COMESA

Integrating Trade and Investment Regionally

Annual Report 2003

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LETTER OF TRANSMITTAL FROM THE SECRETARY GENERAL

His Excellency Omer Hasan El Bashir
President of the Republic of Sudan & Chairman
of the COMESA Authority
State House
Khartoum.

Dear Sir,

In accordance with the provisions of Article 17, Paragraph 8 of the COMESA Treaty, I have the honour to submit the Annual Report for the year ended 31st December 2003.

The Report covers the activities of the Secretariat and the COMESA Specialised Institutions in support of the member states in their quest for regional economic integration.

You will note, Mr Chairman, that as with previous years, COMESA received higher than normal budgetary conributions from member states. It also continued to receive substantial support from co-operating partners. This shows the commitment of member states and and confidence of co-operating partners in our programmes.

We have every confidence that this spirit of co-operation will continue as we move towards aour next major milestone of the Customs Union.

Please accept, Sir, the assurances of my highest considerations and esteem.

Erastus J O Mwencha, MBS
SECRETARY GENERAL.

COMESA
Integrating Trade and Investment Regionally

FOREWORD BY THE CHAIRMAN OF THE COMESA AUTHORITY HE OMER HASAN EL BASHIR, PRESIDENT OF THE REPUBLIC OF SUDAN

It is a great honour for me to introduce the COMESA Annual Report for the year, 2003. The year 2003 will go down in the annals of the history of COMESA as the year when the regional body posted yet again another milestone in the march towards its final objective.

During the year, COMESA laid the foundation that will see the birth of the Customs Union which is a substantial step towards deeper regional integration. The unity and spirit of brotherhood which has characterised COMESA from inception has been of immense value in guiding the organization to the current lofty heights of achievement.

The COMESA community, while rolling up their sleeves for much more hard work to come, can also afford to salute themselves for their achievements. The progress that COMESA has achieved hitherto, is irreversible and there is no turning back.

Several programmes are on board and many more have been successfully concluded in several areas including trade facilitation, transport liberalization, movement of persons, agriculture, industry, cargo administration, technology, communications and investment promotion, gender, peace and security among others.

The COMESA organs have continued to function at full capacity and render their fullest support to the organsation's aspirations.

There were some challenges that COMESA had to deal with during the year under review. Foremost among these was the failure of the WTO Ministerial meeting in Cancun, Mexico. The reverberations and implications from the events at Cancun are still with us. COMESA has to seek ways and means to ensure that the stalled process is resumed for the sake of an equitable global trade dispensation.

Negotiations on economic partnership agreements between the countries of eastern and southern Africa and their biggest trading partner, the European Union, made much headway in the ended year. These are continuing and it is my conviction that their conclusion will be a satisfactory one.

COMESA therefore enters the new year on an upbeat note, the sails of the COMESA ship are unfurled and have caught the wind of progress.

On behalf of the COMESA Authority, and indeed on my own behalf I wish COMESA the best in all its endeavors and also wish all of you the best in the New Year.

He Omer Hasan El Bashir,
President of the Republic of Sudan
Chairman of the COMESA Authority

PART I PERFORMANCE OF THE WORLD ECONOMY

Free trade, open markets, liberalization and diversification are more than ever the key fundamental characteristics of today's global economy. They are considered as engines for economic growth. This is a solid trend that will continue to define the long term development of the global economy.

In 2003, Eastern and Southern African countries in general and COMESA countries in particular, in their effort to cope with these fundamentals, however performed differently. The most prominent and dynamic economies in the COMESA region are the ones which have continuously adopted global-oriented policies and measures.

First of all, it is evident that those countries that implemented reforms timely and consistently to transform their economies to be globally oriented are better off today than those which keep on maintaining restrictive and protectionist policies. Well-managed countries with solid outward oriented reform agendas, comforted by good public and private governance have performed better. Second, "Countries that trade more grow faster" (World Bank in its Global Prospects, 2004). Thus, countries that have entered export markets and intensified their links with the global economy grew faster than those that did not. Third, trade is a powerful force to reduce poverty and that Trade and Poverty have an intimate relationship.

It is then clear that the combination of open markets free trade and liberalisation and diversification is the right mix of policies that helps a country grow faster, reduce poverty and strengthen its competitive advantage.

On the global recovery and the pertaining imbalances

The on-going economic recovery is being accompanied and supported by a degree of improvement in international trade and finance. World trade grew by 4.7% in 2003, with much of the increase attributable to import demand from developing countries, and is forecasted to grow at above 7% in 2004.

The overriding weakness in the world economy is characterized by the large imbalances, manifested in the external deficit of the US and matched with the aggregate of surpluses in few other economies. These global imbalances reflect not only a substantial disequilibrium in international trade and capital flows, but also across countries disparities in long-run growth and in economic structures. Such imbalances will not be corrected by the global recovery. To the contrary, they are expected to widen further in 2004 and 2005. The 2004 Global Development Finance Report (GDF) of the World Bank shows that these imbalances are continuing as private capital flows are increasing to developing countries but remain highly uneven in their distribution. Most of the rebound in net private capital flows, to $200 billion in 2003 from $155 billion in 2002, flowed to Brazil, China, Indonesia, Mexico and Russia. Low income countries were left behind in the rebound in private capital inflows. (World Bank, GDF Spring Meeting, April 2004). Africa recorded a net increase of private capital flow of USD 9.59 billion in 2003, an increase of 75 % from 2002. But to attract more investments, African economies must tackle the imbalances and inequities of the global economy, particularly those originating from the world trading system. Developing countries should therefore continue to have an interest in defending their interests within the conceptual framework of the WTO Doha Development Agenda.

African economies still under-perform

In facing the global challenges set forth in the Doha Agenda, African countries still under-perform. Annual GDP growth in 2003 estimated at 4.1 percent is still below the target rate of 8% and more. Direct investment volume is below the target with USD 14.3 billion in 2003.

The performance of Africa, though not enough to tackle the challenge of economic and social development, is however improving significantly. A number of positive factors in 2003 have helped maintaining a steady growth of 3 to 4 percent. Among these is the increased agricultural output in most countries. Growth in Africa is expected to come primarily from increased agricultural output as well as from manufacturing and distributive trades linked to the agricultural sector. Such growth will continue to benefit from increased export opportunities brought about by incentives provided by AGOA which extension will go beyond 2008. A second factor is the increased manufacturing output boosted by higher consumer demand both from the national and international markets. Another factor is the increasing investment at a rate of 20.4% in 2003 both from the public and private sector including increase FDI in few countries.

To consolidate the positive achievements, many African countries are deploying numerous efforts to adopt investor-friendly policies. Countries such as Uganda and Madagascar have adopted courageous measures such as in the case of Madagascar the access to land for foreign investors, creation of a one-stop investment and registration center along with the COMESA model and duty free for capital goods. Such measures coupled with a privatization and liberalization of capital markets have boosted the domestic economy. In Madagascar, the economy has reached a growth rate of 9.6 percent in 2003 after a disastrous year in 2002 (-12.7 percent).

How COMESA performed in 2003

COMESA's GDP growth rate in 2003 remains timid with an average of 3 to 4 percent. The top-growth performers in 2003 were Madagascar (9.6 %) and Uganda (5%) and Sudan (5.8%). More recently, DR Congo (5%), Zambia (4.5%) are performing well. Projections for 2004 are quite promising for Mauritius, Rwanda and Burundi. Burundi, Ethiopia, Seychelles, Zimbabwe suffered economic contraction in 2003. But growth is anticipated to resume in these countries for 2004 and 2005, except in Seychelles and Zimbabwe, where severe economic decline is expected to continue. As for Ethiopia, the growth rate could even accelerate to 6.7% in 2004.

The average growth rate of 3-4 % in the COMESA's region is, indeed, far from the target rate of 7 percent and more to meet the universal objectives set forth in the Millenium Development Goals. It is a bit naïve to state that such scanty growth rate is due to externalities such as fluctuation of commodities prices, unfair trading system in the global market, scarcity of development aid or natural disasters. The main reasons of the sluggishness of African economy remain due to structural constraints combined with hesitant policies that engendered legal, technical or bureaucratic constraints. It is against this background that COMESA is pursuing more vigorously the implementation of regional programmes among which the strengthening of the capacity of the national economies to respond to the global challenges.

Improving macroeconomic performances

Regional Integration Agreements (RIAs) can help developing countries boosting growth and reduce poverty, if such agreements are used to foster competition in domestic markets and enhance the credibility of their own economic reforms (World Bank, Maurice Schiff and Alan Winters, 2003). The region had set specific macroeconomic targets to be reached by the Member States. One of them is a lower inflation rate. With an average of 10.3 percent in 2003, inflation rate is still too high with sharp increase of double digit inflation rates in some countries: Zimbabwe (431%), Zambia (22.2 %), Swaziland (11.9%). These were caused primarily by higher food prices mainly due to drought, higher oil-import prices and currency depreciation in several countries. The rapid acceleration of inflation in Zimbabwe had indeed a negative impact on average inflation for the region 2003. The good news is that the trend is toward a decrease in inflation rate for the coming year starting from 2004.

Savings is also still at a level that does not permit to envisage a better investment rate. In 2003, the average level of saving remains at 19% of GDP in 2003 while investment is about 20% of GDP. Both macroeconomic indicators are below the target rates to achieve the Millenium Development Goals.

Pursuing the road map for regional integration through Customs Union

COMESA is implementing the road map towards the establishment of its Customs Union in Africa. This is being undertaken as more countries joined the COMESA's FTA since January 2004. Rwanda and Burundi have joined COMESA FTA. Uganda and Ethiopia have also announced their readiness to join the agreement in the near future. It is in this context that the establishment of COMESA's Customs Union is being developed.

On the other hand, trade reforms have already been taken place throughout the region gradually reducing tariffs and eliminating most NTBs.

Building capacity to face the challenge of accessing global markets

Integration into the global economy is a focal concern for regional integration organisation. It is for this reason that COMESA multiplied training opportunities for officials and private sector representatives in most of the regional integration programmes. More specifically, within the framework of ESA cooperation, the decision taken in June 2003 to negotiate, as a group, Economic Partnership Agreements with the EU has been a great victory. Enhancing the capacity of those who will undertake the negotiations is therefore a crucial priority. In 2003, COMESA has organized numerous training sessions on-site and in each of Member States. More than (how many participants) have benefited from these training sessions including from within the Secretariat.

Joining hands to defend our interests in international arena

COMESA devoted considerable time in 2003 to strengthen the capacity of COMESA countries to face international trading system. The World Trade Organization, (WTO) is the primary international body to help promoting free trade by drawing up the rules of international trade. The Secretariat has multiplied capacity-strengthening activities to improve their participation in the multilateral trading system and to maximize the chance to benefit from the arrangement. Such effort will continue throughout 2004.

Global Prospects for 2004

The global economy continues to strengthen in 2004 with a raising growth of 3.5% in 2004. The growth of world trade is also expected to grow at 7% in 2004, while reaching 4.7% in 2003. Global recovery will continue to be driven by the United States, but emerging economies are also contributing with the increasing trading power of China.

As for Africa, the prospects is expected to improve. Constraints for African economies are expected to be less weighty and growth could accelerate up to 5 percent with the future access to European and US markets. Africa's exports should benefit from the Euro's steep appreciation versus the major currencies. Prospects for exports in textiles and apparels, transportation equipment and few agricultural products are also good within the perspective of the EU's "Everything but Arms" and the AGOA.

In attracting FDI, the majority of African countries will need to be more persistant with their efforts to improve governance and macroeconomic management. Most will therefore remain vulnerable to changes in foreign investor sentiment, external demand conditions, volatile commodity prices and changes in international interest rates. There is a lot to be done for COMESA region as three countries remain on top of the list in Africa in attracting FDI: South Africa, Angola and Tanzania. Natural resource extracting industries, particularly in the petroleum industry in the case of Angola, are the leading sectors. Nevertheless, prospects in food and beverages, textiles, clothing and leather and to some extend in the services sector such as electricity, gas and water services, banking and insurance will also attract FDI.

Table: AFRICAN ECONOMIC OUTLOOK

Subject Description	2001	2002	2003	*2004*	*2005*
Direct investment, net (Billion of USD)	23.900	12.340	14.332	*13.653*	*15.765*
Export volume of goods, annual percent change (in %)	0.7	0.8	8.8	*4.0*	*8.5*
GDP, constant prices, annual percent change	3.8	3.5	4.1	*4.2*	*5.4*
Gross national savings, in percent of GDP	18.2	18.4	19.4	*19.3*	*19.1*
Inflation, annual percent change	11.8	9.6	10.3	*8.6*	*6.7*
Investment, in percent of GDP	19.3	20.2	20.4	*20.9*	*21.3*
Private capital flows, net (Billions of USD)	6.529	7.202	9.528	*13.162*	*16.821*
Private portfolio investment, net (Billions of USD)	-8.847	-0.699	1.769	*2.467*	*3.412*

Source: IMF in World Economic Outlook Aggregate, April 2004

Real GDP Growth in the World, 2001-2005

Source: IMF in World Economic Outlook Aggregate, April 2004

PART II COMESA ORGANS AND INSTITUTIONS

1. THE ORGANS OF COMESA

The Authority of Heads of State and Government

The Council of Ministers

The Intergovernmental Committee (with its Technical Committees)

The COMESA Secretariat

The Committee of Ambassadors and High Commissioners

1.1 THE AUTHORITY OF HEADS OF STATE AND GOVERNMENT

This is the supreme policy organ of COMESA and is responsible for its general policy, direction and control of the performance of the executive functions. The Authority consists of the Heads of State and/or government of the 20 member States.

Activities in 2003

The Eighth Summit of Heads of State and Government took place in Khartoum, Sudan on the 17 March 2003. At this Summit, His Excellency Omer Hassan El Bashir was elected as Chairman of the Authority. Ugandan President, His Excellency Yoweri Kaguta Museveni was elected Vice Chairman. Outgoing Chairman, His Excellency Meles Zenawi, Prime Minister of Ethiopia became the Rapporteur.

1.2 COUNCIL OF MINISTERS

The Council of Ministers is responsible for policy decisions on the programmes and activities of COMESA, including monitoring and reviewing its financial and administrative management. The Council comprises Ministers who head the COMESA co-ordinating ministries in member States.

The Council receives recommendations from the Intergovernmental Committee (IC), and takes decisions on operational issues or refines policies and makes recom mendations to the Authority for final decision and/or endorsement.

The Bureau of the Council is comprised of Chairman, Vice Chairman and Rapporteur. The current Bureau is made of Sudan, Uganda and Ethiopia , as Chairperson, Vice Chairperson and Rapporteur respectively.
Activities in 2003

- The Fifteenth Meeting of the Council of Ministers took place on the 13 – 15 March in Khartoum, Sudan;
- Sixteenth Meeting of the Council of Ministers took place on 1 December 2003, in Lusaka, Zambia;
- The Second Strategic Leadership Programme took place on 2 – 3 December 2003 in Lusaka, Zambia;

A number of ad hoc Ministerial meetings such as Ministers of Justice and Attorneys-General, Ministers of Foreign Affairs and Ministers of Transport and Communications also took place and the meetings are reported in the relevant sections of this report.

1.3 INTERGOVERNMENTAL COMMITTEE (IC)

The Intergovernmental Committee is an interdisciplinary body composed of senior government officials from the COMESA member States responsible for the development and management of programmes and action plans in different sectors of co-operation. The Committee receives detailed submissions from different technical committees, and then submits recommendations to the Council. The Council may take decisions on the issues, or make further recommendations to the Authority.

Like its senior organs, the IC had two regular meetings in the year 2003. The Fifteenth Meeting on 10 – 12 March in Khartoum, Sudan 2003 and the Sixteenth Meeting on 27 – 29 November 2003 in Lusaka.

1.4 TECHNICAL COMMITTEES

There were several Technical Committee Meetings during the year. These are shown in the Annex.

2. COMESA SPECIALISED INSTITUTIONS

2.1 THE COMESA CLEARING HOUSE

At the Twelfth Meeting of the Council of Ministers, which was held in November 2001, in Lusaka, Zambia, the Clearing House was tasked to expedite the establishment of a Regional Payments and Settlement System (REPSS) and an African Commerce Exchange.

In 2003, the COMESA Clearing House continued its work on the Regional Payment and Settlement System, that will allow member countries to use local currencies in their intra-COMESA trade thus enabling them to save foreign exchange.

In this regard, two meetings of International Payments Experts from Central Banks were held in 2003 in Harare, Zimbabwe. These meetings recommended a multilateral payment system that converts all payments in local currencies to a "settlement currency" (US dollar or Euro) based on a fixed daily rate for transfers between countries and re-alignment of imbalances in the settlement currency on a daily basis. The Committee of Governors of Central Banks approved this proposal and instructed that the remaining work on the creation of the Regional Payments and Settlement System should continue. REPSS is expected to go live by early 2005.

The Clearing House continued to play its facilitation role to the African Commerce Exchange (ACE). This was launched during the Summit of Heads of State, in May 2000 in Mauritius with the aim of providing a SWIFT Service Bureau to small and medium sized banks on a shared cost basis and an Electronic Communication Bureau (ECB) service, aimed at utilising the existing networks of various users. The Clearing House also worked very closely with ACE in ensuring that all member Central Banks and commercial banks that will be in REPSS are connected to the SWIFT Network. In 2003, the African Commerce Exchange (ACE) speeded up its work in establishing the SWIFT Service Bureau in the region. ACE's SWIFT Bureau services are now present in Kenya, Uganda, Rwanda, Zimbabwe, Zambia, Malawi and Swaziland. ACE will offer secure large SWIFTNet cost savings to the banks on the network as it offers a swift Gateway into SWIFT, achieving significant cost savings on connectivity and software. Currently, banks on ACE will benefit by achieving at least a 50% cost saving by connecting through the Bureau for SWIFTNet.

2.2 THE EASTERN AND SOUTHERN AFRICA TRADE AND DEVELOPMENT BANK (THE PTA BANK)

The Eastern and Southern Africa Trade and Development Bank (the PTA Bank) was established as a financial intermediary in 1985 pursuant to the provisions of the Treaty (1981) establishing the Preferential Trade Area for Eastern and Southern African States (PTA), which was later transformed to COMESA.

The Bank's membership currently stands at 18. There are 14 COMESA countries namely Burundi, Comoros, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Malawi, Mauritius, Rwanda, Sudan, Uganda, Zambia and Zimbabwe. Non-COMESA members are Tanzania, the peoples' Republic of China, Somalia, and the African Development Bank. In recent years, the Bank has signed financing agreements with the Exim Bank of China, the US Exim Bank, the Bank Muscat of Oman, the Exim Bank of India and the KBC Bank of Belgium for specific transactions of general trade finance.

In 2003, the Bank continued to finance projects and trade in accelerating and facilitating the integration of regional trade and industrialisation of the economies of member States through its two financing windows; project and trade finance.

The Bank's cumulative project and trade finance approvals stands at over US$1.2 billion todate showing the Bank's commitment to supporting businesses in the region. The sectoral breakdown of approvals shows that the Agri-business sector was leading with 30.6%; followed by manufacturing with 25.8%; infrastructure at 21.9%; tourism at 10.3%; mining at 4.2% and others at 7.2%.

On a cumulative basis, the bank's trade finance activities as at 31st December 2003

The Yellow Card Reinsurance Pool was established in 1998 to provide reinsurance protection and clearing house services to members involved in the administration and operations of the Scheme, continued to enhance the efficiency and profitability of the Scheme. During the 2003 fiscal period, the Pool recorded a surplus US$355,319; paid back the 2nd instalment in the sum of US$175,000 to Eritrea, Ethiopia, Kenya Rwanda, Uganda, Tanzania and Zimbabwe, an amount which they had subscribed as a working capital to the Pool

Financial highlight of Pool 2003 and 2002 in US$

	2003	2002
Capacity Subscription	444,045	373.000
Premium Income	722,800	454,651
Short term deposit investment	960,184	840,122
Investment income	22,575	31,325
Reserve funds	1,447,882	1,092,562
Surplus	355,319	313,680
Total Assets	**2,274,477**	**1,852,837**

Note: 30% of the YC premium income is ceded to the Pool by members

2.7 Regional Customs Bond Guarantee Scheme

The Regional Customs Bond Guarantee Scheme was introduced in conformity with Article 70 and 85 of the COMESA Treaty which requires, among other things, that member states initiate and adopt trade and transport facilitation programmes with a view to simplifying, harmonising and standardising, regulations, procedures and documentation to improve the existing links and establish new ones as a means of enhancing the integration of member States.

The RCBG Scheme is therefore designed to eliminate the cumbersome, time consuming and costly current practices of raising customs bonds in each country of transit and replace this with a regional system which will provide a significant transport and freight cost reduction and speed up the movement of trade and transport between member states. The system will enable transit operators to execute customs transit bonds from countries where they are based to guarantee customs duties, taxes and charges on goods in transit in other COMESA member countries through which the goods may pass. In undertaking the RCBG activities, USAID/REDSO provided technical and financial support for the development of modalities of operations as well as for preparations of implementation of the scheme.

Following the successful development of the modalities of implementation of the Scheme, member states are expediting the implementation of the scheme. During the year 2003, in addition to Zimbabwe, Malawi, Ethiopia and Uganda, Kenya ratified the RCBG Agreement. Burundi, Rwanda, Sudan, Zambia, DRC, Djibouti and Eritrea have made progress in the ratification process. The preparations for the implementation of the RCBG Scheme have reached an advanced stage: Banks and Insurance companies which would constitute the regional chain of Surety have been identified; legal and technical documents for the implementation of the Scheme are ready for consideration and adoption by Surety experts and Customs Administrations.

Stakeholders, namely: Customs Administrations, Importers and Exporters, Carriers, Clearing and Forwarding Agents, Freight Forwarders, and Banks and Insurance companies will derive significant benefits from the implementation of the Scheme. The benefits include: quicker clearance of vehicles at border crossing posts, increased transit and vehicle turn around times, speeding up of the carriage of goods and lowering of transit and freight costs; reduction of administrative barriers, release of colossal sums of money belonging to Clearing and Forwarding Agents, which is tied up as collateral in commercial banks and insurance companies for other investments; providing reliable security for Customs Administrations and improving collection of duties and taxes; providing a simple and economical system for carriers and guarantors to manage their operations.

The scheme is envisaged to eliminate and streamline the cumbersome procedures and requirements and facilitate the smooth flow of transit traffic among member states and to further the physical cohesion of member States.

2.8 COMESA Leather and Leather Products Institute (LLPI)

Introduction

From its establishment in November 1990, the Institute conducted several programmes and prepared projects in areas such as human resource development, institutional development, trade and investment.

It helped a number of institutions and entrepreneurs with the preparation of feasibility, technical and financial studies for investment purposes.

The institute keeps constant contacts with representatives of regional organizations and multi-lateral donors, participated in meetings and held fruitful discussions with them.

It entered into new and renewed existing collaborative agreements and signed Memoranda of Understanding with sister organizations in the Sub-Region.

It designed and executed several projects to help member States develop their leather sectors and out of these projects it started implementation of the Project on Adding Value to African Leather (AVAL) in Ethiopia, Kenya, Sudan and Zimbabwe.

Progress Report

Based on the work program for the year COMESA/LLPI continued its basic activities in human resource development and training, coordination and collaboration, institutional development and investment and trade promotion. In order to fulfill its objective to promote optimal development of the leather sectors in member States LLPI designed, produced and submitted four more projects for financing.

Project on Capacity Building and Rehabilitation of the Leather Industry in Burundi, Congo DR., Madagascar, Malawi and Rwanda.

This is a large project with the broad objective of assisting the efforts of the targeted countries development and poverty reduction/ alleviation objectives had components for:

- Assessment and study of hides and skins, leather and leather products sector in participating countries
- Rehabilitation and equipping of existing tanning centres
- Capacity building of COMESA Leather and Leather Products Institute
- Conducting training courses, seminars and workshops.

The project is estimated to cost USD 9.15 million.

Study on Rehabilitation, Modernization and Establishment of Tanning Units in Burundi, Rwanda and Uganda.

This study project aims at assessing and appraising the status of the leather industry in the target countries and establish the needs of their leather industries. Its ultimate objective is to prepare a full-fledged bankable project.

The cost is estimated at USD 150,000.

Capacity Building of the Leather Industry in Burundi, Rwanda, Uganda and Zambia.

This project was presented to the 8th Session of the FAO Inter–Governmental Sub-Group on Hides and Skins held in Rome, 18–19 December 2003, which endorsed and passed it to CFC for financing.

The project, estimated at USD 2.0 million, addresses pertinent problems of the leather sector of participating member countries through training and capacity building, with the ultimate objective of economic and social development and poverty reduction/ alleviation efforts of these countries.

Training Programme in Leather Footwear Technology and Pattern Cutting.

This programme which was endorsed by COMESA and submitted to BADEA, the Arab Bank for Economic Development in Africa has, in principle, been supported by the Bank and budgeted at USD 196,520. It is planned to be conducted at LLPTI in Addis Ababa for 2 months for 15 trainees drawn from selected shoe manufacturing SMEs in all member States.

Training Programme on Leathergoods and Leather Garments

This was another training project planned to be conducted at LLPTI in Addis Ababa estimated at USD 368,595. It was submitted for financing to the AGOA office for East and Central Africa.

It is planned to cater for 30 trainees drawn from different leather goods and garment factories of COMESA member countries to be trained in two batches of 15 trainees for 2 months each. This has been deferred to 2004.

Regional Hides and Skins Grading and Pricing in Burundi, Rwanda, Sudan and Uganda.

The project has two major components of:

- Improvement of raw hides and skins collection system, and
- Introduction of uniform grading and price-by-grade scheme for hides and skins,

This project was also submitted to the FAO Sub-Group Session of 18 – 19 December 2003 in Rome, endorsed and passed for CFC funding. The project costs USD 1.0 million.

Workshop on Control of Skin Diseases (Mange, Lice and Keds) on Sheep and Goats for Improvement of Skins in Eritrea, Ethiopia, Kenya and Sudan.

This was the third project (fast track) presented at the Rome 8th Session of the FAO Sub-Group for Hides and Skin on 18 – 19 December 2003 and also endorsed and passed to CFC for funding.

It is intended to serve as a forum for bringing together concerned stakeholders to discuss problems and formulate sustainable control and possible eradication strategies of the diseases.

It is anticipated to prepare a large feasible project worth about USD 9.0 million, based on the workshop output. The workshop is estimated to cost USD 48,581.00.

Project on Adding Value to African Laether (AVAL)

The Institute implemented the first of the three years of the project with the following accomplishments.

The AVAL Project was launched on 2 – 3 December 2002. It is implemented in Ethiopia, Kenya, Sudan and Zimbabwe with its Regional Office in Addis Ababa. COMESA/LLPI is the Project Executing Agency with 1 Regional Project Coordinator and 4 National Project Coordinators posted at Leather and Leather Products Technology Institute (LLPTI) in Ethiopia, Training and Production Centre for the Shoe Industry (TPCSI) in Kenya, National Leather Technology Centre (NLTC) in Sudan and Leather Industries of Zimbabwe (LIZ) in Zimbabwe. The total project cost is USD 2,273.000.

The following are the major achievements of the AVAL Project during 2003:

- Completed purchase of 4 project vehicles in the four project countries.
- Local purchase of required equipment for the collaborating/implementing 4 countries.
- Conducted the following training:
    - Raw Hides and Skins Production, Grading and Classification in Ethiopia
    - Semi-processed and Finished Leather Grading and Classification in Ethiopia
    - Foundation and Principles of Marketing Management and Customer Services in Ethiopia
    - Training Programme on Design and Quality Control on Footwear and Leather Products in Sudan
    - Designing Course for Leathergoods in Kenya
    - Costing and Cost Control for Leathergoods in Kenya
- Carried out national level studies and assessments, by the NPCs and Country Units, of leather sector enterprises and national institutions.

PART III COMESA PROGRAMMES

3.1 TRADE, CUSTOMS AND MONETARY AFFAIRS

TRADE PERFORMANCE

1. During 2003, despite the slowdown in the expansion of world trade, intra-COMESA trade continued to increase at record rates. Total intra-COMESA trade increased by 15% to reach US$ 5.3 billion in 2003, up from US$4.5 billion in 2002. Comoros, Egypt, Eritrea, and Madagascar achieved especially high growth rates of exports to the region, though other countries such as Kenya, Malawi, Rwanda, Uganda, Zambia and Zimbabwe also achieved significantly high growth rates of exports to the region.

2. On the import side, Burundi, Democratic Republic of Congo, Eritrea, Namibia, Rwanda, Sudan and Zambia had substantial increases in their imports from the region.

3. Intra-trade among the FTA countries rose from US$2.1 billion in 2002 to US$ 2.6 billion in 2003, a growth of 20 percent compared to a growth of 39 percent in 2002. In 2003, the top 20 intra-COMESA export products included tea, sugar, beverages and cement. Petroleum oils, cement, odoriferous substances and tea were the top intra-COMESA imports. Based on the 2003 trade developments and data available, the outlook for 2004, indicates that intra-COMESA trade will continue with its rapid upward trend.

4. The value of total trade of the COMESA member States reached US$ 87.7 billion, up from US$64 billion in 2002. As a percent of the total global trade of the member countries, intra-COMESA trade in 2003 declined to 6.8 percent from 7.8 percent in 2002.

Table 1: Intra-COMESA trade (US$ millions)

	2000		2001		2002		2003	
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
Angola	61.95	1.89	87.79	1.62	174.32	5.33	***178.65***	***5.33***
Burundi	18.46	4.69	45.47	8.02	26.30	4.30	42.76	4.32
Djibouti	66.76	4.08	65.93	10.76	61.71	17.37	***66.47***	***17.44***
Egypt	189.96	95.47	254.31	125.46	502.40	145.53	***502.22***	***267.92***
Eritrea	7.09	0.18	1.42	0.12	1.83	0.08	***7.55***	***0.48***
Ethiopia	107.40	156.14	116.34	98.13	120.47	129.75	***128.87***	***129.72***
Kenya	158.91	461.04	216.01	467.18	187.57	625.65	242.08	738.21
Comoros	5.19	0.21	5.44	0.08	5.85	0.19	***7.49***	***0.76***
Madagascar	66.32	34.47	80.90	32.41	83.09	26.21	66.21	48.87
Mauritius	56.71	89.68	61.12	103.79	79.29	113.53	89.15	78.99
Malawi	106.93	40.74	52.82	77.90	96.55	80.24	82.90	110.10
Namibia	22.54	59.99	11.88	91.98	24.65	166.91	***36.03***	***166.43***
Rwanda	36.30	33.71	28.44	30.77	21.61	15.44	42.58	21.29
Seychelles	12.51	3.16	10.31	8.25	23.57	36.21	***22.46***	***9.73***
Sudan	181.79	92.93	221.75	95.46	252.21	103.75	367.80	107.73
Swaziland	9.45	74.75	2.79	65.30	4.08	112.94	***3.37***	***120.90***
Uganda	241.29	74.15	257.07	96.29	255.10	90.55	273.88	111.52
Zambia	95.15	162.78	135.56	126.71	146.34	146.14	246.25	167.94
Congo DR	217.83	179.66	116.86	254.26	121.97	214.37	***170.78***	***228.26***
Zimbabwe	88.04	180.86	105.08	182.81	103.12	257.52	67.38	308.98
	1,750.58	**1,750.58**	**1,877.29**	**1,877.29**	**2,292.02**	**2,292.02**	**2,644.89**	**2,644.89**
Global Trade	**34,256.60**	**22,719.09**	**33,325.98**	**20,648.03**	**39,888.13**	**23,232.28**	**58,816.26**	**28,855.29**
As % of Global Total	**5.11**	**7.71**	**5.63**	**9.09**	**5.75**	**9.87**	**4.50**	**9.17**

Source: National statistical offices

THE FREE TRADE AREA

In 2003, the Free Trade Area continued to operate with the original founding participating member States of the COMESA FTA which comprise Djibouti, Egypt, Kenya, Madagascar, Malawi, Mauritius, Sudan, Zambia and Zimbabwe. The status of tariff reduction reached by non- FTA members is given in Table 5 below.

Table 5: Status of Tariff Reduction by non- FTA Members as at 31 December 2003.

Country	Level of Tariff Reduction
Angola	0%
Burundi	80%
Congo D.R.	0%
Comoros	80%
Eritrea	80%
Ethiopia	10%
Rwanda	90%
Seychelles	0%
Namibia and Swaziland	Under Derogation
Uganda	80%

Source: Member States Tariff Schedules

In the course of the year, DR Congo re-structured her Most Favoured Nation (MFN) tariffs into a three tier structure of 0% for capital goods and raw materials, 10% for intermediate goods and 25% for finished goods. Burundi also re-structured her MFN tariffs as from January, 2003 as follows: 10%, 12%, 15% and 40%.

Workshops on the challenges and opportunities of the FTA were conducted in Kenya, Sudan and Zambia involving a wide range of stateholders including civil society actors, parliamentarians, chambers of commerce and industries, businesses, trade unions and the academia.

At these workshops, recommendations were made to:

(i) Disseminate more information on COMESA programmes;

(ii) Explore trade and investment opportunities in COMESA;

(iii) Strengthen the COMESA trade regime.

RULES OF ORIGIN

No major mishandling of the Rules of Origin was reported in 2003 compared to previous years as the Rules are now more transparent and administered in a consistent, uniform and impartial manner. The Revised Procedures Manual Guidelines was printed in book form and disseminated to the stake holders.

Table 6: Designated Certificate of Origin Issuing Authorities of Member States

Member State	Ministry of Trade	Customs/Revenue Authority	Chamber of Commerce
Angola			
Burundi	•		
Comoros	•	•	
Congo, DR	•		
Djibouti	•		
Egypt [1]	•		
Eritrea			•
Ethiopia			•
Kenya		•	
Madagascar		•	
Malawi		•	
Mauritius	•		
Namibia		•	
Rwanda	•		
Seychelles		•	•
Sudan[2]	•		•
Swaziland	•		
Uganda	•		
Zambia		•	
Zimbabwe		•	

[1] *With offices at all border posts*

[2] *Certificate issued by the Chamber of Commerce and endorsed by the Ministry of Trade*

Pursuant to Council decision Egypt, Sudan and Ethiopia are implementing the Simplified Certificate of Origin across their borders. Other member States held consultations on the list of goods to be agreed for the use of the Simplified Certificate of Origin.

The Eighth Meeting of the Working Group of Experts completed its work on the definitions and processes leading to a change in tariff heading, except those headings which are bracketed for further consultations/work: Heading Nos. 11.01, 11.02, 15.07, 15.08, 15.10, 84.22, 84.39-84.42, 84.76-84.79, 85.09, 85.10, 85.12, and 85.16 and Chapters 50, 51,53,54 and 55.

SAFEGUARDS AND TRADE REMEDIES

The Sixteenth Meeting of the Council of Ministers adopted the Guidelines on Trade Remedy Regulations which outline the procedures to be followed for the invocation of the remedies. The Trade Remedy Regulations were themselves adopted by the 12th Meeting of Council of Ministers in 2001.

In line with the Safeguard Provisions of the Treaty, Kenya sought and obtained an extension of the safeguard measures for a non-renewable period (2004 to 2007) for

200,000 tonnes of sugar to be apportioned as follows:

(i) 111, 000 tonnes of refined sugar for industrial use; and

(ii) 89, 000 tonnes of domestic sugar.

Safeguard measures were also extended to Kenya for wheat flour for a period of one year

TRADE IN SERVICES

The Fifteenth Meeting of the Council of Ministers, held from 13-15 March, 2003, decided that the elaboration of the framework strategy for liberalisation of trade in services among member States be accelerated. The First Workshop on Understanding Services Trade and Negotiating Agreements to expand services trade was held in July, 2003 in Kampala, Uganda. The workshop was designed to provide participants with relevant information and practical training in services liberalisation and the WTO's General Agreement on Trade in Services (GATS). Thirty-nine participants from the public and private sectors of 10 member States participated in the workshop.

The First Meeting of the Working Group on Trade in Services was held in Lilongwe, Malawi, in October, 2003. The Working Group adopted its Rules of Procedures and its Terms of Reference. The Working Group also adopted the Terms of Reference for studies required for the development and formulation of a COMESA Framework Strategy for Trade in Services liberalisation. The studies include the following:

(i) Study on Services Statistics;
(ii) Study on Service Sector Assessments and Market Deficiencies;
(iii) Study on Government/ Regulatory Measures Affecting Services Trade;
(iv) Study on Consultation Framework; and
(v) Study on Negotiating Modalities and Objectives.

These studies, which also include some capacity building in the Member States, will assist the Working Group in the formulation of the COMESA Framework Strategy for Trade in Services liberalisation

THE CUSTOMS UNION

The COMESA Treaty provides, in Articles 45 and 47, for COMESA Member States to establish a Customs Union within a period of ten (10) years from the entry into force of the Treaty. The Treaty came into force on 8th December, 1994.

In pursuit of this goal, Council, at its Eleventh Meeting held in May 2001 in Cairo, Egypt, adopted a Roadmap for the establishment of the Customs Union. The key steps towards the establishment and implementation of the Customs Union can be summarised as:

(i) elaboration and adoption of a Common Tariff Nomenclature;
(ii) elaboration of a Common Customs Management Act;
(iii) adoption of a common customs valuation system;
(iv) adoption of a common external tariff, (CET)
(v) elaboration and adoption of a common commercial policy; and
(vi) establishment of a legal framework and administrative structure for the management of the Customs Union.

A regional Commercial Policy was prepared in 2003 to address the issue of harmonising exemption and other duty relief measures.

Initial work on the determination of the CET started in 1997. It continued throughout 1998 and 1999 but was intensified in 2001-2003. Four possible CET structures were analysed for revenue implications and regional competitiveness. Their implications with regard to WTO provisions were also analysed. Two CET structures (4-band and 3-band) were proposed, namely 0%, 5%, 15% and 30%; and 0%, 10% and 25%.

TRADE FACILITATION

Trade facilitation is a major programme in COMESA as provided for in Chapter 9 of the Treaty. A number of measures and instruments were developed in 2003 ranging from harmonization of tariff nomenclature to the introduction of a COMESA Customs programme to promote integrity in Customs.

Harmonization of classification and designation of goods

Under Article 64.2 (a), the COMESA Treaty states that member States should undertake to adopt uniform, comprehensive and systematic tariff classification of goods in accordance with international standards.

The Harmonized System of Commodity Description and Codification (HS 2002) has been adopted as the standard customs nomenclature for COMESA. In 2003, COMESA finalized a Common Tariff Nomenclature (CTN), which is based on HS 2002. The CTN will provide a common framework for classification of goods brought into the COMESA region.

The CTN is being gradually adopted as a national classification system by member States as part of national budget measures and to date three member States have completed this process. Directors of Customs have agreed to align the national tariff nomenclatures to the Common Tariff Nomenclature. Burundi was the first country to implement the CTN.

The status of implementation of the Harmonized System is shown in the table below.

The Secretariat assisted the Union of Comoros to transpose its Customs tariff from HS 1992 to HS 2002. Such assistance to other member States will be provided to allow the change from previous versions to HS 2002. Eritrea implemented the HS 1996, bringing to 9 member States using the HS 1996. DRC, Kenya, Madagascar, Mauritius, Malawi, Sudan, Uganda, Zambia and Zimbabwe adopted HS 2002 during the year 2003.

Customs Valuation of goods

A common customs valuation system is crucial for customs operations under the COMESA Customs Union. The Treaty requires member States to adopt a standard system of valuation of goods based on equity and international standards (Article 64.2 (b)), and in this respect, the Council decided that the WTO agreement on customs valuation will be the standard to be used for COMESA. The status of implementation of the WTO Customs Agreement in 2003 appears in the table below.

Burundi and Rwanda have advised that the WTO Customs Agreement will be applied in 2004.

Assistance has been provided to member States to adopt and use the Agreement on Customs Valuation.

COMESA Customs Document (COMESA-CD)

The Treaty provides that customs documents should be simplified and harmonised (Article 63.1) and in this respect, COMESA has adopted the Customs Declaration (COMESA CD), which is a single document to be used for all forms of customs declarations.

The status of implementation is shown in the Table below.

The COMESA Secretariat assisted the Union of Comoros with the design of a customs model declaration form based on the COMESA CD and also funded the printing of initial stock of forms. A training session on the COMESA CD was carried out in Burundi and technical assistance was provided by the Secretariat to Djibouti and Comoros to design their single goods document.

HARMONISATION OF CUSTOMS LEGISLATIONS AND PROCEDURES

Article 64 of the COMESA Treaty provides for the regional harmonisation of Customs laws and procedures to facilitate and simplify trade among the member States. Following this provision, the Council of Ministers at its 11th Meeting decided to establish a Working Group to spearhead the harmonisation of customs procedures and legislation. The membership of the Working Group comprises D R Congo, Kenya, Mauritius, Uganda, Rwanda, Sudan, Swaziland, Zambia and Zimbabwe

The Working Group, with the support of three regional consultants finalised the elaboration of the draft COMESA Customs Management Act (CCMA) which, as much as possible, incorporates the customs provisions found in the member States as well as the Revised Kyoto Convention. The draft CCMA is due to be adopted in 2004.

CUSTOMS INTEGRITY AND ETHICS

39.The Seventh Summit of Heads of State and Government held in Addis Ababa, Ethiopia, in 2002, issued a Declaration on the Promotion of Integrity in Customs. Following the Summit decisions, the Directors of Customs, at the Fourth meeting held in 2002 in Victoria Falls, Zimbabwe, launched:

(a) Awareness campaigns on the COMESA Code of Ethics to ensure that officers comply with the Code; and
(b) A publicity programme on the COMESA Declaration on Integrity in each Member State.

The objective of the integrity programme is to create a culture of clean public service and to contribute to combating corruption in Customs. The integrity programme also aims to simplify procedures, remove inefficient and complex formalities and to reduce delays whilst also reducing prospects for fraud and corruption.

The 16th Meeting of the Council of Ministers held in Lusaka, Zambia, from 2-3 December, 2003 adopted the COMESA Integrity Action Plan which has been circulated to all COMESA Customs Administrations for implementation.

CAPACITY BUILDING

Customs training and administrative co-operation

The COMESA Treaty provides for a wide scope of customs cooperation among member States (Article 63), which includes, among other things, joint institutional arrangements and co ordination of training programmes. In this regard, a mechanism for customs co-operation has been established in order to exchange information among Customs Administrations. In 2003, fifteen administrations submitted details of their liaison unit, which have been circulated to member States. Under this Customs cooperation programme, delegations from Lesotho, Kenya, Malawi and Namibia conducted study tours to the Zambia Revenue Authority (ZRA) for briefing on implementation of Asycuda++. Officials from Madagascar Customs conducted a fact-finding tour to Mauritius.

To enhance coordination of customs training, the first meeting of the Heads of Customs Administrations held in Victoria Falls, Zimbabwe, established a Training Advisory Croup (TAG). The TAG comprises seven member States namely: D R Congo, Ethiopia, Sudan, Swaziland, Uganda, Zambia and Zimbabwe with the overall objective of supervising and managing training in customs matters.

The TAG developed a COMESA Customs training policy, strategy and action plan which was adopted by Council in 2003.

The COMESA Customs Training Policy is designed to harmonize customs training strategies and procedures for delivering cost-effective training to member States and achieving an informed platform for interaction and management of the Customs Administration at National Level and the Customs Union at Regional Level.

The TAG has also developed training modules and teaching materials on the COMESA Treaty, COMESA Customs Customer Care, Integrity and Customs Valuation.

A core of customs trainers who replicate the training to officers at national level on the various customs issues is being put in place and regional customs training modules are being gradually incorporated into the training curricula of member States.

A COMESA Customs training of trainers meeting was held in Mombassa, Kenya from 18 to 22 August 2003. The training was attended by 35 trainers from 17 member States. Following a specific request from Eritrea, a two-month training session on customs matters was conducted with trainers sourced in the region. The subjects covered were training techniques, Customs enforcement and Customs valuation and twenty officers were trained.

Training in Rules of Origin

With a view to strengthening the COMESA Rules of Origin and facilitating the issuance of the Certificate of Origin, capacity building of member States in the implementation of the Protocol was pursued as follows:

(i) In Antananarivo, Madagascar, for 30 participants from Madagascar, Mauritius and the Seychelles;

(ii) In Manzini, Swaziland, for 14 participants from Malawi, Namibia, Swaziland and Zimbabwe.

(iii) In Harare, Zimbabwe for 30 participants from the Zimbabwe Revenue Authority and Ministry of International Trade and Industry.

The overall aim of the workshops is to provide participants of the public and private sector with the necessary skills to implement the COMESA Rules of Origin.

Table 8: Status of implementation of international customs instruments

Member State	HS Code Version	Valuation	Single Goods Declaration (SGD)
Angola	1996 In process to move to HS 2002	WTO	YES
Burundi	2002	BVD in process to move to WTO	YES
Comoros	1992 In process to move to HS 2002	BVD	Yes
D R Congo	2002	WTO	YES
Djibouti	1996 in process to move to HS 2002	BVD in process to move to WTO	In Process
Egypt	1996 in process to move to HS 2002	WTO	YES
Eritrea	1996	WTO	In process
Ethiopia	1996 in process to move to HS 2002	WTO	YES
Kenya	2002	WTO	YES
Madagascar	2002	WTO	In Process – 2/2003
Mauritius	2002	WTO	YES
Malawi	2002	WTO	YES
Namibia	1996 in process to move to HS 2002	WTO	YES
Rwanda	1996	BVD	IN PROCESS
Seychelles	1992	BVD	NO
Sudan	2002	WTO	In process
Swaziland	1996 in process to move to HS 2002	WTO	In Process
Uganda	2002	WTO	YES
Zambia	2002	WTO	YES
Zimbabwe	2002	WTO	YES

MONETARY AND FISCAL POLICY HARMONISATION

Under Article 72 of the COMESA Treaty, the member States should undertake to co-operate in monetary and financial matters in accordance with the approved COMESA Monetary Harmonisation Programme in order to establish monetary stability within the Common Market aimed at facilitating economic integration efforts and the attainment of sustainable economic development of the Common Market. This is a phased programme, which will culminate in the creation of a monetary union by the year 2025. It involves complete harmonization of economic, fiscal and monetary policies of member states; a single currency; full integration of the financial structures of the member States; pooling of the foreign exchange reserves and the establishment of a common monetary authority. The agreed upon macro-economic convergence criteria are used to gauge the progress made in achieving macro-economic stability which is crucial for the attainment of different phases of the programme.

The Committee of Governors of Central Banks, which is established by Article 13 of the COMESA Treaty, meets once a year to review the implementation of the COMESA Monetary Harmonisation Programme. This meeting is preceded by a Meeting of the Monetary and Financial Co-operation Committee of Experts from Central Banks and Ministries of Finance and is followed by the Meeting of Ministers of Finance.

In November 2003, the monetary cooperation meetings at technical, central bank governors and ministerial levels were held in Nairobi, Kenya. The Meeting of the Ministers of Finance made among others the following important decisions:

1) Work on Regional Payment and Settlement System should continue as approved by the Committee of Governors;
2) A Task Force comprising Comoros, Egypt, Kenya, Mauritius, Rwanda, Sudan, Swaziland, Uganda and Zambia should review the convergence criteria under the COMESA Monetary Harmonisation Programme and undertake a study for the implementation of a COMESA Exchange Rate union;
3) The Action Plan for Harmonisation of Bank Supervision and regulation as proposed by the Second Meeting of Bank Supervisors should be implemented by member States.

HARMONISATION OF BANK SUPERVISION AND REGULATION

The Fourth Summit of the COMESA Authority of Heads of State and Government which took place in Nairobi, Kenya, in May 1999 decided that heads of banking supervision units should meet at least once a year to review and exchange ideas on bank supervision and make recommendations, taking into account the commitments of member States under the general agreement on trade in services as well as the experience of the East Asian Financial Crisis. Accordingly, the First and Second Meeting of Bank Supervisors were held in Lusaka, Zambia, on 27th April to 1st May 2001 and 3-5 February 2003, respectively.

The Second Meeting of Bank Supervisors, which was held in 2003, came up with an Action Plan for harmonising bank supervision and regulation, which is based on agreed international standards. The Action Plan was submitted for endorsement to the 2003 meetings of the Committee of Central Bank Governors and Ministers of Finance. The Sixth Meeting of the Ministers of Finance, which was held in Nairobi, Kenya, on 17th November 2003, decided that the Action Plan should be implemented from 31 December 2003 to 31 December 2005 by COMESA countries. The Action Plan addresses problems that are currently encountered by supervisory authorities in member countries in the implementation of the 25 Core Principles of Bank Supervision. These problems include inadequate legislative frameworks, inadequate resources (both human and technological), lack of skilled supervisory staff, lack of adequate policies and procedures to implement effective off- and on-site supervision.

The same meeting also considered the framework for the implementation of banking and financial standards under NEPAD and adopted internationally recognised standards of good practice in key areas of economic and financial policy in order to improve the transparency, accountability, and credibility of policy and increase the robustness and effective functioning of markets. The African Peer Review Mechanism (APRM) was taken as the centerpiece for facilitating progress in adopting financial and banking standards under NEPAD.

WTO Negotiations and 5th Ministerial Meeting in Cancun

COMESA member states actively participated in the negotiations of the WTO agenda since its launch at Doha and engaged in intensive preparations for the planned stocktaking of the negotiations during the 5th Ministerial Conference in Cancun, September 2003. Following the collapse of the Conference, member states have been engaged in subsequent consultations in Geneva and other capitals in order to contribute to the restart of the negotiations.

As part of the preparatory process towards Cancun, member states held a Ministerial Conference co-organised by the Secretariat and COMSEC in May 2003 (Nairobi, Kenya) as Eastern and Southern African countries to take a collective and regional position on key issues of importance to them. They called for substantial progress in the Doha work programme, in particular with regard to work on Special and Differential Treatment, implementation issues, TRIPS and Public Health, agriculture and non-agricultural market access. They also emphasised the need to take into account factors militating against their more effective participation in the global trading system such as limited supply capacities, problems of small economies and least developed countries and erosion of preferences. ESA countries' position proved an important contribution for the all AU Trade Ministers Conference in June 2003 in Mauritius in preparation for Cancun. The ESA position also guided COMESA states that are members of the LDC and ACP Groups. In Cancun, the three: AU, ACP and LDC groupings formed a coalition to negotiate as a united entity promoting their common interests on these and other Doha agenda issues. In addition, the coalition strongly supported the cotton proposal initiated by a group of four West African countries and opposed the inclusion of the so-called Singapore issues into the Doha negotiating agenda. As is known, the Cancun conference failed to achieve its intended objective of mid-term advancement of the negotiations, and ended with WTO members bitterly accusing and blaming each other for the failure.

In the aftermath of this collapse, the COMESA member states have been engaged in various consultations to revive the talks, as well as continuous stocktaking of the implications and challenges of this situation. It has been recognised that the lack of progress at the multilateral level could encourage bilateralism or regionalism in which the smaller and weaker economies such as those in Africa could face significant trade discrimination and protectionism. A number of COMESA countries have also called on developing countries to adopt more flexible negotiating positions where the developed countries show corresponding movement in their positions. This is linked to the levels of preparedness and negotiatiing capacities, which are recognised as weak, or lacking in many of the developing and African countries in particular. In order to address this concern, the COMESA Council of Ministers requested the COMESA Ambassadors in Geneva and the Secretariat to be more pro-active in supporting and defining the interests of the region in the context of the WTO Negotiating Agenda. It is expected that part of the input from the Secretariat will continue, as in the past, to be in the form of studies, papers, capacity building training and workshops on WTO issues of specific interest to COMESA countries.

3.2 INVESTMENT PROMOTION AND PRIVATE SECTOR DEVELOPMENT

INVESTMENT

Following the declaration by the Authority of Heads of State and Government at its meeting in Kinshasa, Democratic Republic of Congo in 1998 that the COMESA region should become a Common Investment Area (CCIA), work has progressed over the last 12 months to institute an Investment Framework Agreement. The creation of the CCIA is part of the COMESA overall objective of improving the standard of living of the citizens of Member States through economic integration. The CCIA aims at attracting greater and sustainable levels of investment, from within and outside the region, and providing a platform through which the CCIA would allow for freer movement of capital, labour, goods and services across borders of member States.

National and Regional Consultations

Through National consultations, over 1,000 people from public and private sectors, civil society and co-operating partners were consulted in 18 member States.

The consultations were facilitated by a regional consulting consortium comprising ATRADE Partners (Zambia), ICC (Zimbabwe), IMANI (Mauritius) and REMPAI (Kenya). A regional workshop, attended by stakeholders from both public and private sectors, was held from 6-7 November 2003 in Lusaka, Zambia where they discussed the findings of the national consultations. A Roadmap for the Implementation of the CCIA and a CCIA Strategy Paper has since been developed. The Strategy Paper provides the basis for updating the draft Investment Framework Agreement and serve as the main document for further stakeholder consultations.

National Technical Working Groups (TWGs), comprising both private and public sector members have been formed and they will facilitate further awareness and would be used as vehicles for capacity building of stakeholders as well as preparatory teams for negotiations..

Preparation for CCIA Negotiations

Following the workshops, the TWGs will, in 2004, concentrate on taking stock of country obligations that they have made through bilateral investment treaties and other international investment agreements that they have concluded. This will assist in establishing areas of convergence and conflict within the draft CCIA Framework Agreement. UNCTAD, who have been very instrumental in supporting the Secretariat with technical assistance, will continue supporting the Secretariat as well as Member States, especially in capacity building. A Distant Learning Programme, designed by UNCTAD on Negotiating International Investment Agreement, has already been launched at the Secretariat and will be extended to all member States in the course of 2004. CCIA Negotiations are scheduled to be concluded in 2005.

Regional Investment Agency

The Council of Ministers in December 2003 decided that the COMESA Regional Investment Agency (RIA) should be based in Cairo, Egypt.

The RIA will be hosted by the General Authority of Free Zones and Investment (GAFI). Consultations with the Government of Egypt have already started and it is envisaged that RIA will start operations mid 2004.

The RIA will promote all the COMESA Member States as recipients for intra- and extra-COMESA direct investment both within and outside the region. The RIA will also assist in preparing an investment map for the whole region and highlight the exploitable resources available in each country.

AGRICULTURE

The COMESA work on Agriculture Development is mainly targeted at enhancing production and improving the quality of cash and food crops, fisheries, livestock and forestry. COMESA is implementing a number of on-going and new projects as discussed below.

Strengthening Food Security and Agricultural Trade Information

The Norwegian Government, in 2003, provided US$157,000 to assist COMESA to undertake a field study on strengthening food security and agricultural marketing information system in the region. The study will assess the suitability of existing marketing information systems (MIS), its strength and weakness, and will identify critical factors that are needed to establish a well functioning and successful agricultural MIS which will promote food security and contribute to improved trade and integration among its member countries. A regional consultant visited Kenya, Mauritius, Rwanda, Sudan, and Zambia.

The project is expected to be completed by May 2004 and the results will be integrated into an African Development Fund project, which will commence in June 2004.

Agricultural Institutional Strengthening

The project, funded by AfDB, is aimed at enhancing safe intra- and extra-COMESA agricultural marketing. The duration of the project is three years. It will be implemented in all member States.

The total project cost is US$8.6 million and the following is the source of funding for the project:

Source of Finance	US$ Million
ADF Grant	5.2
COMESA Secretariat	0.84
COMESA Member States	2.54

The main components are:

- Establishing a COMESA–wide Food and Agricultural Marketing Information System (FAMIS) and 20 national & 100 technical focal points for agricultural marketing information collection and dissemination;
- Strengthening Agricultural marketing institutions;
- Sanitary and phytosanitary measures and food safety standards improvement and harmonization:
- Sanitary and Phyto-sanitary institutions strengthening. This includes assessment of 15 quarantine facilities and laboratories in member states, rehabilitation of 3 SPS reference and 12 national laboratories and, procurement of laboratory and SPS surveillance equipment for 15 countries.

Rice Production Development

A study has been undertaken to assess the technical, social and economic feasibility of promoting rice production in selected COMESA countries taking into account the rice supply and demand situation at world and regional levels.

The project is funded by Common Fund for Commodities (CFC). The final report containing case studies of Angola, Madagascar, Malawi, Sudan and Zambia was finalized and submitted to CFC to facilitate the implementation of the project findings.

The study's findings were that by 2020, rice demand is expected to increase to 503 million tonnes (with COMESA accounting for 13 million tonnes) of which 96% will be in developing countries with the majority of which will be net importers. Production in COMESA is expected to be 12 million tonnes with a deficit of 1 million tonnes. Countries that are potential areas for enhanced rice production are Angola, Kenya, Madagascar, Malawi, Uganda, Sudan and Zambia. A

SPECIAL EVENTS
PRESIDENT RAVALOMANANA'S VISIT TO THE SECRETARIAT

Photo Focus

COMESA AND MAJOR COOPERATING PARTNERS IN 2003

COMESA AND MAJOR COOPERATING PARTNERS IN 2003

OTHER IMPORTANT EVENTS

huge potential for lowlands and rain-fed rice cultivation in the COMESA region was also identified.

The lack of seed technology that is appropriate for different regional agricultural ecological zones, poor physical infrastructure, poor marketing efficiency, lack of co-ordination between research and extension, and water shortages were cited as some of the reasons for low/stagnant rice production. Solutions for these constraints were outlined which included the provision of credit support to farmers, the need to encourage rice seed multiplication programs in major production zones, increasing yields through irrigation schemes and improving farmers' accessibility to inputs.

Regional Agricultural Trade Expansion Support Programme (RATES)

The Regional Agricultural Trade Expansion Support Program (RATES) supports COMESA efforts to increase agricultural output and add value to trade by creating a single integrated market for agricultural commodities in the COMESA region. The RATES programme is funded by USAID/REDSO. It commenced in October 2002 and has a five-year life span to September 2007.

- **Objectives and Outcomes**

Key interventions of the programme include, promoting market access and addressing policy, regulatory, market information and general procedural and facilitation constraints related to trade in agricultural commodities at the regional level. RATES' current focus is in the following commodities, coffee, cotton and textiles, dairy and dairy products, livestock and maize.

- **Barriers to Trade**

Within the last eighteen months that the RATES program has been in existence, a "Maize without Borders Strategy", has been defined and endorsed by the Council of Ministers. The strategy will ensure that maize moves unimpeded throughout the COMESA region from surplus to deficit areas.

RATES is developing similar platforms for dairy products, cotton and textiles. In-depth studies in cotton and textiles are being undertaken in the following countries: Egypt, Ethiopia, Kenya, Malawi, Mauritius, Uganda and Zambia including non-COMESA countries, Tanzania and South Africa. These countries were chosen on the basis that they account for 80% of trade in cotton and textiles in eastern and southern Africa. They also have a significant influence on the regional trade policy framework for cotton and textiles.

- **Developing Market Information and Promotion Missions**

RATES has developed a TradeAfrica website. This is a real-time virtual market place that provides information on market opportunities in maize and beans as they arise. It is accessible by both small and larger market players and is free of charge. As a result of TradeAfrica which has only been operational for about six months, it is estimated that US$ 15 million worth of trade has been generated through this web site. The website address is: www.tradeafrica.biz.

- **Agricultural Trade Monitoring System**

RATES has also completed the design of an Agricultural Trade Policy Monitoring System (AgTrade-PMS) which among other aspects is expected to track and report on the impact of agricultural trade policies and practices

The system is expected to be operational during 2004 and will also have a website interface to facilitate interaction among key private and public sector stakeholders.

- Preparation of financing proposals for the implementation of the pilot projects which were submitted to the AfDB for consideration under the NEPAD programme; and

- Preparation of financing proposals for the national implementation of the axle load control. The proposal was submitted to AfDB for funding.

Work on the pilot projects at Chirundu and Malaba is ongoing with stakeholder committees already in place. Feedback is awaited on the financing proposals submitted to AfDB.

The Secretariat participated actively together with the other RECs in Africa in the preparation of the Five Year SSATP Programme and consensus was reached on the Corridor Approach in facilitation of transit transport in the various regions. The corridor approach will enable the application of harmonised systems across individual corridors in areas such as border post designs, axle load control, road safety and also in the administrative and regulatory procedures applied across the corridor. It will also be possible to apply a more comprehensive corridor development approach based on the exploitation of other resources along the corridor taking advantage of the transport infrastructure already in place.

- **Road Infrastructure**

Major road rehabilitation projects continued to take place in the region notable ones being reconstruction of the following:

1. Livingstone/Katima Mulilo highway together with the Sesheke bridge which joins Namibia and Zambia;

2. Rehabilitation of sections of the Northern Corridor between Mombassa and Kampala;

3. Various rehabilitation works and construction of the link between Gondar and Metema in completing the link between Ethiopia and Sudan

- **Rail Transport**

On the rail sector, concessioning of Zambia Railways was completed while work is ongoing for concessioning of the rail networks in Kenya and Uganda. The Railtracker application component of ACIS was installed in the Congolese Railways and the National Railways of Zimbabwe. Work is continuing on a future follow on project to complete development of the other components of the ACIS with funding from the EU under the 9th EDF.

Concessioning of the rail networks will remove from the governments the almost direct responsibility they currently take in overseeing management of the railways on a day to day basis and transfer such responsibilities to a concessionaire who will undertake maintenance of the tracks, rolling stock and also operate the network and meet agreed performance targets.

INFRASTRUCTURE PRIORITY INVESTMENT PROGRAMME

The preparation of the Infrastructure Priority Investment Programme progressed through the holding of a stakeholders' log-frame workshop held in Lusaka in October, 2003. The Draft Financing Proposal has already been submitted to the EU Commission and approval is awaited. Member states and stakeholders are involved continuously in the study process through workshops and participation in the Steering Committee.

The purpose of the Priority Investment Programme is to develop a comprehensive strategy for the development of regional infrastructure networks taking into account regional needs and mobilising resources for investments through a portfolio of private and public capital in order to optimise the impact of each.

The priority projects will be in transport and ICT and are targeted for implementation under the NEPAD framework. The COMESA Fund will be used to leverage funds from other financial institutions for implementation of the projects.

INFORMATIONANDCOMMUNICATIONS TECHNOLOGY (ICT)

- **ICT Policy and Regulatory Harmonisation Project**

In early 2003 COMESA Policy organs adopted he ICT Policy and Model Bill for the liberalisation and reform of the ICT sector. Many member states have carried out their ICT sector reform by applying the COMESA ICT Policy and Model Bill. This has seen the adoption of new ICT Policies by the member states and the liberalisation of the ICT sector including the privatisation and commercialisation of the Government owned ICT service providers and the setting up of ICT Regulatory Agencies.

The Secretariat continued to provide support to member states and to the Association of Regulators for the Eastern and Southern Africa (ARICEA) that was created in early 2003. The main area of activity was capacity building and development of guidelines on a number of activities to be undertaken by the Regulators. The Secretariat also carried out a region-wide assessment of the implementation of the ICT Regulatory Harmonisation programme in order to evaluate the level of implementation by member states and ascertain any areas requiring intervention from, and, assistance by the Secretariat.

The major outputs of the ICT programme in 2003 were:

- Launching of ARICEA in January 2003.
- Adoption of the Common ICT Policy and Model Bill.
- Adoption of Action Plan for implementing the ICT policy.
- Finalisation of guidelines on licensing, interconnection, universal service and access, competition and pricing; and
- Establishment of the network on capacity building

In 2004, during Phase III of the Project, the focus will be to enhance implementation of the ICT Policy and Model Bill by member states. This will encourage more private sector investments through removal of policy and regulatory constraints, creating an integrated regional market through the implementation of harmonious national policies, legislation and regulations and the establishment of suitable regulatory institutions through enhancing regulatory knowledge and skills.

- **COMTEL**

The main objective of the COMTEL project is the improvement of telecommunications services and reduction of costs of communication within the COMESA region through the establishment of an inter-States telecommunications backbone network. The network will be installed, operated, managed and owned jointly by the National Telecommunications operators (NTOs) and a Strategic Equity Partner (SEP).

The COMTEL Interim Board and the Secretariat in 2003 increased their efforts to secure a Strategic Equity Partner. Discussions were held with three prospective investors from America, Europe and Asia which culminated in proposals that will be put for consideration by the Board in the first quarter of 2004.

Once a successful SEP is selected, work on the implementation of COMTEL will start in the later half of 2004 with a target date for commencement of operations in 2006.

3.4 INFORMATION AND NETWORKING

Background

As the organisation focuses its efforts on the implementation of the Customs Union, COMESA is proactively implementing systems and infrastructure that will eventually lead to better information flow. The Customs Union will rely heavily on improved communications in the region, information dissemination and sharing, up-to-date information and software applications which will meet the demands of customs management.

In 2003, systems were implemented to effectively harness the available technologies. These included a new and informative COMESA website, an enhanced Intranet application for information sharing and collaboration, provision of training and purchase of up-to-date computing equipment and a review of the existing communications infrastructure.

The Information Resource Centre also widely disseminated information to the public and continued to serve as a repository for vital information from the Member States.

a) Communications with the Member States

In 2003, an audit of the current network at the Secretariat was recommended to review the current set up and make recommendations for an improved network. This will provide for the best upgrade path and identify the costs involved to upgrade the network and the training that will be required for the relevant personnel in the management of the new infrastructure. The audit will also include a review of the current link to the Internet so as to optimise it.

The installation of new network equipment based on the findings of the audit will commence early 2004. Once completed, further work will be undertaken to improve communication between regional key stakeholders. Both exercises are being done with the financial assistance from the African Capacity Building Foundation (ACBF).

b) Website Development

A new website was developed in 2003 with assistance from the European Union. It is available on http://www.comesa.int

The information has been better structured and streamlined making it more useful for advocacy and as a source of information pertaining to the overall integration agenda. The new website also has a facility for easier update of content and has a more modern look.

The current Intranet application serves as a useful information resource for the Secretariat staff and the desk officers in the Member States for their programme implementation. The application is accessible from anywhere on the Internet and is planned to be made available to the desk officers in each of the organisation's coordinating ministries. Training on the Intranet application was given to the desk officers during the Policy Organs meetings held in November, 2003.

Both the website and the Intranet application are hosted and maintained by the COMESA Secretariat.

c) Capacity Building and Institutional Strengthening

Extensive training has been carried out for Secretariat staff in the use of the various Information Technology (IT) resources available to them. A special training was held in late 2003 for accounting and audit staff on the use of spreadsheet applications.

Secretariat staff were trained on the functionality of the website and their role in updating the information on it as well as on other systems such as the Intranet. The technical IT staff also received training on how to recover lost data in the event of a disaster.

d) Consolidating Information Resources and Accessibility

Consolidation of the COMESA knowledge base was accorded high priority in 2003. Information Resources are being documented using an international coding system that enables users to access them easily. All the documented information resources are electronically managed by an in-house Winisis Windows based library management system. Progress in the purchase of a state of the art Library management system is advanced. The new system, once installed, will enable Secretariat staff manage most functions electronically and therefore enhancing efficiency of information delivery. Desk Officers have been alerted to their role in building the information resource base for COMESA from their own countries during a December 2003 workshop in Lusaka. The Centre now expects more activity in terms of documents sent by Member states to improve their profiles. Such Information includes the member's political profile, latest statistical and economic information, proper country guides/profiles, latest budget speeches, national development plans and fiscal matters. There is also a deliberate effort to document all relevant information resources by all COMESA Institutions to make the Information Centre should be a one stop shop for information on COMESA.

To better play the advocacy role in information provision, the Centre has embarked on retrospective documentation and then later on the scanning of all the Preferential Trade Area/COMESA reports, studies, surveys, seminars and workshops. Scanning of these documents will enable COMESA constituents to access the full texts on the Internet. Also, the Centre continues to send printed copies of new COMESA publications to selected colleges and Universities both in and outside the region, Central Banks, Investment centres, COMESA Parliaments and relevant International Organisations. This brings what COMESA countries are doing closer to the people interested in their regional arrangements.

3.5 LEGAL AND INSTITUTIONAL AFFAIRS

I MINISTERS OF JUSTICE AND ATTORNEYS-GENERAL

1. The Seventh Meeting of the Ministers of Justice and Attorneys-General took place on the 27th February 2003 in Lusaka, Zambia. The meeting was preceded by the Seventh Meeting of the Committee on Legal Affairs from 24th to 26th February 2003.

2. The meeting of the COMESA Ministers of Justice and Attorneys-General is a special sectoral ministerial meeting established pursuant to paragraph 2 of Article 7 of the COMESA Treaty to take decisions on legal and institutional matters and make recommendations to the Council of Ministers.

3. The meeting considered several legal and institutional issues as follows:

- The Ministers discussed a proposal for amendment of the Treaty in relation to establishment of an Appellate System within the COMESA Court of Justice. The Ministers made several recommendations and agreed to discuss a revised draft at their next meeting of 2004.
- The meeting considered and adopted comprehensive elements for incorporation into the national legal frameworks on public procurement. The meeting further made recommendations on the institutional and organisational arrangements for promoting public procurement reform in COMESA.
- The meeting adopted a Model Information and Communication Bill as a guideline for the enactment of legislation in Member States.
- The meeting also adopted the Draft COMESA Competition Regulations.
- The meeting received a progress report of the COMESA Court of Justice.

- The meeting deferred selection of a Host State for the COMESA Court of Justice. However, the Eighth Summit of the COMESA Authority of Heads of State or Government held in Khartoum, Sudan on 17th March 2003 selected the Sudan to host the permanent Seat of the COMESA Court of Justice.

II. MINISTERS OF FOREIGN AFFAIRS

4. The COMESA Ministers of Foreign Affairs met on 16th March 2003 in Khartoum, Sudan. Their meeting was preceded by that of the Committee on Peace and Security. The Ministers considered the reports of the three workshops for Parliamentarians held at the end of 2002. The meeting agreed on the need to utilise the network of Parliaments in the COMESA member states to open opportunities for accruing information that is crucial to the implementation and success of COMESA programmes.

5. The Ministers also considered a Report on the Peace and Security Situation in the COMESA region. The meeting noted with appreciation that progress was being made in the peace efforts relating to conflicts in Burundi, Comoros, DR Congo, Sudan and Somalia.

6. The meeting commended those governments and actors that were contributing to the mediation of conflicts in the COMESA region.

7. The Ministers also congratulated the member states that had held successful democratic elections over the preceding twelve months. Those States were Djibouti, Kenya, Madagascar and Seychelles.

8. The meeting also welcomed the proposal to convene an International Conference for the Great Lakes Region, a joint initiative of the United Nations and the African Union.

III. HOST AGREEMENT BETWEEN ZAMBIA AND COMESA

9. The Honourable Dr. Kalombo Mwansa, MP, Minister of Foreign Affairs of the Republic of Zambia and Mr. Erastus J.O. Mwencha, MBS, Secretary General of COMESA signed the Host Agreement between Zambia and COMESA on the 14th February 2003.

10. The Host Agreement concerning the headquarters of COMESA in Lusaka, Zambia regulates all matters relating to the legal capacity, the privileges and immunities of the Common Market to be recognised and granted in connection with the Common Market. The Agreement replaced the earlier Agreement between the Government of Zambia and the Preferential Trade Area signed on 18th December 1982 which was supposed to be replaced in accordance with the COMESA Treaty.

11. During the ceremony, Honourable Dr. Kalombo Mwansa emphasized that Zambia attached great importance to regional economic integration and they were pleased to host COMESA as the institution had made great strides in integration. The Secretary General also informed the Honourable Minister that the Secretariat was grateful to the continued hospitality and support accorded to COMESA by the Government of Zambia. Mr. Mwencha observed that the support given to COMESA enabled the Secretariat to work in a conducive and stable environment.

IV. COMESA PUBLIC PROCUREMENT REFORM PROJECT

Background

12. The Public Procurement Reform Initiative was borne out of the need to address weaknesses in public procurement that tended to restrict intra-regional trade. Some of the major weaknesses identified as far back as 1998 by the COMESA Ministers of Justice and Attorneys-General included: deficiencies in procurement practices, weak institutional capacities to develop and implement public procurement policies, discriminatory policies among COMESA member Countries, restrictions against fair competition, lack of information on public procurement opportunities, and revenue loss through non-transparent practices.

13. The Project's goal is the promotion of good governance through transparency and accountability in public procurement. Attainment of this goal requires us to focus on the achievement of certain key objectives, which are:

(a) harmonisation of the public procurement rules and regulations in support of regional integration particularly with regard to trade liberalisation of which COMESA has provided leadership in Africa;

(b) improving national procurement systems through capacity building programmes; and

(c) encouraging more awareness of public procurement opportunities.

(b) Project Objectives

14. In May 2001, the AfDB approved funding of the COMESA programme on Public Procurement with a grant of UA 1,170,000. The grant was for a duration of 24 months. However the Secretariat co-financed the project with its own funds.

15. The project entails:

(a) the diagnostic analysis of baseline data on public procurement laws, institutions and practices in COMESA countries;

(b) the development of uniform and practicable procurement directives of COMESA based on detailed consultation, dissemination and awareness campaigns in COMESA member countries to support procurement reform;

(c) development of a COMESA Public Procurement Information System;

(d) training of procurement agency staff at the COMESA and country level; and

(e) creation of the capacity to support and sustain good procurement practices at national and COMESA levels.

16. The highlight of the project was the adoption by the Summit of the COMESA Heads of State and Government of COMESA Directives on Public Procurement in March 2003.

Progress on the Project

17. The Project has successfully achieved its set objectives within the given timeframe. The first one year was devoted to planning involving firstly the baseline data diagnostic survey that was meant to assess the prevailing

state of public procurement issues in the Member States. The project then convened two Stakeholders' Workshops, one in Nairobi, Kenya in December 2002 and another in February 2003 in Addis Ababa, Ethiopia at which the member states adopted the COMESA Directives on Public procurement. This draft was then presented to the COMESA Authority of Heads of State and Government at its meeting in Khartoum in March 2003 who agreed on the basic elements for reform of the national public procurement laws and practices and the development of a regional public procurement framework.

18. With the planning process over, the project has been working on implementation of the capacity building programme and providing support for legislative reforms at Member State level, following the decision of Authority. The consultants have already embarked upon a training programme for nominees of Governments of Member States and the COMESA Secretariat. So far four such sessions have been held. The first session was held in Lusaka, Zambia in June 2003, for the benefit of members of the COMESA Secretariat. Thirty members of staff were trained during this session. The training was presented in three modules. The first module consisted of briefing on the background of the project, international best practices, elements of procurement law and methods and practices of procurement, among other things. The second module consisted of training the Trainers. The objective of the second module was to equip those with procurement experience with knowledge of how to train others. This would be a cost effective way of disseminating knowledge. The third module consisted of exposure to the COMESA Procurement Information System.

19. The first training for the member states took place in Kampala, Uganda in July 2003 and, like its counterpart in Lusaka, described above, consisted of three modules, which were presented over a two week period. Thirty seven participants who took part in this first sub-regional training course were drawn from Uganda, Kenya, Rwanda, Ethiopia, Eritrea, Seychelles and Egypt. The second regional training seminar was held in Antananarivo, Madagascar from 21 October to 5th November 2003 and was structured on the same lines as the previous seminars. The seminar was attended by thirty seven participants from Burundi, Comoros, Djibouti, Madagascar, Mauritius and D R Congo.

20. The third regional seminar took place in Lusaka, Zambia from 2nd to 18th February and was attended by thirty procurement practitioners from Zambia, Zimbabwe, Malawi, Sudan and Swaziland.

21. The project has also been developing an Internet based COMESA Public Procurement Information System, which is designed to be interactive between National Procurement Agencies and the Regional Procurement Office at the COMESA Headquarters. In, Member States will start posting procurement opportunities on the facility.

22. The project missions undertaken during the later part of 2003 revealed, among other things, varying degrees of progress towards aligning national laws to the COMESA directives that were passed by the COMESA Authority with many having started the process

and showing a need for further guidance. The missions also identified human capacity shortcomings that would need a longer period to fully accomplish.

3.6 GENDER AFFAIRS

Introduction

After the adoption of the COMESA Gender Policy (CGP) by the COMESA Authority in May 2002, Member States were urged to start implementing the CGP as soon as possible.

Reports received from Member States indicate that considerable advances have been made towards gender equality. For example, Rwanda has increased involvement of women in decision-making by appointing 50% women in the cabinet. A woman was also appointed Chief Justice. Furthermore, parliamentary elections brought in an unprecedented large number of women parliamentarians and senators. As a result of this, Rwanda now leads the world in having the largest proportion of women parliamentarians, Senators and cabinet ministers.

The COMESA Secretary General was appointed member to the United Nations Development Programme Africa Bureau Gender Advisory Board in recognition of COMESA's efforts in promoting gender equality and economic empowerment of women in the region.

The Senior Gender Affairs Officer at the Secretariat was also appointed member of the African Union Gender Working Group. The working group was constituted for the purpose of recommending how the Gender Directorate of the African Union will pitch its interventions, interface with other Directorates and Units and work with other stakeholders including the Regional Economic Communities such as COMESA.

With Support from USAID-REDSO and UNAIDS, COMESA held the first meeting of the representatives of National Gender Machinaries and Ministries of Gender in February 2003 in Lusaka, Zambia. Key achievements included the establishment of a COMESA Regional Technical Committee on Gender comprising sector specific gender experts from government, relevant private sector institutions, civil society and development partners.

Recommendations of the meeting included:

ii) the need to hold a meeting of the Ministers of Gender. This is scheduled to be held in September 2004 in Kigali, Rwanda.

iii) member states were urged to intensify the implementation of the COMESA Gender Policy and report the status of implementation at the next meeting of the COMESA Technical Committee on Gender. The meeting also resolved to ensure that Regional Economic Communities harmonised their Gender Policies.

In 2003, the COMESA Secretariat, through the Women in Business Unit continued to provide technical advisory services to Member States. In Zambia, the Secretariat collaborated with Choma Environmental Conservation Centre (CECC) and the Forest Resource Management Project (FRMP) under the Ministry of Tourism and Natural Resources. The collaboration with CECC saw the provision of training in business management, motivational and leadership skills, and veterinary advisory services to the goat rearing women's groups. A total of 12 clubs involving 708 women leaders participated in twelve training of trainers sessions. These women leaders will in turn train about 6,000 women including new clubs.

The FRMP and COMESA conducted training sessions on harvesting, processing and packaging of wild mushrooms; motivational and leadership skills and provided information on market linkages within the COMESA region to the women's rural groups engaged in collecting and selling wild mushrooms in North Western and Luapula provinces of Zambia. About 80 trainers including forest officers, production promoters and district facilitators were trained from Kasempa, Mwinilunga, Solwezi, Kabompo, Mufumbwe, Chavuma, Zambezi, Samfya, Milenge, Mansa, Mwense, Nchelenge, Chiengi and Kawambwa Districts of Northwestern and Luapula provinces respectively were trained. The Secretariat will undertake impact evaluation in the near future.

In addition, the Secretariat facilitated the COMESA women in business' participation in international and regional business and trade shows. With support from USAID, business women from Kenya, Rwanda, Swaziland, and Uganda participated at the Corporate Council for Africa Business Summit and Trade Exhibition. They also attended the African American Business Women's Alliance Workshop entitled "Effective Partnerships for Women in Business". The workshop assisted women to establish business partnerships and contribute to business development, education, networking, and strengthening women-owned businesses. At the same forum, business women also exhibited their products at the COMESA trade exhibition booth. The exhibits attracted high demand from various delegates including the President of Cameroon who commended the high quality of the products. The business women from Zambia and Swaziland also benefited from training on how to exploit existing opportunities under the African Growth and Opportunity Act (AGOA).

COMESA continues to collaborate with other stakeholders in raising HIV/AIDS awareness in the region. In collaboration with the UNAIDS and the National Association for the Prevention of Starvation (NAPS), women in business and youth from Zambia and Ethiopia participated in campaigns to raise awareness on HIV/AIDS.

CHALLENGES

Implementation of the COMESA Gender Policy has been very slow due to prevailing attitudes, policies and lack of adequate human and financial resources. In order to address this, the Secretariat is in the process of undertaking a study in member states to provide the Secretariat with an in-depth understanding of the level of implementation of the CGP. This will enable the Secretariat to disseminate best practices to Member States that may be facing implementation problems.

Part IV

4. CO-OPERATION WITH DEVELOPMENT PARTNERS, REGIONAL AND MULTILATERAL ORGANIZATIONS

Introduction

During the year 2003 a number of important developments took place with regard to Technical Co-operation and Resource Mobilization. During this period COMESA mobilised over US$11.5 million from co-operating partners to support its programmes. Furthermore, to enhance its collaboration with partners, COMESA signed Memoranda of Understanding with East African Community, the Government of India, and the African Union on the implementation of the (PATTEC) Initiative (the Tsetse control programme) and with the African Institute for Economic Development and Planning (IDEP).

4.1 CO-OPERATION WITH BILATERAL COUNTRIES

(i) United States of America

During the reporting period, notable developments took place with regard to US-COMESA collaboration.

The move to the Strategic Objective Grant Agreement (SOAG)

COMESA-USAID collaboration is a recent phenomenon. However, over the last six years, the relationship has been growing at an accelerated pace. It was as a result of the successful implementation of programmes and interface of interests that in 2003, USAID agreed to move the relationship to a higher level by signing, on September 26, 2003, the two Strategic Objective Grant Agreements (SOAGs), one on Economic Partnership and the other on Democracy and Governance to replace agreements that the two sides negotiated and agreed upon every year.

The two SOAGs were three year agreements (September 2003 – September 2006) with a total financial envelope of US$10.2 million. These funds will inter alia be used to continue supporting programmes such as Institutional Strengthening of the COMESA Secretariat, Intra-COMESA Trade Development, US-COMESA Trade Development and the COMESA Peace and Security Programme

Second Trade and Investment Framework Agreement (TIFA) Council Meeting

During the CCA Summit, COMESA and the US Government, through the Office of the US Trade Representative (USTR), convened the 2nd Trade and Investment Framework Agreement (TIFA) meeting. The meeting reviewed developments in the framework of AGOA and consulted on the further improvements that needed to be made on AGOA if it was to achieve its objectives. TIFA was also an excellent opportunity for the two sides to review developments in the WTO negotiations.

As a result of the continuous effort made by COMESA to bring out and expose the issues of concern to Africa, the US Department of Agriculture has taken some concrete measures to address in particular the issue of the Pest Risk Assessment (PRA). The Department committed itself to place two Animal and Plant Health Inspection Services (APHIS) experts in Gaborone and Nairobi/Kampala to facilitate PRA process. Subsequently, Zambia's application for PRA, which was pending for over five years, was reactivated and the initial PRA was done for a number of Zambian agricultural products. This was an ongoing exercise and other countries were also to benefit from it. An APHIS mission also visited the region to review what is obtaining on the ground and to discuss with the countries and the regional organisations how the US Government can assist in establishing and strengthening national laboratories to undertake PRA. The proposal which the mission prepared is under consideration.

The ECA Hub Programme

During the reporting period, the Eastern and Central Africa Global Competitiveness Hub (ECA Hub), which was established by the U.S. government in 2002, became operational. The ECA Hub covers Burundi, Central African Republic, Comoros, Congo, D R Congo, Djibouti, Eritrea, Ethiopia, Gabon, Kenya, Madagascar, Mauritius, Rwanda, Seychelles, Somalia, Sudan, Tanzania and Uganda. It operates from Nairobi, Kenya. The remaining COMESA member states are covered by the Southern Africa Hub which operates from Gaborone, Botswana.

The main objective of the ECA Hub is to strengthen the capacity of the countries to participate more effectively in the multilateral trading system. COMESA is the main partner of the ECA Hub and the ECA Hub's activities therefore have specific focus on the COMESA Free Trade Area and Customs Union. The ECA Hub has the following three components:

- Building capacity for Trade Policy Formulation and Implementation;
- Developing and implementing private sector business support strategies for increasing trade under AGOA;
- Improving the efficiency and reducing the cost of trade related transportation.

The COMESA Regional Agricultural Trade Expansion Support (RATES) Program

The Regional Agricultural Trade Expansion Support Program (RATES) is funded by the USAID Regional office in Nairobi. The programme is implemented on behalf of COMESA by Chemonics International inc. The RATES programme commenced in October 2002 and has a five year lifespan up to September 2007.

The RATES program is designed to increase the value/volume of agricultural trade within the East and Southern Africa region, and between the region and the rest of the world and to enhance the regional value chain so as to promote value addition in agricultural trade not only for intra-COMESA trade, but also for extra-COMESA trade within a conducive and transparent trade policy environment.

RATES focuses on developing commodity-specific regional trade initiatives through innovative private sector/public sector alliances and partnerships and works primarily through regional trade flow leaders such as regional trade associations, national-level trade associations, private companies and individual entrepreneurs as well as public sector policy makers through the COMESA decision-making structures.

(ii) France

Recognizing the key role that France plays in the global economy and the fact that eight of the COMESA member States are Francophone, COMESA mounted a high level mission to Paris in October 2002 with the aim of initiating dialogue and collaboration. During the visit, the COMESA delegation had the opportunity to meet with senior government officials and private sector representatives and identified potential areas of collaboration.

As a follow up to the COMESA mission to France, Mr. Renaud Muselier, France's Secretary of State for Cooperation visited COMESA on 23rd January 2003. During the visit, France and COMESA signed an agreement that provides for French bilateral technical and financial assistance to COMESA. The Minister also announced the appointment of the French Ambassador to Zambia as France's permanent representative and special advisor to COMESA. During the visit, the Franco-COMESA club featuring French language resource materials and audio-visual equipment was also launched at the Secretariat.

Furthermore, a French technical mission visited COMESA from 4-7 March 2003 to discuss the details of France's assistance package to COMESA. Earlier on, the Government of France had sponsored the participation of two COMESA Secretariat officials in two training programmes on Trade Negotiations and Developing Economic models.

During the reporting period, the Secretary General of COMESA undertook an official visit to the French Island of La Réunion to identify areas of co-operation within the scope of COMESA's co-operation with France and the EU. Sugarcane breeding, the use of bagasse as alternative source of energy, training of technicians from COMESA countries in language and administration, exchange of students and researchers were some of the areas identified for collaboration.

Throughout the year, the French Embassy in Lusaka, Zambia continued to assist the Secretariat in French language training. A special intensive training programme was organized in May 2003 while the regular training programme continued. Three French interns also came to COMESA Secretariat for short periods to assist the COMESA Public Relations Unit. During the same period a French expert visited the Secretariat and undertook a needs assessment of the Conference Section and provided training for the in-house translators while another French intern assisted the Conference Section in translation.

(iii) India

A high level COMESA delegation visited India from 8-10 February 2003. During the visit, a memorandum of Understanding on Economic Co-operation was signed between COMESA and the Government of the Republic of India. The MOU provides a framework for promoting technical co-operation between COMESA and India in the areas of pharmaceuticals, information technology, agriculture, biotechnology, human resource development, low cost housing, tourism, development of small and medium enterprises, energy and infrastructure development. In particular, the MOU seeks to facilitate trade and investment and to promote measures for augmenting trade, transfer of technology and investment flows between India and the member states of COMESA.

During the visit, the delegation had the opportunity to meet with pharmaceutical companies which expressed keen interest to collaborate with COMESA on manufacturing drugs. However, the companies expressed concern over the lengthy procedure in COMESA member states which can take up to three years to approve the registration of new drugs. In view of the critical shortage of drugs particularly drugs to treat diseases like HIV/AIDS, malaria and tuberculosis, the region should address the problem and expedite the approval process. India also expressed interest to collaborate with COMESA countries in developing mini steel plants on joint venture basis.

Subsequent to the signing of the MOU the two sides agreed to convene a joint meeting of senior officials from e tpublic and private sectors to be followed by a joint Ministerial meeting to agree on how to operationalise the MOU and to identify concrete areas of immediate collaboration. COMESA wishes to focus on areas like harmonization of drug registration, cooperation in irrigation development, promotion of agro-processing industries etc. in which some preliminary activities have been initiated.

(iv) China

COMESA realizes the enormous potential for collaboration between its member states and

China. COMESA has continued to engage the Chinese Embassy in Lusaka, Zambia with a view to identifying concrete programmes of collaboration. Education, solar technologies, agriculture particularly maize growing and malaria eradication were some of the areas in which China was collaborating with some COMESA member States. China is also keen to collaborate on the COMTEL project. To facilitate their collaboration, COMESA and China are considering signing a Cooperation Agreement.

COMESA participated in the 2nd Ministerial Conference of the Forum on China-Africa Cooperation that was held in Addis Ababa, Ethiopia from 15-16 December 2003.

(v) Canada

A grant agreement was signed with CIDA, Canada amounting to C$250,000 to support a COMESA programme on popularising NEPAD in the member States. Five regional seminars are scheduled for 2004.

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(iv) Norway

NORAD and COMESA signed a US$136,839 grant agreement to support COMESA's effort to address food security concerns. The NORAD fund is to be used to undertake studies and conduct workshops aimed at strengthening food security and agricultural trade information. Since this project and the much bigger project on agricultural institutional strengthening to be financed by the AfDB were complementary, implementation of this project was planned to commence once the AfDB supported project was launched.

4.2 CO-OPERATION WITH MULTILATERAL ORGANIZATIONS

(i) European Union

In 2003 the EU remained the major partner of COMESA. In addition to the numerous programmes and projects that were on-going, COMESA Secretariat and the EU were in 2003 engaged in two major exercises: Programming of the 9th EDF and Economic Partnership Agreement negotiation (EPAs) which is reported under Trade and Customs.

Programming of the 9th EDF

COMESA, EAC, IGAD and IOC signed the 9th European Development Fund's indicative programme amounting to €223 million in Kampala on 19th November 2002. Its focal areas are supporting the process of economic integration and trade liberalisation; the development of the transport and communications infrastructure; and the sustainable management of the region's natural resources. Non-focal activities cover institutional support to the regional integration organisation as well as cultural and educational programmes.

To ensure effective co-ordination in programming and implementation of the regional indicative programmes, the Secretariats of COMESA, EAC, IGAD and IOC set up an Inter-Regional Co-ordination Committee (IRCC) with a Secretariat of its own hosted at COMESA Secretariat. COMESA held the rotational chairmanship during 2003. The IRCC Secretariat has been operational since January 2003.

While SADC has its own Regional Indicative Programme, the SADC Secretariat is a member of the IRCC. This is aimed at facilitating co-ordination of the economic integration components of the programme which were similar.

The IRCC met three times during 2003, in February (Lusaka), March (Khartoum) and Mauritius (IOC, October 2003) to provide leadership to the Programme. The pipeline of projects, the lead organisation and the estimated budget of the projects are shown in the table below:

Title	RIO	Budget
Support IRCC Secretariat	COMESA	€9.7 m
ESA Trade Negotiating Facility	COMESA	€2.0 m
ICT Support	COMESA and other RIOs	€21 m
Indian Ocean Tuna Tagging	IOC	€9.6 m
Regional integration support program	COMESA with other RIO	€30 m
Trade liberalisation Budgetary support facility	COMESA	€50 m
Private sector Support	EAC	
Transport Priority Investment plan	COMESA	€2 m
AMESD(African Monitoring of Environment for Sustainable Development)	All ACP	
Marine and Coastal Resources Management	IOC	€15 m
Food security	IGAD	
Peace and Security	IGAD	
DRC forestry projects		€5 m
East Africa transport investments	NAOs (Uganda, Eth. Djibouti)	€10 m

(ii) African Development Bank/Fund (AfDB)

COMESA continued to enjoy the support of the African Development Bank/Fund. The Public Procurement Reform Project is funded by the African Development Bank/Fund and is fully operational.

In 2003, COMESA and AfDB completed the final preparations for the Agricultural Institutional Strengthening and Marketing Promotion Project. It was submitted to the AfDB's Board for approval. The project is estimated to cost US$5.0 million of which the AfDF is expected to provide US$3.5million. The 3 years duration project aims to facilitate and promote safe international trade in animal and animal products and plants within COMESA and with third countries through the provision of market information and facilitating the implementation of international standards for sanitary and phyto-sanitary measures. The project will be operational in 2004.

(iii) Co-operation with ACBF

COMESA and the African Capacity Building Foundation (ACBF), on 30th August 2002 signed a grant agreement valued at US$1.5 million for strengthening capacity in trade negotiations and trade policy development. The project was launched in May 2003 with the recruitment of the Project Manager. The project Work Programme was approved in September 2003 and a number of training programmes were held for experts from member States and staff of the Secretariat. Procurement of equipment to strengthen the Secretariat was underway.

(iv) Commonwealth Secretariat

COMESA has always enjoyed the support of Commonwealth Secretariat. The Air Transport Liberalization Programme, Establishment of Horticultural Producers Association, Enhancing Production and Trade in Quality Pharmaceutical Products were some of the programmes supported by the Common Fund for Technical Cooperation of Commonwealth Secretariat (CFTC). The Hub and Spoke Technical Assistance Programme on Trade Policy Formulation is a major on-going programme under which a senior Trade Advisor was recruited to assist COMESA. The advisor was a lead advisor and coordinated the work of several young professionals recruited to assist member States in trade policy formulation and negotiation at the national level.

4.3 CO-OPERATION WITH REGIONAL ORGANIZATIONS

(i) The African Union (AU)

As usual, COMESA continued to work closely with the AU. In March 2003, COMESA hosted the first meeting of the Committee of AU/AEC-RECs Secretariat officials in Lusaka, Zambia. The meeting was chaired by the then Interim Chairperson of the AU. COMESA provided inputs into the AU's study on Relations between the African Union and the Regional Economic Communities. COMESA also undertook a similar study of its own on the same subject to share its views on this important matter. COMESA was keen to see the Protocol on relations amended.

During the reporting period, with the support of the Policy Analysis Support Unit (PASU), COMESA undertook a study on Harmonization of Third Party Motor Vehicle Insurance Law. Two senior COMESA Secretariat officials participated in the training programme, which the AU organized on Regional Integration in Dakar, Senegal.

(ii) East African Community

EAC and COMESA have continued to work closely within the context of the 9th EDF through the IRCC. In addition, the second Consultative meeting between EAC and COMESA was convened in Lusaka, Zambia in September 2003. The meeting reviewed progress made in implementing the decisions of the first Consultative meeting and noted that there has been close collaboration particularly in the areas of trade and customs as the EAC was also making final preparations to launch its Customs Union. The two organizations work closely in the context of the Eastern and Central African Hub of USAID particularly to promote regional trade and to facilitate transit traffic. Another area of close collaboration is on developing common positions on international and bilateral trade negotiations like WTO, EPAs and AGOA.

(iii) SADC

The Fourth Task Force Meeting between COMESA and SADC took place in Lusaka, Zambia on 5-6th February 2003 at the level of the two Deputy Heads of the Secretariats. The Task Force was established as per agreement made in Cairo, Egypt in May 2001 between the then Chairmen of COMESA and SADC Authorities who directed that a Joint Task Force be established to harmonize the programmes of the two organizations.

The Fourth Task Force meeting reviewed progress made in areas where collaboration has already started and identified further areas of collaboration

(iv) NEPAD

Since its inception, the NEPAD Secretariat has been consulting and involving COMESA and other regional organisations in the areas of transport, communication and agriculture. COMESA played a key role in defining the short and medium term programmes of NEPAD in these two sectors. However, despite the continuous consultation and involvement, the role of regional organisations and the framework for their involvement is not yet very clear. To address this shortcoming, a meeting of NEPAD and the Chief Executives of RECs was organised in Abuja on 29-30 October 2003. COMESA also participated at the Second Eastern Africa Regional Summit convened by the government of Kenya in October 2003.

PART V COMESA IN FIGURES

Angola

Subject Description	2000	2001	2002	2003	2004
GDP per capita, current prices (USD Billion)	664.47	689.81	792.74	906.24	1009.90
GDP, constant prices, annual percent change	3.0	3.2	15.3	4.5	12.8
GDP, current prices (USD Billions)	8.864	9.472	11.204	13.183	15.122
Inflation, annual percent change	325.0	152.6	108.9	98.3	40.2

Burundi

Subject Description	2000	2001	2002	2003	2004
Gross domestic product per capita, current prices	110.351	101.052	93.945	87.816	93.046
GDP, constant prices, annual percent change	-1.1	2.2	4.5	-0.5	5.4
Gross domestic product, current prices	0.709	0.662	0.628	0.599	0.647
Inflation, annual percent change	24.3	9.3	-1.3	10.7	7.7

Comoros

Subject Description	2000	2001	2002	2003	2004
GDP per capita, current prices	358.967	377.738	402.261	509.071	540.288
GDP, constant prices, annual percent change	4.5	2.3	2.3	2.1	1.7
GDP, current prices	0.204	0.220	0.241	0.313	0.341
Inflation, annual percent change	4.6	5.9	3.3	4.5	3.5

DR Congo

Subject Description	2000	2001	2002	2003	2004
Gross domestic product per capita, current prices	85.034	96.503	100.707	98.645	105.310
Gross domestic product, constant prices, annual percent change	-6.2	-2.1	3.5	5.0	6.0
Gross domestic product, current prices	4.303	5.153	5.539	5.588	6.145
Inflation, annual percent change	553.7	357.9	27.7	9.1	6.0

Djibouti

Subject Description	2000	2001	2002	2003	2004
Gross domestic product per capita, current prices	744.347	749.624	751.190	769.934	793.955
GDP, constant prices, annual percent change	0.7	1.9	2.6	3.5	4.1
Gross domestic product, current prices	0.553	0.574	0.592	0.625	0.664
Inflation, annual percent change	2.4	1.8	0.6	2.0	2.0

Eritrea

Subject Description	2000	2001	2002	2003	2004
Gross domestic product per capita, current prices	156.353	168.502	149.618	176.997	185.523
Gross domestic product, constant prices, annual percent change	-13.2	10.2	1.0	4.0	2.0
Gross domestic product, current prices	0.641	0.708	0.644	0.781	0.839
Inflation, annual percent change	19.9	14.6	16.9	22.6	20.7

Ethiopia

Subject Description	2000	2001	2002	2003	2004
Gross domestic product per capita, current prices	100.203	99.423	90.137	96.062	103.541
GDP, constant prices, annual percent change	5.4	7.7	1.2	-3.8	6.7
Gross domestic product, current prices	6.363	6.503	6.059	6.638	7.355
Inflation, annual percent change	4.2	-2.6	-7.2	15.1	5.5

Kenya

Subject Description	2000	2001	2002	2003	2004
Gross domestic product per capita, current prices	347.261	365.719	393.921	435.344	452.141
Gross domestic product, constant prices, annual percent change	-0.1	1.2	1.0	1.5	2.6
Gross domestic product, current prices	10.438	11.236	12.333	13.876	14.656
Inflation, annual percent change	10.0	4.9	2.0	9.7	-0.2

Madagascar

Subject Description	2000	2001	2002	2003	2004
Gross domestic product per capita, current prices	250.252	284.551	278.111	323.640	338.685
Gross domestic product, constant prices, annual percent change	4.8	6.0	-12.7	9.6	6.0
Gross domestic product, current prices	3.866	4.527	4.557	5.459	5.893
Inflation, annual percent change	8.8	6.9	16.2	-1.1	5.0

Malawi

Subject Description	2000	2001	2002	2003	2004
GDP per capita, current prices	165.509	160.369	176.998	158.640	152.210
GDP, constant prices, annual percent change	1.1	-4.2	1.8	4.4	2.1
Gross domestic product, current prices	1.707	1.688	1.901	1.739	1.702
Inflation, annual percent change	29.6	27.2	14.9	9.6	9.9

Mauritius

Subject Description	2000	2001	2002	2003	2004
Gross domestic product per capita, current prices	3729.48	3800.80	3782.369	4175.15	4630.18
Gross domestic product, constant prices, annual percent change	2.6	7.2	4.0	3.3	5.5
Gross domestic product, current prices	4.401	4.535	4.563	5.089	5.700
Inflation, annual percent change	5.3	4.4	6.4	5.0	5.0

Rwanda

Subject Description	2000	2001	2002	2003	2004
Gross domestic product per capita, current prices	214.99	198.25	195.69	184.70	183.86
Gross domestic product, constant prices, annual percent change	6.0	6.7	9.4	0.9	6.1
Gross domestic product, current prices	1.794	1.704	1.732	1.684	1.722
Inflation, annual percent change	3.9	3.4	2.0	7.4	6.9

Seychelles

Subject Description	2000	2001	2002	2003	2004
Gross domestic product per c apita, current prices	7644.41	7606.11	8634.74	8803.79	8790.32
Gross domestic product, constant prices, annual percent change	4.8	-2.2	0.3	-5.1	-2.0
Gross domestic product, current prices	0.620	0.618	0.698	0.720	0.728
Inflation, annual percent change	6.2	6.0	0.2	7.0	5.0

Sudan

Subject Description	2000	2001	2002	2003	2004
Gross domestic product per capita, current prices	391.98	422.54	464.58	520.69	568.32
GDP, constant prices, annual percent change	6.9	6.1	6.0	5.8	6.2
Gross domestic product, current prices	12.191	13.482	15.210	17.490	19.586
Inflation, annual percent change	8.0	4.9	8.3	7.7	6.5

Swaziland

Subject Description	2000	2001	2002	2003	2004
Gross domestic product per capita, current prices	1415.72	1279.49	1171.62	1765.16	1854.46
Gross domes tic product, constant prices, annual percent change	1.9	1.7	3.6	2.2	1.7
Gross domestic product, current prices	1.39	1.28	1.18	1.80	1.90
Inflation, annual percent change	9.9	7.5	11.9	8.1	6.9

Uganda

Subject Description	2000	2001	2002	2003	2004
Gross do mestic product per capita, current prices	260.61	241.48	240.10	247.90	247.78
Gross domestic product, constant prices, annual percent change	5.4	5.3	6.7	4.9	5.5
Gross domestic product, current prices	5.886	5.641	5.803	6.198	6.408
Inflation, annual percent change	4.5	-2.0	5.7	5.9	3.5

Zambia

Subject Description	2000	2001	2002	2003	2004
Gross domestic product per capita, current prices	314.34	345.12	349.40	383.29	391.87
Gross domestic product, constant prices, annual percent change	3.6	4.9	3.3	4.2	3.5
Gross domestic product, current prices	3.238	3.640	3.774	4.239	4.438
Inflation, annual percent change	26.1	21.7	22.2	21.5	18.5

Zimbabwe

Subject Description	2000	2001	2002	2003	2004
Gross domestic product per capita, current prices	590.35	776.12	1642.47	635.40	323.84
Gross domestic product, constant prices, annual percent change	-6.8	-8.8	-12.8	-13.2	-9.2
Gross domestic product, current prices	7.022	9.130	19.110	7.312	3.686
Inflation, annual percent change	55.9	76.7	140.0	431.7	640.0

Source IMF, World Economic Outlook, April 2004

APPENDIX I FINANCIAL STATEMENTS 2002

COMMON MARKET FOR EASTERN AND SOUTHERN AFRICAN STATES (COMESA) - SECRETARIAT

BALANCE SHEET - 31 DECEMBER 2002

	Notes	2002 COM $	2001 COM $
ASSETS			
Non-current assets			
Fixed assets		748,619	814,329
Investment		100,000	-
		848,619	814,329
Current assets			
Loans and advances		2,019,213	1,856,735
Contributions receivable		9,271,223	8,802,026
Bank balances and cash		2,861,431	1,918,925
		14,151,867	12,577,686
Total assets		15,000,486	13,392,015
EQUITY AND LIABILITIES			
Capital and reserves			
Accumulated Fund		13,922,691	12,598,009
Capital reserves		60,000	-
		13,982,691	12,598,009
Non-current liabilities			
Capital grants		226,226	208,357
Current liabilities			
Creditors		791,569	585,560
Bank overdraft		-	89
		791,569	585,649
Total equity and liabilities		15,000,486	13,392,015

The financial statements on pages 8 to 18 were approved by the Secretariat on 30 SEP 2003 and were signed on its behalf by:-

) **Secretary General**

) **Chief of Budget and Finance**

COMMON MARKET FOR EASTERN AND SOUTHERN AFRICAN STATES (COMESA) - SECRETARIAT

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

	Schedule	2002 COM$	2001 COM$
Income			
Member States' contributions	1	5,769,471	5,639,299
Miscellaneous income	2	199,330	176,836
		5, 968,8015,816,135	
Less:			
Division expenditure			
Secretary General	4	1,002,924	894,248
Administration and finance	5	1,425,394	1,432,709
Trade, customs and monetary harmonisation	6	402,952	419,112
Investment programme and private sector development	7	422,634	431,558
Infrastructure development	8	147,076	193,161
Information networking	9	173,365	154,941
Consultancy	10	248,614	252,024
Meetings	11	519,984	506,228
Free Trade Area		-	7,632
		4,342,943	4,291,613
Surplus before provisions and charges		1,625,858	1,524,522
Less provisions and charges			
Depreciation		(228,925)	(197,148)
Bad debts provision		(83,021)	-
Exchange losses		(19,449)	(15,690)
Write off of charges		(58,062)	-
Armortisation of grant		88,281	52,090
		301,176	160,748
Surplus for the year (note 8)		1,324,682	1,363,774

Chatered Accountants

Grant Thornton

COMMON MARKET FOR EASTERN AND SOUTHERN AFRICAN STATES (COMESA) – SECRETARIAT

REPORT OF THE AUDITORS TO THE COUNCIL OF MINISTERS

We have audited the financial statements on pages 7 to 16.

Respective responsibilities of Secretary General and Auditors

As described on page 6 the Secretary General is responsible for the preparation of financial statements. It is our responsibility 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 estimates and judgements made by the Secretary General in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Secretariat's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the 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 view of the state of the Secretariat's affairs at 31 December 2002 and of its surplus and cash flows for the year then ended and have been properly prepared in accordance with the COMESA Financial Rules.

Grant Thornton

Chartered Accountants

Lusaka

Date : 01st October, 2003.

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APPENDIX II ACRONYMS

ACBF	Africa Capacity Building Forum
ACE	African Commerce Exchange
ACIS	Advance Cargo Information System
AfDB	African Development Bank
AGOA	African Growth and Opportunity Act
ARICEA	Association of Regulators for Eastern and Southern Africa
ASARECA	Association for Agricultural Research in East and Central Africa
ATI	African Trade Insurance Agency
CBC	COMESA Business Council
CCIA	COMESA Common Investment Area
CFC	Common Fund for Commodities
CFTC	Common Fund for Technical Co-operation
CGP	COMESA Gender Policy
CIDA	Canadian International Development Agency
COMESA	Common Market for Eastern and Southern Africa
COMSEC	Commonwealth Secretariat
COMTEL	COMESA Telecommunications Company
EAC	East African Community
EDF	European Development Fund
EPA	Economic Partnership Agreements
ESA	Eastern and Southern Africa
EU	European Union
FDI	Foreign Direct Investment
FTA	Free Trade Area
GDP	Gross Domestic Product
IC	Intergovernmental Committee
ICT	Information and Communications Technology
IGAD	Intergovernmental Authority for Development
IMF	International Monetary Fund
IOC	Indian Ocean Commission

IRCC	Inter Regional Coordination Committee
IS	Information System
IT	Information Technology
MIGA	Multilateral Investment Guarantee Agency
NEPAD	New Partnership for African Development
NORAD	Norwegian International Development Agency
NTB	Non Tariff Barriers
NTO	National Telecommunications Operator
PTA	Preferential Trade Area
RATES	Regional Agriculture Trade Expansion Programme
RCGB	Regional Customs Bond Guarantee
REC	Regional Economic Community
REDSO	Regional Development Service Office
REPS	Regional Payments System
RIA	Regional Investment Agency
RIAs	Regional Integration Agreements
SADC	Southern African Development Community
SDI	Spatial Development Initiative
SSATP	Sub-Saharan Africa Transport Programme
SWIFT	Society for Worldwide Inter-Bank Financial Telecommunication
TIFA	Trade and Investment Framework Agreement
TTCA	Transit Transport Coordination Authority of the Northern Corridor
UA	Unit of Account
UNCTAD	United Nations Conference on Trade and Development
USAID	United States Agency for International Development
ZEP-RE	PTA Re-Insurance Company
WTO	World Trade Organization

COMESA

Integrating Trade and Investment Regionally