COMESA

Integrating Trade and Investment Regionally

COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA

Annual Report 2002

COMESA
Integrating Trade and Investment Regionally

TABLE OF CONTENTS

PAGE

Erastus J.E.O. Mwencha, *MBS*
Secretary General

LETTER OF TRANSMITTAL BY THE SECRETARY GENERAL

The Chairman of the COMESA Authority of Heads of State and Government,
His Excellency Ato Meles Zenawi,
Prime Minister of the Federal Democratic Republic of Ethiopia, Addis Ababa.

Your Excellency,

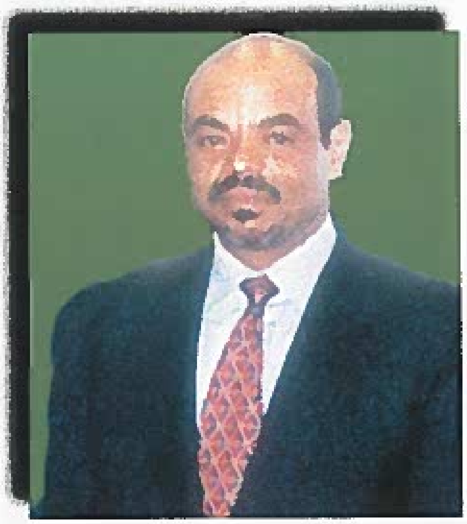
In accordance with article 17 paragraph 8 of the Treaty establishing the Common Market for Eastern and Southern Africa (COMESA), I have the honour and privilege to submit the Annual Report for COMESA for the year ending 31st December 2002. The report covers the performance of Member States, and general activities of COMESA in its development efforts through regional integration. It highlights the position of COMESA in the global economy, and looks at future prospects and strategies for our region.

You will note, Mr. Chairman, that in the year 2002 as in previous years, COMESA member States have continued to support the activities of COMESA financially through their budgetary contributions. This clearly indicates the continued commitment of the Member States to the ideals for which COMESA was created .

Over the year as the report indicates, reported on COMESA continued to receive support from bilateral and multilateral partners. This support not only complemented resources from the Member States in different programmes, but was also a demonstration of confidence in COMESA by regional and international organisations.

Please accept Your Excellency, the assurances of my highest consideration,

Erastus J O Mwencha, MBS
Secretary General



Ato Meles Zenawi,
Prime Minister of the Federal Democratic Republic of Ethiopia and
Chairman of the COMESA Authority.

Message from the Chairman of the COMESA Authority Prime Minister of the Federal Democratic Republic of Ethiopia and Chairman of the COMESA Authority

As the Chairman of the COMESA Authority, I am pleased to present the COMESA report for the year 2002.

The year 2002 saw the beginning of the much awaited moves towards peace in the region. The Great Lakes region, that has been unstable for a number of years, with many COMESA Member States playing a part, saw the cessation of hostilities and the withdrawal of all foreign troops. Angola is also on the road to normalcy with the implementation of the peace accord between the Government and UNITA. The political impasse that was threatening the stability of Madagascar has also been resolved. The peace process in the Sudan is continuing and there has been a resolution of the border dispute between Ethiopia and Eritrea. In Somalis there are signs that a government of national unity may be installed.

Peace and democracy has established a firm foothold in the region with peaceful elections in several member states. Zambia started the year with a new President sworn in after democratic elections and the year closed with a peaceful transfer of power in Kenya. There were also peaceful elections in Djibouti.

All these developments augur well for increased trade and investment. With peace coming into the region, we can now confidently move to a deeper level of integration as more resources can now be channelled into activities with a higher economic rate of return. As a consequence, our next integration milestone of the Customs Union will be that much easier to implement.

With the resolution of man-made challenges we, however, still have to grapple with natural ones, chief of which is the changing weather patterns we as a region are experiencing. In the year 2002, many of the Southern Member States experienced severe drought affecting millions of people who had to depend on food aid. The 2002/3 agricultural season is also showing signs of distress with below normal rainfall in some Eastern and Southern States. These challenges underscore the importance of tackling the issue of food security at a regional level as well as at a national level.

Regional food security is meaningless without the means to efficiently move food from surplus to deficit areas. This is one reason to focus on building the infrastructure to support our regional integration process. Preparation of the COMESA transport and communications investment plan must be expedited so that implementation can begin. In this light, I am glad to say that a new all-weather road now links Ethiopia and the Sudan and this will greatly enhance trade between the two Member States.

Since our regional integration process does not occur in isolation, we need to keep abreast of continental and global developments. The African Union and NEPAD cannot be strong without the active participation of all member States and regional economic groupings and I am pleased to note that COMESA has made significant contributions to both.

Internationally, ACP-EU relations, in particular the Economic Partnership Agreements (EPAS) that started in September 2002 hold a lot of promise for our Member States if we all negotiate together.

The African Growth and Opportunity Act (AGOA) has, through the opening up of markets in the US, in particular in the textiles and apparel sector, ushered in much needed foreign investment and created thousands of new jobs in our region.

Following on from the impressive showing we made in Doha at the WTO ministerial conference, we need to prepare for the next meeting and consolidate the concessions we have so far gained.

I therefore look forward to an even more fulfilling 2003 as we march onward with our regional integration process.

PART I: AN OVERVIEW OF COMESA ACTIVITIES.

Having recently celebrated 20 years of existence, the Common Market for Eastern and Southern Africa (COMESA) has much to be proud of. Comprising twenty countries (Angola, Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe), the COMESA region is endowed with a tremendous variety of assets including natural and mineral resources, large agricultural potential and diverse flora and fauna. With a population fast approaching 400 million people and a combined real GDP of close to US$ 272.4 billion, COMESA provides an opportunity for achieving economies of scale for competitiveness

COMESA has already made significant progress in the areas of trade promotion and facilitation; transport and communications and the establishment of strong institutions to mobilise financial resources and provide investor confidence. Most recently, at the turn of the millennium, COMESA achieved the distinction of becoming the first regional integration grouping in Africa to establish a Free Trade Area (FTA). The FTA, in which goods originating from within the region move freely among the participating states, was established as a result of the commitment and determination of COMESA Member States in their implementation of the tariff reduction programme over a period of sixteen years from its start in 1984 in the longer term, COMESA aims to be a fully integrated, internationally competitive regional economic community with high standards of living for all its people.

After the Free Trade Area, the next major milestone is the establishment of the Customs Union (CU) with a Common External Tariff (CET) and competition, commercial and procurement policies. Equally important is to facilitate the free movement of people, to consolidate the peace and security process, to achieve monetary harmonisation, and to move from a Customs Union to an Economic Community with a single currency. Emphasis is also being placed on investment promotion and enhancing the competitiveness of the COMESA economies.

A major challenge to COMESA is how to more effectively integrate into the global economy on equitable terms. COMESA is increasingly playing a strategic role in articulating negotiating positions on WTO issues that range from agriculture to TRIPS and is also co-ordinating negotiations for the Economic Partnership Agreements between the European Union, its largest co-operating partner, and the African Caribbean and Pacific (ACP States) at the regional level. Equally important is market access provided by the USA under the African Growth and Opportunity Act (AGOA).

Facilitation and Promotion of Trade

The member States which make up COMESA (and before it, the Preferential Trade Area for Eastern and Southern Africa – PTA) have been following an innovative and ambitious trade liberalisation programme for about twenty years. The PTA Treaty, adopted in 1982, made provision for "the gradual reduction and eventual elimination of customs duties and non-tariff barriers to trade" conducted between member States and "the gradual evolution of a Common External Tariff in respect of all goods imported from third countries with a view to the eventual establishment of a common market" (Article 12) and, eventually, establishing an Economic Community for Eastern and Southern Africa States. The COMESA Treaty, following on from the PTA Treaty, under Article 45, provides for a Customs Union among the Member States which will enter into force ten years after the entry into force of the COMESA Treaty.

The model of Economic Integration being followed by COMESA is as follows:

i) The first stage is the **Preferential Trade Area (PTA)**, during which parties to the process offer each other preferences relating to market access for the goods produced in their territories.

ii) The second stage is the **Free Trade Area (FTA)** during which parties trade is conducted on a duty- and quota-free basis. Trade within a PTA or an FTA are dependent on agreed Rules of Origin, and origin-related disputes are not uncommon.

iii) The third stage of integration is the **Customs Union** during which two or more customs territories come together to form a single customs territory. Trade within the territory is conducted on a duty-free and quota-free basis for all products obtained or produced within the territory. The territory also imposes a common tariff on products imported from outside its borders.

iv) The fourth stage is the **Common Market** which can be summed up as a Customs Union plus free movement of the factors of production, namely labour and capital. Issues of visas, work and residence permits, especially for skilled labour, businesspersons and investors are cardinal, and they are simplified during this stage. The distinction between local (national) and foreign businesspersons or investors of constituent members ceases in a functioning Common Market. In this regard, the Authority pronouncement of COMESA becoming a Common Investment Area is a precursor to COMESA becoming a true Common Market.

v) The fifth and final stage is the **Economic Union** which incorporates all the features of the Common Market plus common monetary and fiscal policies and the adoption of a single currency issued by a common monetary authority. During this stage, economic policy in all areas is co-ordinated and any disjoint arising from any one country's national policy are not permitted. Also during this stage a common legislative body is established.

The main instrument being used in COMESA for achieving the levels of economic growth necessary to eliminate poverty is market integration through removal of barriers to trade and investment. The FTA is part of an outward-looking liberalisation process in that regional trade liberalisation measures will encourage the Member States to loosen their economic and trading relations with countries outside the region and trade more with one another, and thus facilitate economic integration regionally and globally.

The trade facilitation measures put in place through COMESA have already created opportunities for cross-border investment, franchise and agency arrangements and joint venture operations. For example, Egyptian business persons have sought to work with Malawian cotton growers and processors in a joint venture operation to access the US market for textiles under the African Growth and Opportunity Act (AGOA). Mauritian manufacturers are operating in Madagascar in textile and other sectors. Zimbabwean farmers and agro-processors are investing in Zambia in order to maximise their benefits under the FTA. Such cross-border investment is, in turn, promoting the transfer of technology and skills and contributes directly to the economic development of the region.

Surface Transport Facilitation

Transport facilitation is one area in which COMESA has made notable progress. The measures include the COMESA Carriers Licence, Harmonised Axle Load Limits and Road Transit Charges and the Third Party Vehicle Insurance Scheme (Yellow Card). These combined efforts have reduced transport costs by an estimated 25 percent when they are implemented together.

In the case of rail transport, COMESA is working closely with railways in the region to improve efficiency. In this regard COMESA has assisted the railways in adopting an information technology-based management system known as the Advance Cargo Information System (ACIS) that enables tracking of cargo and rolling stock.

Air Transport Facilitation

In accordance with COMESA's vision to attain full economic integration, air transport liberalisation is a top priority. The main objective of air transport liberalisation is to foster greater regional co-operation through provision of better quality and competitively priced air transport services. Already COMESA countries implementing the air transport liberalisation programme have experienced increased frequencies in commercial flights between member countries, cheaper fares, entry of new airlines and a wider choice of routings with better connections. COMESA, in collaboration with the East African Community (EAC), the Southern African Development Community (SADC) and the Economic Commission for Africa (ECA) has developed competition regulations to ensure an orderly transition to open skies and the development of a vibrant civil aviation industry within the region .

Customs Facilitation

COMESA Customs Harmonisation

The COMESA CD : The COMESA CD was adopted by the Council of Ministers in 1997 and a number of countries have adopted it with some minor amendments. Currently, fourteen (14) member States are using a Single Goods Declaration form and six (6) are using several forms. With the technical and financial assistance from the Secretariat, Comoros, Djibouti, Madagascar, and Rwanda had finalized technical preparations to adopt a SGD.

Implementation of Harmonised Commodity Description and Coding System - HS1996/ 2002: All Member States are now using the Harmonised Commodity Description and Coding System, also known as the Harmonised System (HS) . Eight Member States are using HS 2002 version and ten member States are using the HS 1996. The Secretariat will provide technical assistance to assist Member States to adopt the HS 2002 version.

Implementation of the WTO Valuation Agreement: Twelve Member States are now implementing the WTO Valuation Agreement. With the assistance of the Secretariat, Burundi and Rwanda are in the process of migrating from the BDV to the WTO Valuation Agreement to be effectively applied by 2003.

Information and Communications Technology

Recognising that a reliable, efficient and cost-effective regional telecommunications network will greatly facilitate economic integration in the region, COMESA is currently promoting the establishment of a regional telecommunications network that is viewed as part of the solution to improving telecommunications in the region. This regional telecommunications network will be built and managed by the COMESA Telecommunications Company (COMTEL) which is a private limited company to be launched by COMESA.

A strategic partner will hold 30 percent of the equity of COMTEL, the rest being owned by participating National Telecommunications Operators (25% of the equity) and private sector investors (45% of the equity). The estimated total investment is US$300 million.

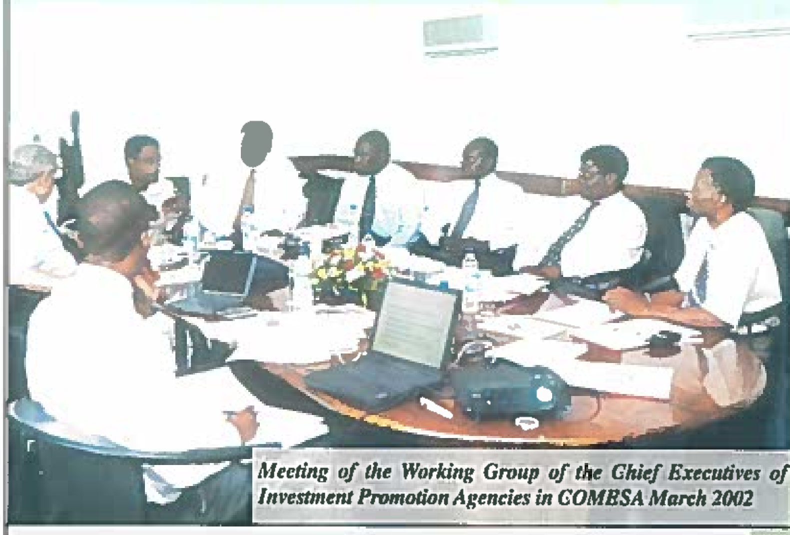
The telecommunications harmonisation programme also includes a regulatory dimension. In Phase I of the Telecommunications Regulatory Harmonisation Project, a study was undertaken which assessed the status of the regulatory reform in the member states and made recommendations on how to harmonise the existing and emerging policies as well as institutional set-ups. Phase II of the Project is giving effect to the recommendations of the Study Report and working in particular to establish a regulatory association, to adopt a common policy and adopt regulatory guidelines which will guide regulators and service providers in implementing the policy and legislation which will integrate the common policy into national frameworks.

COMESA is also undertaking work in the e-readiness sub-sector so that recommendations can be made on how COMESA could assist its Member States to put in place the infrastructure needed to promote electronic commerce, and thus not only take advantage of its benefits but ensure that they are not further competitively disadvantaged by being left behind as the new business technology moves forward elsewhere in the world. This has involved doing an assessment of all of the e-readiness studies undertaken in each member state and drawing up a programme, for EDF9 funding, to make the region more "e-ready".

Investment

COMESA needs an estimated growth rate of at least 7% per annum to generate sufficient capital formation and employment generation to meet the Millennium Development Goals. This growth rate translates to a minimum investment of 25% of Gross Domestic Product (GDP). Current domestic savings to GDP is about 11%, with the investment to GDP ratio being 18%, with Foreign Direct Investment (FDI) accounting for 7% of GDP.

Fully cognisant of this, in 1998 the COMESA region was declared to be a Common Investment Area (CCIA) as a way to attract higher and more sustainable levels of investment into the region. COMESA is working on a legal framework, which will specify country obligations within the CCIA. This will include investment protection, co-operation in investment programmes and



Meeting of the Working Group of the Chief Executives of Investment Promotion Agencies in COMESA March 2002

With this status as a CCIA, COMESA has intensified its efforts to address many of the barriers that hinder investment on a regional basis. Broadly speaking, in an effort to attract further investment, COMESA is implementing programmes aimed at improving profitability by lowering costs of investment, reducing costs of doing business and controlling and reducing risks. For example the recent creation of the COMESA FTA has done much to boost the region in terms of its attractiveness as an investment destination. With the creation of the FTA the investor now has access to a bigger market and so allows producers and manufacturers to operate at higher plant capacities, enabling them to maximise economies of scale, thus reducing their costs of doing business.

Institutional Framework

COMESA has a well-defined decision making mechanism. The assembly of Heads of State and Government, otherwise known as the Authority, is the apex organ that sets policy and agenda for integration. The council of Ministers oversees implementation, whereas the Secretariat, as the technical arm, is charged with the responsibility of guiding, monitoring and co-ordinating regional programmes. COMESA has also established specialised institutions that are dedicated to supporting and facilitating regional integration. These are:

- The Eastern and Southern African Trade and Development Bank (PTA Bank) with a capital base of US$500 million. The Bank provides investment and trade financing to the private sector.

- PTA Reinsurance Company (ZEP-RE), with a capital base of US$27 million, which is doing business in twenty African States. The main goal of ZEP-RE is to foster economic growth and development in the region through trade in insurance and reinsurance business.

- The African Trade Insurance Agency (ATI) with capacity to underwrite business up to US$360 million. Supported by the World Bank and the private sector, including Lloyds of London and Garing Namur of Germany, ATI is a unique institution, providing insurance cover for trade into and within the COMESA region.

- Leather and Leather Products Institute (LLPI) is a technical institution that focuses on leather processing and manufacturing.

- The Clearing House is developing a cross-border payment and settlement system which will meet the needs of traders, industrialists and investors in the newly-liberalised environment.

Apart from these specialised institutions there are several independent private sector organisations, namely, the COMESA Business Council (CBC), the Federation for Women in Business (FEMCOM), the COMESA Bankers Association, the Pharmaceutical Association of COMESA (PHARMESA), and the COMESA Metallurgical Industries Association (COMESAMIA). These organisations provide a forum for the business community to make inputs into decision-making processes.

Co-operation Activities

During the year COMESA was involved in the following co-operation activities:

- The COMESA Secretariat continued to actively participate in meetings convened by the African Development Bank to prepare an action plan for medium and long-term projects. The action plan covers the development of physical infrastructure in aviation, roads, railways, ports, telecommunications and energy. It is envisaged that public/private sector partnerships will play a role in providing funding including the management of the infrastructure facilities.

- COMESA with the technical and financial assistance from the Commonwealth Secretariat, undertook a study on enhancing trade and production of quality pharmaceutical products in the COMESA region.

- COMESA received technical support from the Economic Commission for Africa (ECA), and undertook investment opportunities identifications for different COMESA member States.

- The European Union continues to maintain its position as COMESA's major donor and COMESA continues to implement a number of programmes with funding coming from the European Development Fund, mainly in trade policy and trade facilitation areas. During 2002 COMESA worked with its sister regional organisations of EAC, IOC and IGAD to prepare a Regional Strategy Paper and a Regional Indicative Programme. This was signed in October 2002 and allocates a total of Euro 223 million over a 5-year period for regional programmes in the three main focal sectors of Economic Integration; Management of Natural Resources and Transport and Communication. Programming and implementation will start in 2003.

- COMESA continues to work closely with USAID in a number of areas, including AGOA. In addition, during the year COMESA strengthened its association with the Corporate Council on Africa, with the seconding of two staff to the Secretariat for

Launch of the AGOA Linkages in COMESA (ALINK) Sept 2002

- COMESA also received a grant from the African Capacity Building Foundation, which will build trade negotiation capacity and trade policy formulation.

- COMESA has also initiated bilateral programmes with funding from the French and British Governments

Part II: ECONOMIC TRENDS IN THE COMESA REGION.

The average real growth rate in the COMESA Region in 2001 was 3.1 percent as compared to a growth rate of 3.6 percent in the year 2000. Growth in COMESA economies was constrained in 2001 by the slowdown in the global economy, which was exacerbated by the 11th September 2001 attacks on the US. Global demand weakened for most primary commodity exports, resulting in adverse impacts on balance of payments, exchange rates, output and employment. Tourism, which is a significant source of foreign exchange, particularly for countries such as Egypt and Kenya, was also seriously affected by the September attack on the US.

The average savings as percent of GDP for COMESA member States in the year 2001 was 13.6% as compared to 14.2% in the year 2000. The spread in savings rations was high, with some countries having savings ratios of above 20% and others had ratios of less than 10%.

The investment performance in COMESA has declined from 20.4% of GDP in 2000 to 19.2% in 2001. Investment in the region varied considerably. Angola, The Democratic Republic of Congo, Egypt, Eritrea, Mauritius, Namibia, and Seychelles recorded rates of above 20% in 2000 while others recorded much lower rates. The low investment performance of the region as a whole underscores the challenge facing COMESA's policy makers to implement a set of policies that will move the economies into higher investment and higher growth.

The overall fiscal deficit (excluding grants) rose from –6.3%t of GDP in 2000 to –6.6% in 2001, attributed to the decline in trade volumes and prices. Since the mid 1990s, most COMESA Member States have pursued policies of fiscal consolidation, which is reflected in their strengthened fiscal management capability. This was achieved through a combination of spending cuts and aggressive revenue promotion strategies.

Broad money growth slowed down from 26.2% in the year 2000 to 23.1% in the year 2001. In Burundi, Djibouti, Ethiopia, Kenya, Mauritius, and Rwanda, the monetary stance remained moderately tight and grew by less than 10%. Other countries except Angola, The Democratic Republic of Congo and Zimbabwe, had growth rates of broad money less than 20%.

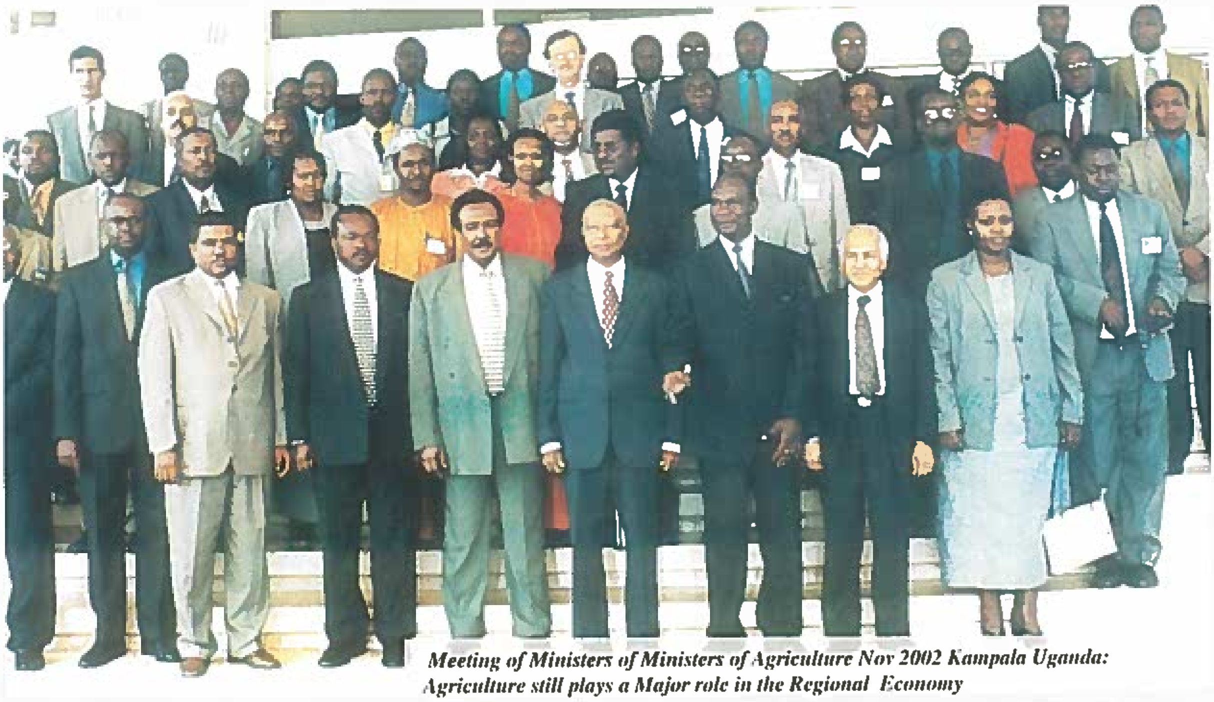
Fiscal consolidation and relatively tight monetary policies helped many countries in the region to reduce inflation and moderate exchange rate fluctuations. In most countries the inflation rate remained in the single digits and the regional average fell from 28.6% in 2000 to 19.1% in 2001.

Regarding developments in the external sector, the region's exporters of primary products were adversely affected by weak international demand and consequent low prices for their products. Key factors contributing to the global slow-down, especially in industrial countries, included the end of the high-tech boom, the collapse of stock markets, high oil prices, volatile currency markets and the severe blow to business confidence caused by the 11th September attacks on the United States.

The stock of external debt in COMESA region was US$83.0 billion at the end of 2001 which is 6.0% higher than the level in the year 2000. External debt to GDP ratio for COMESA was 53.5% in the year 2001 as compared to 50.6% for Sub-Saharan Africa. External debt service in the COMESA region was US$5.3 billion in the year 2000. Debt accumulation arose from the region's persistent current account deficit and meagre inflows of foreign investment to finance the shortfall. Only a few countries in the region have completed the HIPC process and received debt relief under the Initiative. Under HIPC only six countries in the world reached their completion point and in COMESA only Uganda reached the completion point.

Whereas there was a general decline in the global performance of the COMESA region, there was significant growth of intra COMESA trade. 2001 figures indicated a surge in trade among COMESA countries and significantly among the FTA countries. Overall 2001 figures showed a growth of 30 percent in trade over their 2000 levels. The major commodities that are traded within the COMESA FTA participating countries are tea, textiles, cotton yarn, tobacco, sugar, refined motor spirit, cement, fertiliser, refined copper, rice, iron and steel and pharmaceuticals.

Concurrent to trade developments in the FTA is the African Growth & Opportunity Act, AGOA, that is proving to be a win-win agreement as major textile exporters like Mauritius source cotton and other textile products from within the FTA for further processing and export to the US market.



Meeting of Ministers of Ministers of Agriculture Nov 2002 Kampala Uganda: Agriculture still plays a Major role in the Regional Economy

Figure 1 below illustrates the growth in Mauritian exports of apparel and clothing accessories to the USA while Figure 2 shows the growth in Mauritian imports of cotton and cotton yarn from the FTA. What is evident from these Figures is the increasing trend in exports to the USA from Mauritius and imports of raw cotton and semi-processed cotton from the FTA by Mauritius.

Figure 1: Mauritian Textile Exports to USA

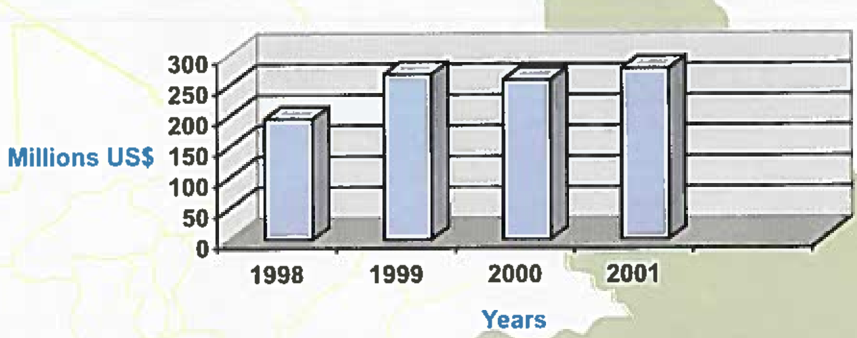
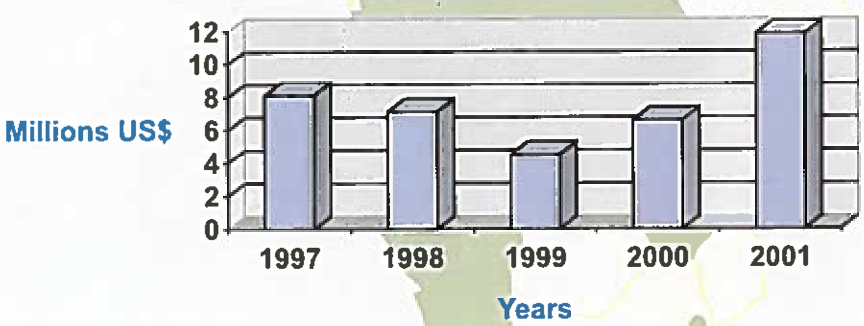


Figure 2: Mauritian Imports of Cotton & Cotton Yarn from COMESA FTA



Source: Derived from data supplied by Central Statistical Office of Mauritius

Given the dynamics that AGOA adds to intra FTA trade and indeed intra COMESA trade in textiles, it is evident that textiles are a key growth area in the COMESA region.

TABLE 1: SELECTED ECONOMIC INDICATORS FOR THE COMESA REGION AND FOR SUB-SAHARAN AFRICA:

INDICATOR	COMESA			SS AFRICA
	1999	2000	2001	2001
Population in Millions	367.8	377.1	388.1	679.3
Real GDP (In Millions of US$)	252.0	263.6	272.4	411.6
Real GDP Growth	4.4	3.7	3.1	3.3
Real Per capita GDP Growth	3.1	2.0	0.3	0.3
Inflation	25.3	28.9	20.4	16.4
Total Investment GDP Ratio	21.4	19.5	19.1	17.3
Domestic Savings GDP Ratio	13.0	14.1	13.7	17.5
Overall Fiscal Balance Including Grants	-4.2	-4.4	-4.6	-2.2
Overall Fiscal Balance Excl. grants	-5.4	-5.6	-5.9	-3.5
Govt. Revenue Incl. Grants: % of GDP	24.7	24.9	23.6	24.4
Govt. Revenue Excl. Grants: % of GDP	23.5	23.8	22.3	23.1
Govt. Expenditure as % of GDP	28.9	29.3	28.1	26.6
Broad Money Growth	24.0	25.9	23.8	24.0
Real Export of Goods and Services Growth	8.9	10.4	1.8	2.9
Real Import of Goods and Services Growth	-1.6	2.2	0.6	4.7
Ext. current account balance incl. grants: % of GDP	-4.7	-2.5	-2.4	-2.0
Ext. current account balance excl. grants: % of GDP	-7.0	-4.7	-4.5	-3.3
External public Debt in % of GDP	60.1	55.0	55.3	50.4

ECONOMIC TRENDS IN MEMBER STATES

ANGOLA

Real GDP growth in Angola for the year 2001 was 3.2% as compared to a growth of 3% in the year 2000. The annual inflation rate fell to 152.6% in 2001 from 325% in 2000. The fiscal deficit to GDP ratio excluding grants for the year 2001 was 4.0%.

There were on-going efforts to reform tax and customs administrations and these reforms were expected to yield further increases in non-mining revenues in 2002. The monitoring of budget execution is expected to improve as a result of recent changes in the recording and control of expenditures by budgetary units. Government is taking steps to curtail non-priority expenditures at all levels to achieve a sustained reduction in inflation and minimise the use of destabilising internal or external borrowing.

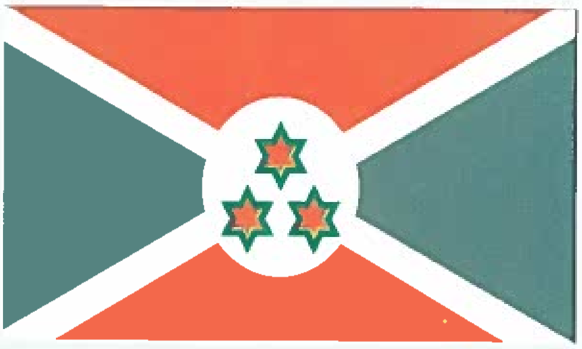
Angola is a member of COMESA and SADC.

Angola: Selected economic Indicators: 1998-2001

	1998	1999	2000	2001
Real GDP Growth (in %)	6.8	3.3	3.0	3.2
Inflation (annual average)	107.4	248.2	325.0	152.6
Investment to GDP ratio	35.5	46.8	26.5	34.0
Domestic Savings to GDP ratio	17.1	39.0	51.8	43.4
Gov. revenue inc. grants to GDP ratio	34.1	50.8	54.0	43.3
Govt. Exp. And net lending To GDP ratio	44.5	82.6	55.7	45.1
Overall govt. balance excl. grants in % of GDP	-12.9	-35.7	-4.0	-4.0
Broad money growth	104.0	680.9	303.7	162.2
C/a balance incl. Transfers as % of GDP	-33.3	-25.7	10.0	-2.0

Source: International Monetary Fund

BURUNDI



Economic activity began to recover and inflation decelerated in 2001 aided by a rebound in agricultural output and reconstruction activity. Real GDP grew by an estimated 2.1%, and the rate of inflation was 9.3% in 2001. These positive trends continued during the first half of 2002, but the lowest world coffee prices in a decade have posed major difficulties for Burundi.

The overall budget deficit excluding grants was 6.8% of GDP in 2001. The external current account deficit excluding transfers was 16.2% of GDP in 2001.

The authorities' programme for 2002-3 was drawn up in the light of the broader framework of the Arusha agreement. In particular, it takes into account the key steps envisaged under the peace process: the mobilisation of humanitarian assistance and the repatriation of refugees; the rebuilding of infrastructure and institutional capacity; and the promotion of equitable growth through market-based economic reform. In the short run, the authorities' priority is to restore a measure of financial stability, in particular through stricter budget implementation, tighter monetary conditions, and more flexible exchange rate management. In turn, a better co-ordination of fiscal, monetary, and exchange rate policies, coupled with emergency measures to reduce the deficit of the coffee sector, is expected to enhance competitiveness and improve resource allocation.

Burundi has put in place policies to liberalise its trade regime. As a member of COMESA and will reduce tariffs from 60% to 80% in January 2003 and 100% in January 2004, thus joining the FTA in 2004.

Burundi: Selected Economic Indicators: 1998-2001

	1998	1999	2000	2001	2002 (proj.)
Real GDP Growth	4.8	-1.0	-0.9	2.1	3.6
Inflation (annual: period average)	12.5	3.4	24.3	9.3	8.0
Investment to GDP ratio	9.1	9.6	8.6	8.3	
Domestic Savings to GDP ratio	-2.6	0.1	-5.3	-6.9	
Gov. revenue excl. grants to GDP ratio	17.1	16.2	19.2	20.0	19.6
Gov. Exp. and net lending: GDP ratio	23.7	25.3	24.3	26.9	25.8
Overall Gov. balance excl. grants	-6.6	-9.1	-5.0	-6.8	-6.2
Broad money growth	0.1	45.5	4.3	15.0	15.3
C/a balance Excl. transfers as % of GDP	-12.2	-9.3	-14.7	-16.2	
Interest rates	9.6	10.6	12.1	13.2	13.6
Gross official Reserves in terms of months of imports	5.6	5.3	3.7	2.2	2.6

Sources: Burundi authorities; and IMF staff estimates.

COMOROS

Real GDP growth in Comoros for the year 2001 was 1% as compared to a decrease of 1.1% in the year 2000. Comoros is a member of the French Franc Zone and under its fixed exchange rate regime inflation was kept at around 3% per year since 1996. The inflation rate for the year 2001 was 3.5%.

Government revenue to GDP ratio increased from 10.2% in 2000 to 12.6% in 2001. The overall domestic deficit (excluding foreign financed expenditure and on a commitment basis) was 3.8% of GDP.

Broad money grew by 2.3% in the year 2001 as compared to an increase of 14.5% in the year 2000. Interest rates for the single commercial bank are set by the Central Bank. They did not change in 2000, reflecting the stability in rates in the Euro zone, to which they are linked.

The current balance of payments account (including grants) increased from -0.4% of GDP in 2000 to -4.8% in the year 2001.

Comoros has a public enterprise privatisation programme. The Government has drafted regulations to liberalise postal services and telecommunications. In addition the government intends to complete the privatisation of the port and Maritime Transport Company.

Between 1996 and 1997, the external tariff regime was revised to a system of three non-zero bands with rates of 20%, 30%, 40%, excluding alcohol and tobacco, which are taxed at 180%.

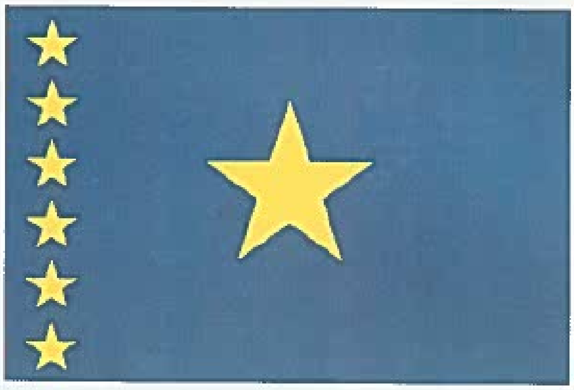
As well as being a member of COMESA, Comoros is also a member of the Indian Ocean Commission.

COMOROS: Selected Economic Indicators: 1998-2001

	1998	1999	2000	2001
Real GDP growth (at market price	1.2	1.9	-1.1	1.0
Inflation (annual: period average)	3.5	3.5	-1.9	3.5
Investment to GDP ratio	14.7	11.9	10.3	9.3
Domestic savings to GDP ratio	1.0	-0.2	4.7	3.5
Gov. revenue to GDP ratio	11.4	11.8	10.2	12.6
Gov. exp. and net lending to GDP ratio	22.1	19.1	16.3	20.7
Overall govt. balance incl. grants	-3.4	-0.8	-1.9	-3.8
Broad money growth	-6.6	7.0	14.5	2.3
C/A balance excl. transfers as % of GDP	-6.1	-4.1	-0.4	-4.8
Gross official reserves in terms of months of imports	5.7	6.1	8.0	7.3

Sources: Comorian authorities and IMF estimates and projections

DEMOCRATIC REPUBIC OF CONGO



Real GDP growth in the Democratic Republic of Congo for the year 2001 was – 4.4% and the inflation rate was 357.9%. Broad money growth was 495.1%.

From June 2001 to March 2002, the authorities implemented economic policies which aimed principally at stabilising the economy, and laying the foundation for the restoration of growth and reconstruction. They took bold measures, including the introduction of a floating exchange rate system in May 2001. These policies have already produced significant results, particularly the breaking of the vicious circle of hyper-inflation and currency depreciation, and the rehabilitation of public finances, including a return to a normal budgetary process, the centralisation of revenue and expenditure, and a reduction in the use of extra budgetary channels.

Progress in the structural area includes the removal of major economic distortions, notably through the unification of multiple exchange rates and liberalisation of the prices of goods, including a transparent and automatic mechanism for the prices of petroleum products, and profound changes in the regulatory environment and the judiciary.

The process of improving the business climate through the implementation of structural and sectoral reforms will be intensified. The role of the government is being modified to facilitate and support the private sector. In particular, the Government is determined to promote good governance and fiscal transparency. In this regard, an anti-corruption strategy will be finalised and an action plan developed with the help of the World Bank. The government has also, with World Bank support, begun a reform of the mining and forestry sectors, including the restructuring of the state mining company (GECAMINES).

The Democratic Republic of Congo, as a member of COMESA, has prepared the legal instrument effecting 80% tariff reduction. She is also a member of SADC

D R Congo: Selected Economic and Financial Indicators

	1998	1999	2000	2001
Real GDP growth	-1.6	-4.3	-6.2	-4.4
Inflation (annual: period average)	107.0	270.0	553.7	357.9
Investment to GDP ratio	18.9	14.9	4.4	4.8
Domestic savings to GDP ratio	17.6	20.4	5.6	6.2
Gov. revenue excl. grants to GDP ratio	5.9	4.6	4.5	7.4
Gov. exp. and net lending to GDP ratio	12.3	9.8	9.8	8.7
Overall govt. balance excl. grants	-6.4	-5.2	-5.3	-1.3
Broad money growth	71.1	160.0	382.0	495.1
C/A balance excl. transfers as % of GDP	-14.7	-5.2	-8.1	-8.5

Source: International Monetary Fund

DJIBOUTI

Macroeconomic Performance in 2001 and the first half of 2002 indicate that real GDP growth in 2001 was about 1.9%. Growth has continued to be underpinned by considerable port activity, sharply rising energy production, and the recovery of the construction sector. The annual average consumer price index reflected a price increase of 1.8%. The drop in the price of food and petroleum products is largely responsible for the slowdown in inflation.

The budgetary domestic balance excluding grants for 2001 shows a deficit of 0.7% of GDP. The revenue level (excluding grants) to GDP ratio is estimated at 30.2% in the year 2001. Government expenditure to GDP ratio amounted to 30.9% in the year 2001.

In the structural area, a very important social and financial reform was completed, namely the pension fund reform. This reform will make it possible to stabilise the financial position of the pension funds and ensure that retirees are regularly paid their pensions in the medium term. The Government also created the National Social Security Council (CNSS), an institution acting as an executive board responsible for implementation of the reform and management of pension funds.

The management of the Djibouti international airport (AID) was privatised and entrusted to Dubai Port International (DPI) in June 2002, which is already managing the Djibouti port. In the context of the reform on streamlining and rationalising tax exemptions for new investment, the authorities have drafted an Investment Charter, which is expected to be finalised by the end of the year.

Djibouti has a trade regime, which is fully open, without recourse to import bans or export prohibition.

Djibouti is member of the COMESA FTA and of IGAD.

Selected Economic Indicators: Djibouti: 1998-2001

	1998	1999	2000	2001
Real GDP growth	0.1	2.2	0.7	1.9
Inflation (annual average)	2.2	2.0	2.4	1.8
Investment to GDP ratio	15.4	8.9	15.3	12.0
Domestic savings to GDP ratio	-0.8	-5.7	-7.4	-4.8
Gov. revenue excl. grants to GDP ratio	34.5	31.2	31.3	30.2
Gov. exp. and net lending to GDP ratio	33.6	33.4	33.1	30.9
Overall Gov. balance excl. grants	0.9	-2.2	-1.8	-0.7
Broad money growth	-2.8	5.2	1.1	7.5
C/A balance excl. transfers as % of GDP	-15.2	-13.4	-18.2	-12.6

Source: International Monetary Fund

EGYPT

During most of the 1990s, Egypt made considerable progress in macroeconomic stabilisation and structural reform. The fiscal deficit was greatly reduced, inflation fell to low single digits under a currency pegged to the U.S. dollar, and debt service indicators strengthened substantially, aided by debt reduction from official bilateral creditors. On the structural front, progress was made in financial and trade liberalisation, and privatisation. These advances contributed to rising investment and stronger GDP growth.

During 2000, seeking to strengthen the external position, the authorities departed from the de facto peg to the US dollar, adopted in early 1991.

Balance of payments pressures eased in 2000/01. The external current account moved into broad balance in 2000-1, as non-oil imports fell by 10% in dollar terms and non-oil exports rose 7%. The deficit on the external capital account also narrowed slightly. Reflecting these developments, the decline in official reserves in 2000-1 was limited to US$0.9 billion (0.9% of GDP), compared to US$3 billion a year earlier (3.1% of GDP). At end-June 2001, net official reserves amounted to US$14.2 billion, or about three times the level of Egypt's short-term public external debt.

On the structural front, several key measures have been adopted in recent months. In the fiscal area, the general sales tax (GST) was extended to the wholesale and retail levels by parliament in May 2001 and implemented from July 2001. The authorities also signed in June 2001 an Association Agreement with the EU which, once ratified, will provide for a phased, multi-year reduction of tariffs on EU imports. In the financial sector, parliament approved in June 2001 a law promoting the development of a mortgage market, key in which are provisions for strengthening the potential claim of lenders over property collateral. Further, following a review of existing financial legislation, a draft money laundering law has been prepared to criminalise the activity, strengthen penalties, and establish a central authority to supervise and co-ordinate detection and enforcement efforts. Last, a number of companies have been privatised.

Egypt is a member of the Pan Arab Free Trade Area (PAEPA) and the COMESA Free Trade Area. It is signatory of the Barcelona Declaration, which calls for a free trade zone in the Mediterranean by 2010. It enjoys preferential treatment in the USA and EU markets and is party to the US Trade and Investment Framework Agreement (TIFA).

Egypt: Selected Economic Indicators: 1999-2001

	1999	2000	2001
Real GDP growth (factor cost)	6.0	5.1	3.3
Inflation (annual: period average)	3.8	2.8	2.4
Investment to GDP ratio	25.5	23.7	22.3
Domestic savings to GDP ratio	16.9	17.3	17.3
Gov. revenue excl. grants to GDP ratio	27.4	26.2	24.5
Gov. exp. and net lending to GDP ratio	30.3	30.1	30.0
Overall Gov. balance incl. grants	-3.0	-3.9	-3.6
Broad money growth	11.5	8.8	11.6
C/A balance incl. transfers as % of GDP	-1.9	-1.2	0.0

Sources: Egyptian authorities, and IMF staff estimates

ERITREA

Eritrea enjoyed strong growth and comparatively low inflation in the first few years of independence. In 2001 the GDP growth rate was 6.4%.

Eritrea is predominantly an agricultural economy. Its lowlands and escarpments have great potential for agricultural development, which, with proper conservation and utilisation of water, can be exploited for intensive and extensive cultivation of a variety of staple and cash crops. The country also has high-quality livestock.

Output in Eritrea's manufacturing industry consists of primary basic consumer goods produced by small- and medium-scale enterprises. Eritrea aims at strengthening its backward and forward linkages with the agriculture and construction sectors as a move to diversify its exports and increase the country's foreign exchange earnings.

The Government of Eritrea is committed to the liberalisation of its trade through participation in regional and multilateral trade and economic co-operation agreements. It also aims at simplifying the licensing regime and reducing and eliminating tariff and non-tariff barriers. Eritrea aims at developing high-tech telecommunication facilities for international and domestic services, rehabilitating its railway and developing its air transport services. Eritrea is a member of COMESA and IGAD.

Eritrea: Selected economic Indicators: 1997-2001

	1997	1998	1999	2000	2001
Real GDP growth (factor cost)	13.3	3.2	1.2	-8.6	6.4
Inflation (annual: period average)	3.7	9.5	8.4	19.9	14.6
Investment to GDP ratio	32.7	33.0	34.0	28.7	32.7
Broad money growth		20.4	33.0	15.2	25.5
C/A balance incl. transfers as % of GDP	2.2	-24.8	-29.1	-16.7	-12.6

Source: IMF, African Department Data Base.

ETHIOPIA

Following a bumper harvest, real GDP growth rose to 7.7% in 2000-1 but declined to 5% in 2001-2, as prices of coffee and cereals continued to fall and the growth of agricultural output returned to a more sustainable level.

Consumer price inflation remained negative in 2001-2. The external current account deficit (including official transfers) widened to 7.1% of GDP in 2001-2 from 4.2% in the previous year, on account of higher food imports. Coffee exports, which account for 40% of merchandise exports, were lower than expected, as both volume and prices fell.

The fiscal deficit (including grants) increased in 2001-2, as a result of the accelerated implementation of special programmes, capital expenditure, and poverty-targeted expenditure. The Taxpayer Unit and Tax Reform Implementation Task Force established in 2001 has been strengthened and draft legislation for the introduction of a value-added tax (VAT) was passed by parliament in early July 2002. Defence outlays were cut from 6.4% of GDP in 2000-1 to 5.9% in 2001-2.

Broad money supply rose by 10.9% in 2001-2 from 9.5% in 2000-1. The wholesale foreign exchange auction began to operate more efficiently before its replacement by an inter-bank foreign exchange market in October 2001.

Progress was made in implementing other structural reforms focused on public sector management, including civil service and public expenditure policies, and on private sector development. Revised investment and urban land lease laws were adopted. However, implementation of the privatisation programme slowed because the larger companies, including industrial enterprises, sold attracted fewer potential buyers.

The poverty reduction strategy paper was prepared with full participation by civil society and development partners, and submitted to the IMF and World Bank in August 2002.

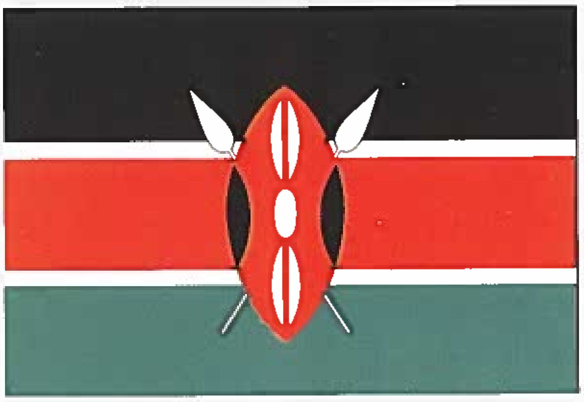
Ethiopia is a member of COMESA (but not the FTA) and IGAD.

Ethiopia: Selected Economic Indicators: 1997-2002

	1997	1998	1999	2000	2001	2002
Growth at constant prices (annual % change	4.7	-1.4	6.0	5.4	7.7	5.0
Inflation (annual)	-6.4	3.6	3.9	4.2	-7.2	-7.2
Investment to GDP ratio	17.0	17.2	16.3	15.3	18.0	20.2
Domestic savings to GDP ratio	7.9	7.7	1.4	-0.1	2.2	1.5
Tax revenue to GDP ratio	12.9	11.7	11.5	12.5	14.3	16.2
Gov. revenue inc. grants to GDP ratio	21.8	20.8	21.4	21.6	24.6	27.0
Gov. exp. and net lending to GDP ratio	24.2	25.2	30.6	33.1	30.4	36.9
Overall central Gov. balance incl. grants to GDP ratio	-2.4	-4.3	-9.2	-11.5	-5.7	-9.9
Broad money growth	3.4	12.7	5.9	14.0	9.5	10.9
C/A balance incl. grants as % of GDP	-3.0	-1.6	-7.9	-5.3	-4.2	-7.1
Gross international reserves in terms of months of imports.	4.2	2.6	2.7	2.2	2.0	3.9
Scheduled external debt service in % of export of goods and services	84.1	57.7	63.3	52.2	23.2	22.4

Source: Ethiopian authorities and IMF staff estimates and projections.

KENYA



Real GDP grew by 1.2% in 2001, with the intense drought having a severe impact on economic development in Kenya. Drought considerably affected government finances and Kenya's balance of payment in the fiscal year 2000-1. Economic performance was also affected by the decline in ODA and FDI.

Although economic conditions have been quite difficult over the past few years, Kenya has managed to sustain a relatively stable macro-economic environment. The annual average inflation rate in 2001 declined to just 0.8%. Broad money grew only by 2.4 % in the year to December 2001.

The external current account deficit before grants to GDP ratio was 3.2% in 2000-1.

To address the problem of a complex tariff structure and proliferation of suspended duties, several reforms were introduced in 2000-1. These included the elimination of all suspended duties except on oil products and a reduction in the number of tariff bands from 13 to 9.

In the medium- to long-term, structural reforms in Kenya will focus on parastatal, energy and water sector, and civil service reforms as well as the reform of the coffee sector.

Kenyan authorities conducted a comprehensive consultative process that will lead to the completion of the PRSP.

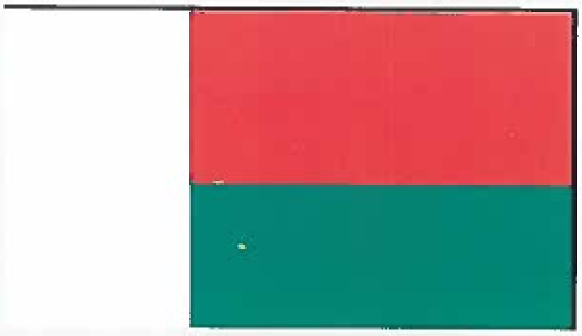
Kenya is a member of the COMESA Free Trade Area, the East African Community and IGAD.

Kenya: Selected Economic Indicators, 1996-2001

	1996	1997	1998	1999	2000	2001
Real GDP growth	4.6	2.4	1.8	1.4	-0.3	1.1
Inflation (annual)	8.9	11.4	6.6	3.5	6.2	0.8
Investment to GDP ratio	20.3	18.5	17.4	16.2	15.6	15.5
National savings to GDP ratio	18.2	14.3	12.5	14.0	13.4	13.8
Gov. revenue to GDP ratio	25.7	27.2	26.9	23.3	23.7	24.3
Gov. Exp. To GDP ratio	29.1	29.5	27.6	23.1	28.7	28.0
Overall central Gov. balance excl. grants to GDP ratio	-3.5	-2.3	-0.7	0.2	-5.0	-3.8
Broad money growth	15.9	9.8	3.3	2.8	0.8	2.4
90 day T-bill rate	21.5	26.4	12.6	20.0	12.9	10.9
C/A balance excl. grants as % of GDP	-2.3	-4.4	-4.9	-2.2	-3.0	-3.2
Gross international reserves in terms of months of imports	2.7	2.5	2.8	2.6	3.0	3.6

Source: Kenyan authorities; and IMF staff estimates.

MADAGASCAR



In the year 2002 the Island experienced extreme climates there were floods followed by drought. These scourges of floods and drought combined with political turmoil harmed the economy, particularly the agriculture sector. About 400 000 people needed food aid, according to the UN reports. Never the less the island's agricultural exports products (not under AGOA) amounted to US$ 107.3 million from January to September 2002, a slight increase compared with 81.3 million over the same period in the year 2001. In addition by the end of the year 2002, political stability was being regained.

The primary sector represents 26% of GDP. Agriculture comprises 14% of the GDP, but
The mining sector remains underdeveloped and the exploitation of titanium sand, nickel, and cobalt deposits could boost the island's export earnings. The fishery industry also needs further development.

The secondary sector comprises 13% of GDP, of which food processing represents 6% and EPZ 2.1%. The relative strength of the islands industrial base was evident from the solid export performance of the textile and apparel industry. Under AGOA, Madagascar export of textile and apparel to the US amounted to US$ 67.7 million from January to September 2002 compared to 56.4 million in the same period in the year 2001.
Source: Economic Division Africa Research

Madagascar is a member of the COMESA FTA.

Madagascar: Selected Economic Indicators: 1996-2001

	1996	1997	1998	1999	2000	2001
Real GDP growth	2.1	3.7	3.9	4.7	4.8	6.7
Inflation (annual)	19.8	4.5	6.2	9.9	11.9	5.0
Investment to GDP ratio	12.2	12.8	14.8	14.9	15.0	18.3
Domestic savings to GDP ratio	7.2	4.7	7.0	7.2	7.8	10.9
Gov. revenue incl. grants to GDP ratio	12.9	15.0	14.1	15.2	15.5	17.1
Gov. exp. to GDP ratio	17.8	17.4	19.9	17.8	18.1	21.8
Overall central govt. balance incl. grants to GDP ratio	-4.9	-2.4	-4.7	-1.2	-0.6	-3.7
Broad money growth	18.1	19.8	8.4	19.5	18.8	16.2
C/A balance inc. grants as % of GDP	-5.0	-5.5	-7.4	-5.4	-5.7	-5.6

Source: International Monetary Fund

MALAWI

Real output declined by 1.5% in the year 2001. This is mostly attributable to depressed agricultural output owing to a drop in maize production. Growth in the manufacturing and services sectors remained negligible and industrial activity shrank.

The inflation rate increased significantly to 22.1% in the year 2001.

The external current account deficit including grants was 7.3% of GDP in the year 2001. Export receipts were virtually unchanged from 2000 as a drop in receipts of tobacco exports, owing to lower prices, was offset by an increase in exports of tea, sugar and coffee. The service balance improved owing mostly to lower public interest payments (before debt relief.) International reserves remained adequate and stood at about 3 months of imports at end-June 2001.

Public expenditure management has been strengthened. The Ministry of Finance has now more control over parastatals' finances and audits of the large agriculture marketing parastatal and its subsidiaries have been completed. After a temporary suspension of the privatisation programme in mid-2001, the authorities privatised the Commercial Bank of Malawi in December 2001 and are completing the privatisation of other parastatals.

The authorities finalised a Poverty Reduction Strategy Paper (PRSP) at the end of April 2002, which emanated from a strong participatory process. Its strategy relies on a framework consistent with achieving the macroeconomic objectives of the programme and presents a balanced approach to create the necessary conditions to generate growth, improve social sector outcomes, and improve governance.

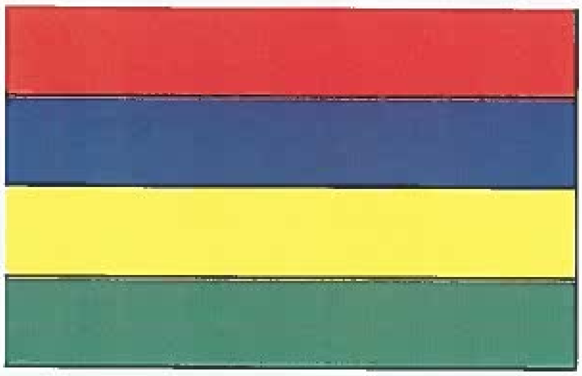
Malawi is a member of the COMESA Free Trade Area and SADC.

Malawi: Selected Economic and Financial Indicators, 1999-2001

	1999	2000	2001
Real GDP growth	4.0	1.7	-1.5
Inflation: end of period	28.2	35.4	22.1
Investment to GDP ratio	14.8	12.5	10.9
Domestic savings to GDP ratio	-0.3	0.5	-1.0
Gov. revenue excl. grants to GDP ratio	17.4	18.3	16.8
Gov. Exp. To GDP ratio	30.0	33.3	32.7
Overall central Gov. balance incl. grants to GDP ratio	-5.6	-5.8	-8.9
Broad money growth	33.6	42.4	12.1
C/A balance inc. grants as % of GDP	-8.3	-5.3	-7.3
Gross international reserves in terms of months of imports of goods and services	4.5	4.4	2.8

Source: Malawian authorities and IMF staff estimates and projections.

MAURITIUS



The Mauritian economy has weathered the global economic slowdown relatively well. Real economic output expanded by 7.2% in 2001. Tourism weakened somewhat in the second quarter of 2001 but picked up in the second half, partly reflecting Mauritius's reputation as a safe destination. Sugar output grew by 14% during the 2001-2-crop year reaching 645,000 tonnes, its highest level since 1987. Financial services also continued to expand robustly, as did other services, such as transport and communications. Output in the export-processing zone (EPZ) is likely to increase by about 6% in 2001-2.

While inflation in 2000-1 (12-month average) fell to 4.4% from 5.3% in the previous year, it subsequently rose to 5.6% in February 2002, boosted by the depreciation of the Rupee during 2001 and a number of transitory factors, including the rise in the value-added tax (VAT) rate, increases in electricity and other administered prices, and the impact of a cyclone in late February on food prices.

The Financial Services Development Act came into effect in December 2001 with the formal establishment of the Financial Services Commission (FSC) under the chairmanship of the Managing Director of the Bank of Mauritius (BOM). The FSC is responsible for regulating and supervising the non-bank financial sector while the regulation and supervision of onshore and offshore banks remain with the BOM. It is envisaged that after a transition period of three to four years the FSC and the Banking Supervision Department of the BOM will be merged into one supervisory agency.

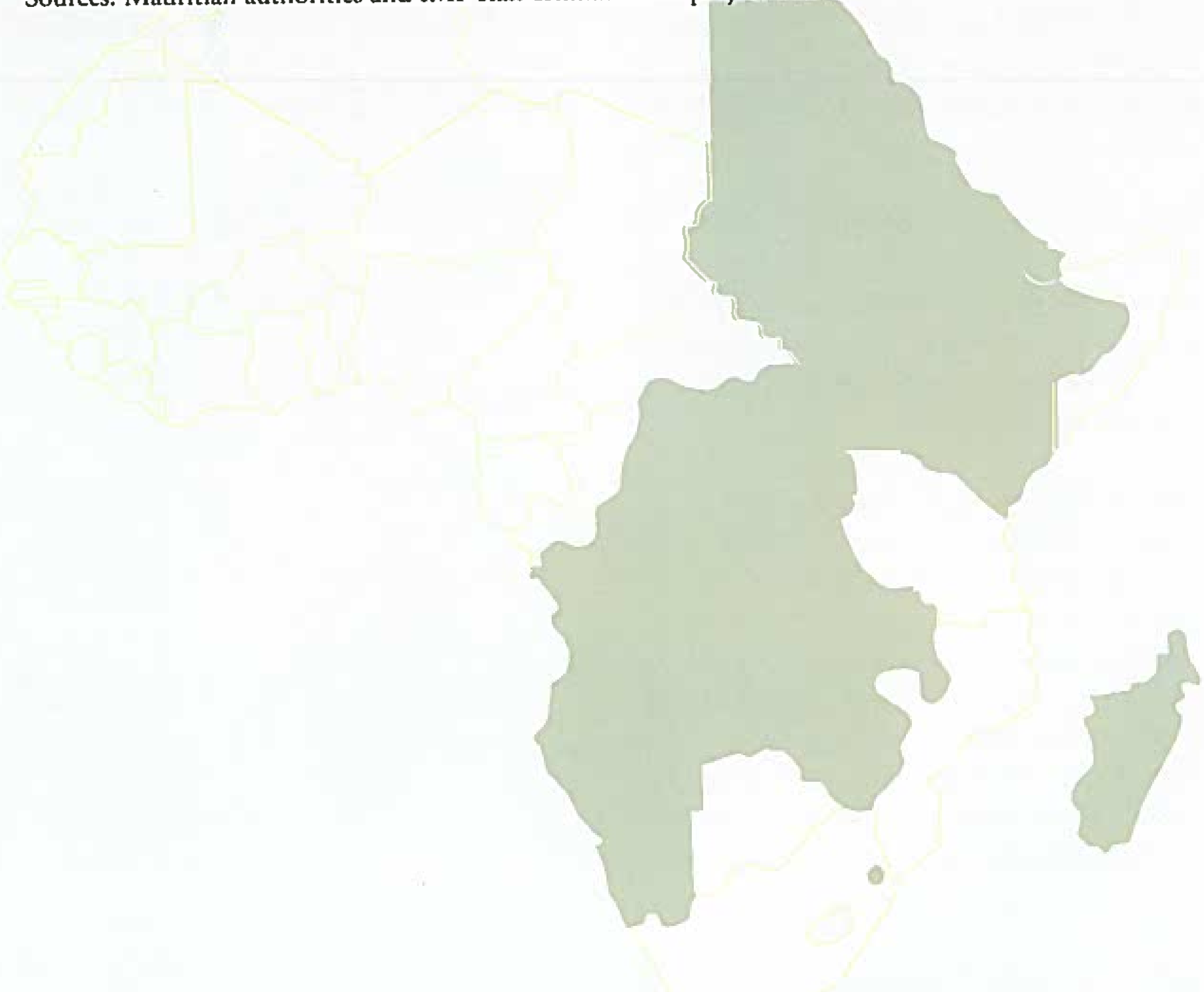
The external current account swung from a deficit of 1.6% of GDP in 1999-2000 to a surplus of 1.8% of GDP in 2000-1. There was a significant improvement in the trade balance, reflecting a strong recovery in sugar exports and lower imports of inputs for the EPZ. In the capital and financial accounts, net inflows of foreign direct investment of US$228 million more than offset the final repayment on the floating rate note of US$117 million.

Mauritius is a member of the COMESA FTA, SADC and IOC.

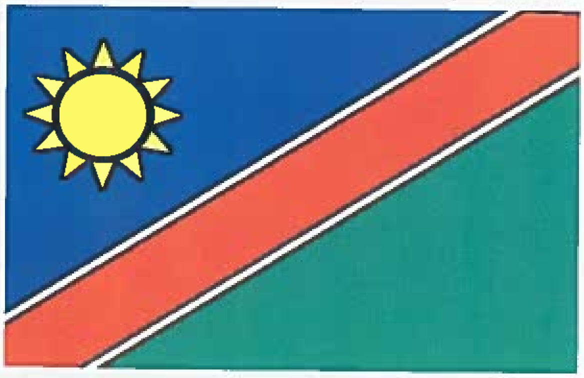
Mauritius: Selected Economic Indicators : 1996-2002

	1998	1999	2000	2001	2002 (prov.)
Real GDP growth	6.0	5.3	2.6	7.2	5.3
Inflation: period average	5.4	7.9	5.3	4.4	6.0
Investment to GDP ratio	27.5	25.4	25.8	24.9	
Domestic savings to GDP ratio	22.3	22.3	22.9	24.8	
Gov. revenue incl. grants to GDP ratio	19.6	20.1	20.9	18.2	18.3
Gov. exp. and net lending to GDP ratio	23.5	23.4	24.8	23.9	24.7
Central Govt. fiscal balance incl. grants as % of GDP	-3.8	-3.3	-3.8	-5.7	-6.4
Broad money growth	17.4	13.2	10.9	9.9	10.9
Interest rates in %	10.0	12.0	10.8	11.4	12.0
C/A balance inc. grants as % of GDP	-2.8	-1.5	-1.6	1.8	
Gross international reserves in terms of months of imports of goods and services	5.1	5.0	5.7	6.5	6.9
Debt service ratio	7.0	7.6	7.9	9.8	6.0

Sources: Mauritian authorities and IMF staff estimates and projections.



NAMIBIA



Economic performance in 2000 was broadly in line with recent trends. Real GDP rose by 3.25%, and the budget deficit fell to 1.5% of GDP, which reflected buoyant diamond receipts and under spending on capital outlays. The external current account recorded a surplus of 5% of GDP.

Developments in 2001 pointed to weaker growth and lower inflation. Reflecting lower agricultural growth and a possible decline in fishing output, real GDP was expected to increase by 2.7%. The annual period average inflation rate was 9.3%, owing in part to lower oil prices.

For the first time since independence in 1990, the 2001-2 budget was presented in the context of a rolling three-year expenditure framework. The medium-term approach to budget preparation was intended to strengthen fiscal management, especially expenditure control.

Given the pegging of the Namibia dollar to the South African Rand, the scope for independent monetary policy in Namibia is limited. In line with developments in South Africa, monetary conditions eased over the course of 2001 and the Central Bank rate was reduced from 11.25% at end-December 2000 to 9.25% at end-October 2001. Broad money grew by 4.5% in the year 2001. Between September and December, the Namibia dollar, following the Rand, depreciated by about 30% against the U.S. dollar.

Barring any further deterioration in the external environment, real GDP growth in 2002 could rebound to about 3%. The prospects for stronger growth beyond 2002 reflect the expansion of offshore mining activity, the operation of a new zinc mine expected in 2003, and foreign direct investment inflows associated with AGOA. Namibia also has strong tourism potential, which has yet to be fully developed. However, the external current account is projected to record a smaller surplus than in recent years, as the expansion in exports of mining, fishery, and non-traditional products is likely to be offset by lower SACU receipts.

Namibia is a member of COMESA, SADC and SACU. It trades on full MFN rates until its derogation expires.

Namibia: Selected Economic and Financial Indicators, 1997-2001

	1997	1998	1999	2000	2001
Real GDP growth	4.2	3.3	3.4	3.3	2.7
Inflation (annual: period average)	8.8	6.2	8.6	9.3	9.3
Investment to GDP ratio	20.7	26.4	24.4	24.0	24.5
Domestic savings to GDP ratio	8.7	13.4	11.8	12.3	11.9
Gov. revenue inc. grants to GDP ratio	32.7	32.1	33.8	34.0	33.0
Gov. exp. and net lending to GDP ratio	35.3	36.0	37.0	35.5	38.2
Fiscal balance	-2.5	-3.9	-3.2	-1.5	-5.2
Broad money growth	7.4	10.1	18.4	13.0	4.5
C/A balance as % of GDP	2.3	2.4	3.8	5.1	4.4
Gross international reserves in terms of months of imports.	1.5	1.7	1.9	1.7	1.4

Sources: Namibian authorities; and IMF staff estimates and projections.

RWANDA

Real GDP grew by 6.7% in 2001, as favourable weather conditions stimulated agricultural output and external transfers, equivalent to 11.5% of GDP, spurred manufacturing, construction, transportation and communication activities. The current account deficit (excluding grants) in 2001, at 16.4% of GDP, was financed by continuing aid inflows. End of period consumer price inflation for the year 2001 was –0.2%. This came as a result of the favourable impact of increased food supply on prices for agricultural products. Broad money growth in 2001 was 9.2%. Helped by larger-than-anticipated foreign aid inflows, the National Bank of Rwanda (NBR) increased its level of gross reserves to cover 5.7 months of imports of goods and non-factor services.

The fiscal performance in 2001 was encouraging, with the revenue (including grants) to GDP ratio rising to 19.8% in 2001 from 18.8% in 2000.

The government initiated a number of structural reforms in 2001. Major achievements were the development of a system for the monitoring of poverty-reducing spending, the introduction of a value-added tax, the start of weekly foreign exchange auctions, and the strengthening of the Office of the Auditor General.

In 2002, the government planed to limit the overall fiscal deficit to below 9.9% of GDP. Programmed spending included outlays for demobilisation and reintegration of soldiers and ex-combatants and fiscal decentralisation. To accommodate these exceptional expenditures, revenue measures included an increase in the VAT rate to 18% from 15%, and harmonisation of the customs tariff structure with the proposed COMESA Common External Tariff are being implemented. At the same time, the corporate income tax is being reduced in an effort to harmonise the tax system with neighbouring countries.

Rwanda's program is backed by its first full Poverty Reduction Strategy Paper (PRSP) issued in June 2002 which builds on a broad-based consultative process. Rwanda can reach the completion point under the enhanced HIPC Initiative in 2003.

Rwanda will be a member of COMESA FTA in January 2004.

Rwanda: Selected Economic and Financial Indicators

	1997	1998	1999	2000	2001
Real GDP growth	13.8	8.9	7.6	6.0	6.7
Inflation (annual: end of period)	16.6	-6.0	2.1	5.8	-0.2
Investment to GDP ratio	13.8	14.8	17.2	17.5	18.4
Domestic Savings to GDP ratio	-4.1	-2.8	0.2	1.4	1.9
Tax revenue to GDP ratio					
Gov. revenue inc. grants to GDP ratio	17.2	15.9	15.8	18.8	19.8
Gov. exp. and net lending to GDP ratio	19.6	18.9	19.6	18.7	21.0
Fiscal balance excl. grants to GDP ratio	-9.2	-8.3	-9.7	-8.9	-9.5
Broad money growth	47.5	-3.9	6.6	14.4	9.2
C/A balance excl. transfers as % of GDP	-17.5	-17.0	-16.7	-16.3	-16.4
Interest rates	11.4	10.0	10.1	11.6	10.2

Sources: Rwandese authorities and IMF staff estimates and projections.

SEYCHELLES

Real GDP growth in Seychelles for the year 2001 was -8.1% as compared to -5.4% in the year 2000. The reason for the decrease is due to low performance of the tourism sector. Average annual inflation rate was 6.1%. In order to revive the tourism sector, the government undertook various initiatives such as increased campaigns of the Seychelles Tourism Marketing Authority and purchasing of a new Boeing 747 by Air Seychelles.

Government revenue (including grants) to GDP ratio was 42.6% in 2001 as compared to 43.2% in the year 2000. Developments in the public sector indicate a budget deficit to GDP ratio of 11.2% in 2001 as compared to a ratio of 16.2% in the year 2000.

The external current account as a percentage of GDP recorded a deficit of 27.1%, which was significantly higher than a deficit of 9.0% in the year 2000.

To address the problems in the tourism sector, Seychelles launched a number of initiatives in recent years, the most notable of which were the restructuring of the tourism administration, the re-organisation of Air Seychelles, granting of tax incentives, increased allocation of foreign exchange, and the loosening of administrative procedures on foreign employment.

In 1994, Seychelles enacted legislation covering the registration of offshore companies, offshore trusts and licensing of international trade zone companies. Recently, a further set of legislation was introduced to cover the licensing of offshore insurance companies as well as setting up of a security industry.

Seychelles is a member of COMESA (although not the FTA), SADC and IOC.

Seychelles: Selected Economic Indicators: 1998-2001

	1998	1999	2000	2001
Real GDP growth	5.7	-2.8	-5.4	-8.1
Inflation (annual: period average)	2.7	6.3	6.2	6.1
Investment to GDP ratio	34.6	30.4	30.6	37.2
Domestic savings to GDP ratio	19.1	14.0	27.9	14.1
Gov. revenue inc. grants to GDP ratio	45.4	46.9	43.2	42.6
Gov. exp. and net lending to GDP ratio	58.0	59.7	58.5	53.4
Fiscal balance excl. grants to GDP ratio	-13.1	-13.5	-16.2	-11.2
Broad money growth	16.4	19.1	8.2	11.4
C/A balance excl. transfers as % of GDP	-19.3	-21.5	-9.0	-27.1

Source: International Monetary Fund

SUDAN

Real GDP grew by 5.3% in 2001 and the inflation rate was 4.9%. The budget deficit (excluding grants) was –0.6% of GDP. Monetary policy was tight in the first half of 2001. Revenue from oil exports fell below their 2000 level as oil prices declined, particularly in the last quarter of 2001. Non-oil exports fell, depressed by the sharp decline in international commodity prices (cotton in particular) and higher shipping and transportation costs after the 11th September event.

Regarding structural reforms, a restructuring plan for the Agricultural Bank was finalised and the prudential framework for the banking sector was strengthened. The collection and accounting for governments' oil revenue were improved.

The medium term reform strategy aims at consolidating macro-economic stability, removing any remaining obstacles to sustained economic growth and reducing poverty. Structural reforms will concentrate on strengthening public finance, increasing the effectiveness of monetary policy, deepening and restructuring the financial sector, further advancing trade reforms, improving the investment climate, completing the privatisation programme, strengthening the social safety net and implementing programmes for poverty alleviation and rural development.

The number of tariff bands was cut from five to four and the maximum tariff rate was reduced from 80% to 60% in 2000 and then to 40% in 2001.

Sudan is a member of the COMESA FTA and IGAD.

SUDAN: Selected Economic Indicators: 1998-2001

	1998	1999	2000	2001
Real GDP growth	6.0	7.7	9.7	5.3
Inflation (annual: period average)	17.1	16.0	8.0	5.0
Investment to GDP ratio	17.6	16.7	18.1	18.3
Domestic Savings to GDP ratio	5.9	9.8	18.6	17.2
Gov. revenue inc. grants to GDP ratio	6.8	7.8	11.1	12.3
Gov. exp. and net lending to GDP ratio	7.4	8.6	11.9	12.9
Overall Gov. balance exl. grants	-0.6	-0.8	-0.8	-0.6
Broad money growth	29.6	24.4	34.6	24.7
C/A balance incl.. transfers as % of GDP	-17.3	-14.8	-13.8	-10.2

Source: International Monetary fund

SWAZILAND

In 2001, growth declined to 1.8%, reflecting a fall in export demand associated with the economic slowdown in South Africa and poor weather. Economic activity weakened further in 2002, with a decline in manufacturing output.

The central government fiscal balance (including grants) in 2001 was 2.8% of GDP. The deterioration in public finances mainly reflected a decline in Southern African Customs Union (SACU) receipts.

CPI inflation rate was 7.5% in 2001 as compared to 9.9% in the year 2000.

The external current account deficit (including transfers) widened to 4% of GDP in 2001. Gross international reserves declined slightly to 3 months of imports.

Given the pegging of the Lilangeni to the Rand, and Swaziland's membership of the Common Monetary Area (CMA), the scope for an independent monetary policy is limited. The Central Bank of Swaziland raised short-term policy interest rates by 400 basis points during January-September 2002, in step with monetary tightening by the South African Reserve Bank.

Poverty alleviation and employment creation are among the government's highest priorities.

Swaziland is a member of COMESA, SADC and SACU.

Swaziland: Selected Economic and Financial Indicators, 1998-2001

	1998	1999	2000	2001
Real GDP growth	3.3	3.5	2.0	1.8
Inflation (annual: period average)	7.5	5.9	9.9	7.5
Investment to GDP ratio	22.4	18.8	19.8	19.7
Domestic savings to GDP ratio	5.7	2.6	2.3	7.3
Gov. revenue inc. grants to GDP ratio	29.6	30.4	28.3	27.2
Gov. exp. and net lending to GDP ratio	29.1	31.9	29.8	29.9
Overall Gov. balance	0.5	-1.5	-1.4	-2.8
Broad money growth	12.9	15.6	-6.6	10.7
C/A balance incl.. transfers as % of GDP	-6.9	-1.6	-3.7	-4.1
Interest rates (deposit)	14.1	8.0	7.0	6.3
Gross official reserves in terms of months of imports	3.1	3.4	3.2	3.0

Sources: Swazi authorities and IMF staff estimates.

UGANDA

Real GDP growth in 2001-2 was 6.4% and budget deficit (excluding grants) increased to 12.2% of GDP. This was against the background of the global economic slowdown and continued weakness in the world prices of Uganda's principal exports. Growth in manufacturing activity dipped and average price inflation was 5% during 2001-2, as food crop prices plummeted by about 20%.

Uganda was the first country to benefit from debt relief under both the original and enhanced frameworks of the Heavily Indebted Poor Countries (HIPC) Initiative. It reached its completion point under the original framework in April 1998 and under enhanced framework in May 2000.

Ugandan authorities implemented important structural measures. These include approval by parliament of the New Leadership Code, and the introduction of the Commercial Court to expedite the resolution of business conflicts.

Education services continued to perform strongly, reflecting the government's commitment to expand opportunities for building human capital, initiated in the context of the move to Universal Primary Education (UPE) in 1997-8. Communications services continued to grow, buoyed by the marked expansion of investment and competition in the telecommunication industry, following the deregulation of the sector. Construction activity picked up considerably in 2001-2, partly reflecting preliminary work on the large Bujagali hydro electric project.

Uganda is a member of COMESA (although not the FTA), EAC and IGAD.

Uganda: Selected Economic and Financial Indicators, 1999/2000-2004/2005

	2000	Est. 2001	2002 (proj.)
Real GDP growth	5.0	5.6	6.4
Inflation (annual: period average)	5.8	4.5	5.0
Investment to GDP ratio	19.9	20.4	
Domestic savings to GDP ratio	7.0	5.8	
Gov. revenue excl. grants to GDP ratio	11.4	10.9	11.3
Gov. exp. and net lending to GDP ratio	27.0	21.5	23.5
Overall Gov. balance excl. grants	-15.6	-10.6	-12.2
Broad money growth	16.1	17.5	
C/A balance incl.. transfers as % of GDP	-7.9	-7.3	-6.1
Gross official Reserves in terms of months of imports	5.9	5.6	5.3

Sources: Ugandan authorities and IMF staff estimates and projections.

ZAMBIA

Economic developments were adversely affected by the regional drought in 2001. In contrast however, data for the first half of 2002 showed that copper production increased by 14%, substantially above the 1.9% increase projected for 2002. The annual average inflation rate was 21.7% for the year 2001, mainly because of the higher than anticipated food prices due to the drought.

Fiscal balance (excluding grants) to GDP ratio was –12.7% in 2001, as compared to a deficit of 11.5% in the year 2000. Growth in broad money in 2001 was 10.7%.

Balance of payments developments for the first half of 2002 were better than expected. The volume of copper exports grew significantly faster than anticipated, notwithstanding Anglo American's announced withdrawal from the sector, while non-traditional exports also grew. Merchandise imports declined faster than expected as the metal and other sectors responded to the uncertainty created by the copper crisis.

Retail prices of petroleum products have been liberalised, and all oil-marketing companies are free to import petroleum products directly.

The government is making progress in strengthening public expenditure management to enhance efficiency and to avoid a further accumulation of domestic payments arrears. Government is developing a Medium-Term Expenditure Framework that will guide annual budgets from 2004 onward to serve as a bridge between the broad policy priorities outlined in the PRSP and the annual detailed budgeting exercise. Measures have been taken to strengthen the Anti-Corruption Commission, the Office of the Auditor General, and other relevant government institutions.

Zambia is a member of COMESA FTA and SADC.

Zambia: Selected Economic Indicators: 1997-2001

	1997	1998	1999	2000	2001
Real GDP growth	3.4	-1.9	2.2	3.6	4.9
Inflation (annual: average)	24.4	24.5	26.8	26.1	21.7
Investment to GDP ratio	13.6	16.4	17.6	18.6	20.0
Domestic Savings to GDP ratio	8.1	6.1	7.2	4.8	4.2
Gov. revenue excl. grants to GDP ratio	19.9	18.8	17.7	19.4	19.2
Gov. exp. and net lending to GDP ratio	25.1	30.6	29.3	30.8	32.0
Fiscal balance excl. grants to GDP ratio	-5.3	-11.8	-11.6	-11.5	-12.7
Broad money growth	24.1	22.5	29.2	74.1	10.7
C/A balance excl. transfers as % of GDP	-11.2	-16.7	-15.9	-18.8	-20.2

Source: International Monetary Fund

ZIMBABWE

GDP in Zimbabwe shrunk by 27% during the last fours years up to the end of the year 2002. This has been partly due to drought and partly to the effects of the new land reform policy. The outlook for 2003 is mixed, with some believing that the structural effects of the land reform policy have now taken place, marking the turning point in the economy, and others projecting a continuing decline in the economic indicators for the year.

The Reserve Bank of Zimbabwe announced a two-tier monetary policy that makes exporters eligible to borrow from banks at 5% interest rates, while the rate for the productive sector is 15% if they borrow from a revolving fund of Z$25billion. Borrowers outside of these two categories can access funds from the banking system at market-determined rates.

Government has adopted an expansionist policy, partly to provide credit to the new farmers created, and so allowed money supply to increase. The reverse side of this policy is an increase in inflation. In order to try to control inflation using other instruments, Government has gazetted a number of price controls.

A number of exchange controls were introduced to try and control the parallel market, including all exporters' foreign currency accounts being transferred from commercial banks to the Reserve Bank of Zimbabwe (RBZ); exporters (excluding tobacco and gold exporters) being required to sell half of their export proceeds to the RBZ at the official rate, with the balance to be held with the RBZ for a maximum of 60 days to finance essential imports.

Zimbabwe is a member of COMESA FTA and SADC.

Zimbabwe: Selected Economic Indicators, 1998-2001

	1998	1999	2000	2001
Real GDP growth (Market price)	2.9	-0.7	-5.1	-7.3
Inflation (annual: period average)	46.6	56.9	55.2	71.9
Investment to GDP ratio	14.3	10.3	3.5	0.4
Domestic savings to GDP ratio	5.0	10.7	1.7	-0.8
Gov. revenue excl. grants to GDP ratio	30.5	27.8	27.9	23.5
Gov. exp. and net lending to GDP ratio	35.2	38.1	50.8	36.1
Fiscal balance excl. grants to GDP ratio	-4.7	-10.3	-22.9	-12.6
Broad money growth	14.1	29.8	59.9	86.6
Interest rate(T-bill rate)	40.4	89.7	71.6	29.5
C/A balance excl. transfers as % of GDP	-5.3	0.49	-1.44	-1.32

Sources: Zimbabwean authorities, ABSA Economic Perspective and IMF staff estimates and projections.

PART III: COMESA ORGANS AND INSTITUTIONS

A) THE AUTHORITY OF HEADS OF STATE AND GOVERNMENT

This organ, commonly known as "the Authority", is the highest organ of COMESA, responsible for general policies, direction and control. It consists of Heads of State and Government of the respective 20 member States.

7th Summit of Heads of State and Government, Addis Ababa Ethiopia

Activities:

(i) The 7th Summit of Heads State and Government

At the 7th Summit of Heads State and Government, that took place in Addis Ababa Ethiopia, on 23rd May, 2002 under the theme: "COMESA FTA: Promoting Trade and Investment", the Authority elected His Excellency Ato Meles Zenawi, Prime Minister of the Federal Democratic Republic of Ethiopia as the Chairman of the COMESA Authority. Prime Minister Zenawi took over from the President of the Arab Republic of Egypt, His Excellency Mohamed Hosni Mubarak, whose tenure of office came to an end in May 2002. Egypt remains a Member of the Bureau, as per COMESA practice, in the capacity of Rapporteur. The Vice Chairmanship of COMESA went to Sudan.

(ii) Consolidation of the COMESA Free Trade Area (FTA)

The 7th Summit reviewed the activities of COMESA and in particular the progress made in the consolidation of the COMESA Free Trade Area, as well as the preparation for the Customs Union expected to be launched in December 2004. The Summit, among other things, took decisions and made recommendations meant to consolidate the FTA. It agreed on the need for all member States to join the FTA and urged all member States which have not yet joined to submit, before the end of 2002, their timeframes and tariff reduction schedules for joining the Free Trade Area by December 2004.

It extended the derogation to Namibia and Swaziland to 31st July, 2003 or to the next Summit, whichever is earlier, and urged them to seek concurrence of SACU countries for them to join the Free Trade Area by 2004, and urged all the Member States to resolve any outstanding issues relating to the implementation of the COMESA Trade Liberalisation programme in accordance

COMESA Council of Ministers and delegates at the first Strategic Leadership Programme at Protea Lodge Chisamba, Zambia

with Treaty Provisions and the Regulations on Trade Remedies and Safeguards.

(iii) Adoption of the COMESA Gender Policy

COMESA acknowledges the fact development of women is essential for the overall betterment of the region. Consequently, at the 2002 Summit, the Authority adopted the COMESA Gender Policy and the Declaration on the COMESA Gender Policy.

(iv) The COMESA Fund

COMESA recognises that during the process of integration, benefits are not likely to accrue to member States evenly. As a result, the Authority adopted a Protocol relating to the Fund for Co-operation, Compensation and Development of the Common Market for Eastern and Southern Africa (COMESA Fund) in May 2002, and opened it for signature. It appealed to the international community to support the Fund. At the launch, twelve member States signed the protocol.

(v) Libya Granted Observer Status

The Heads of State and Government Granted observer status to the People's Libyan Arab Jamahiriya (Libya) in COMESA.

B) THE COUNCIL OF MINISTERS:

The COMESA Council of Ministers is responsible for policy decisions on programmes and activities of COMESA both at the level of member States and other structures of COMESA other than the Authority. It comprises of Co-ordinating Ministers from all Member States. It receives recommendations from the Intergovernmental Committee (IC) and takes decisions on operational issues, including the Secretariat's budgets and finance. The Bureau of Council comprises the Chairman, Vice Chairman, and Rapporteur. The Bureau for 2002-3 was Ethiopia in the Chair, Sudan in the Vice- Chair and Egypt as Rapporteur. The Bureau serves for a period of one year and is changed during the annual policy organs meetings.

In November, the Council of Ministers held its first Strategic Leadership Programme, with the following objectives:

(a) To identify and comment on the effectiveness of the institutional infrastructure models put in place at the national level to implement COMESA programmes

(b) To identify the main challenges facing member States in the successful implementation, monitoring and evaluation of COMESA programmes

(c) To identify and intensify strategic leadership approaches, partnerships and networking between and among member States

EU Trade Commissioner Pascal Lammy addressed the first Strategic Leadership Programme

(d) To identify the challenges arising from the new international economic landscape: the Doha development agenda, AGOA, Regional Economic Partnership Agreements (EU-ACP) and the pioneering role that COMESA may play in the operationalisation of NEPAD

(e) To strengthen institutional arrangements for co-ordinating COMESA programmes at the national level

(f) To develop strategies to advance the regional integration agenda implementation and

(g) To achieve interactions and partnerships among and between Member States communities

The outcome of the Strategic Leadership Programme will be used as a blue-print for programming the COMESA regional integration agenda.

C) THE INTERGOVERNMENTAL COMMITTEE (IC)

This is an interdisciplinary Committee comprising senior Government officials up to the rank of Permanent Secretary. They discuss all maters related to COMESA programmes and give their report to the Council of Ministers. In the 2002, the Committee met twice as per the committee requirements Their reports form the basis for Ministerial discussions and decisions. The reports are availed to member States as well as all other relevant organisations and individuals.

D) TECHNICAL COMMITTEES

Technical committees comprise of experts in different fields who meet regularly to discuss and recommend the way forward in different COMESA integration programmes.

3rd Meeting of the Chief Immigration Officers Nairobi Kenya

Experts in different fields meet regularly to discuss and recommend the way forward in different COMESA integration programmes

Their recommendations are then forwarded to the COMESA Council of Ministers through the Intergovernmental Committee. The Council may take decisions on these issues or, when need arises, forward them to the Authority for decision.

D) THE COMESA SECRETARIAT

The COMESA Secretariat, headquartered in Lusaka, Zambia carries out the day-to-day technical and advisory role to other Policy Organs. It is headed by a Secretary General assisted by an Assistant Secretary General.

During the year 2002 the Secretariat, in collaboration with member States and other co-operating partners, implemented the work programme which had been approved by the COMESA Council of Ministers in November 2001, and prepared the programme and budget for the year 2003. The programme to be implemented in the year 2003 was approved by the Council of Ministers in November 2002 and implementation started in January 2003.

The Secretariat's success demands continuous improvement of the quality of services to all its customers particularly the member States. It, therefore, started a Total Quality Management (TQM) initiative, including a Business Process Reengineering project, in which a specialised institutional viability tool was used to do an internal assessment on six of the organisational systems (governance, operations and management, financial management, human resources development, service delivery, and external relations and advocacy). Findings of this exercise assisted management to prepare a preliminary organisational development project.

The BPR exercise is building up a fully documented set of processes and procedures that will be owned and run by the Secretariat. Detailed reviews of 50 key processes in their current context and definition of potential solutions to address identified weaknesses were made. These processes will be ISO9001 compliant with a view to seeking certification.

A human resource audit was and Secretariat personnel trained in management skills.

A computer audit has been performed and recommendations made for improving the management of the existing IT infrastructure and suggestions for new systems that will improve organisational performance.

Simultaneously, the Secretariat has been carrying out training of personnel to enable them to run the new processes effectively. Twelve staff members were given internship training in USA for a period of two months. The programme provided training in economic integration, negotiation and dispute resolution, administrative management, organisational skills, design skills, managerial skills, performance management and programme evaluation.

PART IV: COMESA INDEPENDENT INSTITUTIONS

A) The Eastern and Southern Africa Trade and Development Bank (PTA Bank)

With a capital base of US$500 million, the Bank provides investment and trade financing to the business community. By September 2002, the Bank had approved a total of ten projects amounting to COM$29.5 million, including one equity investment in the Africa Trade Insurance Agency, bringing the total cumulative portfolio to COM$225.4 million. This compares favourably with eight projects amounting to COM$27.4 million for the same period in the year 2001. The Bank's operational activities cover most of its Member States. Up to 30th September 2002, the Bank approved a total of COM$46.9 million in trade finance facilities bringing the total cumulative trade finance activities to COM$830 million from COM$783 million as at 31st December 2001.

During the year, the Bank continued to utilise the structural Pre-Shipment Finance Facility (SPFF) programme to support trade activities in the region. Under this programme, the Bank mobilises cheap funds from international money markets to support the export sector of the region.

The Bank's financial performance has continued to improve over the years. Between 2000 and 2001, total income from operations increased from COM$8.7 million to COM$10.8 million, representing an increase of 24% over the one year period. At the same time net profit increased from COM$740,000 to COM$940,000.

In order to perform better, the Bank designed and commenced implementation of other initiatives to enhance its operational capacity, the most important of which are:

I) The Third Corporate Plan (FYCORP-III), covering the period from 2003-2007. The plan intends to make the Bank a world class financial institution delivering quality services and contributing significantly to the economic growth and prosperity of COMESA members.

II) The Bank's decision making organ approved the migration from the old Unit of Account of the PTA (UAPTA) to the US dollar as its sole reporting currency in order to be easily understood internationally.

III) To increase its capital base, the Bank has stepped up efforts to persuade those countries who are members of COMESA but have not joined the Bank to do so expeditiously and to focus on a small core group of countries that appear ready and able to join the Bank.

(B) PTA Reinsurance Company (ZEP-RE)

ZEP-RE will be celebrating its 10th year of operation in 2003. It has been experiencing steady growth in recent years and its current share capital stands at COM$8,943,424. Business projections for 2002 indicated that the company would underwrite approximately COM$14.5 million compared to COM$11.75 written in 2001. It has continued to extend its business operations and by the end of the year 2002, it was operating in thirty eight countries within and outside COMESA. In the year 2002, the Company admitted four new members three of them from Sudan namely. At the government level, Rwanda joined ZEP-RE.

(C) Leather and Leather Products Institute (LLPI)

The mission of LLPI is to contribute to the strengthening of the leather industry in the COMESA region while working as a centre of excellence in leather and leather products, processing and manufacturing technology; develop human resources to meet this role; and address problems related to market capacity utilisation, input, technology, pollution, and standardisation. Africa accounts for more than 19.5 % of the global livestock population, of which the COMESA region accounts for more than half. During the period under review, LLPI prepared eight projects for different countries and efforts were made by LLPI and COMESA Secretariat to look for collaborating partners to finance them

(D) The COMESA Clearing House

In the year 2002 the Clearing House continued to make progress in the establishment of the Regional Payments and Settlement System (REPSS) and work continued in the following areas:

I) setting up and maintenance of the Trust Fund for ensuring timely completion of daily settlements in the event of an inability of some participants to settle;

II) compilation of information on the legal environment of member States, particularly with regards to statutes and agreements relating to the payments system rules;

III) working out detailed business processes, system operations and procedures, including message flows, queuing, access controls, settlement, country and system interdependencies, physical infrastructure, costing and cost recoveries;

IV) designing of an LC or other appropriate system that would be used under REPSS; and

V) setting up of national Working Groups to support the REPSS process.

During the year under review, the Bureau of Central Bank Governors approved the recommendation that REPSS adopts a multilateral netting system that converts all payments in local currencies to a " Settlement Currency" (US dollars or Euro) based on a fixed daily rate for transfer between countries and that imbalances in the settlement currency be realigned or settled on a daily basis.

E) COMESA Bankers' Association

The COMESA Bankers' Association acts as a forum for the exchange of information on banking practices in the region, and carries out activities meant to improve them. In the year 2001-2 a total of seven seminars on issues such as bank fraud prevention, information technology, credit risk assessment, credit risk management, marketing and money laundering were conducted.

F) The COMESA Court of Justice

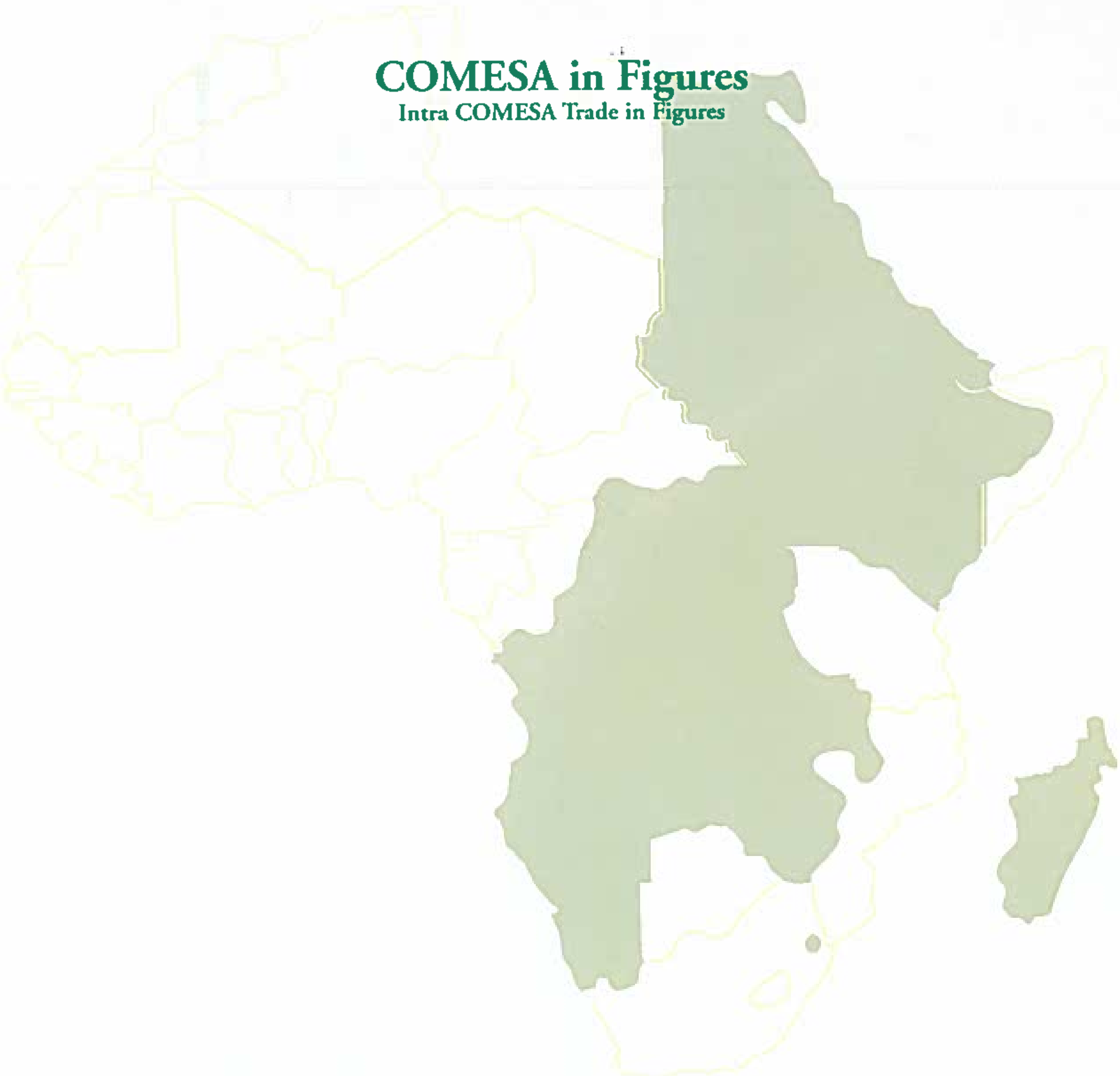
Lord Justice Akilano Akiwumi inspects a Guard of honour before the official opening ceremony of the Court Session

In the Year 2002, the COMESA Council of Ministers continued to hold consultations on the Seat of the COMESA Court of Justice as directed by the Seventh Summit of the Heads of State and Government. The Decision to acquire a permanent seat for the Court is meant to cement its already existing autonomy, and enhance its impartial role in the discharge of its functions under Article 19 of the COMESA Treaty.

Appendix I

COMESA in Figures

Intra COMESA Trade in Figures



Intra-COMESA Domestic Exports, *fob,* 1997 to 2001

Member State	1997	1998	1999	2000	2001
Angola	1,746,701	5,581,262	1,879,863	1,893,631	1,620,952
Burundi	6,320,310	1,878,338	1,620,528	4,667,809	8,023,546
Djibouti	11,835,823	6,807,997	4,565,804	4,078,746	10,758,432
Egypt	36,761,878	31,588,782	38,887,096	51,559,524	68,499,074
Eritrea	1,632,534	3,915,894	845,092	182,332	115,563
Ethiopia	71,985,337	67,166,889	61,413,585	60,593,323	68,522,842
Kenya	547,882,069	561,916,299	563,313,943	445,491,793	441,430,450
Comoros	486,880	421,479	132,746	95,247	60,155
Madagascar	11,196,968	15,028,551	14,355,242	16,601,518	9,234,915
Mauritius	71,539,622	76,013,522	93,130,700	76,934,600	88,781,767
Malawi	47,046,265	22,681,158	38,496,643	39,424,185	77,002,778
Namibia	46,098,530	125,058,051	50,549,659	57,503,947	85,706,405
Rwanda	39,898,006	26,094,137	35,426,054	33,188,543	30,337,168
Seychelles	516,770	347,685	956,824	2,221,847	3,649,602
Sudan	2,873,983	2,669,888	3,415,346	52,946,863	38,939,950
Swaziland	31,239,599	32,747,608	31,075,366	69,626,325	51,387,589
Uganda	64,921,537	37,923,502	37,339,466	68,858,889	93,819,571
Zambia	95,018,263	150,801,003	96,780,631	152,564,278	86,888,733
Congo DR	8,887,459	2,492,456	4,235,140	33,692,565	61,457,654
Zimbabwe	255,750,671	262,387,992	201,748,548	179,397,411	45,228,805
Total	**1,353,639,205**	**1,433,522,493**	**1,280,168,276**	**1,351,523,375**	**1,271,465,950**

Source: National Statistical Offices and COMESA

Note: Data for 2000 and 2001 is Provisional

Estimates for Angola, Djibouti, Eritrea and Congo DR are derived from partner Country trade Statistics.

Tanzania ceased to be a member of COMESA in 2000. Hence trade statistics for Tanzania are excluded for all years to allow for annual comparison of overall COMESA trade.

Intra-COMESA Re-Exports, *fob*, 1997 to 2001

Member State	1997	1998	1999	2000
Angola	..	..	..	..
Burundi	41,053	273,721	784,817	344,658
Djibouti	..	..	..	..
Egypt	..	..	..	..
Eritrea	..	..	..	..
Ethiopia	..	..	..	..
Kenya	49,340,518	59,019,383		150,110,436
Comoros	..	..	..	..
Madagascar	3,780,950	6,484,652	836,034	2,444,431
Mauritius	..	13,046,857	..	20,073,950
Malawi	3,359,927	4,034,166	3,783,297	2,091,899
Namibia	31,241	524,867	366,571	10,186,770
Rwanda	8,379,528	2,002,003	2,227,237	1,879,321
Seychelles	208,066	266,581	233,622	170,393
Sudan	1,770	111,630	..	..
Swaziland	205,822	136,744	146,189	237,855
Uganda	61,039,230	11,769,797	13,118,662	8,337,407
Zambia	1,359,922	197,440	249,689	1,019,880
Congo DR	..	..	..	..
Zimbabwe	..	..	..	13,617,751
Total	**127,748,027**	**97,867,841**	**21,746,118**	**210,514,751**

Source: National Statistical Offices and COMESA

Note: Data for 2000 and 2001 is Provisional

Estimates for Angola, Djibouti, Eritrea and Congo DR are derived from partner Country trade Statistics.

Tanzania ceased to be a member of COMESA in 2000. Hence trade statistics for Tanzania are excluded for all years to allow for annual comparison of overall COMESA trade.

Intra-COMESA Import, ***cif,*** **1997 to 2001**

Member State	1997	1998	1999	2000	2001
Angola	55,013,723	59,065,592	55,267,218	68,144,706	96,567,723
Burundi	19,843,936	26,068,556	20,882,619	19,921,505	50,520,442
Djibouti	59,197,483	67,048,752	59,638,282	73,436,815	72,528,220
Egypt	138,646,459	124,641,779	140,194,104	186,319,885	236,354,150
Eritrea	1,054,976	4,892,098	3,754,280	7,803,974	1,557,337
Ethiopia	39,891,399	40,879,145	40,634,047	42,201,949	47,062,103
Kenya	99,953,257	36,809,246	48,919,925	77,502,572	144,574,054
Comoros	5,117,201	4,811,295	3,890,381	5,031,849	3,641,860
Madagascar	41,638,718	30,422,120	53,558,398	63,471,733	29,925,987
Mauritius	58,127,362	60,737,209	47,154,163	58,559,787	66,939,560
Malawi	103,860,586	95,924,520	89,586,290	52,906,792	57,834,833
Namibia	18,979,061	31,037,262	7,958,061	7,597,660	7,352,202
Rwanda	81,079,342	60,451,013	42,376,108	28,652,453	13,071,742
Seychelles	14,273,229	12,068,844	14,977,946	12,524,412	11,393,383
Sudan	10,839,293	26,939,872	8,640,480	101,477,283	108,941,144
Swaziland	2,313,233	3,629,713	2,759,574	1,746,577	469,066
Uganda	237,823,200	284,643,409	171,763,988	152,526,672	281,433,796
Zambia	77,623,257	121,460,059	91,621,872	86,707,103	139,492,575
Congo DR	96,995,559	110,757,767	94,744,037	107,292,297	51,309,998
Zimbabwe	85,011,870	64,410,400	56,692,716	62,649,120	104,347,329
Total	**1,247,283,144**	**1,266,698,652**	**1,055,014,489**	**1,216,475,145**	**1,525,317,505**

Source: National Statistical Offices and COMESA

Note: Data for 2000 and 2001 is Provisional

Estimates for Angola, Djibouti, Eritrea and Congo DR are derived from partner Country trade Statistics.

Tanzania ceased to be a member of COMESA in 2000. Hence trade statistics for Tanzania are excluded for all years to allow for annual comparison of overall COMESA trade.

Intra-COMESA Total Trade 1997 to 2001

Code	Member State	1997	1998	1999	2000	2001
AO	Angola	56,760,424	64,646,854	57,147,081	70,038,337	98,188,675
BI	Burundi	26,205,299	28,220,615	23,287,964	24,933,972	58,727,658
DJ	Djibouti	71,033,306	73,856,749	64,204,086	77,515,561	83,286,652
EG	Egypt	175,408,337	156,230,561	179,081,200	237,879,409	304,853,224
ER	Eritrea	2,687,510	8,807,992	4,599,372	7,986,306	1,672,900
ET	Ethiopia	111,876,736	108,046,034	102,047,632	102,795,272	115,584,945
KE	Kenya	697,175,844	657,744,928	612,233,868	673,104,801	792,543,769
KM	Comoros	5,604,081	5,232,774	4,023,127	5,127,096	3,705,869
MG	Madagascar	56,616,636	51,935,323	68,749,674	82,517,682	39,725,231
MU	Mauritius	129,666,984	149,797,588	140,284,863	155,568,337	186,485,207
MW	Malawi	154,266,778	122,639,844	131,866,230	94,422,876	136,980,835
NA	Namibia	65,108,832	156,620,180	58,874,291	75,288,377	98,705,489
RW	Rwanda	129,356,876	88,547,153	80,029,399	63,720,317	172,198,674
SC	Seychelles	14,998,065	12,683,110	16,168,392	14,916,652	15,219,003
SD	Sudan	13,715,046	29,721,390	12,055,826	154,424,146	152,491,055
SZ	Swaziland	33,758,654	36,514,065	33,981,129	71,610,757	51,869,636
UG	Uganda	363,783,967	334,336,708	222,222,116	229,722,968	393,793,025
ZM	Zambia	174,001,442	272,458,502	188,652,192	240,291,261	227,076,955
ZR	Congo DR	105,883,018	113,250,223	98,979,177	140,984,862	112,767,652
ZW	Zimbabwe	340,762,541	326,798,392	258,441,264	255,664,282	153,176,941
	Total	**2,728,670,376**	**2,798,088,985**	**2,356,928,883**	**2,778,513,271**	**3,199,053,395**

Source: National Statistical Offices

Note: Data for 2000 and 2001 is Provisional

Estimates for Angola, Djibouti, Eritrea and Congo DR are derived from partner Country trade Statistics.

Tanzania ceased to be a member of COMESA in 2000. Hence trade statistics for Tanzania are excluded for all years to allow for annual comparison of overall COMESA trade.

Total Trade is the sum of doemstic exports, re-exports and imports

Appendix II

COMESA Secretariat
Audited Financial Statements
As at 31 December 2001

SECRETARY GENERAL'S FINANCIAL REPORT – 31 DECEMBER 2001

I Introduction

The Secretary General submits the 2001 Financial Report, together with the financial statements of the Common Market for Eastern and Southern Africa Secretariat for the year ended 31 December 2001.

II Membership and Bureau of COMESA

The 2001 Bureau was constituted by:-

Egypt
Chairman
Ethiopia
Vice Chairman
Mauritius
Rapporteur

The full list of the Member States of COMESA is at note 5 of the financial statements.

III Budget

The 2001 programme budget amounting to COM$5,639,299 (2000 = COM$5,816,600) was approved by the ninth meeting of the COMESA Council of Ministers in December 2000. The highlights of the budget were the consolidation of the FTA and the bringing in of new members; working with Member States to address the supply side of industry; the improvement of communication channels between COMESA and the Member States and the recruitment of staff to fill seven vacant professional posts.

IV The COMESA Centre

The Shelter – Afrique loan that was obtained to purchase the COMESA Centre continued to be reduced through the timely payments of loan instalments. Wherever possible, the repayments were accelerated. As at 31 December 2001, the loan balance stood at COM$484,323. The COMESA Centre financial statements are submitted separately.

V General review of the developments over the year

The year 2001 was a year of consolidating the solid gains made by our organisation during previous years particularly the launching of the Free Trade Area (FTA) on October 31st 2000.

Some teething problems experienced in the first year on implementation of the FTA were resolved within the spirit of give and take, a clear indication of the determination of all member states and stakeholders to ensure the success of COMESA.

COMESA continued to deliver new products onto the market by launching the African Trade Insurance Agency (ATI) in Kampala on 20th August 2001. In the short time that it has been in existence, ATI has already had positive impact on regional industry with business being transacted immediately and in several countries. Its effect in attracting investment flows is evidenced by the increasing interest shown by regional and foreign investors.

The next major milestones are the establishment of the Common External Tariff and Customs Union. The Secretariat will work hand in hand with the Member States to meet the target dates of December, 2004, and 2010 respectively. The African Union was launched in Zambia in 2001, as was the New Partnership for Africa's Development (NEPAD). COMESA is party to these developments playing and will play its part to ensure the realisation of their objectives.

Further afield, COMESA is working with the Member States to realise benefits of the Africa Growth and Opportunity Act (AGOA) a US initiative, as well as the Cotonou Agreement between the EU and ACP countries.

In order to consolidate the COMESA Free Trade Area, a COMESA fund Study was launched with a view to provide for co-operation, compensation and development. The COMESA Fund aims at assisting countries address structural imbalances in their economies and improve the infrastructure. I urge the member states to ensure its realisation as soon as possible.

VI Human Resources

During the year, the posts of Chief Strategic Planning and Research and Head of Protocol and General Services were filled while those of Director Administration and Finance as well as Director Infrastructure Development fell vacant.[1]

VII Improved delivery of services

In its operations, the Secretariat continued to implement various measures to bring about enhanced efficiency and effectiveness as a means of maximising the use of limited resources. The exercise to review the Mission Statement of COMESA as well as its Strategy was embarked upon starting with the Strengths; Weaknesses; Opportunities and Threats (SWOT) exercise as well as preparation for ISO 2000 certification.

VIII Information Technology

As part of the programme of enhancing communication between the Secretariat and the Member States, and improving the quality of information on the website, the Secretariat acquired with USAID support, server equipment and desktop computers. The investment was worth US$210,000.00. The server equipment comprised two high-end servers and a tape backup library. In future the COMESA website will also host websites of other COMESA institutions such as the Leather Products Institute (LLPI) and the Africa Trade Insurance Agency (ATI).

The twenty desktop computers, printers and scanners were installed in the Member States at the COMESA Co-ordinating ministries. They have been linked to the Internet so that communication between the Ministry and the Secretariat can be improved and made cheaper. Member States who have not yet provided for the internet linkage are urged to do so without delay.

IX Formula for contribution to the COMESA budget

The current formula of contribution to the COMESA budget comprises: GDP 30%, imports from non COMESA countries 30%, Intra COMESA exports 30%; GNP per capita 5% and population 5%. The applicable upper ceiling is 13% while the lower ceiling is 1%.

X Income

(i) Income arising from member states' contributions was COM$5,639,299 (2000 = COM$5,936,002). The assessment of each member state is shown at note 5.

(ii) As at 31 December 2001, the arrears of contributions to the COMESA Budget stood at COM $8,802,026 (2000 = COM8,498,362) (see note 5).

(iii) In line with the decision of the Second Summit of the COMESA Authority, the arrears at the end of 2001 financial year accrued interest at 1 per cent amounting to COM$87,150 (2000 = COM$81,887). The details are shown at note 5.

XI Expenditure

The out turn on 2001 budget was COM$4,291,613 or 74 per cent (2000 = COM4,668,173 or 76 per cent of the budget).

1: In the year 2002 the post of the Director of infrastructure development was filled whereas that of Protocal and General Services fell vacant due to the resignation of the latter

XII Surplus for the year

The 2001 excess of income over expenditure of COM$1,363,774 (2000 = COM$23,030) has been transferred to the accumulated Fund. This was after writing off:

Depreciation	COM$197,148
Exchange loss	COM$15,690
Grant amortisation	COM$52,090

XIII Cash at bank

As at 31 December 2001 cash at bank was COM$1,918,925 (2000 COM$627,892) (see Note 6).

XIV Accumulated fund

At 31 December 2001 the accumulated fund stood at COM$12,598,009 (2000 = COM$11,234,235) (see note 7).

XV External Auditors

Grant Thornton Chartered Accountants were appointed by the Council of Ministers for a further two year term as COMESA Secretariat External Auditors for 2001 and 2002 financial years.

XVI Extra Budgetary Resources

The report on the extra budgetary resources is submitted separately.

E J O Mwencha MBS
Secretary General

Date

STATEMENT OF THE SECRETARY GENERAL'S RESPONSIBILITIES

The Secretary General is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the COMESA Centre and of the surplus or deficit of the Centre for that year. In preparing those financial statements, the Secretary General is required to:

- select suitable accounting policies and then apply them consistently;
- make adjustments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Centre will continue in operation.

The Secretary General is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Centre and enable him to ensure that the financial statements comply with the COMESA financial rules and regulations. He is also responsible for safeguarding the assets of the Centre and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Secretary General confirms that in his opinion

(a) the financial statements give a true and fair view of the state of the COMESA Centre's affairs at 31 December 2001 and of its surplus and cash flows for the year then ended;

(b) at the date of this statement there are reasonable grounds to believe that the COMESA Centre will be able to pay its debts as and when these fall due; and

(c) the financial statements are drawn up in accordance with applicable accounting standards and comply with COMESA financial rules and regulations.

This statement is made in accordance with the responsibility of the Secretary General..

Signed at **Lusaka** on

Secretary General **Chief of Budget and Finance**

Chartered Accountants

Grant Thornton

REPORT OF THE AUDITORS TO THE COUNCIL OF MINISTERS

We have audited the financial statements on pages 7 to 17

Respective responsibilities of Secretary General and Auditors
As described on pages 5 the Secretary General is responsible for the preparation of financial statements. It is our responsobility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion
We conducted our audit in accordance with Auditing Standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estinmates and judgements made by the Secretary General in the preparation of the financial statements, and of whether the accounting policies are appropriated to the Secretariat's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion the financial statements give a true and fair veiw of the state of the Secretariat'a affairs at 31 December 2001 and of its surplus and cash flows for the year ended and have been properly prepared in accordance with COMESA Financial Rules and Regulations

Grant Thornton
Chartered Accountants

Lusaka

Date 17 OCT 2002

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INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2001

	Schedule	2001 COM$	2000 COM$
Income			
Member States' contributions	1	5,639,299	5,936,002
Miscellaneous income	2	176,836	219,873
		5,816,135	6,155,875
Less:			
Division expenditure			
Secretary General	4	894,248	910,432
Administration and finance	5	1,432,709	1,486,313
Trade, customs and monetary harmonisation	6	419,112	485,862
Investment programme and private sector development	7	431,558	470,301
Infrastructure development	8	193,161	178,459
Information networking	9	154,941	164,065
Consultancy	10	252,024	150,226
Meetings	11	506,228	458,460
Free Trade Area		7,632	364,055
		4,291,613	4,668,173
Operating surplus before contributions written off, provisions and charges		1,524,522	1,487,702
Contributions written off			
Tanzania		-	(1,273,990)
		-	(1,273,990)
Surplus before provisions and charges		1,524,522	213,712
Provisions and charges			
Depreciation		(197,148)	(167,116)
Exchange losses		(15,690)	(65,982)
Write back of charges		-	42,416
Armortisation of grant		52,090	-
		160,748	190,682
Surplus for the year		1,363,774	23,030

BALANCE SHEET - 31 DECEMBER 2001

	Notes	2001 COM $	2000 COM $
ASSETS			
Non-current assets			
Fixed assets	3	814,329	839,579
Current assets			
Loans and advances	4	1,856,735	2,041,474
Contributions receivable	5	8,802,026	8,498,362
Bank balances and cash	6	1,918,925	627,892
		12,577,686	11,167,728
Total assets		13,392,015	12,007,307
EQUITY AND LIABILITIES			
Capital and reserves			
Accumulated Fund	7	12,598,009	11,234,235
		12,598,009	11,234,235
Non-current liabilities			
Capital grants	8	208,357	144,901
Current liabilities			
Creditors	9	585,560	627,119
Bank overdraft	10	89	1,052
		585,649	628,171
Total equity and liabilities		13,392,015	12,007,307

The financial statements on pages 7 to 17 were approved by the Secretariat on
and were signed on its behalf by:-

) **Secretary General**
) **Chief of Budget and Finance**

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2001

	Notes	2001 COM $	2000 COM $
Cash inflow/(outflow) from/(on) operating activities			
Surplus for the year		1,363,774	23,030
Depreciation		197,148	167,116
Profit on sale of fixed assets		(1,532)	(559)
Interest receivable		(110,598)	(163,915)
Decrease/(increase) in loans and advances		184,739	(343,421)
Increase in outstanding contributions		(303,664)	(581,115)
(Decrease)/increase in creditors		(41,559)	118,618
Amortisation of grant		(52,090)	-
Prior year adjustment		-	(2,349)
Net cash inflow/(outflow)/from/(on) operating activities		1,236,218	(781,595)
Returns on investments and servicing of finance			
Interest received	110,598	163,915	
Net cash inflow from returns on investments and servicing of finance		110,598	163,915
Investing activities			
Purchase of fixed assets		(173,338)	(343,852)
Proceeds from sale of fixed assets		2,972	15,149
Net cash outflow on investing activities		(170,366)	(328,703)
Financing activities			
Capital grants received		115,546	144,901
Net cash inflow on financing activities		115,546	144,901
Increase/(decrease) in cash and cash equivalents	11(i)	1,291,996	(801,482)