and regional NTMs databases as well as organizing training for the National Monitoring Committees (NMCs) members, and Focal points in 12 pilot Member/Partner States namely; Botswana, Egypt, Kenya, Malawi, Mauritius, Mozambique, Rwanda, South Africa, Tanzania, Uganda, Zambia and Zimbabwe.

The NTM databases will be anchored on the Tripartite Non-Tariff Barriers Online Reporting, Monitoring and Elimination Mechanism. To this end, the Tripartite Task Force, in conjunction with the United Nations Conference on Trade and Development (UNCTAD) organized a NTMs training workshop for the three RECs. Consultants will be deployed to pilot the project in each country to collect data on the NTMs, and undertake classification, coding and uploading on the Tripartite NTBs Online Reporting, Monitoring and Elimination Mechanism website.

3.4 THE COMESA-EAC-SADC TRIPARTITE

The Tripartite Free Trade Area (TFTA) was launched in June 2015 in Sharm El Sheikh, Egypt, after three and half years of intense negotiations. The decision to merge the three regional economic communities was made at the First Tripartite Summit in October 2008 in Uganda. This is anchored on Africa's single market drive to deepen economic integration and accelerate sustainable industrial development through increased inter-regional trade and investment.
The Tripartite Free Trade Agreement has 45 Articles and ten accompanying Annexes. At its launch, the main Agreement and seven Annexes had been finalized as follows:

i. Annex III on Non–Tariff Barriers (NTBs);
ii. Annex V on Customs Cooperation and Mutual Assistance;
iii. Annex VI on Trade Facilitation;
iv. Annex VII on Transit Trade and Transit Facilitation;
v. Annex VIII on Technical Barriers to Trade (TBT);
vi. Annex IX on Sanitary and Phytosanitary (SPS) Measures; and
vii. Annex X on Dispute Settlement Mechanism.

In launching the TFTA, the Third Tripartite Summit of Heads of State and Government directed that the commencement of Phase II negotiations covering trade in goods and services, cooperation in trade and development, competition policy, intellectual property rights, and cross- border investments should be started. Sixteen of the twenty six Tripartite Member/Partner States have signed the TFTA Agreement on trade in goods and services. The Summit also adopted the Post-Signature Roadmap covering a 12 month period for the completion of negotiations on the outstanding work from Phase I.

The outstanding work from Phase 1 included Annex I on Elimination of Customs Duties; Annex II on Trade Remedies; and Annex IV on the Rules of Origin. The Third Tripartite Council of Ministers directed the Tripartite countries to conclude this work by June 2016. The Council further directed that the countries should start the process of ratification of the Agreement.

Regarding other areas of cooperation: trade development, competition, cross border investments, and intellectual property rights; the last meeting of the Tripartite Trade Negotiating Forum considered it necessary to prioritize, rationalize and to have proper sequencing of the negotiations. It was also noted that there were already some draft texts on IPR, competition policy, trade and development, which could be used as input into this consultative process.

3.4.1 Industrial Development Pillar

The Tripartite Technical Committee on the Industrial Pillar developed a draft Industrial Pillar Work Programme/Road Map which identified priority actions to improve productivity and competitiveness in the Tripartite region, and subsequently improve the enabling environment for the selected priority sectors of agro processing, chemicals and minerals. It is in this context that the second Tripartite Summit provided the negotiating principles, process and institutional framework to define the measures needed to push the industrialization agenda which would also include the preparation of the Tripartite FTA Industrialisation Master Plan

3.4.2 Infrastructure Development Pillar

The focus is on improving the efficiency of the transport network (road, rail, water and air), ICT and energy infrastructure. The objective is to improve the efficiency of the interconnectivity among the countries to facilitate trade and movement of factors of production. The Infrastructure Pillar was to coordinate the process of implementing the priority infrastructure projects in the following areas:

24 out of 26 States have signed the Tripartite FTA Declaration

July 2015: The number of countries that had signed the COMESA-EAC-SADC Tripartite Free Trade Area Agreement stood at 16 while 24 out of the 26 countries in the tripartite had signed the political Declaration launching the T-FTA. Fifteen States signed the Agreement on the spot during the launching of the Tripartite on 10 June 2015 at Sharm El Sheikh in Egypt while 23 signed the Declaration. These were Angola, Burundi, Comoros, DR Congo, Djibouti, Egypt, Kenya, Malawi, Namibia, Rwanda, Seychelles, Sudan, Tanzania, Uganda, Swaziland and Zimbabwe. Five days later, His Majesty King Mswati III of the Kingdom of Swaziland penned the documents in Johannesburg on the sidelines of the African Union Summit.

i. Cooperation with Ports Management Association of Eastern and Southern Africa
ii. The Communications and Navigation Systems / Air Traffic Management (CNS/ATM)
iii. The Operationalization of the Joint Competition Authority
iv. The Tripartite Infrastructure Master Plan
v. The South West Indian Ocean Maritime Corridor Scoping Study:
vi. The Corridor Monitoring
vii. The Corridor Infrastructure Development work is ongoing on the following projects:
    a. Eastern Cluster - EAC (Northern and Central Corridors)
    b. Horn of Africa (Ethiopia – Djibouti Corridor)
    c. North – South Corridor Project
viii. Ongoing Energy Projects: (a) Zambia-Tanzania-Kenya power transmission project; (b) DRC-Zambia power transmission project; (c) Zimbabwe-Zambia-Botswana-Namibia interconnection transmission project; and (d) the Ethiopia-Kenya power interconnector.
ix. The Tripartite Infrastructure Database
x. The Railways Revitalization Initiative
xi. The Road Transport Market Liberalization Programme.

3.4.3 Movement of Business Persons

The Tripartite Committee on the Movement of Business Persons held a number of meetings to negotiate a draft agreement on the movement of business persons in the region. The initial draft agreement which was reviewed by the Tripartite Task Force states that:

i. The negotiations should achieve a simpler, transparent, easier entry, within the immigration regime with simplified documentation, supported by fast-tracked processes for business persons

ii. The regional and international best practices should be used as reference for the movement of business persons in the Tripartite area

iii. The Member/Partner States to review their laws and practices to facilitate a freer movement of business persons for the effective improvement of the region as a whole.

Regional Ministers give fresh impetus to Visa relaxation
June 2015: Ministers in charge of immigration from COMESA Member States came up with various decisions to give fresh impetus to the implementation of the Protocol on Gradual Relaxation and Eventual Elimination of Visa Requirements (commonly known as the visa protocol). Among them was a requirement for Member States to notify the COMESA Secretariat by 30 September 2015, when they would be in position to ratify or implement some provisions of the Protocol while taking into account whether they are some provisions they want to opt out or not.

3.5 WTO NEGOTIATIONS

One important events that took place in the COMESA region, was the hosting of the WTO 10th Ministerial Conference in Nairobi, Kenya, from in December 2015. It provided African countries the opportunity to negotiate some of the critical issues that affect the continent that had not been fully addressed in the last nine rounds of WTO negotiations.

While debate at WTO glorified the benefits of liberalizing trade in diversifying and developing new industries, the over-exploitation of natural resources continues to hinder SSA economic development. The reliance on free trade and free markets, led to the failure of African countries to secure a window within the WTO negotiating framework to enable them to industrialize their economies. The Doha Development Agenda has thus remained unachievable.

After protracted negotiations that lasted a day more than allocated, the Conference came up with a Ministerial Declaration on The Nairobi Package, which include the following outcomes:

a. The admission of Liberia and Afghanistan into the WTO;
b. The addition of 201 products to the WTO Information Technology Agreement;
c. The Global Alliance for Trade Facilitation was launched as a public-private partnership to support the implementation of the TFA;
d. The undertaking of decision on the development of a Special Safeguard Mechanism for Developing Countries;
e. The undertaking of decision on Public Stock Holding for Food Security Purposes which would enable Members to constructively engage in negotiation and to adopt a permanent solution within a framework which is distinct from that of the Agriculture negotiations;
f. The understanding of extensive decision on Export Competition covering issues pertaining to export subsidies and measures with equivalent effect, seeking to eliminate all such measures that distort the multilateral trading system;
g. The understanding of decision on Cotton which stated that developed countries shall grant "to the extent provided for in their respective preferential trade arrangements" duty free and quota free market access for least developed country cotton exports, strategy from 1st January 2016 onwards;
h. The agreement to address the marginalization of LDCs in international trade; to implement the decision on Measures Concerning the Possible Negative Effects of the Reform Programme on LDCs and on the Net Food Importing Developing Countries;
i. The agreement to address the needs of Small and Vulnerable Economies;
j. The recognition of the need to ensure that Regional Trade Agreements remain complementary and not substitutes for the multilateral trading system;

3.6 The African Growth and Opportunity Act (AGOA)

The AGOA was enacted by the US Government in May 2000. As of August 2015, 39 SSA countries were eligible for AGOA benefits. The main objectives of AGOA were to: encourage increased trade and investment between the US and SSA; reduction of tariff and nontariff barriers and other obstacles to trade between SSA countries and the US; and increasing the US assistance to SSA's regional integration efforts. The AGOA forum is held every year to provide and in 2015, the Forum was held in Libreville, Gabon under the theme, "AGOA at 15: Charting a Course for a Sustainable

As of August 2015, twelve COMESA member states were eligible for AGOA benefits and eight were eligible for the apparel benefits. Sudan and Zimbabwe were never eligible for AGOA while DR Congo, Eritrea and Swaziland lost eligibility due to failure to consistently meet the criteria.

The law extending AGOA and the Third Country Fabric by another ten years to 30th September 2025 was signed by the US President on 29th June 2015. It contains new features on Rules of Origin and eligibility requirements which improve the benefits of AGOA to eligible countries by enabling monitoring requirements and movement towards reciprocal agreements. Regrettably, no new products were added to those that are already eligible for duty free trade under AGOA.

3.7 COMESA-INDIA TRADE AND ECONOMIC RELATIONS

In July 2012, COMESA signed an MOU with India to advance cooperation. The MOU marked the launch of a COMESA-India Joint Study Group (JSG) Report to determine the feasibility of the proposed economic cooperation. Discussions have been held and substantive progress made in developing the JSG report which contains seven chapters as follow: Chapter 1 - an overview of broad macro-economic conditions in both India and the COMESA region, Chapter 2- Trade Liberalization in goods, Chapter 3 - Investment Liberalization, Chapter 4 - Trade in Services, Chapter 5 - Other Areas of Economic Cooperation, Chapter 6 - Computable General Economic Modelling (CGE) and Analysis, and Chapter 7 - Conclusions and Recommendations. So far, the first four chapters of the draft report had been completed. The remaining three chapters will be completed in a phased out manner.

In 2015, COMESA member states decided that cooperation should focus on information and communication technology, pharmaceuticals, access to medicine, agriculture, standards, SME development and value chain development.

3.8 COMESA AGRICULTURE, INDUSTRIAL DEVELOPMENT AND INVESTMENT

3.8.1 AGRICULTURE

Agricultural commodities constitute a large share of COMESA trade, both at the regional and international levels. However, food insecurity remains one of the causes of hunger and a major burden among the poor in the region. Rising food prices play havoc in the lives of the people and the region remains a net importer of most food commodities. This is despite the clear comparative advantage and the agricultural potential that the region has in food production.

Despite the Maputo Declaration where the AU Summit adopted the Comprehensive African Agricultural Development Programme (CAADP), and pledged to allocate 10% of the national budget to agriculture, not all countries have kept that 10% promise. Subsequently, the Malabo Declaration renewed commitment to CAADP and further emphasized the need to promote agricultural productivity and intra-regional trade.

In addition, climate change and natural phenomena like El Nino and La Nina continue to threaten food security in the region.

a. Comprehensive African Agricultural Development Programme (CAADP)

- Mauritius became the fifteenth COMESA Member State to sign the national compact.
- Djibouti, Seychelles and Swaziland finalized their National Agricultural Investment Plans (NAIPs), with Seychelles holding its business meeting on November 2015.
- Djibouti, Madagascar, Swaziland and Zimbabwe were ready to conduct their Post CAADP Compact High Level Business Meetings for resources mobilization for implementation of programmes contained in their NAIPs.
- Following the signature of its Regional Compact, COMESA has developed a programme on Public-Private Dialogue Platforms to draw priority of the agricultural commodities that should go into the value chains process. The identification of the challenges that slow down the pace of implementation at national level and to set priorities for the CAADP implementation process in some of the Member States before the Multi Donor Trust Fund which was the main source of funding for COMESA CAADP activities would come to an end in December 2015.

b. Regional Investment Plan in Agriculture - Priority Area 2 (RIPA-II)

In November 2014, the COMESA Regional CAADP Compact was signed in Kinshasa, Democratic Republic of Congo. The Compact contained a list of priority projects that cut across COMESA member states. The Secretariat, in collaboration with public and private sector stakeholders, has taken the lead in designing regional investment programmes in agriculture to address the three priority areas: I) production and productivity; II) trade and the corridors; and III) resilience in food and nutrition security. The first Regional Investment Programme in Agriculture - Priority Area 2 (RIPA-II), specifically focuses on interventions that remove barriers to agricultural trade and link farmers to markets and promote the regional value chains.

The Secretariat, in association with the European Centre for Development Policy Management (ECDPM), organized a series of consultations around RIPA-II, to bring together the public and the private sector stakeholders from the region. After the consultations, the RIPA II document was validated by the stakeholders at the meeting held in Lusaka, Zambia, in December 2015. One of the selected value chains project for trade facilitation was the dairy sector.

c. Cassava Cluster Programme

Cassava productivity is very low in the region partly due to lack of disease free and disease resistant seeds. Low productivity hinders cassava value addition activities. For example in 2013, COMESA had a trade deficit of US$ 500,000 in cassava starch with the rest of the World. Even though this figure is modest, there is huge untapped potential to increase the contribution of cassava to regional food and value chains, since starch can be made from other commodities, and as its imports from other sources also remained much higher than this.

COMESA facilitated the formation of the cassava clusters in: Burundi, Kenya, Rwanda, Malawi, Madagascar, Uganda and Zambia. The Seychelles cluster is yet to be provided with capacity. The main objective of the cluster programme is to accelerate value addition, intra-regional trade, and job creation among SMEs by creating the cassava value chain.
Achievements for the cassava programme were as follows:

The market linkages and market access facilitated between the cassava SME clusters and the industrial users of cassava by-products were specifically:

- In Zambia, the cassava cluster has been linked to the brewing and the mining industries for the supply of fresh cassava tubers. In the mining industry, the starch is used in the smelting of copper. One mine requires 22, 000 tons per annum;
- In Burundi, the cassava cluster realized USD 438,130 and USD 79,660 from the sale of fresh tubers and milled flour respectively.
- In Rwanda market access was facilitated for 350 tons of raw cassava for processing worth USD 26,736 and 80 tons of cassava flour worth USD 22,222;
- In Kenya, the cassava clusters were selling cassava flour to the bakery industry worth USD 1,200 per month;
- In Zimbabwe, market linkages were established between cassava farmers and a paper manufacturing company to supply 60 tons of cassava starch per month; and
- In Malawi, the market had been established between the cassava cluster and industries to start supplies in 2016.

d. Veterinary Governance in Africa (Vet-Gov) Programme

The strategic goal of the VET-GOV programme is to bring about the strengthening of veterinary institutions and services both at the national and regional levels with a view to providing adequate veterinary services and to enhance coordination, harmonization, and integration in order to create a more conducive environment that would stimulate investments by the public and private investors in the livestock sector.

The activities undertaken by the Vet-Gov Programme during 2015; include

1. The collation of relevant data and evidence required for policy formation;
2. Support to the Pilot Activities in Comoros and Mauritius;
3. Support the livestock stakeholders' organizations to formulate policy and strategy;
4. Support to the operation of the policy hubs;
5. Provision for technical backstopping of policy, strategy and legislative processes;
6. Harmonizing Livestock Policy and Development Programme for COMESA and ACTESA;

7. Roll out of ARIS in more countries and to be assured safe interconnectivity with WAHIS
8. Implementation of a regional coordination mechanism for the control of TADs;
9. Consultations for building common positions at the regional and continental levels;
10. Animal Genetic Resources, Apiculture, Fisheries and aquaculture programmes;
11. Support to COMESA CAADP, SPS, and ACTESA;
12. Evaluation of the Performance of the Veterinary Services.

3.9 COMESA INDUSTRIAL POLICY

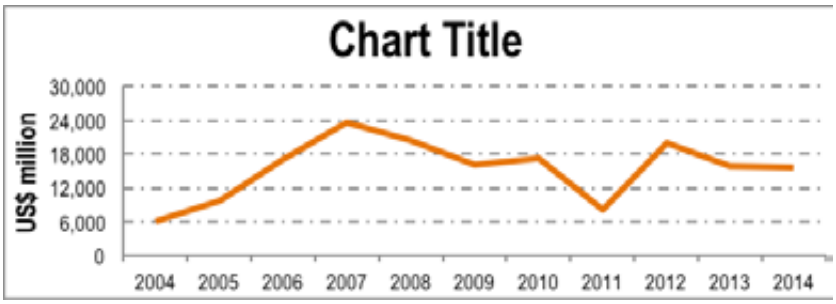
The COMESA Industrial Policy was adopted by the Council of Ministers in March, 2015 at their meeting in Addis Ababa where they also directed the Secretariat to develop its implementation strategy. The policy has four pillars: Value addition and value chains, growth poles, SMEs and industrial linkages and industrial support services. The key priority sectors are: Agro-processing, Energy, Textile and Garments, Leather and Leather Products, Mineral Beneficiation, Pharmaceuticals, Chemicals and Agro-Chemicals, and the Light Engineering Industries.

The Implementation Strategy identifies key areas of intervention: promotion of sustainable industrialization, diversification of the manufacturing base, product differentiation, value addition and value chains, strengthening human and institutional capacities, transformation of micro small and medium enterprises, strengthening of science, technology and innovation, promotion of labour intensive industrialization, mainstreaming gender and youth, enhancing regional trade in manufactured products and combating illicit trade and counterfeiting. It also defined the models, modalities and paths to industrialization based on the best practices and experiences of the most successful countries, key industrialization enablers, and the action plan.

3.9.1 Investment Promotion

COMESA FDI inflows were $16 billion concentrated in a few economies, with the top six countries accounting for 76% of the inflows. Egypt had the highest market share (30%) however, the inward FDI grew by 6% in 2014. This was largely due to increased inflows of Greenfield investments, oil sector investments and investments in real estate by non-residents. Ethiopia and Uganda, each with a market share of 8% and 7% respectively also recorded growth rates of 26% and 5% respectively.
Congo DR, Zambia and Sudan each had a market share of 13%, 10% and 8% in 2014 however, recorded declines in the inward FDI flows of 28%, 24% and 2% respectively The reduction in Zambia was partially attributable to the increase in the mineral royalty tax and the reduced commodity prices in copper which affected the expansion plans among investors.
The next tranche of countries with market share between 2 percent and 6 percent all recorded positive growth in inward FDI flows with the exception of Madagascar. These were led by Kenya, Malawi, Zimbabwe and Mauritius.

Figure 4: Total COMESA inward FDI flows, 2004 – 2014



a. Average intra-COMESA FDI inflows 2007 – 2014

The average intra-COMESA FDI inflows between the 2007 and 2014 period, indicate that 94 percent of the FDI inflows into Egypt originated from African countries. The FDI inflows into Madagascar from COMESA averaged US$ 94 million for the same period. These FDI inflows were mainly from Mauritius. However, South Africa continued to be the most significant source of African originating inward FDI into Mauritius, which averaged US$ 49 million over the 2007 – 2014 period. During this period, intra-COMESA FDI inflows increased slightly in some of the COMESA countries. Figure 5 and Table 9 indicate the trends quite clearly.

Table 8: Intra-COMESA and intra-African FDI inflows for selected COMESA countries, 2007 – 2015 (US$ million)

Source Country/Region & Period Average FDI Inflows, Millions US$					
Destination Country	**Periods Covered**	**COMESA**	**EAC/SADC**	**South Africa**	**Rest of Africa**
Burundi	2013	20.52	0.97	0.07	2.22
Egypt	2007-2014	33.88			2.95
Kenya	2007-2008	5.82	8.92	45.66	-0.22
Madagascar	2007-2012	94.36		0.49	
Malawi	2010	19.70	10	20	
Mauritius	2007-2015			49.28	15.23
Rwanda	2010-2013	63.04		32.73	4.13
Swaziland	2007-2011			46.30	
Uganda	2007-2013	51.71		26.11	7.07
Zambia	2007-2013	17.58	9.68	119.42	11.53

b. COMESA FDI outflows

The total of the COMESA FDI outflows for the countries that report continued to decline in 2014. The outflows declined by 47% between 2013 and 2014 compared to a 51% decline between 2013 and 2012. Furthermore, the countries with notable FDI outflows in 2014 included Libya (US$ 940 million), Congo DR (US$ 344 million) and Egypt (US$ 253 million).

c. Inward FDI stocks in COMESA

COMESA overall inward FDI stocks registered an 8% increase in 2014 over the 2013 levels. The countries that recorded significant increases in the FDI stock levels were: Burundi (203%), Congo DR (37%), Rwanda (32%), Kenya (29%). Zambia and Ethiopia both recorded increases of 20%. The countries that had the highest inward stocks as a percentage of GDP in 2014 were: Seychelles (166%), Djibouti (96%), Zambia (59%), Madagascar (56%) and Uganda (44%).

d. COMESA Greenfield FDI in COMESA countries

248 Greenfield FDI projects were launched in COMESA countries with the highest number 62 in Kenya, followed by 58 in Egypt and 32 in Ethiopia. In comparison to the rest of Africa, COMESA countries accounted for 34% of Greenfield FDI projects in 2014.

e. Trends in mergers and acquisitions in COMESA

71 cross-border mergers and acquisitions (M&A) net sale deals were concluded by COMESA countries in 2014, accounting for 27% of the M&A net sale transactions in Africa. 37 cross-border M&A deals were made by the COMESA-based Ultimate Acquiring Companies which accounted for the 26% of the overall deals on the African continent in 2014.

f. Ease of doing business rankings

The 2015 CIR continued to track the progress which was being made on the recent regulatory reforms in Member States using data from the World Bank's Ease of Doing Business (EDB) surveys. In this regard, Mauritius continues to be the top reformer in the region since the inception EDBs. Globally, the ranking of Mauritius dropped from 20 to 28. Rwanda and Seychelles that were ranked second and third in COMESA also had their worldwide rankings drop from 32 to 46 and 80 to 85 respectively. Swaziland achieved the fourth ranking among COMESA countries, by displacing Zambia to the fifth place while Ethiopia remained sixth in the 2015 rankings. COMESA countries that improved their worldwide rankings in 2015 were: Swaziland, Malawi, Egypt and Djibouti.

g. Benchmarking COMESA country performance

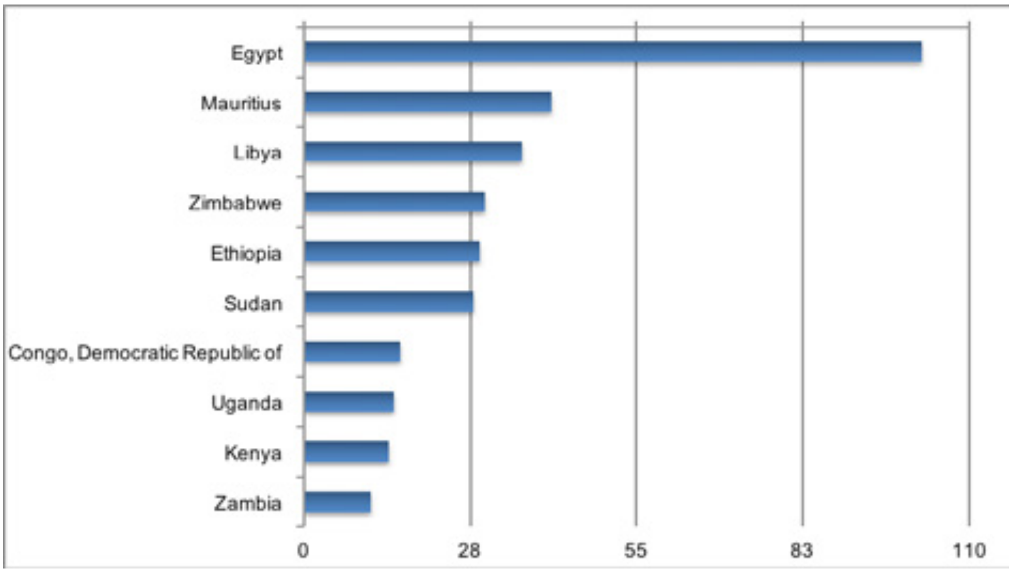
For the second year running, the 2015 CIR benchmarks COMESA country performance against a best practice regulatory frontier using the distance to the frontier (DTF) measure. DRC recorded the largest movement (2.22%) towards the regulatory frontier in the 2015 EDB Survey compared to the 2014 EDB survey. This was followed by Malawi (2.05%), Zimbabwe (1.59%), Uganda (1.57%), Djibouti (1.13%) and Burundi (1.13%).

Analysis of these countries' performance shows that the DRC made the biggest strides towards the regulatory frontier in the category of starting a new business (31%). Malawi made the greatest progress in the category of getting electricity (13%) while for Zimbabwe; it was in the area of getting credit that it had made most progress towards the regulatory frontier (15%). Uganda's most significant progress was made in the area of resolution of insolvency (7%).

h. Trends in the conclusion of International Investment Agreements

In 2014, 31 international investment agreements (IIAs) (18 bilateral investment treaties, or BITs, and 13 "other IIAs"), bringing the total number of agreements to 3271 (2 926 BITs and 345 "other IIAs") were concluded by the end of that year. However, only one new BIT was concluded by the COMESA countries during the same year. This was the BIT between Egypt and Mauritius, which replaced the 2003 BIT between the two countries. At the end of 2014 COMESA countries had concluded 352 BITs. Out of these, 28 BITs were intra-COMESA treaties. Egypt with the total of 102 BITs was ranked first in COMESA followed by Mauritius with 41, Libya 36, Zimbabwe 30 and Ethiopia 29 – see Figure 2. COMESA countries had also concluded 28 other economic agreements which included investment-related provisions.

Figure 5: Concluded BITs: top ten COMESA countries (end 2014) (Number of treaties)



Source: UNCTAD, IIA database.

i. Trends in investor-State dispute settlement

In 2014, investors initiated 42 known investor-State dispute settlement (ISDS) cases pursuant to IIAs. This was lower than in the previous two years' that recorded a high number of new claims which was also (Figure 6) closer to the annual averages observed during the period between 2003 and 2011. In 2014, 40% of all the cases were brought against the developed States.
In 2014, three new cases were brought against COMESA countries: one was against Egypt which was related to the natural gas liquefaction, one against Burundi related to petroleum products supply and one against Sudan dealt with wireless internet services. However, six COMESA member countries have responded to 39 treaty-based investor-State claims.

j. Review of the CCIA

The COMESA Common Investment Agreement (CCIA) was adopted by all the member states at their May 2007 meeting in Nairobi, Kenya. In 2014 the member states recommended that the agreement should be reviewed in view of emerging issues in international investment regimes, standards on investor protection, the rights and obligations of investors, and host countries. Consultations were held with the International Centre for Sustainable Development and the UNCTAD to improve the CCIA document by integrating emerging issues. The new investment policies put inclusive growth and sustainable development at the centre of efforts to attract and to benefit from the investment activities. The draft CCIA document awaits adoption by the COMESA Policy Organs.

The COMESA Secretariat also actively participated in meetings aimed at promoting the Pan-African Investment code to participate at the preparatory meetings for the Great Lakes Region Investment Forum to be held in Kinshasa in February 2016. Equally, a COMESA delegation led by the Secretary General attended the Malawi Investment Forum in 2015, at which the Secretariat came up with a number of projects that are being marketed to attract investors.

k. Investment promotion activities

Since its launch, the COMESA RIA has been active in promoting the COMESA region as a unified and a common investment area, by building a positive image of the region for international investors, and by encouraging Member States' to do the same. These investment activities and programmes were carried out during 2015.
In 2015, RIA undertook the following activities:

- Drafting Djibouti's investor's guide.
- Assisted Egypt to expand its trade and investment in Africa
- Promotion of Malawi's first Investment Forum
- Promotion of the Seychelles' first trade Expo
- Promoted Seychelles Business Conference to attract investment for projects and opportunities in the COMESA region
- Setting up of an online directory on lending, investment guarantee, insurance and leasing institutions
- Organisation in January 2015, of the Invest in COMESA Seminar in Cairo in collaboration with the Swiss-Egyptian Business Association
- Participation at the Europe-Africa Economic Forum and the Commonwealth Business Forum.

3.10 INFRASTRUCTURE DEVELOPMENT

In an era of rapid globalization and integration of the regional markets, roads, aviation, ports and harbours, energy resources and railway networks can no longer be limited within national boundaries. To spur inter-regional trade and economic development, there is an urgent need to address infrastructural, operational and facilitation deficiencies in transport. In the digital era, the development of telecommunication infrastructure and services is very important. This is especially the case in the context where countries face the greatest challenge of survival amidst rapidly changing knowledge, including the opportunity to jump start development by pursuing knowledge, information and communication technology (ICT)-based activities. The critical importance of the telecommunication sector has been more than demonstrated, not only in and of itself as a growth industry, but also as an enabler for other economic activities. A most important aspect in the development of infrastructure is to ensure that its development does not impinge negatively on the sustainability of the environment.

Transport systems in the COMESA region are poorly integrated and inefficient which imposes a high cost on business and crippling Africa's trade competitiveness and its ability to participate in the world's economy. It is against this backdrop that the COMESA Authority called for massive investment in infrastructure services and utilities, and in the development of human resources.

COMESA has thus embarked on a comprehensive programme focusing on three priority areas: infrastructure in energy, transport and ICT. What should be noted with respect to ICT is that since data is the raw material of the information age; its application can be used to address chronic social problems. For example, "precision agriculture will transform farming into a digital age industry" (Ross, 2006: 165). What is clear is that those who hold the most data, the fastest services and the most processing power will drive all growth.

a. Development of COMESA Regional Economic Infrastructure

Development of African economic infrastructure in energy, transport, ICT, including others requires huge investment at about US$ 93 billion per annum. This calls for new innovative financing mechanisms to enable the region to develop and maintain its regional economic infrastructure.

b. Development of Regional Transport Projects

While road transport accounted for up to 80% of cross-border freight and passenger traffic, the economics of roads should also focus on the imperative of maintenance as much of the infrastructure has been neglected and in disrepair. More reliable and cost effective transport systems to enlarge the regional markets and open up opportunities for economic diversification and regional development such as rail, water and air are also of crucial importance. A number of priority transport projects have been identified and are indicated in Table 10 below.

Table 9: Selected Regional Transport Projects

Title	Description/status	Cost (US$m)	Countries
Serenje – Na-konde Road	This road links Zambia with Tanzania on the Trans African Highway 4. Engineering and technical designs for the road were approved. Rehabilitation of the road will be in three Lots: Serenje–Mpika; Mpika–Chinsali and Chinsali–Nakonde. The AfDB and Government of Zambia signed a loan agreement for the rehabilitation of the 211 km Chinsali-Nakonde section. The European Investment Bank has expressed interest in funding the Serenje – Nakonde road project. The project is eligible for a grant from 11th EDF.	674	Zambia – Tanzania
Kampala – Jinja Road	Dualising 75 km road between Kampala and Jinja. This is a critical section of the Northern Corridor, linking landlocked East African countries with the Port of Mombasa.	74	Uganda
Lamu Corridor	Development of sufficient port capacity to handle future demand. Ethiopia and Kenya signed a number of agreements such as the agreement on the pipeline. Some of the corridor projects are eligible for grant from 11 EDF.	5,900	Kenya, Uganda, Ethiopia, South Sudan

Djibouti Corridor	Establish Corridor Management Institution. 1st Ministerial meeting for the formation of the Djibouti Corridor Authority held in Addis Ababa in June 2015. The meeting agreed on the routing of the corridor for both road and rail and the One Stop Border Posts on the corridor. Draft Agreement, Work Programme, Strategic Plan and Financial Strategy for the Djibouti Corridor Authority were developed and discussed by partner States. JICA supported training on OSBP and willing to support future corridor activities. NEPAD provided funding for scoping study and financiers conference.	2,000	Djibouti, Ethiopia, South Sudan and Sudan
Navigation line between Lake Victoria and the Mediterranean Sea Project (VICMED)	Pre-feasibility study to establish Navigational Route between Lake Victoria and Mediterranean Sea completed in May 2015. Egypt Championing project under Presidential Championship Initiative. The Akagera River in Rwanda was incorporated into the project. Egypt and the African Development Bank signed a $600 000 grant/loan agreement to facilitate preparations for the Feasibility Study. ToR for the detailed feasibility study were approved by the Project Steering Committee. COMESA Secretariat is leading in marketing and fundraising for the project's feasibility study which is expected to cost about $12 million. This inland water transport project will provide cost effective, safe, fuel efficient, environmentally friendly and efficient transportation, especially for goods and for small scale, inland traders. The project will positively contribute towards sustainable development and reduction of greenhouse gas emissions attributed to trade.	10,000	Egypt, Burundi, DR Congo, Kenya, Rwanda, South Sudan, Sudan, Tanzania, and Uganda
Suez Canal	Egypt completed the expansion and deepening of the Suez Canal in July 2015. The expansion of this global trade artery will allow bigger and more vessels to pass through the canal. The capacity of the canal will be increased from the current 49 to 97 ships per day by 2023. It will reduce waiting times from 11 hours to 3 hours and reduce transit times. The new development on the route will positively impact on its competitiveness and seaborne trade		Egypt
Railway	Significant investments have taken place in the railway sector in Ethiopia and Kenya. Ethiopia completed a 750 km standard gauge railway line linking Addis Ababa to Djibouti Port at a cost of $ 3.77billion. Internally, Ethiopia also constructed an urban commuter rail system in Addis Ababa which became operational in September 2015. This project will alleviate congestion in Addis Ababa and improve accessibility to urban transport. Construction of the standard gauge railway line linking Nairobi and Mombasa commenced in Kenya. The first 650 km phase is part of the 1710 km standard gauge railway to be constructed at an estimated cost of $7.1 billion under the LAPSSET. Once completed, the new railway network is expected to initially benefit Kenya and later Ethiopia and South Sudan through new linkages from Lamu and Mombasa ports.	11,000	Ethiopia and Kenya

c. COMESA Airspace Integration

The goal of the project is to provide safe and efficient air navigation services in a unified airspace to support trade, tourism

Zambia, Kenya, Tanzania in joint power project

January 2015: Zambia, Tanzania and Kenya have signed an Inter-Governmental Memorandum of Understanding (IGMOU) for the implementation of a Power Inter-connector project. This will involve the construction of a high voltage transmission line from Zambia, traversing Tanzania to Kenya linking the national power transmission lines of the three countries. The scope of the project includes the construction of a 697 km, transmission Inter-connector from Serene in Zambia to Mbeya in Tanzania and reinforcement of the Tanzanian transmission system to allow the system to transfer the necessary power to Kenya. It also includes the construction of a new 260 km transmission line between Arusha in Tanzania and Nairobi in Kenya.

and socio-economic integration in the COMESA region. The objectives of the Technical Assistance (TA) are: (i) To determine the suitable legal and institutional requirements to establish a Cooperative Regional Framework for a unified airspace in the COMESA region; (ii) To undertake a detailed analysis of strategic technical, financial, and operational options for the provision of airspace navigation services using CNS/ATM and to make recommendation for the implementation modalities; (iii) To build the partnerships needed for the implementation of the project and to promote the private sector participation in financing and operating regional air transport and services.

The project is hosted by Rwanda and as such, the Project implementation Unit (PIU) is based in Kigali. The project was funded by an AfDB grant of $10 million. The project Steering Committee held its first meeting in July 2014 and agreed on the studies' terms of reference which were subsequently approved by the AfDB. The recruitment of consultants to carry out the three studies was finalized. Three companies have been selected to undertake the studies.

One company has already submitted its Inception Report for the study on the Establishment of Regulatory Framework and Agency which has been circulated to the Project Steering Committee for reviewed and approval. The other two Consultants: were expected to commence work once their contracts have been signed.

The studies on the regulatory and legal frameworks had reach advance stages, and the first drafts of the necessary instruments were considered by the first workshop which was held in Kigali, Rwanda from 7 to 10 June 2016.

d. Regional Energy Projects

COMESA identified a number of priority regional energy projects which are at different stages of development. COMESA would therefore, promote the projects which have regional impact. The selected regional energy projects are indicated in Table 12 which is shown below.

Table 10: Regional Energy Projects

Generation Projects				
No.	**Title**	**Capacity MW**	**Cost (US$m)**	**Countries**
1.	Batoka Gorge	2,400	4,000	Zambia and Zimbabwe
2..	Great Millennium Renaissance Dam	6,000	8,000	Ethiopia
3.	Inga Hydro Phase 1	4,200	6,000	Democratic Republic of Congo (DRC)
4.	Ruzizi III	145	450	Burundi, Rwanda and DRC. The funding was secured with a support from PANAF programme.
Transmission Lines				
5.	Zambia-Tanzania-Kenya (ZTK) power interconnector project	Bidirectional 2,206 Km, the minimum transfer capacity will be 1,000 MW	1,200 (estimated requirement for remaining sections is 684.47)	Kenya, Tanzania and Zambia, linking EAPP with the SAPP
6.	Ethiopia-Kenya Power Interconnection Project	1,100 kilometers, with a power transfer capacity of 2,000 MW	1,150	Ethiopia and Kenya (under construction)

e. Development of ICT Projects

ICT physical projects ease and enhance communication between countries and, therefore, making doing business more cost effective and enhancing competitiveness. Firms are embedding sensors into their products to better manage their supply chains and logistics. More importantly, large amounts of data can now be used to understand, analyze, and forecast trends in real time. However, in actuality, the growth in the amount of data without the ability to process it is not useful in and of itself. In this regard, COMESA is aggressively promoting the development of a wide range of ICT projects. Table 13 indicates some of the selected projects

Table 11: Selected Regional ICT Projects

No.	Title	Project Description	Progress	Cost (US$)	Countries	Source of Funding
1.	**COMTEL**	Regional connectivity Network to unlock the value in installed terrestrial fibre optic infrastructure by adding value added services and installing the missing links	i. A feasibility study and Business plan done. ii. Preparing a PIM, Resource mobilization and Stakeholders' meeting.	500,000 for admin 300,000,000 for network rollout.	COMESA member states	COMESA with Co-operating Partners
2.	**Lusaka -Lilongwe Fibre Link**	i. Fibre optic link between Zambia and Malawi 600 Km	i. Preparations underway to hold stakeholder meetings	i. 10,000 for meetings USD ii. 1.500,000 for implementation	Zambia and Malawi	NEPAD
3.	**Closed User Group VSAT Network**	The VSAT Network installed to ease and enhance communication between the secretariat and the member states	i. Four sites secretariat, Zambia, Malawi and Ethiopia were activated ii. Currently working on network upgrade of three sites to facilitate migration to cheaper bandwidth option (Russian Satellite Company offer)	i. Estimated cost of upgrade of all sites 285,000 ii. Estimated cost of terminal equipment in member states 114,000	All Member states	COMESA

The 11th European Development Fund (EDF)-Infrastructure Envelope

A list which contains some of the COMESA infrastructure projects was submitted to the EU for financing through leveraging and blending mechanisms under the 11th European Development Fund (EDF). In this connection some projects have been adopted and would be eligible for a grant funding under the infrastructure Regional Indicative Programme (RIP) or the Pan-African Programme (PANAF), which is one of the EU financing instruments for development cooperation. It will complement the other EU instruments and programmes that address the priority areas which are in line with the EU development policy in the African continent. Table 14 indicates some of the projects that will be eligible for grant funding under the RIP or PANAF

Euro 8.5 million Grant available to Member States

May, 2015: COMESA signed grant agreements amounting to €8,547,000 million, with five Member States in a span of one week in May 2015. Burundi, Kenya, Sudan, Swaziland and Zambia will now access their share of the funds through the Regional Integration Support Mechanism (RISM) project. The funding was secured through Contribution Agreements between COMESA and the European Union (EU). The Ministers in charge of Finance signed the grants on behalf of their governments in their respective capitals, with Secretary General Sindiso Ngwenya. The amounts signed for were: Burundi (€861,872), Kenya (€1.8m), Sudan (€2.4m) Swaziland (€885,390) and Zambia (€2.6m).

Table 12: COMESA Projects which eligible for grant under PANAF or infrastructure RIP

Name of project	Financing Gap €	Remarks
Ruzizi III power generation project	33	Project is a PIDA PAP Project. The geotechnical studies under ITF funding (11 MEUR) will be completed by end of 2016
Zambia-Tanzania-Kenya (ZTK) Power Interconnector Project	685	Project is a PIDA PAP priority. Tanzania government is negotiating funding with AFD and WB that have expressed interest to fund the Iringa - Mbeya section
Masaka (UG) - Mwanza (TZ) transmission line (220 kV). Uganda – Tanzania	135	The project is eligible for 11 EDF grant.
Serene – Nakonde road project Zambia	45	Project is a PIDA PAP project. AfDB is financing Chinsali - Nakonde and the Serene - Mpika sections whilst EIB has shown interest in financing the Mpika - Chinsali section. 30 MEUR is expected from RIP funds.
Road Mieso - Dire Dawa Ethiopia	157	The project is eligible for 11 EDF grant. The leading financing institution is EIB.
Road Cankuzo – Gahumo - Murusaganba – Nyakahura. Burundi-Tanzania	80	The project is eligible for 11 EDF grant. The leading financing institution is AfDB.
Road rehabilitation RN 13: Tolanaro –Ambovombe Madagascar	61	The project is eligible for 11 EDF grant. The leading financing institution is EIB.
Road rehabilitation RN 6: Antsiranana- Ambanja. Madagascar	130	The project is eligible for 11 EDF grant. The leading financing institution is EIB.
Trans-Saharan ICT Optical fiber Backbone	30	Project is a PIDA PAP Project. Project preparation (PCN) will be carried out soon after completion of feasibility study and presented to the Board by the end of 2016. However, security situation still remains a major challenge in the region
Port of Mombasa	270	The project is eligible for 11 EDF grant. The leading financing institution is KfW.
Port development in Comoros Port development in Comoros	70.5	The project is eligible for 11 EDF grant. The leading financing institution is EIB.

f. Energy Regulations and Facilitation

Despite its vast energy resources, the region faces acute shortages of power and has the lowest access rates to modern energy. To enhance energy security, COMESA developed a number of instruments related to energy regulations such as the COMESA Model Energy Policy Framework. The model calls for reforms in the energy sector to stimulate investments to meet the growing energy demand spurred by economic and population growth. So far, national policies of 11 countries: Burundi, DRC, Egypt, Madagascar, Mauritius, Rwanda, Seychelles, Swaziland, Uganda, Zambia and Zimbabwe are complaint with the COMESA Model Energy Policy Framework. National energy policies of Kenya and Malawi are under review to ensure compliance with the COMESA Model Energy Policy Framework. In addition, the Secretariat also developed renewable energy instruments whose major thrust is to boost investment in the renewable energy sub-sector by undertaking:

a. The COMESA Guidelines on Feed-in-Tariff (FiT);
b. The COMESA Guidelines on Power Purchase Agreement (PPA);
c. The COMESA Guidelines on Public Private Partnership (PPP);

d. The Joint development of projects;
e. The framework on off-grid electrification; and
f. The effective regulatory regime as a requirement for renewable energy development.

COMESA also established the Regional Association of Energy Regulators for Eastern and Southern Africa (RAERESA), whose main objectives include: capacity building, information sharing, harmonization of the regulatory regimes, and the enhancement of the autonomy of national regulators and to empower them to approve tariffs, give license, quality assurance, and consumer protection. Ten COMESA countries that are Members of RAERESA are Egypt, Ethiopia, Kenya Madagascar, Malawi, Rwanda, Seychelles, Sudan, Uganda, and Zimbabwe. In addition, it also adopted the Eastern Africa Power Pool (EAPP) to facilitate trade in power within the region. EAPP developed a number of instruments to support the development of regional power projects in the region which include the power master plan, power market rules and East African Coordination Centre, and Independent Power Regulatory Board (IPRB). The nine COMESA countries that are Members of the EAPP, are Burundi, DRC, Egypt, Ethiopia, Kenya Libya, Rwanda, Sudan and Uganda. Indeed, the RAERESA and the EAPP are tools to facilitate trade in energy within the region which is considered to be one of the indicators of regional integration, just as trade and investment are the COMESA's niche.

g. Transport Regulations and Facilitation

The COMESA transport policy was formulated under the Transport and Communications Strategy and Priority Investment Plan in 2010. It provides the guidelines for member states to incorporate the regional dimensions of transport into their national transport policies to ensure that national policies are in tandem with the regional agenda and thus enhance harmony with respect to the implementation of the regional facilitation instruments and the development of the regional connectivity of the physical transport infrastructure.

The Tripartite (COMESA, EAC and SADC), through the support of the EU developed a Vehicle Load Management Strategy and Implementation Plan which were validated in Addis Ababa in April 2015. The Tripartite Vehicle Load Management Strategy covers the standardization or harmonization of a number of important aspects of overload control in the ESA region including legislation and regulations, weighbridge infrastructure and equipment, development of a strategic network plan for the location of overload control stations on major transport corridors, enforcement and weighbridge operations, institutional arrangements, human resources training, creation of public awareness, monitoring and evaluation. One element of the Strategy, the development of the tripartite Weighbridge Location Plan was initiated in 2015 and will be finalized in 2016. The Tripartite Transport and the Transit Facilitation Programme (TTTFP) will be implemented over the next 5 years under EDF 11 which is intended to improve the transportation and transit facilitation in the Eastern and Southern Africa region.

h. ICT Regulations and Facilitation

The main objective of the ICT policy and regulations which covers telecommunications, broadcasting and postal services is to facilitate an enabling environment for the provision of services in the sector. The COMESA Secretariat has developed many Model ICT Policies, and regulations and bills in order to help the countries to develop their own national policies and regulations. Fifteen member states have liberalized their ICT sector and established ICT regulators and regulatory departments.

Furthermore, the Secretariat facilitated the development and adoption of cyber security policy guidelines and model law such as the e-transaction law. Many member states had started to develop policies, legislation and to establish computer incident response teams (CIRT).

The key ICT instruments developed include the following;

a. Model ICT policy;
b. Model ICT Bill;
c. Model Cyber security policy Guidelines;
d. Model Cyber security Bill;

e. Broadcasting model policy Guide;
f. Broadcasting Model Bill;
g. Consumer protection Guidelines; and
h. Interconnection Guidelines.

A study on the Public Key Infrastructure (PKI) was completed including regulations. In addition, the Secretariat facilitated the development of a concept note for the establishment of a Regional Cyber Security Centre which has been endorsed by the meeting of infrastructure Ministers. Offers were being received for the centre as well as for the ARICEA Secretariat.

Table 13: Status of COMESA Transport Facilitation Instruments

COUNTRY	Axle Load limits	Harmonized Road Transit Charges	COMESA Carrier License (CCL)	Max Vehicle Length: 22m	COMESA Transit Plates	CVTFS	AYSCUDA World	Postal Code Address	Public Key Infrastructure Protection (KPI)
Burundi	Yes	Yes	No	No (18)*	No	In Progress	Yes	No	No
Comoros	N/A.	N/A.	N/A.	N/A.	N/A.	No	In progress	No	No
Congo DR	Yes	No	No	No (18)*	No	Yes	Yes	No	No
Djibouti	Yes	Yes	No	No(18)	No	Yes	Yes	No	No
Egypt	Yes	No	No	No(20)	No	No	N/A.	Yes	Yes
Eritrea	Yes	Yes	Yes	Yes	Yes	No	No	No	No
Ethiopia	Yes	No	Yes	No(18)*	Yes	Yes	No	Yes	In progress
Kenya	Yes	Yes	Yes	Yes	Yes	Yes	N/A.	Yes	Yes
Libya	N/A.	N/A.	N/A.	N/A.	N/A.	No	Yes	No	No
Madagascar	Yes	No	No	NA	No	No	No	No	No
Malawi	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No
Mauritius	N/A.	N/A.	N/A.	N/A.	N/A.	No	N/A.	Yes	Yes
Rwanda	Yes	Yes	No	No (18)*	No	Yes	Yes		Yes
Seychelles	N/A.	N/A.	N/A.	N/A.	N/A.	No	Yes	Yes	Yes
Sudan	Yes	Yes	No	No (18)*	No	No	Yes	Yes	Yes
Swaziland	Yes	No	Yes	Yes	No	In Progress	In progress	No	No
Uganda	Yes	Yes	Yes	Yes	No	No	Yes	Yes	No
Zambia	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Zimbabwe	Yes	Yes	Yes	Yes	Yes	In progress	Yes	Yes	

Source: COMESA Secretariat

3.11 SANITARY AND PHYTO-SANITARY STANDARDS (SPS)

The COMESA SPS Regulations were established to ensure that implementation of SPS measures does not unnecessarily hinder trade in food and agricultural products in the region. If SPS measures are applied and implemented in accordance with the COMESA regulations and the WTO Agreement, a good balance can be achieved between public health and trade facilitation in a manner that renders Non-Tariff Barriers (NTBs) insignificant.
Key achievements

(i) Tool to monitor SPS related trading costs across borders

SPS measures must have a scientific basis; and when faced with more than one option, the member states are obliged to choose the SPS measure that is least trade restrictive and/or with a lower cost implication for business operators. However, both principles, though intended to balance two public policy objectives - public health and trade facilitation - which are often viewed to be in conflict, are rarely taken into consideration. Direct SPS measures like import restrictions are easily identified and quantified, while indirect ones like administrative costs and border delays are the hidden factors that often pass as legitimate, when in fact they only serve to increase trading costs.

COMESA developed a tool to assist in the identification and quantification of SPS related NTBs. The tool that is being piloted in seven countries (Egypt, Kenya, Malawi, Sudan, Uganda, Zambia and Zimbabwe) to assess the costs and scientific basis of SPS measures is to be implemented on both imports and exports. The tool will facilitate the assessments and monitoring of any reductions in the trading costs that may arise from subsequent reforms being instituted by the countries. The pilot is being undertaken with the support of the Standards and Trade Development Facility (STDF) and by a global partnership put together by the World Bank, WTO, FAO and OIE established to support the development of SPS capacity in developing countries.

(ii) The COMESA Green Pass Certification Scheme

The COMESA SPS Regulations came into force in December 2009. However not much progress has been reported on its implementation by the Member States. In particular, the Green Pass Certification Scheme (GPCS) was not able to deliver the much anticipated outcome of the free movement of agricultural goods. A legal study on the feasibility of the GPSC revealed a potential conflict with the international SPS certificates recognized under the WTO regulatory framework, specifically the lack of clarity on the institution or competent authority to serve as the Green Pass (GP) issuing authority. Based on the analysis, the Secretariat initiated technical work and pilot projects to further define the scope and guidelines for the implementation of the GPCS, whilst ensuring convergence with the WTO multilateral regulatory framework.

(iii) COMESA's risk based sampling protocol for Aflatoxin control

A number of COMESA countries continue to be affected by the prevalence of aflatoxins. Evidence seemed to link Aflatoxin exposure to liver cancer and severe stunting in children .The 2004 outbreak of acute aflatoxicosis in Kenya was one of the most severe episodes of human Aflatoxin poisoning in history. A total of 317 cases and 125 deaths were reported . Aflatoxin-contaminated home-grown maize was the source of the outbreak, but the extent of regional contamination and the status of maize in regional commercial markets (market maize) remained unknown during the period under review.

With the AU-led partnership for Aflatoxin control (PACA), COMESA continued to work with Member States together with a number of partners to mitigate the adverse effects of aflatoxins. Efforts were underway in six member states: Uganda, Kenya, Rwanda, Zambia, Malawi and Zimbabwe that have significant trade in maize to define a harmonized regulatory limit and to improve the food safety regulatory framework. The first ever risk based sampling protocol for Aflatoxin control was developed and is currently under use by the eleven regulatory laboratories in the six member states. Based on this work, the COMESA Secretariat further developed a mutual recognition framework to recognize the equivalence of Aflatoxin analytical results and certificates of analysis. Mutual recognition allows for one time testing in the exporting country in order to reduce overall trading costs. In collaboration with the member states and FAO, efforts were underway to define regionally harmonized Aflatoxin regulatory limits.

3.12 CLIMATE CHANGE

In the COMESA region, climate change effects include increased frequency of extreme weather events, flooding, storms, cyclones, rising sea levels, salt water ingress and droughts. These effects have adverse and significant, social, economic and political impacts on the COMESA integration agenda especially food security and poverty reduction.

To address these challenges, and with support from the European Union, UK Aid and the Norwegian Ministry of Foreign Affairs; COMESA has been spearheading the Tripartite Programme with EAC and SADC on climate change in 26 member states in Eastern and Southern African. The Programme's overall objective is: "to address the impact of climate change in the COMESA-EAC SADC region through successful adaptation and mitigation actions which also build economic and social resilience for present and future generations".

The programme has four pillars:

(i) Building the capacity of member states and supporting their effective participation in the on-going global negotiations around a unified African position
(ii) Supporting the member states to mainstream climate change in their national development plans and strategies
(iii) Piloting flagship climate change adaptation interventions in Climate Smart Agriculture
(iv) Mainstreaming gender and knowledge management

a. Climate Change Negotiations

The efforts to support international negotiations enabled the region to increase its presence and leadership in articulating concerns about climate change and priorities up to the recently concluded global Climate Change Agreement at COP 21 in Paris, France. In addition, the quality of the debate improved and the number of participants from COMESA-EAC-SADC had increased. Furthermore, the exposure to Climate Change, knowledge, information and initiatives available worldwide was enhanced thereby facilitating learning and the adoption of best practices from other regions and countries.

The Paris Agreement accepted the key aspects of the unified African Position on Climate Change championed by COMESA, working through the African Group of Negotiators namely:

b. Intended Nationally Determined Contributions (INDCs)

The Paris Agreement states that in order to achieve the long term temperature goal set out in article 2, parties aim to reach a global peak of greenhouse gas emissions as soon as possible. The Agreement has taken on board the INDCs, and all the COMESA member States have submitted their INDCs. In their submissions, the member states included agriculture as both a mitigation and adaptation priority of their countries.
Currently, the total contributions from all the submitted INDCs are not enough to keep global warming below the 2oC agreed target. According to several expert analyses, the INDCs, as submitted, will see around 2.7oC – 3.0oC rise in the average global temperature.

c. Adaptation

The Agreement accepted the importance of supporting parties to adapt and take in gender sensitive responses. The parties agreed that the Adaptation Committee should develop modalities to recognize the adaptation efforts of the least developed countries and to take the necessary steps to facilitate the mobilization of support for adaptation in developing countries. Adaptation is the cornerstone of the African Position which the COMESA supported.

d. Loss and Damage

The Agreement took on board issues of loss and damages caused by climate change. The Executive Committee of the Warsaw International Mechanism was mandated to establish a clearing house for risk transfer that will serve as a repository for information on insurance and risk transfer. Unfortunately the Agreement does not provide for compensation or liability in the case of climate damage.

e. Finance

The parties agreed to continue mobilizing resources. The Conference of Parties will set up a new collective quantifiable goal of USD 100 billion per year taking into consideration the needs of the developing nations. The parties agreed to use GEF, GCF, Adaptation Fund and the Special Climate Fund as vehicles for funding Climate Change activities.

f. Technology Development and Transfer

The parties agreed to undertake some technology needs assessment and provision of enhanced financial and technical support to implement the results of the assessment.

g. Capacity building

The COP established the Committee on capacity building to address the gaps and needs, both current and emerging, to implement capacity building in the developing countries. This decision will ensure that building resilience capacity on climate change will be enhanced.

The discussions are far from complete with many loose ends and emerging issues to contend with. African and developing countries need to continue working together to ensure compliance with the Agreement especially by the developed countries that emit the bulk of the greenhouse gases blamed for causing climate change. They also need to continue engaged in the process to ensure their access to the resources, capacity and technology transfer. Member states need more capacity building in developing bankable climate change projects, resource mobilization, implementation and monitoring and evaluation.

h. Mainstreaming climate change in national development plans

During the period under review, seven member states were supported to develop their National Climate Change Policies and Response Strategies (NCCRS). The status of the strategies in each of these member states is detailed below:
Table 14: Status of National Climate Change Policies and Response Strategies (NCCRS)

No	Member State	Status
1	Botswana	The draft Botswana national climate change Policy draft was presented to the environment and climate change parliamentary committee and was accepted in principle with a number of corrections. It awaits cabinet approval.
2	Comoros	The National Climate Change Response Strategy and Action Plan were completed after extensive consultation of the Island states had been carried out. It was then validated during a national workshop after which the document was submitted to the responsible Minister who approved and presented to Cabinet and parliament for enactment into an Act.
3	DR Congo	District-level consultations were completed and the first national validation meeting held in November 2015 in Kinshasa. A second validation meeting was planned for February 2016 in Lubumbashi. After consolidation of comments from the two validation workshops, the draft will be tabled for cabinet approval.
4	Lesotho	The Programme, through SADC, worked with the government of Lesotho to develop its Climate Change Strategy. Further support was provided for capacity building for the government officials and the Climate Change Committee Members on the process of policy development. This is to be followed by nationwide consultations on the design of the NCCRS at the district and provincial levels.
5	Sudan	The NCCRS process for the country was completed. The final activity was a National validation meeting which was held in October 2015. The consultants revised the document and submitted it to the minister for onward transmission to cabinet for final approval.
6	Swaziland	The Climate change policy and strategy was completed and submitted for cabinet approval.
7	Zimbabwe	The Zimbabwe strategy was validated by stakeholders and approved. The draft climate policy has been prepared and validated by stakeholders.

i. Piloting Climate Smart Agriculture

Lesotho
Major achievements were:

- The design of Sustainable Land Management training.
- Ox-drawn planters were received in Maseru and distributed.
- Grazing Vetch seeds distribution to demonstration farmer's network across all districts
- Exchange visits on the Grazing Vetch seeds for 7,500 households.

A key outcome of the Lesotho pilot scheme was to reach the schools and the teachers with the CSA messages that the Programme's funding had enabled them to carry out an effective integration of the CSA within the school curriculum to be taught and to give strategic direction. The Programme was allowed to start in Lesotho.

Madagascar
The number of beneficiaries of the pilot project in the Mid-West was 3,355 farmers of which 21 percent were women. The total number of beneficiaries of the project in the Southeast is 3,546 farmers of which 43 percentage are women.
The average family size in the Middle West of Vakinankaratra is 5 persons per family, of which 2.8 were working. The farm size is

4.9 ha including 3.4 ha of hillsides and 1.7 ha of paddy field. Irrigated rice, the rain-fed crops, poultry, pig and cattle rearing are the main sources of income and food. Each household obtains an average agricultural income of US$ 2,500 per year.

Realized impact

The farmers reported increased incomes which allow for better opportunities, ability to employ more persons, purchase oxen to make work lighter and cover larger surface area, children can go to school, move children from state schools to better schools, Standard of living improved, Increased land area under cultivation, change in farming practices. Good harvest of maize, double the production. Acquire pounder for pounding rice. Expenses for farmers have decreased, soil fertility increased and weeds controlled. The crop-livestock integration has led to the practice of composting, improved manure content and natural fertilizer. In the mid-west, the yield for rice was 1 tonne/ha. Under the CSA, this has increased to 2.6 tons/ha. For southeast, the cassava production has increased threefold, while maize production has increased from 0.5 tons/ha under conventional practice to 2 tons/ha under CSA initiative. The increase in biomass has resulted in an increase of cooking fuel as 1 ha stylosanthes produces 10 tons of biomass.

Success Story: Farmer report

In the Germain coffee farms the quality has improved, and had increased from 10 to 100 tins. The standard of living had also improved, firstborn could not go to school, he has 6 children and all are now attending school. He has been able to purchase more land. He also grows cassava and pineapple, has bought equipment, 4 oxen valued at 30000 Ariary each, planning to improve his house, plan to purchase additional agriculture equipment, done reforestation with acacia, does bee keeping gets 2-3000 Ariary per litre, with 80 hives, gets 100 litres of honey each time.

Uganda

A total of 1,250 acres (500 ha) of land was put under the CSA practices. The project supported 1,250 farmers (55.1 percent were women, 44.9 were men) in five districts.

One hundred thousand agroforestry trees were planted in the five districts. Support was provided to the districts for the establishment of five Agroforestry tree nurseries in the five districts, each with a capacity of at least 20,000 tree seedlings per season.

30 schools were supported to acquire an assortment of tools to facilitate the CSA practices. Over six hundred pupils (40.7 percent were girls, 59.3 percent were boys) were introduced to the CSA in the five districts, with each school establishing 5 acres of crop (maize and beans using CA practices).
The project has ensured that the capacity of extension staff, farmer trainers and school teachers is developed to extend the CSA technologies.

Impact

A lead farmer, Kayigwa, from Namutumba district reported that since members of his district had employed CSA they had realized the following benefits (under conventional versus CSA):

- increased yield from 758 kg/acre maize to 2,240 kg/acre maize (196% increase)
- increased yield from 315 kg/acre beans to 1,236 kg/acre beans (292% increase)
- 530 kg/acre soya to 1,563 kg/acre soya (195% increase)
- 2,153 kg/acre to 5,032 kg/acre tomato (134% increase)
- Reduced erosion; reduced labour expenditures;
- Women have more time to do other things rather than farming activities only
- Decreased domestic violence

Seychelles

The pilot project supported the improvement of the water flow in River La Hauteur from the rehabilitated Midland water catchment area through an ecosystem based approach. The main activity was to rehabilitate the catchment area of La Hauteur

River on Praslin which feeds the estuaries and streams of the Baie Ste Anne plains where most of the affected farming population operate their plantation or livestock farms.

The Programme supported the replanting of over 1,500 native trees and will monitor the changes in water flows over the project period and beyond. The main activities completed included the 1,500 plants in the nursery out of which six hundred (40 percent) had been planted; the purchasing of tools for replanting; the equipment to monitor the river flow, and the monitoring of the pre-planting site (data collection of burnt land status).

Swaziland

The Climate Smart Agriculture project which was aimed at negating the effects of climate change on the agricultural productivity and the household food-security by introducing drip irrigation at the Mpatheni small holder scheme
Training was conducted for 30 agriculture extension officers and 584 farmers had also been trained. Fifty farmers from the Mpatheni, Nkhungwini and Nhletsheni areas attended a demonstration on harvesting and the handling of post-harvest and the packaging of potatoes.

The farmers will start planting horticulture crops in 2016

Zimbabwe

The objective of the pilot was to introduce CA into the curricula of primary schools throughout the country. 120 school teachers, 50 Heads of School, 50 Extension Officers and 50 SDC members from all the ten provinces of the country were trained in CA. They in turn trained 35, 623 pupils on the CA technology. In addition, the use of the Training of Trainers approach, created a multiplier effect from the schools to the communities through schools field days.

The impact of the initiative within the schools was quite evident as there was transformation of the school fields and gardens. Some schools that did not have fields and gardens before the initiative were now a shining example in their districts. Some schools won several awards from the organizations that were also focusing on climate change programmes.

Impact

Observed impacts included the reinvestment of income generated from the plots and gardens into the other school projects. Some schools were also able to donate surplus food to the less privileged members of the community. 128 pupils from the 35 schools evaluated stated that their families were food secure after having adopted the initiative the previous season and expenditure on food had reduced. The savings on food facilitated the payment of school fees, purchase of books and uniforms. Some of pupils formed the Young Farmers Clubs within their schools and were sharing with their community as well as practicing the CA initiative in their family plots.

PART: 4

GOVERNANCE, PEACE AND SECURITY

The 14th Meeting of the Ministers of Foreign Affairs, held in Addis Ababa in March 2015, discussed the upcoming elections in the COMESA region, with a view to ensuring peaceful elections were held. The meeting also deliberated on the insecurity issues, including piracy in the Indian Ocean, terrorism, the effects of climate change and the relationship with the International Criminal Court (ICC).

The potential to consolidate democracy defined was demonstrated by the peaceful elections that were held in 2014 and 2015 in: Malawi, Egypt, Libya, Mauritius, Zambia and Comoros. The Secretariat sent election observer missions to Malawi, Egypt, Mauritius and Zambia.

One of the most intractable political problems that preoccupied the region during 2015 was Burundi. The COMESA Committee of Elders and the EAC Eminent Persons conducted a number of dialogues with the different stakeholders to support reconciliation and consensus building to implement a series of initiatives intended to help in conducting peaceful election under the cover of "Friends of Burundi for Peaceful Elections in 2015."

Another positive development was the restoration of the constitutional order in Madagascar, and the emergence of political stability in Somalia. The government of Sudan was also commended for the effort to resolve the Bluer Nile, South Kodorfan and Darfur conflicts. However, the situation in Libya deteriorated in 2014, and remains of great concern. The other area that caused unease was the lack of progress in the inter-state disputes between Ethiopia - Eritrea, Djibouti-Eritrea and Sudan–South Sudan.

The main threat to peace, security and political stability in the region includes the existence of negative forces in the Great Lakes region - Allied Democratic Forces (ADF) and the Lord's Resistance Army (LRA). While the Ministers commended the Governments of the Great Lakes region for their efforts to neutralize these forces; they condemned in the strongest terms, the atrocities committed by these groups including the ADF activities in the Beni Area in October 2014 that killed over 100 civilians. The Ministers also condemned the failure of the FDLR to disarm voluntarily by the 2nd January 2015 deadline set by ICGLR and SADC.

While the threat of piracy continued to decline, acts of terrorism continued to rise in Djibouti, Egypt, Libya and Somalia. In February 2015 the region experienced one of the most gruesome attacks with the beheading of 21 Egyptian Christians, and in Libya by the Islamic States, which was its first incident in the region.

The 14th Meeting of the Ministers of Foreign Affairs, took note of the region's Structural Vulnerability Assessment study by the COMESA Early Warning System and requested the Secretariat to convene a Government Experts workshop to finalize the SVAs. COMESA disseminated the first set of SVAs in July 2015 and requested countries to hold national consultations involving a wide range of stakeholders that would lead to developing the structures for linking the early warning systems to early response.

The COMESA continued to promote post conflict peace building initiatives through its Trading for Peace Programme that had so far installed 16 Trade Information Desks at the border posts between the DRC, Burundi, Rwanda, Uganda and Zambia. In addition, the programme in collaboration with the African Union mobilized €10 Million towards the construction of the border infrastructures in selected post-conflict borders. Progress was made in installing markets at the border areas between Rwanda and DRC in Goma, DRC and Burundi at Kavimvira; DRC and Burundi at Gatumba. Additional projects were identified for the second phase, which included border markets at either sides of Bunagana in DRC and Uganda; and access roads to these markets. The expected benefits to respective countries in the Great Lakes region are indicated in Table 15.

Table 15: Expected Benefits

Country	Trade Information Desks (2009-2015)/US$	Markets and Access roads (2016-2017)	Total
Burundi	55,600	840,000	895,900
DRC	176,900	3,150,000	3,,326,900
Rwanda	48,400	840,000	888,400
Uganda	80,100	840,000	920,100
Zambia	48,400		48,400
	409,700	5,670,000	6,079,700

With respect to combating maritime insecurity, significant progress was made in in strengthening the analytical capacity of the financial intelligence units of the ten countries in the Eastern and Southern Africa that border the Indian Ocean and those that neighbour Somalia. In this regard, COMESA, inter-alia,

i. Sensitized over 400 representatives from the reporting entities in 8 of the 10 countries. It was anticipated that the sensitization would increase the volume of the suspicious transactions detection
ii. Commenced support to the FIUs Information Communications Technology to provide hardware and software, connectivity and security
iii. Trained analysts from the FIUs in 9 countries on to improve and speedup the analysis of the STRs and disseminate the intelligence to the law enforcement agencies to initiate investigation and prosecution.
iv. Supported Madagascar to join the ESAAMLG as a full member to be admitted in 2016.

source:google

PART: 5

CAPACITY BUILDING AND INSTITUTIONAL DEVELOPMENT

5.1 Regional Integration Capacity Building

The 44th Regular Meeting of the ACBF Executive Board in December 2010 approved a grant of US $3 million to enhance the capacity of the Secretariat in economic and trade policy research and analysis. The grant agreement was signed between the two parties in February 2013.

The capacity building intervention aims to strengthen the institutional capability and to enhance the capacity of the Secretariat in economic and trade policy research and analysis, as well as building the capability of Member States in trade negotiations. The project falls within ACBF's strategic objective, of enhancing the capacity of Africa's regional economic communities and institutions in the implementation of regional cooperation and integration programmes and the management of regional public goods and services.

This project was launched in August 2014 in Nairobi Kenya during which research areas were identified and partnerships and networks with the leading policy research think tanks and training institutes were made. In 2015 the project registered the following achievements:

i. A project steering committee retreat was held during which the committee was updated on the progress of the project and discussed the 2015 project activities, the strategic research agenda and the mechanism of ensuring the success of the project.
ii. A methodological guideline for implementing the 2008 SNA within the financial services sector was developed and validated by all the COMESA Member States.
iii. Project staff were trained on the ACBF Online M&E system and the ACBF procurement guidelines and processes.
iv. The project organized two training workshops on trade policy analysis in Nairobi, Kenya which focused on Computable General Equilibrium Analysis and Stata Software application. These were conducted in collaboration with United Nation Economic Commission for Africa and the United Nations African Institute for Economic Planning and Development. Furthermore, technical support was provided to the Tripartite Taskforce in: preparing schedules of tariff offers for members/partner states; the preparation of technical paper on the preference utilisation of preferred arrangements by the member/partner states in order to benefit from the regime with regards to Rules of Origin even within the Tripartite FTA Agreement.
v. The second phase of the study on the potential of intra-COMESA trade, was undertaken. This involved a field study on the opportunities and challenges affecting the potential of the intra-COMESA trade. The study covered seven member states namely: Egypt, Ethiopia, Kenya, Mauritius, Uganda, Zambia and Zimbabwe. The COMESA bloc has a huge trade potential worth US$ 96.7 billion based on the 2012 statistics. However, the current intra-COMESA exports remain low. For example, in 2014 it stood at US$ 10.1 billion. The study identified the key obstacles to trade in the region to include: the poor infrastructure connectivity within the region; high freight and transport costs mainly due to lack of a regional shipping line and inadequate export cargo system that would ensure that there was sufficient return cargo for the vessels; the high banking charges in the COMESA Member States; lack of information about the potential buyers and sellers of the various products within the region; and the problems of payment arrangements among others.
vi. The second phase of the study was to ascertain the pattern of occurrences of the NTBs in selected six member states: Kenya, Uganda Seychelles, Swaziland, Zambia and Zimbabwe. This second phase focused on the audit of the existing NTBs in the COMESA region and assessed their impact on trade flows within COMESA.
vii. The COMESA Common Market study was also undertaken and a policy brief which focused on "Taking Stock of the Implementation of the COMESA Integration Agenda: Towards an Action Plan for a Fully-Fledged Common Market" was presented to the policy organs where recommendations were adopted.
viii. The project also rolled out a call for research papers as part of the annual research forum. A total of 12 draft papers were received. These were reviewed and eight papers were considered and presented at the first COMESA Annual Research Forum held in Entebbe, Uganda from 10-14 August 2015. These were:

  a. Effect of Aid for Trade Facilitation on Kenya's exports to COMESA countries.

b. Impact of Kenya's Sugar Safeguard Measure on Sugar Producers under the COMESA Trade Regime.
c. Financial Inclusion, ICT and Intra-Regional Trade in COMESA.
d. Tracking Informal Cross Border Trade in Eastern and Southern Africa.
e. Tuna fisheries within the West Indian Ocean: Is there a Role for COMESA?
f. Interdependence of Stock and Foreign Exchange Markets: Implications for Financial Integration in the COMESA Region.
g. Proposal for Transformational and Inclusive Growth Programme for COMESA Member Countries.
h. Enhancing the Effectiveness of Fiscal Policy for Domestic Resource Mobilization in COMESA region

x. The forum brought together a number of regional universities to discuss the prospects of establishing a virtual postgraduate programme in regional integration. The Council decided among others that the policy implications from the presented and discussed papers at the annual research forum should be presented to the various COMESA policy organs; secondly, that the research forum should be sustained on an annual basis and that in the future it should comprise of the government officers, the academia and the private sector; and thirdly, the Universities willing to participate in the regional integration degree programme should form a sub-committee and discuss the modalities of its implementation.

xi. The project prepared additional policy briefs that were presented to the Policy Organs, namely: the Trade Outcome Indicators (Revealed Comparative Advantage (RCA) and Export Sophistication) for Selected COMESA Member States; WTO Negotiations: Milestones, Outstanding Issues and Africa's Priorities. The COMESA Annual Research Forum policy brief focusing on the establishment of the COMESA Virtual University and the eight (8) papers presented during the forum. The Council decided that a technical meeting that includes economic operators should be organized where issues relating to trade outcome indicators would be discussed.

xii. Likewise, the project should provide technical assistance to the Tripartite FTA negotiation process by preparing technical briefs such as the: "Comparative Analysis of Preference Utilisation by COMESA Member States in SADC FTA". This was to establish the flexibility of the prevailing Rules of Origin trade regime for member states with dual membership in COMESA and SADC.

xiii. The project also undertook analytical work on the share of trade based on the concluded and agreed chapters of the Tripartite Rules of Origin and comparative analysis of the preference utilisation among the member states with dual membership in COMESA and SADC as a mechanism to ascertain the more efficient Rules of Origin regime that would facilitate trade within the Tripartite FTA.

xiv. The project staff was involved in undertaking other studies within the trade division, which were not originally envisaged in their work plan, namely: Comparative Analysis of Preference Utilisation and Prospects for Industrial Value-Chain Development in the Tripartite FTA.

The importance of the project and research was acknowledged during the Policy Organs and COMESA Summit Meetings held in Addis Ababa, Ethiopia in March, 2015. The Council of Ministers noted the importance of the research unit, which provided evidence based policy research. Through the project activities and support to the COMESA programmes, the COMESA Secretariat capacity in economic research and policy analysis has been enhanced by the recruitment of qualified researchers; and its ability to respond and to analyze trade issues. The training of officers has strengthened the institution's capacity in trade policy analysis, which would be an on-going activity.

In 2016 the project would undertake the following activities:

i. The second phase of the Intra-regional trade flow analysis which would involve a survey to identify opportunities and obstacles to intra-COMESA trade and prepared a report that would be finalized and presented to the meetings of the policy organs;
ii. The report of the second phase of the study on the pattern of NTB occurrence would be finalized;
iii. The on-going study on the Customs Union focusing on industrial rebates would also be finalized;
iv. A detailed analysis on Trade in Services for which the staff of Member States had been trained enhanced their capacities will be undertaken to guide negotiations the on liberalization of trade in services,
v. A COMESA competitiveness study; a COMESA ease of doing business study; study on the implications for joining the COMESA FTA by Eritrea; and, a comprehensive analysis of trade outcome indicators taking into account all COMESA

Member States with a focus on intra COMESA trade and global trade would also be undertaken,

vi. An analysis of the Trans-Pacific Partnership Agreement and its implications for the COMESA countries trade under AGOA,

vii. A Call for Papers for the second Annual COMESA research Forum under the theme: Trade in services and trade facilitation for inclusive and sustainable industrialization in the COMESA Region was held; and

viii. Training sessions were jointly organized in collaboration with the training institutions such as the United Nations African Institute for Economic Planning and Development (IDEP) in trade policy analysis on areas of trade negotiations, especially trade in services.

5.2 The Commonwealth Secretariat Hub and Spokes II Programme

The Hub and Spokes II and aid for trade programme is funded the European Union and implemented by the Commonwealth Secretariat and the Organization Internationale de la Francophonie. The programme overall objective is to contribute to sustainable economic development and poverty reduction in African, Caribbean and Pacific countries through closer regional integration and increased participation in international trade. The focus of Phase II is to enhance the capacity of stakeholders in ACP countries to contribute to: the formulation, negotiation and implementation of trade policies and agreements, strengthen partnerships for better delivery of results and sustainability. Experienced trade experts have been deployed at the Regional Economic Communities and national Governments levels.

Phase I ran from 2004 to 2012 and due to demand, Phase II was launched for the period July 2012 – December 2015. In 2015, phase II was extended to December 2016. Phase III is still under consideration.

Participants at the 2nd COMESA Annual Forum in Nairobi.

PART: 6

CROSS CUTTING ISSUES

6.1 Gender and Social Affairs

Gender and social issues need to be mainstreamed in all COMESA programmes and projects to ensure equitable access to resources, opportunities, services and benefits for women, men and the youth. The COMESA Treaty and Gender Policy calls for the equal participation of women and men in the economic integration and transformation of the region. Women are the majority among the poor vulnerable groups and constitute a significant proportion of the informal sector and cross border traders.

The highlights of the achievements of the Gender Equality, Women and Youth Empowerment and Social Development programme are given below.

Women Empowerment

a. COMESA Women Economic Empowerment Fund (WEEF)

On the basis of an analysis and presentation by the Secretariat, the Convergence Council of Central Bank Governors and Ministers of Finance made the following decisions:

(i) PTA Bank to house the WEEF and explore sources of capitalizing the Fund;
(ii) PTA Bank and Secretariat to work out modalities to operationalize the WEEF;
(iii) The formula used by Member States' contribution to the Secretariat budget be used for contributions to the WEEF Base-fund of $73 Million; and
(iv) Member States to set-up similar National Women Economic Empowerment Funds

b. 50 Million African Women Speak (50 MAWS) Platform Project

The Secretariat and FEMCOM participated in the consultative meetings of the African Development Bank supported 50 Million African Women Speak (50 MAWS) Platform Project aimed at economic empowerment of women through strengthened access to information, financial services, good practices and experiences. COMESA selected to host and coordinate the project which will be implemented in COMESA, EAC and ECOWAS.

c. Advocacy and Capacity Building for Gender Mainstreaming

1. The COMESA Gender Policy was revised to incorporate new/emerging priorities and goals the COMESA Social Charter, African Agenda 2063, SDGs and Beijing plus 20 outcomes. Country gender reporting guidelines were also revised accordingly
2. A Regional Framework for Gender Inclusion in CAADP was developed to guide how to strengthen participation of women in agriculture and ensure benefits accrue to both women & men. The draft Framework was reviewed by Gender and Agriculture experts and the revised draft was considered by the Gender Technical Committee.
3. Training of Trainers on gender programming conducted for 47 Secretariat staff and 27 from nine Member States to enhance understanding and strengthen capacity in gender programming. This training is on- going and will continue in 2016 as well.
4. Policy Briefs on Gender and Climate Change developed in partnership with UN-Women
5. Draft Gender and Social Development Communication Strategy was developed for increased visibility and public awareness of the COMESA Gender and Social Affairs Programmes and their contribution to the regional integration agenda.

d. Youth Empowerment

1. The COMESA Youth Programme and pilot projects were approved by the Council of Ministers in March, in Addis Ababa, Ethiopia who further directed that Member States should implement the Youth Programme
2. The Program addresses youth challenges of unemployment, skills, limited civic and political participation as per the

African Youth Decade Plan of Action (2009 – 2018)

3. Engaged UNV Regional Office, Child/Youth Finance International, and Global Peace to support the Volunteer Scheme and the Entrepreneurship components of the Programme.

e. Social Development

1. The COMESA Social Charter was signed by Mauritius and Malawi during the year.
2. HIV/AIDS Policy and Health Framework were developed on priority health issues, sexual and reproductive health for youths and to fast track response to end AIDS by 2030.
3. COMESA hosted the AU regional Health and HIV/AIDS Consultative Meeting in Lusaka in November

f. Gender and Youth Best Practices in Member States

Burundi

- Constitutional act on equality of men and women without any distinction of sex
- 30% quota women representation in decision-making – parliament and government
- National Gender Policy to ensure equal rights for women, men, boys and girls
- Women-owned microfinance institutions provide women with credit and training.
- National Youth Policy of Burundi

Comoros

- National Gender Equity and Equality Policy
- Department of Female Entrepreneurship
- General Commission for Solidarity and Gender Promotion
- Gender Focal Points in each Ministry.

Djibouti

- National Gender Policy; Strategic Plan; National Strategy to criminalise and stop FGM;
- Skills Training for girls and women – provision of tool kit to graduates of training centre.
- National Training Centre for out of School Girl-Child;
- National Centre for survivors of all forms of violence, especially FGM.
- National Youth Council places youth challenges at the centre of all decision-making.

DR Congo

- Gender equality enshrined in the constitution. Legal Reforms provided for the national gender policy, gender-based violence strategy, and gender profiles
- National Fund for the promotion of women and children
- National programme for women's empowerment, training women on gender issues
- National Youth Policy adopted in 2009; National Youth Fund
- National and local Youth Orientation Committee of Ministries and private sector at

Egypt

- Constitution protects rights for all; equal opportunities for all; 25% seats for women in local council; protection from wage discrimination on the grounds of gender and sex
- Centre to economically empower women through training and access micro finance
- National Strategy to fight Gender Based Violence
- Youth Goals for 2013-2017 include enhancing political participation of youth, cultural awareness, training and research on youth.

Eritrea

- Constitution, guarantees equal rights in land, family and marriage, inheritance
- National Gender Policy and Action Plan
- 40%+ Micro Credit Institutions support to women and women
- National Union of Eritrean Women promotes gender equality and training on gender
- Training centres of the National Union of Eritrean Women

Ethiopia

- Legal and policy frameworks for gender equality and women empowerment
- Women and youth empowerment are strategic pillars of the Growth and Transformation Plan and all the other pillars integrate gender and youth.
- Women Entrepreneurs' Association to improve women participation in value chains.
- Support women with labour-saving technologies, market access and finance
- Gender Responsive Budgeting and accountability in all government ministries.
- Youth priorities: democracy, governance; economic development; education; health; HIV/AIDS; social ills; culture, sport and entertainment; environment; vulnerability

Kenya

- Constitution requires 1/3 of either gender in parliament and all Government appointments. Women in representation rose from 9.9% in 2007 to 25% in 2014.
- 30% preference in public procurement for women, youth and the disabled.
- Women Entrepreneurship Fund has benefitted many Kenyan women
- Gender Machinery in Kenya located in the office of the President
- Youth Policy focuses on Employment; Empowerment; Education and Training; ICT; Health; Crime and Drugs; Environment; Leisure, Recreation and Community Service.
- National Youth Council of Kenya established by the National Youth Council Act (2009) to coordinate youth activities and organizations with supporting the national youth policy

Libya

- Libyan women launched Libya's first minimum peace agenda in November 2015 for protecting women's right to a 30% representation in government and elected bodies, enshrining gender equality in the new constitution, reforming laws to protect women's right to live free from violence, and for the creation of a women's national machinery to advocate for women's rights

Madagascar

- All are equal and enjoy the same fundamental freedoms as per the constitution.
- Land tenure system grants equal rights to women and men access to real estate.
- Gender focal points were set up in all the Ministries
- Youth Policy focus: Education, Health, Employment, Vocational Training and Entrepreneurship, and Citizen Participation
- Inter-Ministerial Committee for Youth; the National Youth Council; and the National Youth Fund, as well as a Resources Mobilization structure.

Malawi

- National Gender Policy and National Women Economic Empowerment Action Plan
- Age for marriage now 18. Traditional leaders campaign against child marriage
- Scholarships for students to study degree and diploma courses in gender
- Youth Vision: "an educated, healthy, well trained, cultured, vibrant and productive youth". Priorities: empowerment, education, health and nutrition, leadership.
- National Youth Council "to contribute to youth empowerment and development through the promotion and

coordination of activities of youth organizations".

- Youth Consultative Forum - a confederation of youth organizations in Malawi

Mauritius

- National Gender Policy; Equal Opportunities Act; Local Government Act stipulates that at least 1 out of 3 candidates to be fielded for elections should be of the opposite sex
- Develop marketing tools and websites for women entrepreneurs;
- An Equal Opportunities Commission and an Equal Opportunities Tribunal
- SMART Mauritian Youth Policy and Implementation Programme: 2015 – 2019.
- Youth Centres for young people to access leisure, vocational and sports activities.
- Signed COMESA Social Charter in April 2015

Rwanda

- All laws and policies are gender sensitive due to strong political will, strong gender machinery institutions, home grown solutions, and gender sensitive policies
- 64% women representation in Parliament; More women own small and medium scale industry and processing businesses than men
- National Women's Council for empowerment and participation in development
- The Gender Monitoring Office provided for in the new Constitution
- Directors of Planning are the gender focal points to ensure gender mainstreaming in all sectors; budget allocation; disaggregation of data; assess; capacity needs
- Youth policy focus: Education; Unity, reconciliation & social transformation; Poverty & unemployment; Environment; Health & Youth Protection; Culture, Sports & Leisure; Gender; Cooperation; Youth mobilization & training.

Seychelles

- Constitution guarantees equal protection for everyone without discrimination
- 44% women representation in Parliament. Seychelles is fourth in the world on this.
- First female governor of the Central Bank and a number of women districts leaders.
- Provision of free vaccination against cervical cancer for girls in primary school
- Developed the National Youth Policy in 1995 that was revised in 2008 and in 2013.
- Developed a National Strategic Plan of SNYC (2013-2017).

Sudan

- Laws and legislations increased women participation in national assembly to 30%
- Protection of women and children to access land; women involvement in peace talks
- Ministry of Youth to train 5 million young people and provide microfinance support.
- Youth Strategy for youth participation and policy structures and programmes; created opportunities for youth employment

Swaziland

- Constitution elevates women and provides equal access to land for women and men
- Discrimination prohibited on the grounds of gender, social standing and marital status
- Policy and legislative environment to combat violence against women
- Gender and Family Issues Department, in the Deputy Prime Minister's Office; gender focal points in all Ministries trained on gender responsive planning and budgeting
- High level Task Force guides and leads in combating violence against women.
- Poverty Reduction Strategy Action Plan; Children's Protections and Welfare Act; and the National Development Strategy.

Uganda

- Constitution recognizes equality of men and women
- The law provides for 1/3 women's representation in decision making. Affirmative action in higher education
- National Gender Policy; Domestic Violence Act and Guidelines; and The Prohibition of Female Genital Mutilation Act and the Trafficking in Persons Act
- The Land Act requires women and children above 18 years to have a say before the sale of matrimonial property
- Existence of GBV shelters across the country
- Youth Venture Fund; mandatory internships for Youth in Tertiary Institutions
- The law provides for youth representation in Parliament and Local Government

Zambia

- Gender Policy; Anti-GBV Act; Gender Equality Bill; Strategy on Ending Child Marriage
- Women Economic Empowerment Fund; Women's Bank;
- Support to women entrepreneurs though capacity building, markets, finance
- Permanent Secretaries Committee on gender equality, mainstreaming, empowerment
- GBV Survivor Support Mechanism
- Revised the National Youth Policy and implementation action plan.
- Youth Resources Centres for skills building; Youth Empowerment Fund;
- Youth resettlement programme gives land to facilitate agriculture related initiatives.
- State of the Nation Report on Young People in Zambia

Zimbabwe

- Has legal and policies in place to support women empowerment and gender equality
- Market access for women through national, regional and international exhibitions
- Women in Agriculture Apex Board
- National Youth Action Plan
- National Women Economic Empowerment Strategy.

6.2 STATISTICAL DEVELOPMENT

2015 was the second year of implementation of the COMESA Statistics Strategy. Funding was from the African Development Bank, the European Union, African Capacity Building Fund and Regional Strategic Analysis and Knowledge Support System. The main achievements in 2015:

a. Capacity Building

US$ 680,000 was spent on capacity building for Member states mainly in support of national and regional workshops on various statistical clusters.

A regional capacity building workshop on Agriculture Food Balance Sheets was held jointly with AfDB, FAO, ACTESA, EAC and EAGC. Eligible countries were urged to submit proposals to the Regional Integration Support Mechanism for improved data dissemination on national Countrystat portals and development of food balance sheets. Four countries submitted proposals. Two were implemented in Zambia to upgrade the Countrystat and in Zimbabwe. To develop national food balance sheets and cross border trade statistics

Environment Statistics: Following the 2014 COMESA Environment Statistics Assessment, a regional capacity building workshop was jointly organized with the United Nations Statistical Division. Three country proposals (Madagascar, Zambia and Zimbabwe) for the implementation of the Framework for the Development of Environment Statistics (FDES) were approved. The implementation of the FDES in Kenya, Uganda, Burundi and Rwanda is being funded by the United Nations Statistics Division under a Development Account program.

International Merchandise Trade Statistics: The Secretariat has been upgrading EUROTRACE statistical systems in Member countries. The countries whose proposals were approved by the Technical Cooperation Facility are: Zambia, Swaziland, Zimbabwe, Sudan, Rwanda, Ethiopia, Seychelles and Malawi. Of these, Zambia, Swaziland, Sudan Rwanda and Zimbabwe commenced implementation in 2015. With the acquisition of new equipment, processing speed and storage capacity was greatly enhanced.

RESAKKS funded a regional training workshop on International Merchandise Trade Statistics. In all 36 statisticians were trained.

Industrial Statistics: A regional capacity building workshop on the implementation of the International Recommendations on Industrial Statistics was undertaken in 2015. This workshop was conducted jointly with UNIDO and financed from the AfDB.

National Accounts: As Member states migrate to the System of National Accounts (SNA 2008), a major challenge has been capacity to manage the process. The Secretariat with the financing from ACBF identified a number of areas where Member states require assistance the first of which was a manual for the financial services aspects of SNA 2008. After the development of the manual, a regional workshop was held to validate the same.

b. Dissemination

Knowledge Products: The unit published the following; The 2015 International Trade Statistics Bulletin, the 2015 COMESA Investment Report, the 2015 Aid for Trade Statistical Report, the 2015 COMESA Agriculture Statistics Report and the 2015 COMESA Environment Statistics Year Book. These are available on the COMSTAT data portal.

COMSTAT data portal: An upgrade of the COMSTAT data portal commenced in late 2015 funded by the African Development Bank. The upgrade will merge the open data portal to the COMESA data portal and introduce a mobile version of the portal. The portal will include agriculture, environment and industrial statistics. The average monthly hits in 2015 was 650.

6.3 LEGAL AND CORPORATE AFFAIRS

The Legal and Corporate Affairs Division is the legal advisory arm of COMESA which among other things:

i. provides legal advisory services to COMESA policy organs, Programmes and institutions;
ii. drafts legal frameworks for the implementation of COMESA Programmes;
iii. represents the organization in the resolution of disputes in which COMESA is a party, before the COMESA Court of Justice;
iv. negotiation and drafting of cooperation agreements with cooperating partners; and
v. Management and implementation of the COMESA Programme on Free Movement of Persons.

1. Legal Advisory Services and Institutional Matters

The division represented the organization in the COMESA Court of Justice in a number of cases brought against COMESA as well as addressing corporate and institutional issues such as the appointment of Judges for the COMESA Court of Justice, appointment of Commissioners for the COMESA Competition Commission and negotiation of Host Agreements for COMESA institutions in COMESA Member States. The Division also played a significant role in the negotiation and finalization of the COMESA- EAC-SADC Tripartite Free Trade Agreement.

2. Domestication and Transposition of COMESA Legal Instruments

A programme is underway on the enhancement of domestication of COMESA Legal Instruments for effective and enhanced implementation of COMESA programmes through an audit of domestication deficits at the national level and the development of guidelines based on best practices to enhance domestication.

3. Free Movement of Persons

Member States through the Task Force on implementation of Article 164 of the Treaty and Council Decisions on Free Movement of Persons continued to work towards the implementation of the Protocol on the Gradual Relaxation and Eventual Elimination of Visas. Kenya, Mauritius, Uganda, Rwanda and Seychelles lead other Member States towards the full implementation of the Visa protocol.

The decision by the republic of Rwanda to ratify the protocol brings to two, the number of Member States that have now ratified the protocol. The development of the COMESA Business Visa and an information sharing system on immigration matters will arrest some vices associated with movement of persons such as human trafficking are also some measures being undertaken to enhance free movement of persons in the COMESA Region.

The decision by three COMESA Member States which are also Partner States of the East African Community (EAC) namely, Kenya, Uganda and Rwanda to implement a single visa also falls within the provisions of Article 164(1) of the COMESA Treaty on Cooperation in the area of Free Movement of Persons.

6.4 CORPORATE COMMUNICATIONS

Corporate Communications maintain consistent flow of information between the organization and its diverse public in the region and beyond to raise public awareness on regional integration initiatives galvanize broad support for the realization of the vision of the Common Market.

A range of channels, tool and techniques such as media relations, publishing, public relations, online communications, audio visual productions, community relations, advertising and exhibitions among others are used.

1. Publicity and media coverage

All COMESA events are covered by the press locally and regionally through mobilization of journalists, organizing press conferences and interviews, preparing and issuing press releases, coordinating responses to press questionnaires among others. In total 140 press releases were uploaded in the COMESA website and sent to media houses. The Press releases were published as news by the local regional and international media. Selected news were re-run in the website under the section "COMESA in the News"

8,717 online articles mentioned COMESA with Africa having 3,684 while the rest of the world had 5,033. The month of June 2015 recorded the highest number of articles on COMESA with the launching of the Tripartite Free Trade Area in June 2015 trending in all media.

Among the COMESA Member States, Kenya recorded the highest coverage of COMESA followed by Zambia, Zimbabwe and Egypt. South Africa media led in the continent.

Globally, the USA media led in COMESA coverage followed by France, UK and China in that order.

Fig 6: COMESA coverage in Africa

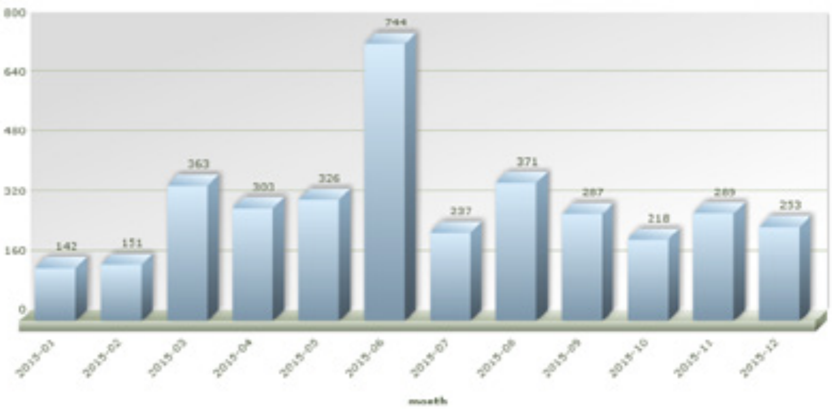


Fig 7: Leading countries in coverage of COMESA in Africa

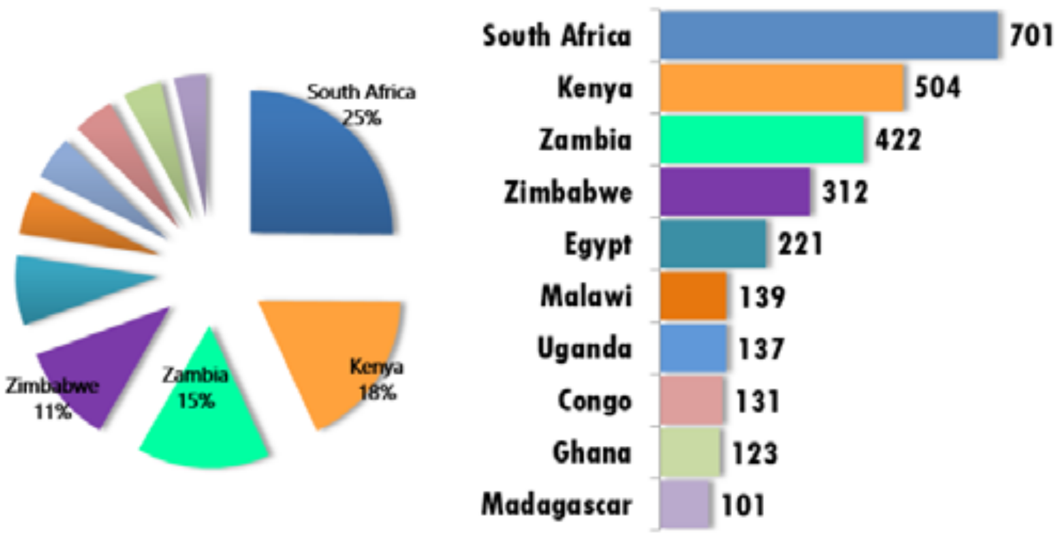


Fig 8: COMESA coverage outside Africa

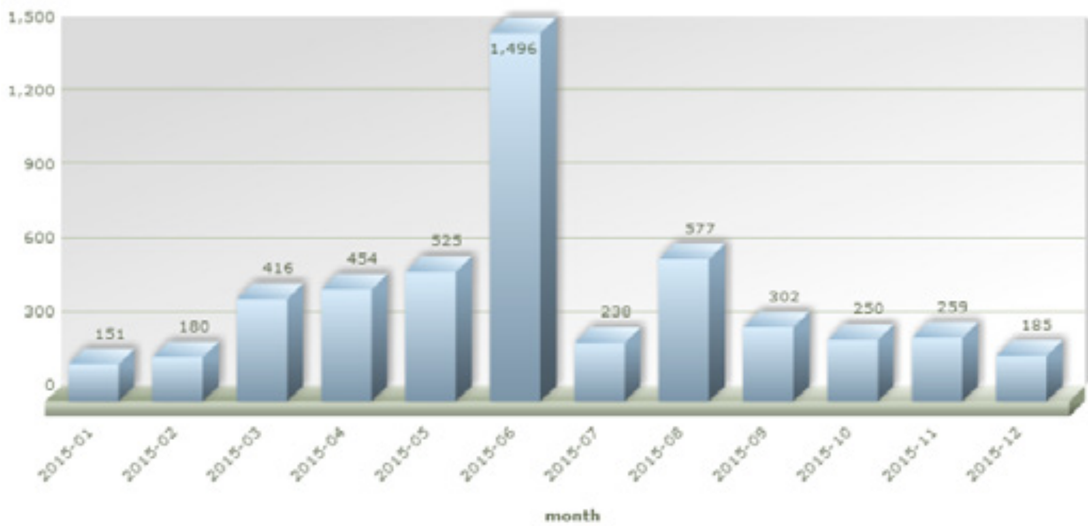
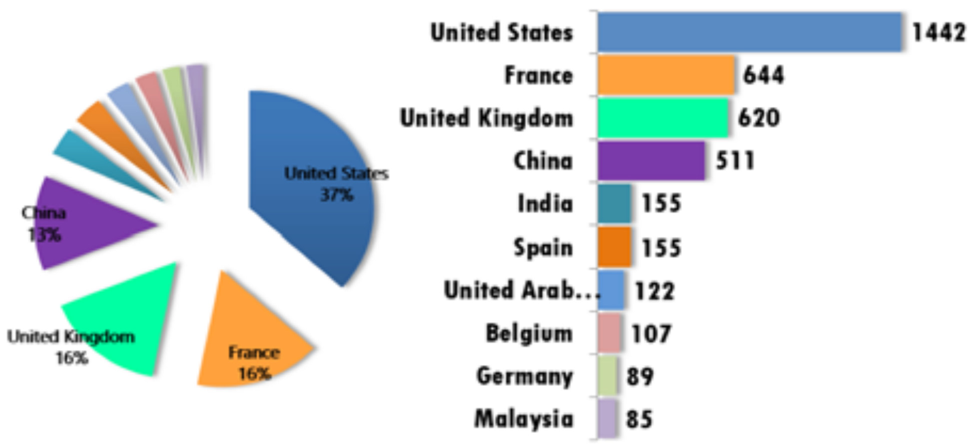


Fig. 9: Leading countries outside Africa where COMESA was mentioned online:



Topics that received the highest coverage in press articles in 2015

1. The launching of the Tripartite Free Trade area
2. COMESA Sugar safeguards for Kenya
3. COMESA signs MoU with Microsoft
4. Development of a Mutual recognition Framework to address Aflatoxin
5. Efforts towards the resolution of NTBs
6. European Union support to trade facilitation programmes
7. Fertilizer supply and deficit in COMESA region
8. COMESA gets land for new headquarters
9. COMESA disbursement of funds to member states under the Regional Integration Support Mechanism (RISM)
10. Regional states join the Regional Transit Guarantee Scheme

COMESA Advertorials were published in the New African Magazine (July 2015) The Addis Standard (March 2015) and the Australia Paydirt magazine (October 2015).

2. COMESA Media Awards

In 2014, the winners of the Media Award were from Burundi, Zambia and Uganda. The journalists were sponsored to the 18th COMESA Summit in Ethiopia where received financial awards, a trophy and a certificate.

Table 16: Winners of the 2014 media awards:

Name	Country	Media Agency	Category	Title of winning entry
Mr. Leonidas Ninteretse	Burundi	Radio Television Nationale du Burundi	Television	20 ans d'integration au COMESA: quelbilan.
Ms Violet Mengo	Zambia	Daily Mail Newspaper	Print	COMESA Climate Smart Agriculture programme
Mr. Julius Barigaba	Uganda	The EastAfrican	Print	COMESA bond scheme speeds up movement of goods in Northern Corridor

3. COMESA Media network

A Media network of business writers from 15 Member States was established. The States include Burundi, Kenya, Uganda, DRC, Mauritius, Swaziland, Malawi, Zambia, Zimbabwe, Seychelles, Ethiopia, Rwanda, Eritrea, Egypt and Sudan. Journalists in the network are focal points for coverage in the member States and maintain consistent communication with the Corporate Communications Unit for generation of news and dissemination.

4. Exhibitions

Information desks were mounted on international conferences and exhibitions. Among them was the Africa Down Under mining conference in Perth Australia facilitated through an existing Memorandum of Understanding between COMESA and the

Government of Western Australia. Similar exhibitions were mounted at the African Green Revolution Forum that took place in Lusaka in September/October 2015.

5. Audio/visual productions

All key COMESA events were covered through video, print and photography. This included production of video news clips that were supplied to broadcast houses for news. This was in addition to documentaries key among them Cassava – the money spinner, Breaking Barriers – A COMESA SPS Initiative, Inauguration of COMESA Court of Justice – Sudan among others.

6. Publishing:

Identification and packaging of technical information into editorial content on various COMESA activities was carried in the year under review. In total 17 new publications were produced in COMESA languages. New publications were; the 2015 Tripartite Summit magazine, About COMESA, the Yellow Card, The RCTG, The CVTFS, Reports on Priority Issues among others. Publicity merchandize including 2016 Calendars and Diaries were produced and distributed.

7. Online media optimization:

New media was optimized for communicating regular news updates through the COMESA website and social media platforms. Electronic versions of COMESA publications were posted online. Dissemination of multimedia news packages comprising digital print; audio and video were shared with regional media houses through drop box.

8. Corporate relations:

Study tours were conducted for students in both primary and tertiary institutions in Zambia such including Chresco and Copperbelt Universities and Overhill primary school. About 100 students were sensitized about COMESA.
A presentation was also made to senior military officers from the eastern and southern Africa at the Defense Staff College in Lusaka. Diplomatic trainees from South Africa were also hosted.

9. Visibility

Two billboards were maintained in Zambia, one at the Kenneth Kaunda International Airport and the other at the Secretariat. Additional billboards at the regional air transit hubs in Nairobi and Addis Ababa are underway will be installed in 2016.

6.5. COMESA BRUSSELS LIAISON OFFICE

The COMESA Brussels Liaison Office (BLO) has the mandate to develop and maintain constructive and productive institutional relationships between the COMESA Secretariat, the European Union institutions and the ACP Secretariat to support development in the COMESA region and to promote common views within other African, Caribbean and Pacific Groups fora. The BLO plays a support role for the COMESA Secretariat in relations with the European Commission and its Member States in resource mobilization and monitoring of projects and programmes financed by the EU. In 2015, much of the BLO work focused on three major areas: (i) resource mobilization (ii) facilitation of support to development cooperation and regional integration and (iii) multilateral trade issues.

As a constituent of the COMESA team involved in the negotiation and programming of 11th EDF, COMESA BLO contributed to the drafting of the documents for negotiations. The BLO pursued and monitored the implementation of the COMESA and ESA-IO 10th EDF projects at the EU Headquarters in Brussels. BLO also collects and shares information and analysis with the COMESA Secretariat and other sister Regional Organisations (ROs) within Eastern Africa, Southern Africa and the Indian Ocean [EA-SA-IO] region on on-going 11th EDF negotiations and programming developments. As a result, the Regional Indicative Programme (RIP) for the EA-SA-IO region was signed on 4th June, 2015 in Brussels between the five CEOs of the EA-SA-IO region, now comprising of COMESA, the EAC, IGAD, the IOC and SADC, and the EU Commissioner for Development.

Key achievements

The BLO actively undertook to identify and mobilize resources for projects/programmes related to the consolidation and deepening of regional Integration in the COMESA region. The projects/programmes covered included, among others: the COMESA envelope under 11th EDF; REACH Project for the COMESA LLPI; the COMESA Standardisation, Quality Assurance and

Metrology (SQAM); and the identification of 11 proposed COMESA projects expected to be considered and funded by TradeCom II. These proposed programmes/projects are expected to attract an additional allocation of about Euros 1 million, beyond the COMESA allocated envelop (€85 m) for the period to be covered under 11th EDF funding. The BLO's role in this process will continue beyond 2015 in order to keep beneficiaries informed of the state of play of resource mobilization activities.

The COMESA BLO's second role involved pursuing support to facilitate development cooperation and regional integration in the region. This role was effected through sustained cooperation and good relations with the European Commission, its Member States and other EU institutions; the ACP Group of States Secretariat; the AU Permanent Mission in Brussels; RECs represented in Brussels; and other International Institutions present in Brussels (UN-Habitat, WTCO, IMO, UNIDO, etc). In the course of these engagements, the BLO represented the COMESA region at key meetings of cooperating partners, including the EU, ACP, AU, WTO and ITC, the Commonwealth Secretariat, the Organization Internationale Francophonie (OIF), the ACP-EU Joint Parliamentary Assembly, the ACP and ACP-EU Councils of Ministers, the WTO Global Review on Aid for Trade. It also participated in several other dialogues at the joint COMESA-EU, Africa-EU college to college meetings as well as ACP-EU technical meetings, among others. Other involvements covered participation at the Intra ACP-EU PMU Facilities steering committee meetings that brings together the ACP-EU, the Commonwealth Secretariat and OIF to represent the Hub and Spokes II Programme, the ACP-EU TBT Programme and All ACP Agricultural Programmes (AAACP) on Cotton (Cos-Cotton).

Regarding EPA negotiations, the BLO contributes to the technical preparation of documents as well as follow-up on the ground of questions/contentious issues posed by the region to the EC partners in that framework. The BLO updates the Ambassadors of COMESA MS, negotiating under the ESA umbrella of the state of play of the negotiations.

The BLO continues meets with EU [the EC-DG Trade and DEVCO] in Brussels and discusses the possibility of having ESA-EC Joint Ministerial meeting to discuss and agree on the way forward for full/comprehensive EPA negotiations.

Cooperation with Africa Group of Ambassadors and other RECs Represented in Brussels

In collaboration with the Permanent Mission of the African Union Commission in Brussels, various consultative meetings are organized on behalf of African Missions in Brussels and other Regional Economic Communities "RECs" already represented in Brussels (ECOWAS, UEMOA, and other Ambassadors chairing other Africa RECs not yet represented in Brussels). The aims of such consultations are to adopt common positions at different meetings at ambassadorial level with the ACP Group, or when joint ACP-EC meetings are organized. They are also occasions of exchanging views on the matters/issues of African common interests in areas of Development Cooperation, Trade, Infrastructure Development and Peace and Security, etc.

Together with other African RECs represented in Brussels, BLO is playing a key role in galvanizing others and make audible voice the needs of considering regional dimension by all cooperating partners when meeting in Brussels and Geneva.

In the name of COMESA, BLO played a key role in proposing an ACP forum of all ACP-RECs where ROs can discuss and adopt common position on cooperating matters of common interests/concerns. This ACP Interregional Coordinating Committee [ACP-IROCC] is now functional.

PART: 7

COMESA INSTITUTIONS

7.1 THE EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT (PTA) BANK

The Eastern and Southern African Trade and Development Bank commonly known as PTA Bank (the "Bank") was established as an autonomous specialized institution by the PTA Bank Charter on 6 November 1985, pursuant to the provisions of Chapter 9 of the Treaty establishing the Preferential Trade Area (the "PTA") for Eastern and Southern African States.
This report provides an overview of the status and developments at PTA Bank, to the period up to the fourth quarter of 2015. The Bank's broad objectives are to provide financial and technical assistance and promote social and economic development and trade among Member States, in accordance with the provisions of the COMESA Treaty.

The Bank's Headquarters is Bujumbura, Burundi, and has operational regional offices in Nairobi, Harare and Mauritius.

1. The Bank's Mandate and Mission

PTA Bank's mandate is to finance and foster trade, socio-economic development and regional economic integration across its Member States. The Bank's Charter also provides for the establishment and administration of special purpose funds in the region, given its role as a specialized and autonomous regional financial institution.
Its mission is to be at the forefront of extending development capital and services to advance regional growth and integration through customer focused and innovative financing instruments. The Bank implements its mandate by supplementing the activities of national development agencies of Member States and by cooperating with other institutions and organizations, public and private, national and international, which are interested in the economic and social development of the Member States.

The Bank is similar in structure to other supranational trade and development banks, such as the African Development Bank, the African Export-Import Bank and the East African Development Bank, all of which are treaty based financial institutions with both African and non- African shareholders. The Bank currently has 28 shareholders: 18 African sovereigns from COMESA, EAC and SADC, 8 institutional investors, namely the African Development Bank, ZEP/COMESA Reinsurance Company, Africa-Re, the National Pension Fund of Mauritius, Mauritian Eagle Insurance Company, Seychelles Pension Fund, Rwanda Social Security Board (RSSB) and Banco Nacional de Investemento (BNI) and 2 other non-regional members, namely China and Paritetbank (Belarus). BNI, which is wholly owned by the Mozambique government, is a landmark transaction that marks the start of a mutually beneficial relationship with a new country in the region.

PTA Bank Member States

PTA Bank's Shareholders (2015)			
Country / Institution African Sovereign/ Member States			
Burundi	1.71%	Mozambique	0.29%
Comoros	0.04%	Rwanda	2.00%
Djibouti	0.44%	Seychelles	0.38%
Congo DRC	3.33%	Somalia	0.22%
Egypt	7.48%	Sudan	6.89%
Eritrea	0.17%	Tanzania	7.24%
Ethiopia	7.48%	Uganda	4.70%
Kenya	7.48%	Zambia	6.45%
Malawi	1.85%	Zimbabwe	7.76%
Mauritius	3.63%		
Member Countries			
People's Bank of China	9.12%	Paritetbank	0.58%
Institutional Shareholders			
AfDB	8.55%	NSSF Uganda	2.27%
Africa-Re	0.97%	RSSB	2.68%
BNI	1.09%	Sacos Group Ltd	0.16%
Mauritian Eagle Insurance	0.35%	Seychelles Pension Fund	1.34%
NPF - Mauritius	2.26%	ZEP-RE	1.09%

The Bank's Charter was amended by the Board of Governors in December 2012 to align itself with the COMESA-SADC-EAC Tripartite Agreement, in terms of membership, and the wider regional integration framework around trade and infrastructure, as well as to update and modernize the institutional framework to enable the Bank to attract more capital from institutions with surplus investible capital. PTA Bank's Charter, like that of other African financial institutions, has always provided for sovereign and institutional investors, both African and non-African. It is also the case that the African character of the Bank is preserved by providing that the President and staff are nationals of Member States and by requiring a two-thirds vote by African Member States for any amendments to the Charter.

2. 2013-2017 CORPORATE PLAN

As at December, 2015, the bank's balance sheet rose to $4.09 Billion, reflecting another record increase in the volume of financing to Member States, spread across various sectors and countries. This was done on commercial principles in line with the Bank's Charter, and as such, the Bank's profitability has continued, strengthening the financial position of the Bank and its capacity to attract greater funding in support of expanded financing activities further, as reflected in the table below.

Table 17: Balance sheet

Financial Highlights	2013		2014		2015		Total Actual	Total CP	% of CP Target Achieved	2016	2017
	Audited	CP	Audited	CP	Audited	CP	2013-2015	2013-2015		CP	CP
Operating Income	101.18	84.82	121.72	95.55	151.88	141.66	365.90	322.03	**116%**	129.24	155.05
Profit for the Year	66.63	47.71	76.98	49.44	94.72	62.94	238.33	160.09	**149%**	68.37	85.61
Total Assets	2,498.59	1,997.61	3,543.85	2,186.91	4,094.56	2,759.14	4,094.56	2,759.14	**148%**	3,042.49	3,457.84
Total Liabilities	2,021.61	1,556.04	2,921.92	1,661.52	3,358.88	2,159.61	3,358.88	2,159.61	**156%**	2,357.38	2,671.98
Total Equity	476.98	441.58	621.92	525.38	736.27	599.52	736.27	599.52	**123%**	685.11	785.86
Key Ratios											
NPL (%)	4.43%	5.00%	3.04%	5.00%	2.87%	5.00%	2.87%	5.00%	**174%**	5.00%	5.00%
Return on Assets	3.04%	2.00%	2.55%	2.00%	2.48%	2.00%	2.48%	2.00%	**124%**	2.00%	2.00%
Return on Equity	16.23%	11.00%	14.48%	9.00%	14.02%	10.00%	14.02%	10.00%	**140%**	10.00%	11.00%
Debt/Equity	381.00%	323.00%	445.00%	290.00%	415.00%	332.00%	415.00%	332.00%	**75%**	318.00%	315.00%
Capital Adequacy Ratio	34.70%	36.00%	33.70%	38.00%	39.10%	36.00%	39.10%	36.00%	**108%**	36.00%	36.00%

The profits of the Bank, also, have about doubled in the past three years, to 149% above the three year corporate plan 2017 level. Another important element of the Bank's strong performance is the improved quality of its assets, which is evident in the continued reduction of non-performing loans, which has declined from a high of 4.43% in 2013 to 2.87% as at December 2015. All other indicators above (Table 1), the Bank has shown strong performance well above the Corporate Plan targets.

3. Economic Environment – Sub-Saharan Africa

Notwithstanding the slowdown, Sub-Sahara Africa once again outperformed global performance registering, albeit, a reduced growth rate of 3.75% from 5% in 2014. The subdued growth rate reflects mainly the adverse impact of the sharp decline in oil and commodity prices. Generally, the volatile global

economic recovery presented a difficult external environment for many Sub-Sahara African countries. Hardest hit were the oil exporting countries of Nigeria, Angola, Cameroon, Algeria, Equatorial Guinea, Gabon, Chad, Congo Brazzaville and others all experienced fiscal deficit challenges. Though many non-oil producing countries benefited from lower oil prices, the adverse price impact in other commodities such as mineral and agricultural exports offset some of the positive impact from lower oil prices.

In eastern and southern Africa, several economies like Ethiopia, Tanzania, and Rwanda continued to grow robustly on the back of ongoing infrastructure and other investments as well as solid private consumption averaging growth rates of 8.5%, 7% and 6% respectively. The Seychelles, Mauritius, Mozambique recorded medium growth rates of about 5%. On the other hand, a number of economies such as Zambia, Zimbabwe, Sudan, and Malawi had an average low growth rate of 3%. The largest economy in the tripartite region, the South African economy, continued with a very low growth rate of around 1%, amidst electricity outages, labour stoppages and low mineral export prices. Similar factors have affected several other middle-income countries, such as Ghana and Zambia.

4. Overview of the Bank's Recent Performance

Despite the economic headwinds, the Bank performed very well in 2015 posting strong operational and financial performance as summarized below. In line with the Bank's 5th Corporate Plan (2013 – 2017) growth strategy, total assets grew by 16% to USD 4.09B from USD 3.54B in 2014. Loan assets also grew by 16% to USD 2.91B in 2015 from USD 2.51B in 2014. There was also a slight increase in equity capital by 18% to USD 736M from USD 622M the previous year. This was on the strength of strong profitability new equity subscriptions as well as recapitalization of dividends declared. There was also a significant improvement in overall loan asset quality with the non-performing loan ratio further decreasing to 2.87% from 3.04% in 2014. The Bank posted a record net profit of USD 94.7M, a 23% increase over the previous year. On the back of improved profitability, the Board will be recommending a dividend distribution as was done in the previous year.

Table 18: Key Highlights of the Audited financials from 2011 to December 2015

US$ '000	2010	2011	2012	2013	2014	2015
Operating Income	46,052	63,535	89,149	101,184	121,722	151,882
Profit for the Year	20,321	34,365	51,229	66,630	76,978	94,720
Total Assets	1,043,439	1,370,411	1,843,671	2,498,590	3,543,847	4,094,560
Total Liabilities	833,198	1,092,044	1,499 ,200	2,021,611	2,921,925	3,358,291
Total Equity	210,241	278,366	344,252	476,979	621,922	736,269
Return on Equity (%)	10.46	14.03	16.46	16.23	14.01	14.02
Return on Assets (%)	2.17	2.84	3.19	3.07	2.55	2.48
Debt/Equity (%)	303.00	349.00	371.00	381.00	445.00	414.7
Capital Adequacy Ratio (%)	36.0	37.0	35.0	34.6	33.70	39.10
Earnings per Share	390	596	892	1,154	1,144	1,191

5. Resource Mobilisation

The Bank's moderated rate of growth of loan assets was reflected in a corresponding moderate growth in funding liabilities. Also, in the latter part of 2015, liquidity within the global capital markets tightened following the announcement by the US Fed to gradually unwind the quantitative easing measures that have been in place several decades. In spite of liquidity tightening, the Bank was able to maintain a well-funded position throughout the year. During the year under review, several funding initiatives were launched to raise long term funding for the project and infrastructure business with a focus on negotiating new lines of credit from Export Credit Agencies.

The Bank led the arrangement of large scale ECA funding for RwandAir to purchase aircrafts from Airbus. The Bank is also at an advanced stage in negotiations with other ECAs to fund power projects. Negotiation with BNDES has culminated in the establishment of a USD 50M line of credit targeted at small and medium enterprises. Other bilateral long term facilities were also explored with several OECD and other partners. A Memorandum of Understanding was signed with Export and Import Bank of China in April 2015 that covers a range of short and long term funding. China is one of the largest trading partners of the region, and it is expected that the operationalization of this new funding partnership will unlock significant funds for trade and infrastructure development. Also, various new trade finance lines were established, for example from BADEA Bank in the amount of USD 40M. In addition, increases in existing lines were concluded, with total short term lines of credit increasing by a net amount of USD 260M. The Bank's funding base was diversified with new counterparties like the Bank of Tokyo Mitsubishi, Sumitomo Mitsui Banking Corporation, KFW IPEX and Investec Bank Limited providing over USD 150M of new short term funding.

Since the introduction of Class B shares, PTA Bank raised close to USD 100M, including USD 15M raised in 2015. The National Security Fund of Uganda (NSSF) signed up USD 14M of Class B Shares thus further diversifying the Bank's Class B ownership. Several existing institutional investors increased their equity investments, demonstrating continued faith in PTA Bank and its prospects for profitable growth through its trade and development financing. These included the Seychelles Pension Fund and the Africa Reinsurance Company (Africa Re), who increased their investments by an additional USD3M and USD 2M respectively.

The Bank also fulfilled its commitment to investors by declaring its first dividend of USD 329.5 per share for the financial year 2014 which implied an attractive yield of 5.5% for investors that joined the Bank in addition to capital appreciation of 38%, since the introduction of Class B Shares. Class B Shares offer attractive returns and dividends for investors, while supporting the Bank's development impact in the region. Several institutional investors, including the Rwanda Social Security Board, National Pension Fund of Mauritius, Banco Nacionale de Investmento of Mozambique, and the People's Republic of China chose to reinvest their dividends into additional Class B Shares. The Bank will continue its fund raising efforts and aims at building more partnerships with both regional and global institutional investors.

6. International Credit Ratings

The Bank is rated by two international rating agencies, namely, Fitch and Moody's. In 2012, Fitch Ratings revised the Bank's outlook from stable to positive and, in 2013, upgraded the international long term rating from BB- to BB with a stable outlook. In October 2014, Fitch re-affirmed the upgraded rating of BB, with a stable outlook while Moody's maintained its Ba1 rating. Both rating agencies have cited the Bank's expanding capital base and strong liquidity among the critical strengths taken into consideration. Also cited was the Bank's improved risk management and governance framework and practices as new developments that led to the positive rating. In 2012, Global Credit Rating Agency (GCR), a South African based ratings agency upgraded the Bank's rating to BB+, just one notch below investment grade, reflecting an improvement in the Bank's risk profile. The Bank's ratings were unchanged in 2015, despite a deteriorated operating environment and widespread credit ratings downgrades in several Member States where the Bank has substantial exposures.

7.1.1 Bank's Interventions in COMESA Region

a. Project and Infrastructure Financing

In line with the Bank's five strategic themes under the current Corporate Plan namely; deepening and broadening current areas of engagement in trade and project finance, targeted extension to markets with
low coverage, product innovation and investment in existing and new business areas, mobilization of New Capital and enhancement of institutional capacity, PIF continued to expand its operations in new Member States through targeted business development and product innovation. Diversification of the loan portfolio remained a key thrust of the Bank in 2015. Through strategic focus on frontier markets, PIF has continued to explore new business with maiden interventions in Djibouti and Mozambique. Quick turnaround of transactions was also a key focus and as a result PIF saw three transactions approved, committed and disbursed within the year.

b. Project and Infrastructure Approvals

In the year 2015, the Bank approved a total of USD 357M in 18 transactions comprising both debt and equity spread across several Member States. In 2014, approvals stood at USD309M which translated to a 16% growth.

Chart 1: PROJECT AND INFRASTRUCTURE APPROVALS BY SECTOR - 2015

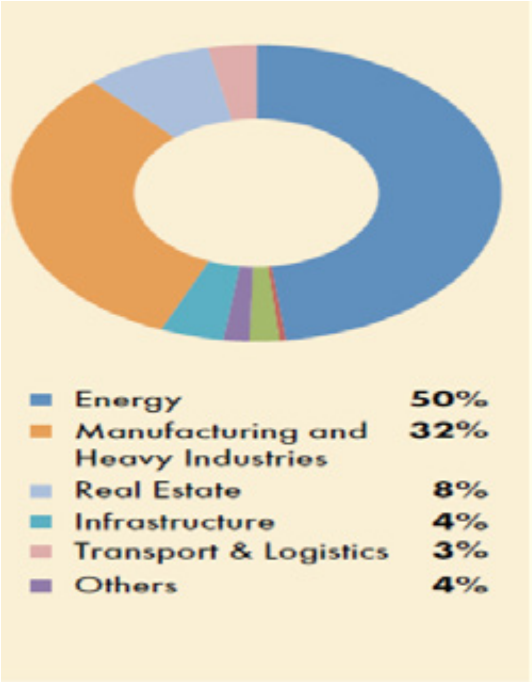
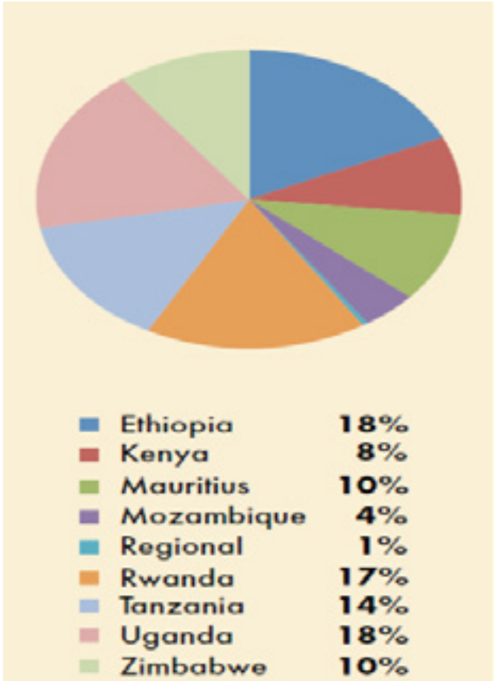


Chart 2: PROJECT AND INFRASTRUCTURE APPROVALS BY COUNTRY - 2015



c. Project Commitments

Significant milestones in the project finance cycle are Commitments (signing of Loan Agreement) and fulfilment of Conditions Precedent (CPs) to disbursement to facilitate draw down of approved loans. In 2015 a total of 14 transactions reached commitment stage with an aggregate amount of USD 225M.

d. Project Disbursements

In the year under review, disbursements of PIF loans amounted to USD 202M. Loan Facilities are disbursed either through Letters of Credit (LCs) or cash disbursement.

e. Profiles of Projects Approved

Some of the projects approved in 2015 are highlighted below:

- Kampala Cement Company Limited (KCCL) (USD 49.3M) – Uganda
- Kilwa Energy Limited (USD 50M) – Tanzania
- New Coal Terminal Beira (NCTB) (USD 15M) – Mozambique
- Habesha Cement Share Company Ltd (USD 60M) – Ethiopia
- Sapmer Morne Blanc Tuna Limited and Morn Seselwa Tuna Limited. (Sapmer Tuna Purse Seiner Vessels 8 & 9) (USD 6M) – Mauritius
- Mercantile Credit Bank (USD 2M) – Uganda
- Hydromax Limited (USD 12.7M) – Uganda
- Gatepro Steel Company (USD 5M) – Ethiopia

7.1.2 Trade Finance in The Region

At the global level, economic headwinds and increasing uncertainties in the operating environment have had mixed effects on the economies of Member States. There was marked depreciation of most currencies across the region in 2015 occasioned by lower export earnings due to weakening of global commodity prices and strengthening of the United States Dollar. This has posed an economic policy challenge as the local currency depreciations are off setting some of the gains from cheaper energy imports. Also, lower earnings from agricultural commodities exports have worsened terms of trade for most of the agrarian economies in the region.

Furthermore, harvests across the region were lower than expected due to unfavourable weather conditions precipitated by the El Niño phenomenon characterized by either extended dry spells or flood conditions. This has led to a rising food deficit in a number of Member States. This has given rise to food and energy gaps that have to be satisfied through imports.

On a positive note, the slump in global petroleum and petrochemical prices eased pressure on international reserves for majority of Member States. The COMESA region remains a net importer of petroleum and petrochemicals which are critical inputs in transport and distribution as well as agricultural sectors. Detailed performance including approvals, disbursements, sectorial and geographical growth for the 2015 is reported in the sections below.

Chart 3: APPROVALS BY SECTOR - 2015

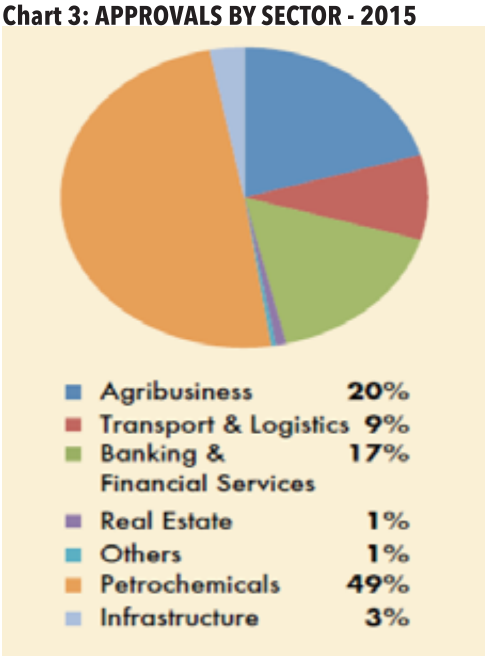
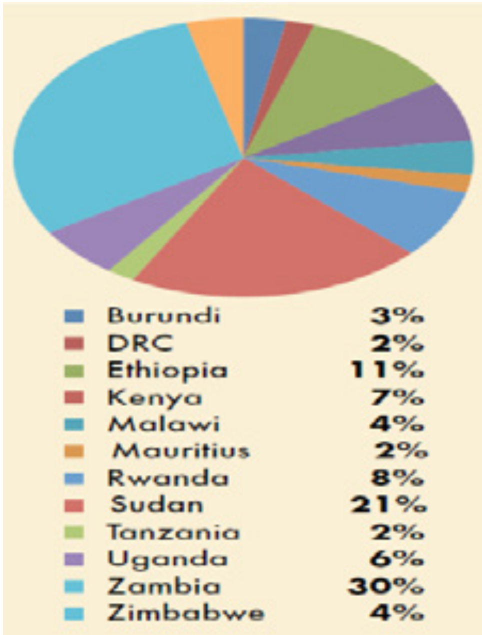


Chart 3: APPROVALS BY COUNTRY - 2015



7.1.3 Funds Management

The Bank's Funds Management Initiative (FMI) was established in 2013 under the 5th Corporate Plan (2013 – 17) to support the implementation of the Bank's strategy, in pursuing managed growth and diversification, by spearheading new initiatives. This initiative is in line with Article 9 and 10 of the Charter, which stipulates that the Bank will establish and manage a Trade Financing Fund and Special Purpose Funds designed to promote the objectives of the Bank.

The Bank, accordingly, is developing two strategic funds, namely the COMESA Infrastructure Fund (the CIF) and the Eastern and Southern African Trade Fund (ESATF). Through a competitive selection process, the COMESA Infrastructure Fund Interim Advisory Board (the Board) identified Harith General Partners Proprietary Limited (HGP) to be the Bank's preferred partner to operationalize the CIF. PTA Bank also identified GML Capital LLP (GML) through a competitive tender process to be PTA Bank's preferred partner to operationalize the ESATF.

In the year under review, PTA Bank and its preferred partners achieved key milestones in relation to both funds. PTA Bank and HARITH came together and formed their joint venture fund management company for the CIF, namely Eastern and Southern African Infrastructure Fund Managers Limited (ESAIF). Both the CIF and ESAIF were incorporated in Mauritius and duly licensed by the Financial Services Commission of Mauritius. PTA Bank and HARITH successfully engaged with the Government of Mauritius to conclude an agreement that crystallizes certain benefits for the CIF and ESAIF in Mauritius, in line with the mandate of the CIF from COMESA. PTA Bank and HARITH collaborated to establish the requisite governance structures for ESAIF, including an effective board of directors and an investment committee. ESAIF prepared a prospectus and commenced various marketing initiatives, such as international road shows, establishing an online presence (www.esaifm.com) and making press releases, to sensitize target investors to its unique value proposition. Given the long-term nature of private equity investing, ESAIF engaged a fulltime CEO to provide the consistent and continued engagement that target investors require to support their decision-making processes for the commitment of long-term capital.

The work of the CIF and ESAIF continued to receive professional support from the Board appointed service providers, namely ABAX as the Fund Administrator, Bedell Cristin as the Legal Counsel, and PWC and BDO as the auditors of the CIF and ESAIF respectively.] Throughout this process, the Board provided continued guidance as PTA Bank, HARITH and ESAIF have undertaken, on behalf of the CIF, a formal engagement with COMESA to crystallize the benefits and support to be afforded within the COMESA region, including access to key infrastructure projects, regional integration initiatives and PPP's.

In relation to ESATF, PTA Bank and GML formed their joint venture fund management company for ESATF, namely Eastern and Southern African Trade Advisors Limited (ESATAL). Both the ESATF and ESATAL were incorporated in Mauritius and duly licensed by the Financial Services Commission of Mauritius. PTA Bank and GML successfully engaged with the Government of Mauritius to conclude an agreement that grants the ESATF and ESATAL certain benefits in Mauritius, in keeping with the developmental value of ESATAL for the region. PTA Bank and GML worked together to establish formal governance structures for ESATAL, including an effective board of directors and an investment committee. ESATAL prepared a prospectus and commenced marketing initiatives such engaging with international investors, establishing an online presence (www.esatal.com) and issuing press releases, to sensitize the market. Given the short-term nature of trade finance, ESATAL identified a complete operating team made up of staff from PTA Bank and GML, which is ready to operationalize ESATF as soon as it is launched.

The work of the ESATF and ESATAL continue to receive the professional support of the appointed service providers, namely APEX Fund Services as the Fund Administrator, Afrasia Bank as Custodian and Bankers, BLC Chambers as the Legal Counsel and KPMG as the auditors.

PTA Bank and its joint-venture partners HARITH and GML remain confident that the CIF and ESATF will start commercial operations in 2016, thus heralding a new era in the business of PTA Bank and opening new windows of opportunity to finance the development of the region.

7.1.4 Capacity Building Activities

2015 marked the third year of the Bank's current five year corporate plan in which various human capital development initiatives were set in full gear to attract and retain a talented and motivated work force. Accordingly, 17 new and existing positions were filled mainly in project and Infrastructure finance, compliance and risk management, trade finance and human resources and administration departments through a competitive selection process. The Bank's balanced scorecard (BSC) methodology has been
well positioned to align the performance of the Bank's human resources to its corporate goals and objectives.

Through the BSC implementation, a culture of delivery, accountability and measurement of performance has been enhanced together with the Bank's recognition and reward practice. To further enhance the skill levels of staff members, various training programs were undertaken during the year. The training programs covered a variety of areas including trade finance, syndicated lending, project finance, risk management, SAP Modules financial modeling and business writing skills. 2015 marked the introduction of the Bank's on-demand learning platform in partnership with the LR Management Group. This program will provide requisite resources to supplement the Bank's continuous learning and personal development program, an environment that provides over 300 virtually courses 24 hours a day and 7 days a week.

A 360 Degree Feedback Program, being one of the Bank's corporate initiatives under its current five year corporate plan, started in the 4th quarter of 2015. The Bank partnered with Envisia Learning, a reputable UK based service provider to leverage the impact of multi-rater feedback to facilitate positive behavioral change at the workplace through feedback, coaching and training and development. An employee engagement survey was also conducted to measure the level of employee motivation, involvement and commitment at PTA Bank. The study findings provided insight on the levels of employee engagement and recommended a framework to guide on future strategies of employee engagement at the Bank. During the year, improved administrative practices and cost cutting measures were applied consistently. Planned procurement of goods and services and other logistical and administrative support services including transport, protocol and insurance services were carried out in accordance with the Bank's policies with emphasis placed on efficiency and value for money.

The renovation project of the Bank's Headquarters building in Bujumbura was finalized in the third quarter of 2015. The second phase renovation work of the Harare regional office was also started. In 2015, following the Board of Directors' approval to procure preliminary design work for the development of the Nairobi Office building, an architectural consulting firm was selected. The consulting firm, based on the design brief prepared by the Bank, has developed and provided a concept design. The design work that meets the Bank's technical requirements has been reviewed and finally approved. The Bank has also appointed a project manager to manage and supervise the completion of this important project.

The Bank's year-end staff complement for 2015 was 117 out of which 78 employees were professionals constituting 67% of the total workforce. The ratio of female employees has also improved to 45% of the workforce, up from about 15% 4 years ago. The on-going Young Professionals Programme (YPP) has created a growing pool of new talent and is promoting diversity in the Bank's workforce. In 2015, three additional young professionals were recruited as part of the Bank's human capital development initiatives.

7.1.5 Rebranding

The Bank's rebranding initiative was advanced with completion of a brand audit, as well as a customer and partners' satisfaction survey. The surveys and analysis provided an in-depth understanding of the Bank's brand on the basis of which to renew and revitalize the brand. The brand audit provided significant insights into the current brand perception and current brand positioning. In 2016, the re-branding initiative will advance with Phase 2 to develop further the Bank's brand identity.

7.1.5 Customer and Partner Satisfaction Survey

It is in line with the corporate plan in 2014 that the Bank engaged a consortium of Africa Practice and OG+A as consultants to undertake a Customer & Partner Satisfaction Survey with the objective of identifying any gaps in delivery of solutions to customers, partners and stakeholders. The survey targeted customers and partners who are part of the 18 regional Member States.

The total overall satisfaction score for FY 2015 PTA Bank's Customer and Partner Satisfaction Survey result stood at 4.30. The rating was similar to the 4.29 rating from the year before. The scale varies from "1" for very dissatisfied to a maximum of "5" for very satisfied. The various indices and measures from the survey are important indicators on the Bank's engagement with clients and partners. By collecting quantitative data from customers and partners at regular intervals, the Bank can monitor service delivery and find ways to amend its strategy and come up with innovative solutions.

7.1.6 Awards

Over the last few years the Bank has won several awards in recognition of the Bank's adoption of high standards of governance, and performance. The Bank was awarded the African Association for Development Finance Institutions (AADFI) award for best performing regional DFI for 2013, 2014 and 2015. Previously, the Bank was presented two awards for the best local trade finance bank in Zambia and Zimbabwe by the Global Trade Review (GTR) in its Annual Africa Trade & Export Finance Conference. In 2014, the Bank was honoured with the Global Transport Finance (GTF) Award for the best Aircraft Deal of the year in Africa. Through the improvement of E&S policies and commitment to furthering the social and economic development of the region, the Bank in 2015 was recognized as the Best ESG Private Enterprise Bank, Africa. The Bank also won the GTR Award for the Best

Trade Finance Bank in East Africa 2015.

7.1.7 Conclusion

The Bank is playing a critical role in financing development projects, facilitating trade and promoting regional integration in the region. The Bank is rapidly advancing into a stronger regional trade and development finance institution. This has been the result of unprecedented support from Member States, Member Countries and Institutional Shareholders, in response to the strong performance and increased credibility of the Bank, as reflected in the quality of its assets, profitability and efficiency.

The five year strategic plan covering the period 2013-2017, seeks to accelerate economic development and trade in the region, and has introduced innovation, reforms and new initiatives to diversify further and expand the Bank's sources of capital and funding on the back of a stronger governance and risk management framework. It is very important for the region's image and the Bank's credibility that all African Sovereigns and Institutional Shareholders continue to demonstrate commitment in the region's increasingly successful Bank, which is attracting historic levels of funding from various Sovereign and Institutional Shareholders as well as financiers. The Bank will continue to promote sustainable growth and development through diversified and product intervention responding to the competitive and rapidly evolving global and regional environment.

APPENDIX

CORPORATE SOCIAL RESPONSIBILITY PROJECTS

PROJECTS IMPLEMENTED
DJIBOUT CSR

Brief Background
In line with the FYCP, Corporate Social Responsibility (CSR) has been a key developing initiative for the last two years having been launched in 2014 and been implemented successfully at the PTA Bank's headquarters Burundi and its regional offices Nairobi and Harare respectively. At its 116th meeting in March 2014, the Board of Directors approved an amount of USD 105 427.40 for support to CSR grant finance interventions in 2015.

COMESA LLPI

In 2015, PTA Bank received proposals from the COMESA Leather and Leather Products Institute (LLPI) and the AU Africa against Ebola Solidarity Fund initiatives. The Bank accepted to support the two initiatives with both launches taking place at the COMESA

LLPI and AU headquarters. The COMESA LLPI CSR support intervention was rolled-out in Ethiopia, Uganda, Sudan as well as Mauritius. The Bank's support of the COMESA LLPI was targeted at three incubators in Uganda (Uganda Leather Association), Ethiopia (Ethio-International Footware Cluster Cooperative Society) and Sudan (Sudan Science and Technology University). PTA Bank's support to COMESA/LLPI capacity building interventions was opportune and oriented to stimulate and strengthen the leather sector which has been highlighted as a priority agro-based commodity in the COMESA Region. The interventions were geared to enhance SME leather footwear manufacturing in COMESA by enhancing access to equipment and tools which is a serious constraint for SME performance. SMEs will use the equipment and tools, which will be located in a central place and made available with a nominal charge. The service charge money will form a common pool of funds, which will be used for the maintenance and replacement of the equipment and tools. This initiative is ongoing and will strengthen the service/ incubation centres and footwear SME cluster through the provision of common equipment and tools. Empirical evidence from assessments done by COMESA/LLPI showed that SME performance in COMESA countries was being impaired because of inadequate skilled manpower, isolation, very old and obsolete working equipment and tools, among others.

Over the last two years COMESA/LLPI has improved the challenges relating to isolation by facilitating the creation of clusters and limited skills by training 450 footwear artisans. Through these initiatives, more than 500 SMEs were able to access equipment and tools to enable them enhance their productivity.

The Ebola Solidarity Trust (AAEST)

PTA Bank pledged its support for the fight against Ebola by providing a capacity building grant of USD 50,000 to the Africa against Ebola Solidarity Trust (AAEST). These funds were to be utilized to support the establishment of the African Centres for Disease Control and Prevention (African CDC) to build Africa's capacity to deal with public health emergencies in the future. AAEST was established as a charitable trust under the laws of Mauritius for the purpose of raising funds to be deployed to train, equip and deploy African health workers in the fight against Ebola, to build long term local health capacity and continental capacity for disease control. In partnership with the African Union, the AAEST's mission is to mobilize resources to support much-needed health workers drawn from within Africa to the Ebola-afflicted countries through the African Union Support to the Ebola Outbreak in West Africa (ASEOWA).

Mauritius CSR

The CSR Mauritius's aim was to provide financial assistance to the Mauritius Institute of Training and Development (MITD), an institution operating under the aegis of the Ministry of Education, in their aim to transform an educational centre dedicated to developing the Technical and Vocational Education and Training (TVET). The Government of Mauritius, through the Ministry of Education and Human Resources, Tertiary Education and Scientific Research, took the initiative to invest in Technical and Vocational and Educational Training and Tertiary education to meet the growing gap between labour supply and demand and to develop employment opportunities for youth while diversifying hiring sources beyond the core economic sectors related to textile and sugar industries.

This Corporate Social Responsibility Grant of USD 25,000 supported the Mauritius Institute of Training and Development purchase state-of-the-art equipment to transform the Cote D'Or Training Centre into a model TVET with increased capacity to offer training in the building and allied trades. The transformed vocational training institute will be instrumental in meeting growing demand in skilled/specialist workers in the real estate sector which is benefiting from investments in mega projects such as the Smart Cities initiatives and in Integrated Resort Schemes. The Bank is committed to developing capacity in the communities in which it operates and welcomed this partnership with the Ministry of Education and Human Resources Tertiary Education and Scientific Research and is proud of the great strides Mauritius has made in the areas of education and trade.

CSR Djibouti

During the Bank's 21st annual general meeting, the Bank hosted a signing ceremony to commemorate a modest donation of USD 25,000 to Pouponnière Daryel, a nursery that provides comprehensive care for infants from birth to 3 (three) years of age. The nursery was established in 1978 by the late Mrs. Aicha Bogoreh who was the President of the Child Protection Centre (CPE) and National Union of Djiboutian Women (UNFD) in response to the increased incidence of abandoned infants in Djibouti. The nursery has operated under the patronage of the current First Lady since 1999. This donation represents part of PTA Bank's portfolio of CSR initiatives and investments within its Member States.

7.2 COMESA COMPETITION COMMISSION

The COMESA Competition Commission (the "Commission") is established under Article 6 of the COMESA Competition Regulations (the "Regulations"). The Regulations were promulgated by the COMESA Council of Ministers (the "Council") in 2004 under was established through Article 55 of the COMESA Treaty.

1. Pursuant to Article 2 of the Regulations, the purpose of the Regulations is to promote and encourage competition by preventing restrictive business practices and other restrictions that deter the efficient operations of markets, thereby enhancing the welfare of the consumers in the Common Market, and to protect consumers against offensive conduct by market actors.
2. In order to ensure that its programmes satisfy the broader needs of the Member States, the Commission, during the year 2015, devised its work programme to cover such critical pillars as Competition Enforcement, Competition Advocacy, Institutional Coordination and Technical Assistance and Capacity Building.
3. During the year in focus, the Commission undertook various activities to support Member States in the four pillars. The activities covered almost all the Member States of COMESA. The Commission also registered success in its advocacy work in Member States which is critical to enhancing competition culture in the Common Market and ensuring that Member States fulfill their Treaty obligations with regard to the domestication and implementation of the Regulations.

Achievements

The following are the major achievements of the Commission under the four pillars for the year in focus:

(i) Competition Enforcement

Competition enforcement involves the assessment of mergers and other forms of acquisitions, investigations of anticompetitive business practices and investigations pertaining to consumer welfare violations within the Common Market. Under this pillar, the Commission has registered substantial success in the number of mergers assessed as well as investigations/policy opinions offered regarding the restrictive business practices and consumer welfare violations. Stakeholders have continued to respond positively to the merger control enforcement efforts of the Commission. In the year 2015, the Commission received more than 20 notifications of merger and acquisitions transactions, covering a range of economic sectors from insurance to energy to agriculture, as illustrated in Figure 1 below. The Commission collected more than USD 3.9 million in notification fees for the year under review, half of which were shared with the affected Member States as per the Rules on Revenue Sharing of Merger Filing Fees. Kenya and Zambia were the most affected Member States, followed by Uganda, Mauritius and Rwanda, as seen in Figure 2 below. Table 1 depicts the revenue sharing of notification fees with Member States in 2015.

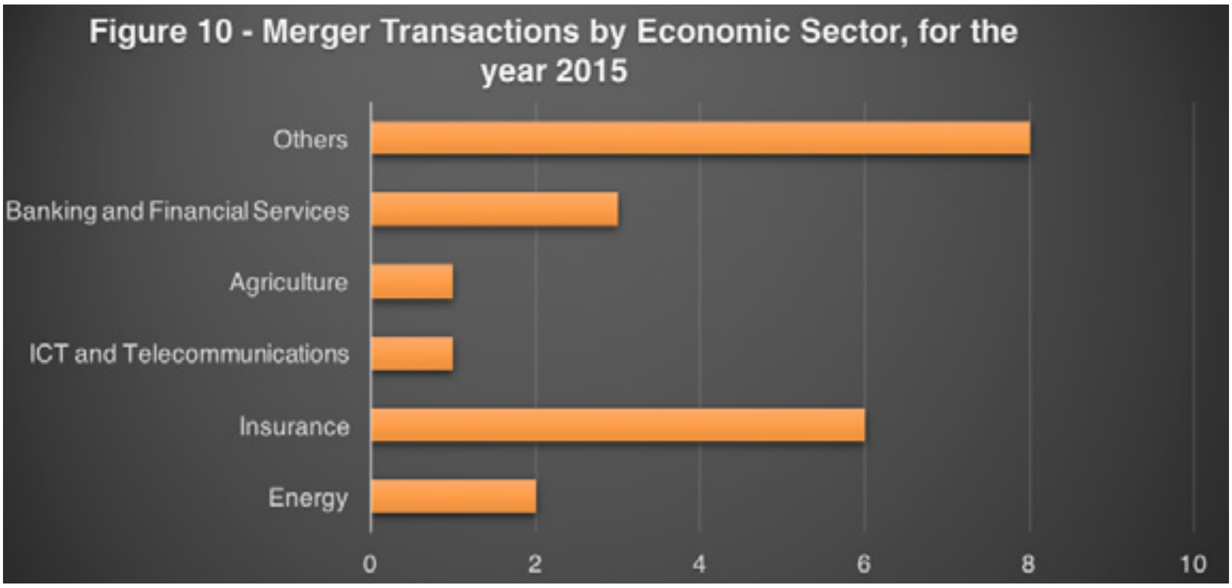


Figure 10 - Merger Transactions by Economic Sector, for the year 2015
Others
Banking and Financial Services
Agriculture
ICT and Telecommunications
Insurance
Energy
0
2
4
6
8
10

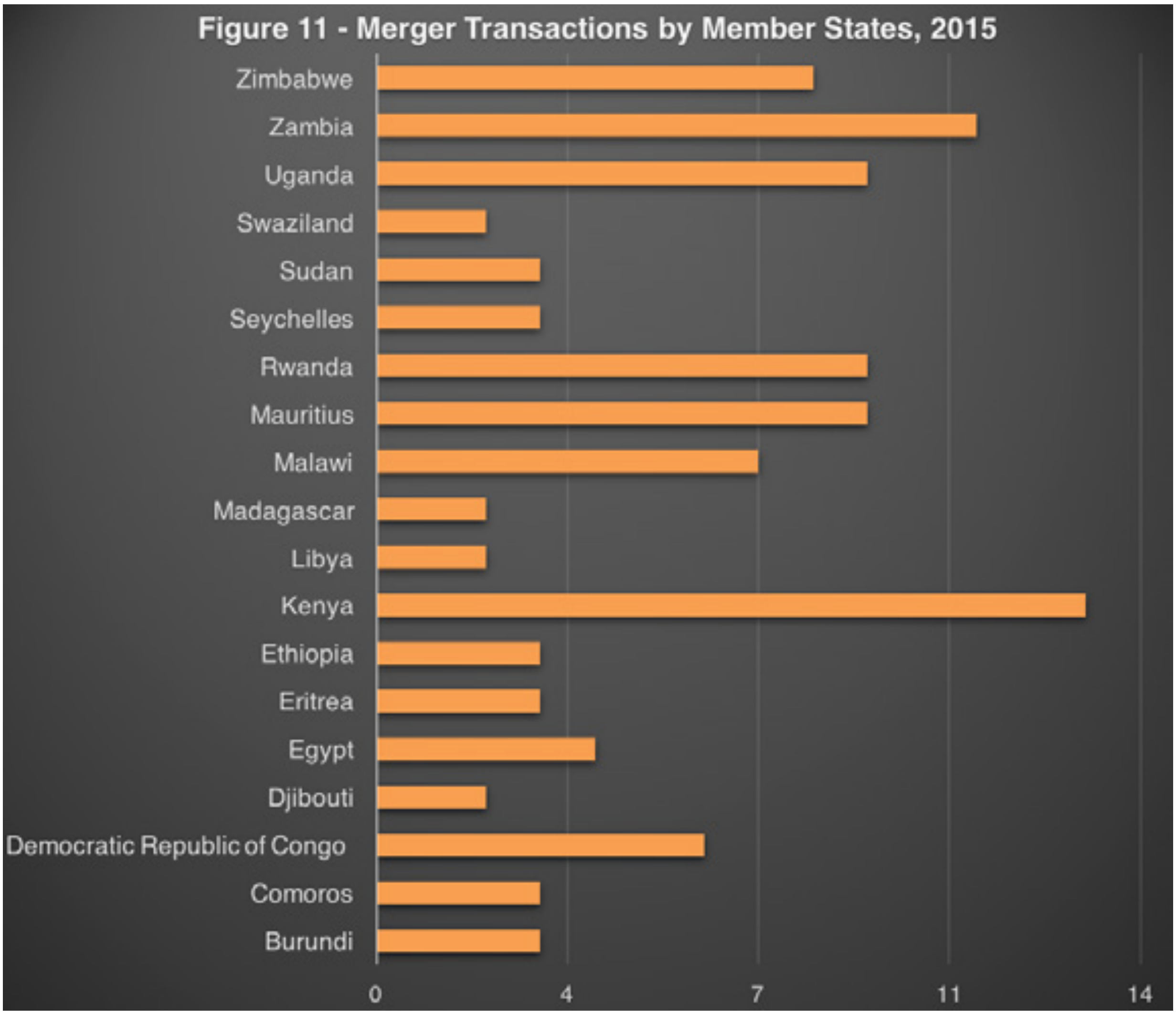


Figure 11 - Merger Transactions by Member States, 2015
Zimbabwe
Zambia
Uganda
Swaziland
Sudan
Seychelles
Rwanda
Mauritius
Malawi
Madagascar
Libya
Kenya
Ethiopia
Eritrea
Egypt
Djibouti
Democratic Republic of Congo
Comoros
Burundi
0
4
7
11
14

Table 21 – Revenue Accruing to Member States for the year 2015

COUNTRY	REVENUE ACCRUING TO MEMBER STATES IN 2015 (USD)
Burundi	855
Comoros	342
Democratic Republic of Congo	36,384
Djibouti	309
Egypt	129,239
Eritrea	1,464
Ethiopia	28,374
Kenya	466,173
Libya	24,810
Madagascar	2,012
Malawi	122,480
Mauritius	86,170
Rwanda	22,572
Seychelles	1,926
Sudan	20,756
Swaziland	131,608
Uganda	203,144
Zambia	268,472
Zimbabwe	160,474
TOTAL	**1,707,565**

As regards restrictive business practices, the Commission provided advisory opinions to two Member States, namely Kenya and Madagascar, on two business conduct that appeared to have cross-border dimension but had raised significant competition concerns only in the two Member States. The Commission also initiated investigations on two restrictive business practices cases but closed investigations due to non-significant competition concerns.

(ii) Competition Advocacy

At the 32nd Council Meeting held in Kinshasa, Democratic Republic of Congo, in February 2014, the Council directed the Commission to intensify sensitization and advocacy work in Member States to enhance the enforcement of the Regulations. In this regard, the Commission has conducted various advocacy and awareness campaigns during 2015 to promote convergence of national competition laws and cooperation between the Member States; ensuring the highest standards in the enforcement of competition law. Activities included:

- Public discussion on amended Regulations held in Cairo, Egypt on 18 March 2015; aiming at increasing awareness of obligations of stakeholders under the Regulations and the amended provisions affecting merger control in the Common Market;
- Public discussion with the DRC Bar Association held in Kinshasa, Democratic Republic of Congo on 19 June 2015; aiming at creating stakeholders' awareness on Member States Treaty obligations and the provisions of the Regulations;
- Regional workshop for business reporters held in Livingstone, Zambia on 16 – 17 July 2015; aiming at increasing reporters' understanding of the provisions of the Regulations and their role in enhancing a competition culture in the region;
- Training Workshop on the COMESA Merger Assessment Guidelines held on 16-17 September 2015 in Cairo, Egypt;

aiming at enhancing the understanding and application of the Guidelines by the National Competition Authorities with regard to cross border mergers which have an effect in their respective jurisdictions.

- National Competition Sensitization Workshop and Round Table Meeting held in Antananarivo, Madagascar on 24 – 25 September 2015; aiming at increasing awareness of the Regulations among key stakeholders in Madagascar and identify areas for technical assistance and training needs;

(iii) Institutional Coordination

The Commission made strides to enhance its working relationship with the National Competition Authorities of the Member States in the enforcement of the Regulations at national level mainly through the negotiations of the bilateral enforcement cooperation agreements to ensure the effective enforcement activities while the domestication of the Regulations by the Member States remains work in progress. On 4th September 2015, the Commission signed a Memorandum of Understanding with the Competition and Fair Trading Commission of Malawi in the application and enforcement of their respective competition laws. More Moues with Member States are envisaged to be signed in the year 2016.

The Commission also engaged firms in instituting an enforcement regime that contributes to easing the cost of doing business in the Common Market. This has resulted in the issuance of the merger assessment guidelines which offer clarity on some pertinent issues regarding the Regulations. The process has also resulted in the reduction of the merger filing fees b as much as 60% and a substantial increase in the notification thresholds.

(iv) Technical Assistance and Capacity Building

The Commission provided technical assistance to Member States that wish to initiate, establish and enhance the implementation and the enforcement of their respective competition laws in the respective countries. For example, on 5-6 August 2015, the Commission visited Rwanda and held consultative meetings with key stakeholders in order to facilitate the implementation and enforcement of the national competition law and the Regulations in Rwanda. The Commission also carried out capacity building initiatives in support of the national competition agencies through training. To this end, the Commission held a Regional Training Workshop on the COMESA Merger Assessment Guidelines on 16 – 17 September 2015. The aim of the workshop was to train the national competition authorities on the assessment of mergers to ensure consistency and certainty in the enforcement of the Regulations.

The Commission, in December 2015, also provided technical assistance to the Trade Competition and Consumer Protection Authority of Ethiopia in terms of establishing and strengthening their mergers and acquisitions division. This was important to ensure the efficient, effective, consistent and uniform application and enforcement of the Regulations in the Common Market.

In addition to the four pillars, the Commission has also made, during the year 2015, significant progress in the formulation of its enforcement instruments:

Formulation of Enforcement Instruments

On 26th March 2015, the Council of Ministers approved the Rules on the Determination of Merger Notification Thresholds and Method of Calculation which replaced the zero notification thresholds which were previously in force, by the following provisions:

a) the combined annual turnover or combined value of assets, whichever is higher, in the Common Market of all parties to a merger equals or exceeds COM$ 50 million; and

b) the annual turnover or value of assets, whichever is higher, in the Common Market of each of at least two of the parties to a merger equals or exceeds COM$ 10 million, unless each of the parties to a merger achieves at least two-thirds of its aggregate turnover or assets in the Common Market within one and the same Member State.

Amendments were also brought to the Regulations to reduce the merger notification fees from 0.5% of the combined annual turnover or value of assets, whichever is higher, in the Common Market of the merging parties, capped at COM$ 500,000 to 0.1% of the combined annual turnover or value of assets in the Common Market, with a reduced cap of COM$ 200,000.

The enforcement of these new Rules have contributed to enhancing the credibility of the Commission vis-à-vis its stakeholders.

Focus for the Year 2016

The Commission will intensify its technical assistance and capacity building role in Member States with particular focus on the training of National Competition Authorities in the enforcement of the Regulations. Further focus shall be on advocacy in order to sensitize national governments and other stakeholders on the provisions of the Regulations and the need for domestication of the Treaty and Regulations. The Commission will also work to conclude negotiations on the MoU on enforcement cooperation with other major competition agencies. Above all, the Commission is expected to enhance its efforts for the full enforcement of other parts of the Regulations, in particular Part 3 dealing with restrictive business practices.

7.3 COMESA MONETARY INSTITUTE

COMESA has a phased monetary co-operation programme which aims at establishing a common monetary area. This mandate is derived from Article 4 (4) of the COMESA Treaty signed in Kampala, Uganda on 5th November, 1993, which states that the COMESA Member States shall "in the field of monetary affairs and finance, co-operate in monetary and financial matters and gradually establish convertibility of their currencies and a payments union as a basis for the eventual establishment of a monetary union". This mandate is further reinforced in Articles 76-78 which respectively deal with the COMESA Monetary and Fiscal Policy Harmonization (MFHP), establishment of currency convertibility and formation of an exchange rate union. It is apparent that greater monetary stability will facilitate the economic integration efforts and provide for sustained economic development. The ultimate objective is to establish a monetary union, and thus enable the Common Market to attain the status of an Economic Community.

The programme enables Member States to:

(i) Take aggressive economic reform programmes while at the same time learning how to co-operate and co-ordinate their economic policies;
(ii) Through their reform programmes, create an enabling environment for price stability and economic growth to allow a natural development of financial markets and a high degree of economic integration;
(iii) Increase the scale of operations and competition, thereby increasing the efficiency of the regions' financial system;
(iv) Enable the region's financial systems to grow into regional and ultimately global players in the financial market;
(v) Harmonies statistical and other required information in the interest of effective surveillance framework;
(vi) Increase intra-regional trade while narrowing inequalities through economic growth;
(vii) Improve business environment and regional/global competitiveness
(viii) Induce foreign direct investment
(ix) Form monetary union in the region.

The COMESA Monetary Institute was established in 2011 in order to undertake all technical activities which are needed to enhance the COMESA Monetary Cooperation Programme and achieve the above mentioned policy issues. The Charter for the Institute was endorsed by the Twenty Seventh Meeting of the COMESA Council of Ministers which was held in Lusaka, Zambia on 7 December 2009. The Charter has been signed by 12 member countries Central Banks, namely Burundi, Congo (DR), Egypt, Kenya, Malawi, Mauritius, Rwanda, Sudan, Swaziland, Uganda, Zambia and Zimbabwe.

Since its establishment, the Institute was undertaking capacity building and research activities that are related to improving macroeconomic management and financial stability in the region with the aim of enhancing the COMESA Monetary Integration Programme.. More specifically, the institute is focusing on the implementation of the following: policy issues.

(i) The COMESA Multilateral Fiscal Surveillance Framework. The main emphasis of this intervention is to ensure the viability and sustainability of the COMESA monetary integration agenda and make the region zone of macroeconomic stability.
(ii) The COMESA Financial System Development and Stability Plan. The main objective of this intervention is to achieve Regional Financial Integration (RFI). RFI facilitates financing of larger real transaction among member countries of the region. This will help COMESA's long term objective of creating a single market in financial services in support

of regional integration. It should be noted that trade integration would be facilitated and accelerated if the financial sectors of member countries are well developed and integrated.

Capacity building and research activities which were undertaken by CMI in 2016 and their impact on improving macroeconomic management and financial stability in member countries are contained in the Table 1 attached below..

Table 22: CMI Activities for 2016

Activity	Impact on Macroeconomic Management in Member Countries
1.Workshop on "Enhancing Financial Inclusion in COMESA Region - through Enhancement of the Regulatory and Supervisory Framework" in collaboration with the African Development Bank (AfDB) and Alliance Forum Foundation of Japan(24 February – 1 March 2016)	Produced a regulatory and supervision frame work which balances financial inclusion and financial stability. The framework details performance benchmarks for financial inclusion; a wider basket of products and services for financially excluded and possible delivery channels of the identified services.
2. Training on "Practical Application of Modelling and Forecasting Volatility in Financial Markets Within a Multivariate Framework" (14 - 18 March 2016 in Nairobi, Kenya)	Equipped the participants with appropriate analytical skills and rigor to be able to adequately measure and forecast volatility in prices of financial market assets.
3. Training on "Liquidity, Interest Rate and Exchange Rate Risk Management" in collaboration with Central Bank of Egypt conducted (4 - 14 April, 2016 in Cairo Egypt).	Enhanced participants' skills to prudently manage liquidity, interest rates, and market and foreign exchange risks; and, deepened their understanding of hedging tools and instruments that could serve as protection from unwanted volatility of macro variables and external shocks.
4. Advanced Training on "Macroeconomic Modeling and Forecasting" in collaboration with Centre for Central Banking Studies of Bank of England (25 - 29 April, 2016 in Nairobi Kenya).	The training provided the following among others: (i) .A reference tool , that can be applied in developing small macroeconomic model and specific models of inflation, exchange rate, consumption, investment, monetary transmission mechanisms, fiscal deficit management; etc, (ii). Enhanced the understanding of the practical interface between theory and real economic situation ; and (iii). Strengthened CMI's efforts to impart knowledge in modeling and forecasting in the region as an integral component of COMESA Monetary integration Programme.
5. . Training on "Econometrics for Bank Supervisors and Financial Stability Practitioners with Particular Emphasis on Early Warning Models" (16 - 20 May, 2016 in Nairobi, Kenya)	The training provided participants with quantitative early warning techniques for assessing the robustness of the financial sector, its exposure to risks and its vulnerabilities to shocks.
6. . Training on "Advanced Panel Data Analysis with special application on (a) Channels of monetary transmission mechanism; (b) Interest rate spread". (30 May - 3 June, 2016 in Nairobi Kenya)	The training: (i) Enhanced the understanding of the practical interface between theory and real economic situation; and, (ii) Assisted technical staff in the regional central banks to appreciate panel econometrics tools and how they are used to provide empirical findings which support evidence based policy decisions.
7. Training on "Basel III and Macroprudential Surveillance" to be held from 11 – 15, July 2016 Nairobi, Kenya	Work in Progress

8. Training on "Application of stress testing in the financial system" to be held on 18 – 21 July, 2016 Nairobi, Kenya.	Work in Progress
9. Research activities on the following: (i). Country Specific Study on the Impact of External Shocks on Effectiveness of Monetary Policy; (ii) .Knowledge product On "The Effects of Fiscal Policy on the Conduct and Transmission Mechanism of Monetary Policy in selected COMESA Member countries; (iii) Estimating and forecasting volatility in short-term exchange rate using the GARCH models; (iv) .Analysis of direct and spill-over effects of exchange rate volatility on inflation using GARCH models; and, (v) Training on corporate governance for Central Banks	

7.4 COMESA CLEARING HOUSE

The objective of the COMESA Clearing House (CCH) is to facilitate the settlement of trade and services payments amongst Member States. The CCH introduced the Regional Payment and Settlement System, (REPSS) which allows Member States to transfer funds more easily within COMESA. REPSS is built on open standards and is also accessible to Non-Member States. It is to be noted that COMESA has the vision of making REPSS the single gateway for Central Banks within the region to effect payment.

7.4.1 Legislative Mandate

During the 1980's, a period categorized in many Member States by restrictive trade barriers and strict exchange controls, the COMESA Clearing House provided useful clearing and payment services. However, with the liberalization of current accounts and the repeal of exchange control restrictions, the need for the COMESA Clearing House to restructure its services to be more relevant to this liberalized market setting, was identified by COMESA Governors of Central Banks. The Clearing House was thus mandated, by its Central Bank Governors, the Ministers of Finance, the Council of Ministers and COMESA Heads of State and Government, to design and implement, among other facilities, a Payments System designed to reduce costs of regional transactions in a liberalized foreign exchange regime. The Regional Payment and Settlement System (REPSS), designed by COMESA Central Banks Payments Experts, with inputs from the IMF, commercial banks and other financial institutions of the region and with financial support from the EU under the Regional Integration Support Programme (RISP) was thus set up.

The Fifteenth Summit of the COMESA Authority of Heads of State and Government, held in Lilongwe, Malawi on 14-15 October 2011, inter alia "Urged all Central Banks and Stakeholders in the COMESA Region to aggressively market and use the Regional Payment and Settlement System (REPSS) in order to enhance intra-regional trade."

The Eighteenth Summit of COMESA, held in Addis Ababa, Ethiopia from 30 to 31 March 2015, continued to urge Member States and their respective Central Banks to sensitize their stakeholders on the utilisation of the Regional Payment and Settlement System for the benefit of the entire region, particularly through their respective Commercial Banks Associations/Unions, Chambers of Commerce and Industry, Exporters and Importers Associations. The Authority, pursuant to Article 73 of the COMESA Treaty, further urged Member States to use the COMESA Clearing House in order to generate resources for the COMESA Fund which will be used to leverage funding from cooperating partners for sustainable funding of COMESA programmes.

The Council of Minister's directives to Member States to settle all payments in respect of all transactions in goods and services conducted within COMESA through the Clearing House Regional Payment and Settlement System (REPSS) was also meant to act as a boost to the system.

7.4.2 Working of REPSS

REPSS is a Multilateral Netting System with End-of-Day Settlement in a single currency (US$ or Euro), with the system allowing for settlement in a multicurrency environment (US$, Euro or any other specified currency). The main aim of the system is to stimulate economic growth through an increase in intra-regional trade by enabling importers and exporters to pay and receive payment for goods and services through an efficient and cost effective platform. Local banks access the payment system through their Central Banks. Any participating bank is, therefore, able to make payments to, and receive payments from, any other participating bank. The linkages through Central Banks avoid the complex payment chains that may sometimes occur in correspondent bank arrangements. The system operates through member countries Central Banks and their corresponding banking systems.

Under REPSS, importers and exporters deal with their respective local commercial banks for trade documentation. The importer's payment to the exporter is then channeled through the Central Bank of the importer to the Central Bank of the exporter using the system's platform. Central banks send payment messages to REPSS on a particular day and at the end of the day, REPSS nets the payments and settlements are made to the respective Central Banks accounts. The Central Banks credit the commercial banks accounts with them and the commercial banks then credit the exporters accordingly. The credibility of the Central Bank and pre-funding of account by commercial banks give guarantee of payment.

7.4.3 Key Benefits of REPSS

Some of the key benefits of REPSS include the following:

i. It guarantees prompt payment for exports as well as other transfers. This is because T+0 settlement is possible with the Settlement Bank (Bank of Mauritius) being within the operating times of all other participants;
ii. The system eliminates mistrust among traders as there is Central Bank involvement. This in turn increases trade within the region;
iii. It reduces foreign funding as the amount to be paid at the end of the day by a participant is on a net basis;
iv. It reduces foreign counterparty exposures – participants are able to send payment instructions through REPSS to the Settlement Bank, thus reducing transactions and exposures; and
v. It reduces collateral requirements as Central Banks are directly involved in the system and trade is mainly amongst members.

7.4.4 Mitigation of Costs under REPSS

It is to be noted that the cost of making payment for intra-COMESA trade has been in excess of US $500 million per annum. The REPSS platform allows reduction in such costs with the resulting savings channeled to other economically beneficial projects within COMESA. Such cost savings would undoubtedly induce all users to make REPSS the preferred payment option going forward. Estimates show that the region would save a yearly amount of over US $100 million, when channeling intra-COMESA import transactions through the Regional Payment and Settlement System (REPSS), under which no confirmation of Letters of Credit is required.

REPSS further enables the building of trust and confidence amongst traders and commercial banks of the region and facilitates the transacting under documentary collections (ICC Publication no. 522) and ultimately on open accounts where the opening of Letters of Credit would no longer be required. Once the region moves to trading under open account, savings would be as high as US $400 million under documentary collections/open account trading. Further, such trust will in future promote trade among countries in the region, thus increasing trade significantly.

7.4.5 Current status of REPSS

Table 23: The current status of implementation of REPSS is as follows:

PARTICIPANT	DECEMBER 2015 STATUS	ACTION REQUIRED
Central Bank of Kenya	Live and transacting on REPSS, well received by commercial banks	More commercial banks needed on board
Reserve Bank of Malawi	Live on REPSS	Start transacting on the system
Bank of Mauritius	Live and transacting on REPSS	Increase REPSS Utilisation
National Bank of Rwanda	Live on REPSS	Increase REPSS Utilisation
Central Bank of Swaziland	Live on REPSS	Start transacting on the system
Bank of Uganda	Live on REPSS	Increase REPSS Utilisation
Bank of Zambia	Live on REPSS	Start transacting on the system
Banque Centrale du Congo	Live on REPSS	Start transacting on the system
Banque de la République du Burundi	Internal preparations in progress	Internal preparations to be completed
Central Bank of Egypt	Internal preparations in progress	Final tests for live operations underway
Central Bank of Sudan	Internal preparations in progress	Final tests for live operations underway
Banque Centrale de Madagascar	Preliminary tests carried out	Sensitization and Internal preparations needed
Bank of Tanzania	Preliminary tests carried out	Further tests needed
Sensitization of stakeholders		
Reserve Bank of Zimbabwe	Preliminary tests carried out	
Agreements signed	Internal processes to be completed	
Central Banks of Comores, Djibouti, Eritrea, Ethiopia, Libya and Seychelles	REPSS preparations not yet started	Start preparations for REPSS

7.4.6 Performance

The system is operational in 8 Member States, namely at the Central Banks of DRC, Kenya, Malawi, Mauritius, Rwanda, Swaziland, Uganda and Zambia. The Central Banks of Egypt and Sudan will be starting their live operations in 2016 and it is hoped that the rest of the COMESA countries will join the system during the course of 2016/17, in line with COMESA's variable geometry approach to implementation of its programmes.

The use of REPSS continues to grow gradually and with more Central Banks coming on board and using the system, the volume of payments passing through the platform will lead to a shift in preference of payment methods for regional payments. The total value of transactions processed as at December 2015 was over USD10 million and this is expected to increase with greater use of the system by participants.

Focus for 2016/17

There is tremendous support for the system from all stakeholders. Training and sensitization continues to be carried out by Central Banks, COMESA Clearing House and COMESA with a view to explaining the functionalities of the system, presenting its objectives and benefits, training of Central Bank Staff, getting buy-ins of commercial banks and stakeholders and ensuring Central Banks and commercial banks readiness.

7.5 COMESA REGIONAL INVESTMENT AGENCY (RIA)

Since its launch, COMESA RIA has been active in promoting the COMESA region as a unified and a common investment area, building a positive image of the region to a worldwide audience, and improving Member States' ability to do the same.

COMESA RIA has been able to highlight COMESA investment opportunities and business environment in its Member States through various promotional activities and programs during this year that included: the upgrade of RIA's website and update of various topics related to investment promotion and countries profiles, development of various publications, organization of Africa 2016 forum, participation at key events and promotional support to Member States' events, development of a financial online portal that supports entrepreneurs and enterprises identify banks, private equity funds, trade finance providers and insurers among a list of 500+ institutions.

In addition, COMESA RIA continues to disseminate and provide positive business news and information about facilities, regulatory frameworks, incentives, and procedures in the COMESA region. Such promotional efforts have succeeded in bridging the gap between perceptions and reality. They have also raised the profile and image of the region and its Member States and its investment promotion agencies, thus contributing furthermore to reflecting the COMESA market as the place where the return on investment is higher than anywhere else in the world.

7.5.1 RIA ACTIVITIES IN 2015

Djibouti

Development of an Investor's Guide to Doing Business in Djibouti

Source of Funding

- Regular budget

Impact

- Strengthened portfolio of high-quality promotional tools at the disposal of Djibouti's National Investment Promotion Agency (NIPA);
- Availability of an updated and all-in-one reference for improved quality and speed of responsiveness to investor inquiries;
- Improved overall capacity of NIPA to attract investment to Djibouti.

Egypt

Support to the Egyptian Agency of Partnership for Development

Cooperation with the Egyptian Agency of Partnership for Development (EAPD), Ministry of Foreign Affairs of Egypt to promote intra-African trade and investment with special focus on encouraging Egyptian trade and investment in African countries.
Source of Funding

- EAPD

Impact

- Enhanced the agency's capacity by providing the necessary business guide tools and programs to promote Egyptian trade and investment in COMESA and Africa.
- Enhanced visibility of COMESA RIA's activities and mandate as an information hub and advocate for investment

promotion.
- Increased intra-African trade and investment.

Malawi

Support and promotion of the Malawi Investment Forum (MIF 2015), 29-30 June 2015, Lilongwe, Malawi

RIA promoted Malawi 1st Investment Forum (2015) highlighting the importance of the forum as a platform for different private sector and public institutions to discuss collaboration avenues, investment opportunities and joint possibilities.

Source of Funding
- N/A

Impact
- Promotion of investment in Malawi on the regional and global investment map and disseminating the portfolio of Malawi investment opportunities/projects among various stakeholders, businessmen and investors, conveying the strong market of Malawi.

Seychelles

Support and promotion of the first Seychelles International Trade Expo, 22 to 25 May 2015, Victoria, Seychelles

RIA promoted the first trade Expo in Seychelles the Seychelles International Trade Expo amongst businessmen, chambers of commerce, business associations, and COMESA IPAs.

Source of Funding
- N/A

Impact
- Promotion of Seychelles' role in promoting South- South cooperation and business regional integration, promoting specific sectors such as agro products, food & beverages and hotel equipment among others relevant to African market.

Support and promotion of the Africa Prosperity Conference, in Business with Business, 10-11 November 2015, Victoria, Seychelles

RIA promoted Seychelles Business Conference among various stakeholders to draw interested and valuable investors to doing business in Seychelles.

Source of Funding
- N/A

Impact
- Promotion of the conference achieved successful focus on the opportunities Seychelles has to offer for business and investment, and highlighted the policies and practices for building partnerships with foreign companies while ensuring the flourish of local businesses to expand and prosper.

The COMESA region and all Member States

Development of the COMESA Investment Teaser 2015-16
A guide to investment projects and opportunities in the COMESA region.

Source of funding

- Regular budget

Impact:

- Increased awareness of investors and various stakeholders to the investment opportunities available in the COMESA region and hence enhanced visibility of COMESA market and its Member States.

Development of the Access to Finance Portal for Africa (AFPA)
An online directory of lending, investment guarantee, insurance and leasing institutions. Allows easy and quick filter through hundreds of financial institutions and to find suitable funding for projects or enterprises (www.afp-africa.com)
Source of Funding

- EU-ACP Business Climate Facility (BizClim)

Impact

- Promotion of the COMESA region and the newest tools in doing business in Africa especially for COMESA
- Increased awareness among existing and potential investors, African entrepreneurs, SMEs about the existing financial institutions and financial tools, and in Africa.
- Highlighting COMESA RIA's and role and mandate in carrying out facilitation programs and advocacy in the area of investment and business networking

Organization of an Invest in COMESA Seminar with the Swiss Egyptian Business Association (SEBA), January 2015, Cairo, Egypt

Source of funding

- N/A

Impact

- Promotion of the COMESA investment climate and market opportunities to Egyptian, Swiss and international private sector attendees.
- Enhanced visibility of COMESA region and RIA's active role in facilitating business ventures

RIA's participation at the following Events:

a. Annual Investment Meeting 2015 (AIM), 29 March to 1 April, Dubai, UAE
b. UNCTAD training workshop "Investment Promotion for Egyptian Diplomats" 20-21 July, Cairo, Egypt
c. The African Tripartite Workshop, N-GAGE Debates, 13 October 2015, Cairo, Egypt

Source of Funding

- N/A

Impact

- Enhanced visibility of COMESA with its institutions, and the role of COMESA RIA, and its services in view of facilitating business ventures in the region;
- Increased awareness about the region's business and investment environment, competitive advantages, priority sectors, and investment opportunities.
- Promoted COMESA and RIA's mandate and activities in facilitating investment through networking and B2B meetings with local, regional and international business policy makers and investors.
- Promoted Egypt as a COMESA Member State and the COMESA strong market that offers best return in business and investment, with special focus on the Tripartite region and what it has to offer for regional integration and international business agenda.
- Enhanced RIA's visibility among new networks from the public and private sector.

RIA's Participation at The Global African investment summit (TGAIS), London, UK, 1 – 2 December 2015 & Signature of MOU between COMESA and DMG Events to promote investment climate and opportunities in COMESA region

Source of Funding

- N/A

Impact

- Collaboration with DMG Events to promote the COMESA market and enhance intra-African trade and investment; with special attention to the Tripartite Free Trade Area;
- Increase visibility of COMESA RIA's role as a key player in facilitating business ventures and investment promotion.

Promotion of the following events:

A. Europe-Africa Economic Forum, 10 September 2015, Lisbon, Portugal

B. Commonwealth Business Forum, 24-26 November 2015, Valleta, Malta

Source of Funding

- Regular budget

Impact

- Promotion of COMESA region as the best investment destination in Africa highlighting specifically the impact of the Tripartite Free Trade Area;
- Increased networking and visibility of COMESA RIA among European business associations and development partners.

Implementation of 'Link Exchange Program:

RIA's website was successfully linked to its IPAs and 10 business partners and associations to enhance visibility and business networking and access to business news; aiming towards successful integration and global visibility.

7.6.1 COMESA LEATHER AND LEATHER PRODUCTS INSTITUTE (LLPI)

The COMESA-Leather and Leather Products Institute's, based on its legal mandate of the operations defined in its Charter and also complimented through COMESA Treaty, COMESA Summit Decisions, Council of Ministers Directives, COMESA Secretariat Strategy, COMESA Regional Leather Value Chain Strategy, Member States Leather Value Chain Strategies, Public and Private Sector Stakeholders inputs through the Regional Core Team, Triple Helix and SME Technical Committee platforms among others, accomplished various activities that promote the leather sector development in the Region in 2015.

The main challenges that face the leather sector in the COMESA region are low value addition in the value chain, weak intra-trade in the region, increased imports of second hand footwear, weak technical capacities in the value chain and the absence of a credible database for information.

The COMESA/LLPI's 2015 activities that support member States in their efforts to address the above indicated challenges were delivered through an implementation framework named ''Share, Adapt and Adopt'' (SAA) which also relies on the Triple Helix approach.

COMESA/LLPI 2015 Accomplished Activities

a. Cooperated in the Training of Personnel for the Leather Industry in LLPI Member Countries:

COMESA/LLPI worked with Focal points and Training institutions in Member countries to train SMEs in footwear, leather goods production, entrepreneurship and training for transformation in Nairobi and Harare and also held two Regional Designers workshop jointly with Commonwealth Secretariat, in Addis Ababa and Kigali. The number of participants (Private, SMEs and public sector representatives) of the training programs and workshops were more than 160. Participants were drawn from Burundi, Eritrea, Ethiopia, Kenya, Rwanda, Malawi, Sudan, Swaziland, Zambia and Zimbabwe.

b. Promoted Research and Development Technology Transfer and Collaboration with Relevant Premier Institutions Across the Value Chain;

COMESA/LLPI designed modalities for implementing existing Moues and signed new ones with Universities, Research and other relevant Institutions and started to work with technical Institutions to undertake reverse engineering to support development of the leather related SMEs.

COMESA/LLPI Experts conducted a base line survey to assess Effect of Export Regime Policies on the Performance of the Leather Value Chain in Ethiopia, Kenya, Uganda, Malawi, Zambia and Zimbabwe

c. Enhanced Investment and Trade Competitiveness throughout the Value Chain in COMESA/LLPI Member Countries

COMESA/LLPI Supported member countries in unpacking their leather sector strategies, (Rwanda, Sudan, Ethiopia, Zimbabwe)

COMESA/LLPI Facilitated First of its Kind Business to Business Link Amongst Private Sectors (Selected) of Africa and Turkey Meeting in Addis Ababa, Ethiopia (Tanners from Burundi, Uganda, Sudan and Zimbabwe took part in the meeting)

Sponsored 14 Country representatives and Regional SMEs form LLPI member States to participate in the All Africa Leather Fair (AALF 205) in order to expose them to the Ethiopian leather Industry and also to showcase their products;

COMESA/LLPI Sponsored participation of 10 SMEs from LLPI Member States to participate in the 51st Zambia International Trade Fair. Participants were from Eritrea, Sudan Kenya, Ethiopia and Zambia.

With COMESA/LLPI support Malawi and Zambia benefitted from RISM funding for around 300,000USD

d. Availed and Disseminated Information on Leather and Leather Products Value Addition, New Technology and Designs through COMESA/LLPI Communication Facilities

Developed information platform to provide data on Leather Production and Trade, This encompassed quarterly newsletter, scientific journal entitled Journal of African leather and Leather Products Advances, online leather Portal, etc..

The Institute enhanced optimal and effective operation of LLPI Network System
Raise awareness on value addition activities undertaken by LLPI

e. Strengthened LLPI Institutional Capacity to Deliver Consultancy and Related Services in the Region

COMESA/LLPI achieved ISO Certification both in QMS 2008, EMS 14001, with the Scope of Registration encompassing Consultancy, Training, Market Development and Information Dissemination Service Delivery of Leather and Leather Products Value Chain.

COMESA/LLPI Participated in Regional and International Meetings that encompassed Meeting on Grades and Standards on Live Animal, Meat and Hides/Skins; Expert Workshop on the Plan of Action of the Accelerated Industrial Development for Africa (AIDA), Nairobi Kenya ; India International Leather Fair, Chennai, India; 8th US–COMESA Trade and Investment Framework (TIFA) Council Meeting, in Lusaka, Zambia; 35th COMESA Policy Organs Meetings; 29th LLPI Board of Directors Meeting, Addis Ababa,

Ethiopia;

COMESA/LLPI developed its validated and approved by the Board of Directors its 10 years Strategic plan

Stakeholders Consultative Meeting and 25th Year Anniversary of COMESA/LLPI Establishment held in Addis Ababa, All COMESA/LLPI member States representatives attended both events

COMESA/LLI set-up the Academia platform as part of enhancing regional leather sector development

As part of resource mobilization COMESA/LLPI prepare 13 project proposals and submitted to the development partners and Mobilized 0.7 Million USD from different development partners

Undertake consultancy, bidding and submitted to potential clients
Enhanced LLPI global presence through affiliation to relevant international Institutions and associations (e.g. IULTCS, ITC)

Strengthened LLPI's relationship with development partners

Promoted collaboration with national gender and youth association to develop the regional leather sector (e.g. CAWEE, FEMCOM)

COMESA/LLPI has signed several collaborative Memorandum of Understandings (MoU's) with regional and global partners in its pursuit to improve competitiveness of the leather sector in the region in line with global dynamics.

Strategic Leadership Committee Meetings chaired by the Executive Director and other various administrative and technical committees (Procurement Committee, Management Committee, Technical Committee, etc..) meetings were conducted during the reporting period (2015)

COMESA/LLPI in common with EUCLID University developed an MBA curriculum in "Business – Leather Development and Entrepreneurship" that is tailored to the leather sector for distance education.

7.7 COMESA FEDERATION OF WOMEN IN BUSINESS (FEMCOM)

The National Associations of Women in Business in Eastern and Southern Africa (FEMCOM) is mandated to develop Women in Business in COMESA and beyond through programmes that promote, encourage and serve the needs of women and their businesses working in concert and smart collaboration with relevant partners at all levels. Founded in 1993, FEMCOM has been active in uplifting the role of women in business in a manner as to reflect their inclusiveness in the conduct of policy and decision making within the region. The African Union (AU) agenda 2063 and the United Nations' (UN) Sustainable Development Goals (SDGs), together espouse the spirit of Article 155 of the COMESA Treaty on women empowerment in business and leadership.

At continental level, the African Union has already taken important tentative steps towards gender parity by allocating half of the commission positions to women. The institutionalization and strengthening of the FEMCOM Secretariat and its National Chapters have culminated into further advancement of FEMCOM. In particular and through the gracious offer of the Government of Malawi, ten acres of land have been acquired for the development of FEMCOM Headquarters, which marks a further sign of the commitment of Heads of States and Governments to the success of FEMCOM.

In 2015, FEMCOM managed to increase the footprint of women in most of the 19 COMESA countries by branding FEMCOM National Chapters and related governance structures for ownership and sustainably, with the full involvement of the respective governments of Member States. Numerous programmes focused on the COMESA-FEMCOM sector specific programmes were run in the course of year to promote the economic empowerment of Women and Youth entrepreneurs in value addition, industrialization/business incubation and export markets.

Value addition programmes in cassava, textiles and garments were introduced; while other efforts were directed towards the promotion of access to credit, maximization of poultry products and the building of leadership and capacities for improving the standing of women in forging partnerships with cooperating sectors.

FEMCOM, in the course of 2015, conducted policy advocacy and resource mobilization activities in line with AU Agenda 2063 objectives, while re-aligning its 2016-2020 Strategic Plan to COMESA's Industrialization and Regional Integration programme. At the regional level, FEMCOM continued to spearhead progress towards greater economic integration in order to help expand its reach and to deepen its programmes.

The progress of COMESA/EAC/SADC Tripartite Agreement also continued to provide new impetus and opportunities for intra-regional trade and investment within the framework of FEMCOM, in particular. For the medium and long term, and consistent with the region's pursuit for transformation, it is the expectation of FEMCOM to brand all National Chapters and to empower women through business and placement in leadership positions.

7.8 COMESA BUSINESS COUNCIL (CBC)

COMESA Business Council (CBC) is a business member organization, and a private sector institution of the Common Market of Eastern and Southern Africa (COMESA). Established in 2005, under the Treaty of the Common Market for Eastern and Southern Africa (COMESA) Chapter Twenty Three and Twenty Four, the CBC is defined as a consultative committee for the business community. CBC is the recognized regional apex body of the Private Sector and Business Community in the COMESA region. CBC's key objectives are structured on key focus areas of;

- Private sector representation through facilitation of business interests from apex and sectoral business association membership to all levels of policy formulation and decision making in the region, and
- Private sector development in growth sectors that contribute to the overall competitiveness of businesses in regional and global markets.

CBC activities have been anchored on its key pillars of Business and Policy advocacy, Business Intelligence and Development Services and Membership development. In 2015, the focus has been positioning and developing the core services pillars that directly respond to the needs of industry both in goods and services sectors as guided by the pillars below. A summary of the core activities is highlighted below.

Please visit the CBC website for the comprehensive e-Annual Report- www.comesabusinesscouncil.org

a. Business and Policy Advocacy

The advocacy pillar focusses on harmonizing the agendas of businesses at regional level and articulating them to the highest positions of decision making in the region through Public Private Dialogues and participation at COMESA technical and policy organs meetings.

- CBC in partnership with the Ethiopian Chamber of Commerce and Sectoral Associations convened the 10th COMESA Business Dialogue, on the margins of the 18th COMESA Heads of State Summit from the 25th -26th March 2015, in Addis Ababa, Ethiopia under the theme; Taking Action on Illicit Trade- An industrial Competitiveness Agenda. The outcome was an adopted anti-illicit trade framework and recommendations for the development of a Protocol and other measures such as up scaling enforcement actions and consumer awareness action.
- This year has seen the establishment of one core services industry workgroup and the conjoint efforts of the public and private sector on developing a regional industrial perspective on setting up a dedicated regional platform for services industries. CBC launched an annual publication known as , " Services In COMESA - An Industry Perspective" Towards the development of the COMESA Regional Services Industries Group which focuses on services snapshots in the 19 COMESA countries and industry positions in Financial services, communication services, transport and tourism services. This is available online on the CBC website.
- CBC convened the 1st COMESA Transporters & Logistics Services Industries Regional Dialogue from the 17th-18th September, 2015 in Nairobi, Kenya, under the theme, "Towards improved trade facilitation and reducing the cost of doing Business in the Transport and logistics services industries." The key recommendations include the acceleration of the implementation of trade facilitation instruments like the Regional Customs Guarantee Bond and COMESA Virtual Trade Facilitation System improving port efficiency and awareness. The position will be presented to the 9th Transport and Communications; Information Technology and Energy and Technical committee and Council of Ministers in 2016.
- CBC has participated in various technical and policy organs meeting presenting positions of industry on various issues including at the 31st COMESA Trade and Customs Committee meeting, in September 2015 and at the Sixth Meeting of the COMESA Chief of Immigration and Ministers Responsible for Immigration, in June 2015.

b. Membership Development

In March 2015 CBC embarked on a Local Sourcing for Partnerships Project, a project whose main objectives are to increase local sourcing from small growth enterprises in the agro manufacturing and agriculture sectors, by large corporate companies in the COMESA region in order to create jobs and economic development. The Project will be piloted in six countries; Ethiopia, Kenya, Malawi, Rwanda, Uganda and Zambia.

The CBC Local Sourcing Project is focused on strengthening the inclusiveness of SMEs into value chains at firm and sectoral level in Africa. Firstly, through training on the Global Food Safety Management Systems, and secondly through facilitating the business linkages and integration of the SMEs into the competitive supply chain network of corporate companies and key regional value chains. The launch was carried in November 2014 with training of food suppliers in Uganda. This was also complemented with partnerships with the Serena Hotels in Kenya, Uganda and Rwanda, and the Protea Hotels in Uganda and Zambia. 2015 primarily focused on the recruitment of the Project management team, identification of suppliers and buyers and setting the groundwork for the Project.

c. Business Services

One of the key pillars of CBC is building the capacity and trade competitiveness of its membership; through demand driven services, business intelligence, linkages, and technical capacity building initiatives.

In July 2015, CBC in partnership with its membership at national level; Confederation of Zimbabwe Industries (CZI) to increase awareness and sensitize the business community on the activities of the CBC, and also to promote business linkages and share business opportunities existent within the COMESA region.

In November 2015, CBC in partnership with the Zambia Manufacturers Association as part of the Zambia Manufacturers Week convened a national business dialogue. The objective of the Business Dialogue was to provide a platform that promotes synergies and partnerships between local and regional manufacturers across Africa thereby advancing trade in the COMESA region and also provide a platform for advocacy and public private engagement on some of the key business impediments when trading in Zambia and the COMESA region. The meeting also provided a platform to launch the Local Sourcing for Partnerships Project for Zambia.

In November 2015 CBC convened the national business dialogue in Egypt alongside the CBC Board Meeting with an objective of increase awareness and sensitize the business community on COMESA and exploring public private partnerships for the effective implementation of COMESA regional instruments and protocols at the national level.

CBC has facilitated various business linkages between international, regional and national players including;

- 12 linkages between Turkish Business Community and Zambia- 7 companies registered to date.
- Business linkages meetings for the Alliance Forum Foundation (AFF) working with Japanese corporates that seek to enter into joint ventures or are exploring investment opportunities into Zambia. 1 company has registered.

d. Table 24: Summary of 2015 Activities

PILLAR	ACTIVITY	OUTPUT/OUTCOME	
BUSINESS AND POLICY ADVOCACY			
Coalition of Services Industries	CSI Mapping of the Services Sector Study		
-	CSI Services Report publication		
-	Transporters and Logistics Workgroup formed.		
-	Position of the Transporters Workgroup developed and harmonized for input into policy organs meeting and advocacy.		
	1st Transporters and Logistics Services Regional Dialogue convened in September 2015		
Regional Framework On anti-Illicit Trade	Study on the Regional Framework to combat Illicit Trade and Made In COMESA label.	-	A regional framework on Anti Illicit Trade developed and adopted

10th COMESA Business Forum	10th COMESA Business Partnerships Forum convened March 2015, themed- Business Action on Illicit trade.	-	Illicit trade Framework adopted by Membership and recommendations(Regional Declaration) adopted by Summit;
-	Recommendations of Declaration include;		
Development of Anti-illicit trade protocol			
Adoption of MADE in COMESA label- CBC to develop instrument			
Setting up of anti-illicit trade platforms at national and regional level			
-	Number of business linkages made; 12.		
-	Framework publication circulated regionally and available on website		
COMESA Business Visa	Presentation to the Chiefs of Immigration Affairs on the guidelines for the upcoming project on the design of the COMESA Business Visa scheme.	-	The meeting noted the progress made in the development of the COMESA Business Visa presented at Chiefs of Immigration meeting in July 2015
MEMBERSHIP DEVELOPMENT			
Local Sourcing for Partnerships Project	LSP Training Workshop Uganda convened in November 2014		
Setting up of the Project Management Team in 2015			
Project roll out.	-	SME agro food suppliers trained on Standards and food safety requirements	
-	A number of market linkages made (53 participants).		
-	3 MOUs signed with corporate buyers(Serena, Protea-Zambia, Protea-Uganda)		
BUSINESS SERVICES			
Website Revamp and Database improvement	Updated CBC online directory and developed a search platform-	1000+ listings both companies and business professionals	

National Business Seminars	Zimbabwe Business Dialogue convened in July 2015	25 Business participated	
	Zambia Business Dialogue Convened in November 2015	60 Business participated	
Launch of Zambia LSP project			
	Egypt Business Dialogue convened in November 2015	40 Businesses participated	
Business Linkages	- TUSKON Business linkages meeting Zambia	7 companies registered to date	
	- Alliance Forum Foundation (AFF) meeting Zambia stakeholders	1 company registered	

PART: 8

CO-OPERATING PARTNERS

During the period under review, Resource Mobilization and International Cooperation Unit continued to fulfill its main tasks which are to mobilize funding and promote cooperation with a view to assist COMESA Divisions/Units and Member States to implement regional integration. To recall that the unit is responsible for maintaining good working relations with regional, continental and International organizations with a view to enhancing regional integration with the ultimate objective of establishing the African Economic Community as enshrined in the Lagos Plan of Action and the Constitutive Act of the African Union. Moreover, the unit is applying the fifth Strategic (Priority) Areas of the COMESA Medium Term strategic Plan for 2011-2015 (MTSP) which encompasses cross cutting issues like Gender and Social Affairs, Climate Change, Statistical Development, Knowledge Based Society and Human Capital, Cooperation and Partnerships.

With regard to resource mobilization achievements, COMESA concluded with the World Bank, a financial agreement of USD 780,000USD to organize up to two regional workshops and up to six national workshops and to extend activity date to March 31st 2015.

During the reporting period, COMESA strengthened and diversified its co-operation with development partners through accreditation of new special representatives, signing of new MOUs and participation in international fora as stated below:

i. Accreditation of His Excellency Mr. Eric Schultz, Ambassador of the United State of America to the Republic of Zambia and Special Representative to COMESA.
ii. Accreditation of His Excellency Mr. Emmanuel Cohet, Ambassador of the French republic to Zambia and special representative to COMESA.
iii. Accreditation of His Excellency Mr. Filipo Scammacca Del Murgo, Ambassador of Italia to the Republic of Zambia and Special Representative to COMESA.
iv. Accreditation of Her Excellency Suzanne Kathrin Mc Court, High Commissioner of Australia to Zambia and Special Representative to COMESA.
v. Accreditation of H.E. Lebonaamang Thanda Mokalake High Commissioner of Botswana to Zambia and Special Representative to COMESA.
vi. Signing of an MOU between COMESA AND ITC (International Trade Centre): to provide framework for cooperation between COMESA and ITC in the design and implementation of country and regional programmes and projects aligned to the COMESA consolidated Work Programme for 2015-2018, in accordance with Regional Integration objectives of COMESA MS.
vii. Signing of an MOU between COMESA-Zambia Revenue Authority: the MOU applies to matters pertaining movement of goods under customs control with predefined perimeters.
viii. Signing of an MOU between COMESA and the African Centre for constructive resolution of disputes: to collaborate on issues of peace and security within COMESA region and in support of the Mandate of the COMESA Secretariat
ix. Signing of an MOU between COMESA and China Africa Business Council: the parties agree to work together in enhancing regional integration and to cooperate in the areas of trade promotion and private sector development
x. Participation in the meeting with World Bank for the Funding Great Lakes Trade Facilitation project (GLTFP) Phase 1.
xi. Provided support to the Tripartite FTA Negotiations and the Third Tripartite Summit of 10 June 2015, as well as the industrial and infrastructure pillars headed by H.E Masahiro Yamao and Xavier Manchishi of the Japanese Embassy in Lusaka.
xii. Participation in meetings with Russian Embassy regarding the use of Russian satellite system for COMESA VSAT users group.
xiii. Participation in the Africa week meeting organized by the United Nations in New York (USA).
xiv. Participation in the Regional Workshop on review of the Harmonized Sampling and testing.
xv. Participation to the Regional approaches to Development in the Great Lakes in support of Peace Security, and cooperation framework
xvi. Participation in the Third International Conference on Financing for Development, ACBF side Event on Building Capacity for Domestic Resource Mobilization (DRM) to archive Sustainable development Goals (SDGs)
xvii. Undertook negotiations with AfDB on the AFDB Economic Empowerment of Women 50 Million African Women

Speak Project

xviii. Participation in the 50th Annual Meeting of the African Development Bank and the 41st Annual Meeting of the African Development Fund in Abidjan, Ivory Cost.

Financial Statements

For the year ended 31 December 2015

COMESA - Secretariat

Details of professional advisors
for the year ended 31 December 2015

Auditors
KPMG Chartered Accountants
First Floor, Elunda Two
Addis Ababa Roundabout
Rhodes Park, Lusaka
P O Box 31282
LUSAKA

Bankers
Citibank, Stand 4646 Addis Ababa roundabout
P.O Box 30037
LUSAKA

Standard Chartered Bank Zambia Plc
Standard House Cairo
P.O Box 32238
LUSAKA

Lawyers
Institutional and legal Department
COMESA Centre, Ben Bella Road
P.O. Box 30051
LUSAKA

COMESA - Secretariat

Secretary General's report
for the year ended 31 December 2015

Introduction

The Secretary General has the pleasure in presenting his report together with the audited financial statements of COMESA - Secretariat for the year ended 31 December 2015.

2015 membership and COMESA Bureau

The 2015 Bureau constituted:-

Ethiopia	-	Chairman
Madagascar	-	Vice Chairman
Congo D.R	-	Rapporteur

With the following member states; Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe.

Information about Common Market for Eastern and Southern African

The Common Market for Eastern and Southern African ("COMESA") was formed in 1994 at the Tenth Authority meeting of the Preferential Trade Area of Eastern and Southern Africa ("PTA") when a decision was made to transform the PTA into COMESA.

Article 3 of the COMESA Treaty provides that the aims and objectives of the Common Market for Eastern and Southern Africa shall be:

(i) to attain sustainable growth and development of the Member States by promoting a more balanced and harmonious development of its production and marketing structures;

(ii) to promote joint development in all fields of economic activity and the joint adoption of macro-economic policies and programmes to raise the standard of living of its peoples and to foster closer relations among its Member States;

(iii) to co-operate in the creation of an enabling environment for foreign, cross border and domestic investment including the joint promotion of research and adaptation of science and technology for development;

(iv) to co-operate in the promotion of peace, security and stability among the Member States in order to enhance economic development in the region;

(v) to co-operate in strengthening the relations between the Common Market and the rest of the world and the adoption of common positions in international fora; and

(vi) to contribute towards the establishment, progress and the realisation of the objectives of the African Economic Community.

COMESA - Secretariat

Secretary General's report (continued)
for the year ended 31 December 2015

Co-operation with development partners

During the year, COMESA received funding from its traditional development partners for the following programmes and projects:

i) African Peace Security and Architecture (EU – US $834,343);
ii) Regional Integration Support Programme III (EU – US $3,258,929);
iii) Maritime Security (EU – US $1,772,236);
iv) Climate Change Adaptation and Mitigation in Eastern and Southern Africa Region (DFID – US $3,626,175 & Government of Norway – US $2,302,453,);
v) Regional Integration Support Mechanism (EU – US $12,595,378);
vi) Integrated Partnership Assistance Agreement (USAID – US $3,800,410);
vii) Trading for Peace (Germany Development Bank – US $117,458);
viii) Trading for Peace (ADB – US $702,300);
ix) Tripartite Capacity Building Project (ADB – US $1,597,500); and
x) Statistical Capacity Building Project (ADB – US$140,000).

Accredited special representatives to COMESA

The family of COMESA special representatives has kept growing and the list as at 31st December 2015 is as follows:

(i) Twenty four (24) non-African countries: USA, France, India, China, Germany, Italy, Russia, Cuba, Brazil, Norway, Finland, Denmark, Royal Netherlands, Sweden, Japan, EU, Palestine, Qatar, United Kingdom, the Vatican, Turkey, Belgium, Saud Arabia and Australia; and

(ii) Two African countries namely; Nigeria and Botswana.

Budget

The 2015 Budget amounting to COM$14,908,774 (2014: COM$14,124,140) for Secretariat and its institute was approved by the 33rd Meeting of the Council of Ministers held in Lusaka, Zambia on 8th - 9th December 2014. The main thrust of the 2015 Work Programme was the consolidation of Intra COMESA Trade through Micro, Small and Medium Enterprise development.

COMESA - Secretariat

Statement of responsibility in respect of the preparation of the financial statements

In accordance with the COMESA financial rules and regulations, the Secretary General is responsible for the preparation and fair presentation of the COMESA Secretariat financial statements, comprising the statement of financial position as at 31 December 2015, statements of income and expenditure, changes in accumulated funds and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards, and the requirements of the COMESA financial rules and regulations.

The Secretary General is also responsible for such internal control as he determines are necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk management as well as the preparation of supplementary schedules included in these financial statements.

The Secretary General has made an assessment of the COMESA – Secretariat's ability to continue as a going concern and has no reason to believe the Secretariat will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework as described above.

Approval of the financial statements

The financial statements of COMESA - Secretariat, as identified in the first paragraph, were approved by the Secretary General on ……………………….. and are signed by:

Secretary General

Assistant Secretary General
Administration and Finance

Independent auditor's report to the members of Common Market for Eastern and Southern Africa(COMESA) Secretariat

Report on the financial statements

We have audited the accompanying financial statements of Common Market for Southern Africa (COMESA) Secretariat ("the Secretariat"), which comprise the statement of financial position as at 31 December 2015, the statements of income and expenditure, changes in accumulated funds and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes as set out on pages 10 to 41.

Secretary General's responsibility for the financial statements
The Secretary General is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the COMESA financial rules and regulations and for such internal control as the Secretary General determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Secretariat's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Secretariat's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of COMESA Secretariat as at 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the COMESA financial rules and regulations.

Emphasis of matter
The prior year financial statements, which form the basis for the comparative amounts presented in these financial statements, were audited by another auditor who expressed an unmodified opinion in their report dated 30 June 2015. Without qualifying our opinion, we draw attention to note 29 to the financial statements, which indicates that the comparative information presented has been restated. As part of our audit of the current year financial statements, we audited the adjustments described in note 29 that were applied to restate the comparative information. We were not engaged to audit, review or perform any procedures on the comparative information other than with respect to the adjustments described in Note 29. Accordingly, we do not express an opinion or any other form of assurance on the prior period financial statements taken as a whole. However, in our opinion, the adjustments described in note 29 are appropriate and have been properly applied.

Other matter
The supplementary information set out pages 42 to 45 does not form part of the financial statements and is presented as additional information. Accordingly, we will not express an opinion on them.

KPMG Chartered Accountants **2016**

Maaya Chipwayambokoma **AUD/F000861**
Partner

COMESA - Secretariat

Statements of financial position
as at 31 December 2015

In COMESA Dollar

	Note	2015	2014 Restated	2013 Restated
Assets				
Property and equipment	17	**22,019,379**	18,971,660	19,558,579
Investment in equities	19	**1,737,571**	1,516,074	891,900
Total non-current assets		**23,756,950**	20,487,734	20,450,479
Contributions receivable	5	**13,922,989**	13,267,031	9,366,903
Amounts due from projects	21	**3,183,308**	3,338,545	3,445,871
Other receivables	20	**557,649**	509,501	405,117
Contributions receivable for EPA Advisor	22	**120,000**	120,000	120,000
Cash and cash equivalents	23	**16,646,488**	18,157,432	25,615,860
Total current assets		**34,430,434**	35,392,509	38,953,751
Total assets		**58,187,384**	55,880,243	59,404,230
Accumulated funds and liabilities				
Accumulated funds		**42,441,486**	40,806,069	37,409,404
Capital reserve		**-**	60,000	60,000
Revaluation reserve		**12,817,451**	13,238,734	13,660,017
Total accumulated funds and reserve		**55,258,937**	54,104,803	51,129,421
Liabilities				
Capital grants	24	**223,820**	305,667	250,688
Total non - current liabilities		**223,820**	305,667	250,688
Payables	25	**2,704,627**	1,469,773	8,024,121
Total current liabilities		**2,704,627**	1,469,773	8,024,121
Total liabilities		**2,928,447**	1,775,440	8,274,809
Total equity and liabilities		**58,187,384**	55,880,243	59,404,230

These financial statements were approved by the Secretary General on……………...2016 and signed by:

....
Secretary General

....
Assistant Secretary General
Administration and Finance

COMESA - Secretariat

Statement of income and expenditure
for the year ended 31 December 2015

In COMESA Dollar

	Note	2014	2015 Restated
Income			
Member states contributions	5	14,908,774	14,124,140
Disbursements to institutes	16(b)	(1,535,496)	(1,572,099)
Net member state contributions		13,373,278	12,552,041
Other income	6	791,486	1,978,498
Total income			
14,164,764		14,530,539	
Expenditure			
Staff costs	7	(6,476,622)	(5,751,012)
Operational costs	8	(1,166,106)	(1,043,731)
Meetings and workshops	9	(2,615,169)	(2,447,933)
Consultancy	10	(833,194)	(757,632)
Publication and publicity	11	(172,394)	(130,020)
Staff welfare and training	12	(188,834)	(130,173)
Other staff related costs	13	(180,707)	(52,094)
Counterpart funding		(90,000)	(60,951)
ICT maintenance costs	14	(177,940)	(138,405)
Electoral Monitoring		(93,437)	-
Administration costs	15	(900,207)	(1,026,343)
Other expenses	16(a)	(116,020)	(16,863)
Total expenditure		(13,010,630)	(11,555,157)
Surplus for the year		**1,154,134**	**2,975,382**

COMESA - Secretariat

Statements of changes in accumulated funds
for the year ended 31 December 2015

In COMESA Dollar

	Accumulated funds	Capital reserve	Revaluation reserve	Total
Balance at 1 January 2014 originally stated	36,145,555	60,000	14,923,866	51,129,421
Prior year adjustment (note 29)	1,263,849	-	(1,263,849)	-
Balance at 1 January 2014 (restated)	37,409,404	60,000	13,660,017	51,129,421
Surplus for the year	2,975,382	-	-	2,975,382
Amortisation of revaluation reserve	421,283	-	(421,283)	-
Balance at 31 December 2014 (restated)	**40,806,069**	**60,000**	**13,238,734**	**54,104,803**
Balance at 1 January 2015 (restated)	40,806,069	60,000	13,238,734	54,104,803
Surplus for the year	1,154,134	-	-	1,154,134
Amortisation of revaluation reserve	421,283	-	(421,283)	-
Transfers to accumulated funds	60,000	(60,000)	-	-
Balance at 31 December 2015	**42,441,486**	**-**	**12,817,451**	**55,258,937**

Revaluation reserve

The revaluation reserve arises from the periodic revaluation of property and equipment and represents the excess of the revalued amount over the carrying value of property and equipment at the date of valuation.

Accumulated funds

Accumulated funds are the bought forward recognised income, net of expenses of the Secretariat, plus current period surplus/(deficit).

Capital reserve

The capital reserve arose from the purchase of unquoted shares in African Trade Insurance Agency. These shares were purchased at a cost US $100,000. The actual cash paid out was US $40,000 giving rise to a day one gain of US $60,000 (1USD = 1 COMESA Dollar).

COMESA - Secretariat

Statements of cash flows
for the year ended 31 December 2015

In COMESA Dollar

	Note	2015	2014 Restated
Cash flows from operating activities			
Surplus for the year		1,154,134	2,975,382
Adjustments for:			
Depreciation	17	864,589	902,421
Gain on disposal of property and equipment	6	(1,332)	(1,608)
Interest income	6	(320,115)	(349,943)
Dividend income	6	(33,432)	(31,724)
Amortisation of capital grants	24	(81,847)	(75,442)
Increase in fair value of equity investments	6	(221,497)	(592,450)
		1,360,500	**2,826,636**
Changes in:			
Contributions receivable		(655,958)	(3,900,128)
Amounts due from projects		155,237	107,326
Other receivables		(48,148)	(104,384)
Capital grant		-	(54,979)
Payable		**1,234,854**	**(6,554,348)**
		2,046,485	**(7,679,877)**
Interest received	6	320,115	349,943
Net cash generated from/ utilised in operating activities		2,366,600	(7,329,934)
Cash flows from investing activities			
Acquisition of property and equipment	17	(3,912,499)	(139,679)
Proceeds from disposal of property and equipment		1,523	11,183
Dividend received	6	33,432	31,724
Dividend capitalised	19	-	(31,724)
Net cash utilised in investing activities		(3,877,544)	(128,496)
Net decrease in cash and cash equivalents		(1,510,944)	(7,458,430)
Cash and cash equivalents at beginning of the year		18,157,432	25,615,862
Cash and cash equivalents at end of the year	**23**	**16,646,488**	**18,157,432**

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