

COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA (COMESA)

**TECHNICAL CO-OPERATION FACILITY – 11th EDF PROGRAMME
FUNDED BY THE EUROPEAN UNION (EU)**

PROGRAMME REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD FROM 8 AUGUST 2016 TO 31 DECEMBER 2017

COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA (COMESA)

TECHNICAL CO-OPERATION FACILITY – 11th EDF PROGRAMME

**PROGRAMME REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD FROM 8 AUGUST 2016 TO 31 DECEMBER 2017**

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COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA (COMESA)

TECHNICAL CO-OPERATION FACILITY – 11th EDF PROGRAMME

PROGRAMME IMPLEMENTATION REPORT

FOR THE PERIOD FROM 8 AUGUST 2016 TO 31 DECEMBER 2017

1. Background

The COMESA 11th EDF Technical Cooperation Facility (TCF) is intended to contribute to the effective implementation of the COMESA sub-envelope under the 11th EDF Eastern Africa, Southern Africa and Indian Ocean (EA-SA-IO) Regional Indicative Programme (RIP). This facility is for the identification and formulation of actions, facilitation of Programme development, sector surveys, pilot initiatives, stakeholder consultations, policy dialogue, monitoring and evaluation and similar activities. It also supports the attendance of COMESA at meetings of the High-Level Group (HLG), which is the RIP (Regional Indicative Programme) steering committee comprised of Duly Mandated Regional Organisations (DMROs) and EU representatives.

COMESA is one of the five Regional Economic Community (REC) alongside with the East African Community (EAC), Inter – Governmental Authority for Development (IGAD), Indian Ocean Commission (IOC) and Southern African Development Community (SADC) that signed with the EU on 5th June 2015, the 11th EDF RIP for the EA-SA-IO region for a total amount of Eur 1,322 billion. Under this RIP, COMESA has a specific allocation of Eur 85 million to further advance economic integration among its member states. The support under the 11th EDF has been used to help COMESA in achieving the following specific objectives:

- Objective 1: Reduced cost of cross-border trade, through removal of internal barriers in line with tripartite agreements (Trade Facilitation Programme EUR 53 million; Small Scale Cross Border Trade EUR 15 million);
- Objective 2: Increased private sector participation in regional and global value chains, through improved investment/business climate and enhanced competitiveness and productive or innovation capacity (€10 million); and
- Objective 3: Enhanced capacity of COMESA Secretariat and COMESA Member States, including the Private Sector (€7 million).

2. Programme Overview

The Programme provides two types of Technical Cooperation (TC) which includes:

- *The preparatory TC*: Ad hoc expert advice, feasibility and preparatory studies, facilitation of Programme development, specific sector surveys and assessment; ex-post evaluation of pilot initiatives, relevant to the formulation of future Programme, stakeholder consultations etc. This is also applicable in the context of multi-donor harmonized activities.
- *Policy and Advisory TC*: Ad hoc short-term expert advice on specific aspects related to the identification, formulation and execution of Regional Indicative Programme actions, and broader regional integration issues. This includes the provision of analytical work for aid effectiveness, facilitation of dialogues between the EU, DMROs and partners, process facilitation and brokering, support to the negotiation of trade and other arrangements.

3. Overall Objective

The overall objective of the TCF Programme is to contribute to the effective implementation of the Eastern Africa, Southern Africa and Indian Ocean (EA-SA-IO) Regional Indicative Programme (RIP). The specific objectives ensures that high-quality and inclusive design and implementation of the 11th EDF COMESA sub-envelope as well as improvement of overall coordination, dialogue, monitoring and communication/visibility of EU-funded COMESA Programmes is achieved.

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4. Result areas description based on specific objectives

The COMESA 11th EDF Technical Cooperation Facility is expected to achieve 4 results that will contribute to the realization of the objectives specified above which includes:

- *Result 1:* Identification, formulation and implementation of 11th EDF COMESA sub-envelope is supported in an effective and inclusive way;
- *Result 2:* Coordination between the EU and the DMROs and among the DMROs as well as policy dialogue and participation in trade negotiation is facilitated;
- *Result 3:* Communication/visibility of EU funded activities is enhanced.
- *Result 4:* African Peace and Security Architecture (APSA) Programme is supported

Initially there were 3 Results Areas (Results Areas 1-3), but an additional Result Area (Result Area 4) had been added through an addendum to support the African Peace and Security Architecture (APSA) Programme. The support came in light of a decision that was made in Brussels that RECs should transfer APSA staff-related costs into their regional peace and security Programmes. However, since the Secretariat does not have a sub envelope to cater for APSA staff costs, this support is being covered under the 11th EDF TCF. This further resulted in re- allocation of funds among the initial 3 result areas to cater for the APSA Programme.

5. Specific objectives per result area and detailed intended results

Result Area 1: Identification, formulation and implementation of 11th EDF COMESA sub-envelope is supported in an effective and inclusive way.

This result area relates to the support required by COMESA to identify and formulate in an inclusive way, high quality regional Programmes to be implemented with the view to achieve the four specific objectives of the COMESA 11th EDF envelope and to deepen the economic integration of the region.

The activities implemented under the TCF work plan, took into account the progress made in terms of programming, identification and formulation of the COMESA 11th EDF envelope. For example, the Financing Agreements for the Trade Facilitation Programme and the Small-Scale Cross-Border Trade Programme were signed on 30 May 2017. Pursuant to this will be the preparations of the Delegation Agreement for the two programs. The Delegation Agreements will be packaged taking into account the findings of the feasibility studies that were undertaken and validated at regional meetings held in May and June 2017 respectively attended by COMESA member states. Cognizant that the financing agreement envisages the identification of implementing agencies at the national level, the detailed actions to be implemented will be drawn up in consultation with the implementing agencies (to be identified at national level) to ensure ownership and alignment with existing national programs being implemented.

Result Area 2: Coordination between the EU and the DMROs and among the DMROs as well as policy dialogue and participation in trade negotiation is facilitated;

This result area aims at ensuring that the programming and the implementation of the 11th EDF RIP is effectively coordinated between the European Union (EU) and among the Duly Mandated Regional Organisations (DMROs). Programming and implementation across the various envelopes of the EA-SA-IO Regional Indicative require coordination between the EU and the five DMROs (namely COMESA, IOC, EAC, IGAD and SADC) as well as among DMROs. Activities planned included High-Level Group (HLG) and DMRO Meetings.

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5. Specific objectives per result area and detailed intended results (continued)

Result Area 3: Communication/visibility of EU funded activities is enhanced.

This result area highlights that the TCF has a provision for the development of appropriate communication and visibility items for the 11th EDF Programmes. The 11th EDF Programmes have emphasized the critical role of women and youth in effective and sustainable trade including in accessing regional and international markets and their participation in regional value chains through enhanced capacity. For these programs to be effectively implemented, the participation of various stakeholders (Women and Youth Organizations, Trade related Civil society organizations, Cross Border Trade Associations (CBTAs), Parliamentarians, Ministries of Trade, and Gender, and women in business associations). In view of the above and in line with the EU support under the Technical Cooperation Facility (TCF), COMESA wishes to enhance awareness among various stakeholders in member States to enable their participation and monitoring of progress and benefits of the programs to the country and the public.

Result Area 4: African Peace and Security Architecture (APSA) Programme supported

This result area was newly included to the TCF work plans for a period of one year. The aim of this result areas is to cover support to the African Peace and Security Architecture (APSA) Programme. Since 2007, the EU has been supporting the COMESA through the support Programme. Initially, this was done through capacity building Programmes (2007-2010), designed to facilitate COMESA to implement APSA initiatives. An assessment of the APSA Support Programme was done in Brussels which concluded that that there should be transfer of APSA staff related costs to the regional peace and security Programmes. COMESA Secretariat does not have a sub envelope to cater for staff costs, therefore 7 positions of the APSA support Programme were covered by the TCF work plans for a period of seven months.

6. Programme achievements

Result Area 1: Identification, formulation and implementation of 11th EDF COMESA sub-envelope is supported in an effective and inclusive way;

The 11EDF TCF resources under result area 1 were used for the following;

- To mobilize expertise to assist both the Secretariat and the Delegation in the provision of technical support for the Programme development of 11EDF Trade Facilitation focused on support to trade negotiations and trade in services with a focus on the second-tier priority services sectors of construction, energy and business services;
- To provide assistance towards the preparation and finalization of the Action Document for Regional Enterprise Competitiveness and Access to Markets Programme (RECAMP);
- To provide assistance towards the preparation and finalization of the Action for Objective 3, COMESA Capacity Support Building Programme;
- To provide technical support in the coordination of identification and formulation process and finalization of Delegation Agreements for Trade Facilitation Programme;
- Technical support in the identification and formulation of The Small-Scale Cross Boarder Initiative Programme.

Result Area 2: Coordination between the EU and the DMROs and among the DMROs as well as policy dialogue and participation in trade negotiation is facilitated;

COMESA participated at various meetings which were aimed at coordination, review and monitoring of the programming process and implementation of the 11th EDF Eastern Africa-Southern Africa and Indian Ocean Regional Indicative Programme.

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6. Programme achievements (continued)

The activities that COMESA participated at are namely:

- COMESA's participation to the meeting of ACP national and regional authorising officers of the East Africa region held in Djibouti. The aim of the meeting was to exchange information and sharing of experiences on best practices from the ACP-East Africa Member States on the programming and implementation of EDF funded projects/Programmes. Thirteen (13) out of fifteen (15) Countries in the Eastern African Region attended the meeting including COMESA and IGAD as well as the EU Delegation from Djibouti. The meeting was facilitated by the ACP Secretariat.
- EA-SA-IO 11th EDF Regional Indicative Programme HLG Meeting held in Pretoria, South Africa. The aim of the meeting was to review and monitor programming progress and implementation of the 11th EDF Eastern Africa-Southern Africa and Indian Ocean Regional Indicative Programme. During this meeting, SADC handed over the co-chairpersonship of the HLG to COMESA.
- The Senior Technical Experts Meeting was held in Brussels. The aim of the meeting was to enhance policy dialogues with partner regions in order to align the current programming documents to Agenda 2030 and the Sustainable Development Goals.
- High Level National Workshops with Parliamentarians and Private Sector to assist countries towards TFTA signing/ ratification were held.
- Negotiations of the Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC) and Southern African Development Community (SADC) Tripartite Free Trade Area (FTA) began in December 2011 following the launch of the negotiations on 12 June 2011 in Johannesburg, South Africa. The decision to establish the Tripartite FTA was taken on 22 October 2008 at the First Tripartite Summit of Heads of State and Government, held in Kampala, Uganda having realized the importance of a larger market to boost inter-regional trade and attract investments. The Second Tripartite Summit adopted a developmental approach to regional integration, anchored on three pillars, namely market integration, industrial and infrastructure development.

Result Area 3: Communication/visibility of EU funded activities is enhanced

In the second work plan, the recruitment for a short-term expert for this assignment was not conducted. The communication/visibility of currently ongoing EU funded COMESA Programmes are expected to inform the communication and visibility strategy for the Programmes under the EDF 11. Therefore, it was not considered as necessary during this reporting period to engage a consultant to develop the communication and visibility plan.

However, with notification and approval from the EU, some funds under the result area were re-allocated to source the signing ceremony for the COMESA Cross Border Trade Initiative Programme. The signing of the Programme was held at Mwami Border in Chipata (border between Zambia and Malawi).

Result Area 4: African Peace and Security Architecture (APSA) Programme supported

Under this result area, seven (7) positions of the APSA support Programme fully covered under the TCF work plans for a period of seven months.

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PROGRAMME IMPLEMENTATION REPORT

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6. Summary Financial Performance of the Programme

A summary of the operating results of the Programme for the period is as follows:

	17 Month Period 8 Aug 2016 to 31 Dec 2017 EUR
Balance brought forward	-
Grant received from the EU in the period	391,241
Programme expenditure incurred in the year	<u>(505,709)</u>
Grant receivable from the European Union	<u>114,468</u>

7. Programme implementation management team

The Programme implementation management team who held office during the period at the COMESA Secretariat is comprised of the following:

Name	Position	Nationality	Tenure
Eloi Kwete	Programme coordinator Assistant Programme coordinator	Congolese	Full period and retired on on 30 Sep 2017
Mshuka Kamwela	coordinator	Zambian	Full period
Sharon S. Kapesha	Finance Expert	Zambian	Full period

8. Events subsequent to the period end

There has been no material events or circumstances since the reporting date to the date of approval of these financial statements that require disclosure or adjustment to these financial statements.

By order of the Secretary General:

Aulcapwepwe
Secretary General

WANKA
Programme Coordinator

Date: 26/06/2019

COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA (COMESA)

TECHNICAL CO-OPERATION FACILITY – 11th EDF PROGRAMME

**STATEMENT OF RESPONSIBILITY IN PREPARATION OF FINANCIAL STATEMENTS
FOR THE PERIOD FROM 8 AUGUST 2016 TO 31 DECEMBER 2017**

The Secretary General is responsible for the preparation and fair presentation of the Technical Co-operation Facility - 11th EDF Programme for the period from 8 August 2016 to 31 December 2017, comprising the statement of financial position as at 31 December 2017, statements of income and expenditure and cash flows for the period then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with the basis of accounting described in note 2 to the financial statements which are based on the requirements of the Delegation Agreement between COMESA and the European Union represented by the European Commission.

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

The Secretary General has made an assessment of the Technical Co-operation Facility 11th EDF Programme's ability to continue as a going concern and has no reason to believe the Programme will not be a going concern in the period ahead.

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

Approval of the Financial Statements

The financial statements of the Technical Co-operation Facility 11th EDF Programme, as identified in the first paragraph, were approved by the Secretary General and signed by:


Secretary General

Date: 26/06/2019


Director Budget and
Finance



Independent auditor's report

To the Council of Common Market for East and Southern Africa (COMESA) in respect of Technical Co-operation Facility 11th EDF Programme

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements of the Technical Co-operation Facility 11th EDF Programme (the "Programme") for the period from 8 August 2016 to 31 December 2017, are prepared in all material respects, in accordance with the basis of accounting described in Note 2 to the financial statements.

What we have audited

The financial statements of the Technical Co-operation Facility 11th EDF Programme are set out on pages 10 to 16 and comprise:

- the statement of income and expenditure for the period then ended;
- the statement of financial position as at 31 December 2017;
- the statement of cash flows; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

We are independent of the Programme in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Emphasis of Matter – Basis of accounting and restriction on distribution and use

We draw attention to Note 2 to the financial statements which describes the basis of accounting. The financial statements are prepared in accordance with the accounting policies described in Note 2 to the financial statements to satisfy the financial information needs of the entity's members or users of the financial statements. As a result, the financial statements may not be suitable for another purpose.

Our report is intended solely for the the Council of Common Market for East and Southern Africa (COMESA) and any other previously agreed recipients and should not be distributed to or used by parties other than Council of Common Market for East and Southern Africa (COMESA) and any other previously agreed recipients. Our opinion is not modified in respect to this matter.

Other information

The Secretary General is responsible for the other information. The other information comprises the Annual Report but does not include the financial statements and our auditor's report thereon. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



Report on the audit of the financial statements (continued)

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

Responsibilities of the Secretary General for the financial statements

The Secretary General is responsible for the preparation of financial statements in accordance with the basis of accounting policies described in note 2 to the financial statements and for such internal control as the Secretary General determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary General are responsible for assessing the Programme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Secretary General either intend to liquidate the Programme or to cease operations, or have no realistic alternative but to do so.

The Secretary General is responsible for overseeing the Programme's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary General.



Report on the audit of the financial statements (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- Conclude on the appropriateness of Secretary General's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Programme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Programme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with the Secretary General regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers
Chartered Accountants
Lusaka

19/07/ 2019

Charity Mulenga
Practicing Certificate Number: AUD/FO00945
Partner signing on behalf of the firm

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TECHNICAL CO-OPERATION FACILITY – 11th EDF PROGRAMME

FINANCIAL STATEMENTS

FOR THE PERIOD FROM 8 AUGUST 2016 TO 31 DECEMBER 2017

STATEMENT OF INCOME AND EXPENDITURE

	Notes	17 Month Period 8 Aug 2016 to 31 Dec 2017
Income		
Grant income	6	<u>505,709</u>
Expenditure		
Programme expenditure:		
-Result Area 1		401,565
-Result Area 2		<u>104,144</u>
Total Programme expenditure	4	<u>505,709</u>
Surplus for the period		<u><u>-</u></u>

The notes on pages 13 to 16 are an integral part of these financial statements

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FOR THE PERIOD FROM 8 AUGUST 2016 TO 31 DECEMBER 2017

STATEMENT OF FINANCIAL POSITION

	Note	As at 31 Dec 2017
Assets		
Current assets		
Accounts receivable	5	536
Grant receivable	6	114,468
Cash and cash equivalents	7	<u>16,933</u>
Total assets		<u><u>131,937</u></u>
Liabilities		
Current liabilities		
Accounts payable	8	65,000
Amounts due to related parties	9	<u>66,937</u>
Total liabilities		<u><u>131,937</u></u>

The financial statements on pages 10 to 16 were authorised for issue by the Secretary General of Common Market for East and Southern Africa (COMESA) on 26/06/2019 and signed by:


Secretary General


Director Budget and
Finance

The notes on pages 13 to 16 are an integral part of these financial statements.

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STATEMENT OF CASH FLOWS

	Notes	17Month Period 8 Aug 2016 to 31 Dec 2017 EUR
Cash flows from operating activities		
Grant income released in the period	6	(505,709)
<i>Adjustments for changes in working capital:</i>		
- Accounts receivable		(536)
- Related parties		66,937
- Accounts payable		<u>65,000</u>
Net cash used in operating activities		<u>(374,308)</u>
Cash flows from financing activities		
Grant received during the period	3	<u>391,241</u>
Net increase in cash and cash equivalents		16,933
Cash and cash equivalents at beginning of the period		<u>-</u>
Cash and cash equivalents at period ended 31 December	7	<u><u>16,933</u></u>

The notes on pages 13 to 16 are an integral part of these financial statement

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TECHNICAL CO-OPERATION FACILITY – 11th EDF PROGRAMME

FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS

1 Reporting Programme

COMESA-11th EDF Technical Co-operation Facility Programme (“the Programme”) is domiciled in Zambia. The address of its registered office is COMESA Secretariat, Ben Bella Road, P. O. Box 30051, Lusaka, Zambia. The main objective of the Programme is to provide technical assistance to the three Regional Economic Communities (Common Market for East and Southern Africa, East African Community and Southern African Development Community) and their Member States with the view of increasing intra-tripartite trade.

2 Significant accounting policies

(a) Basis of accounting and preparation of the financial statements

These financial statements have been prepared in accordance with modified cash basis of accounting which is in line with the requirements of the Delegation Agreement between Common Market for Eastern and Southern Africa (COMESA) and the European Union Commission.

The financial statements are prepared in Euro (EUR).

(b) Accounts receivable

Accounts receivable consist of funds deposited to vendors, employees and expenses incurred for on behalf of a donor in the normal course of the business. Advances and prepaid expenses are recognized upon payment and derecognized when service has been rendered.

(c) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(d) Grant income recognition

Grant income is recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

(e) Grant receivable

Grant receivable comprises contractual commitments from the European Union. Grant receivables in this Programme are initially recognised at contracted value and subsequently measured at amortised cost.

(f) Programme expenditure

Programme expenditure relates to expenses arising from the course of operating activities. Expenses that arise in the course of the operating activities of the Programme include, for example, cost of services rendered and salaries and wages. They usually take the form of an outflow of assets such as cash and cash equivalents. These are normally recognised when all the necessary conditions for the grant with regard to expenditure are met or when there is reasonable assurance that the Programme will comply with the conditions attaching to the grant with regard to expenditure.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Significant accounting policies (continued)

(g) Income tax

The Programme is exempt from income tax under paragraph 4b of Part II of Second Schedule to the Income Tax Act 1966 (as amended), Cap 323 of Laws of Zambia.

(h) Accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are presented as current liabilities unless payment is not due within twelve months after year end. If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost.

(i) Foreign exchange

In preparing the financial statements, transactions in currencies other than Euros are recorded at the bank transfer rate on which the funds are exchanged when being transferred to another currency for Programme implementation based on the agreement signed.

There is thus no foreign exchange differences recognised in the income and expenditure statement at the end of the year in these financial statements.

(j) Functional and presentation currency

These financial statements are presented in EURO (EUR) which is the Programme's functional currency.

(k) Use of estimates and judgements

There were no estimates or judgements in the preparation of the financial statements.

3 Grant received in the period

	17 Month Period 8 Aug 2016 to 31 Dec 2017
Disbursement by the European Union in the period (Note 6)	<u>391,241</u>

During the period under review (8 August 2016 to 31 December 2017), disbursement of the amount of EUR 391,241 was effected by the European Union on 26 January 2017 for the implementation of planned activities as per approved work plan.

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FINANCIAL STATEMENTS
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Programme expenditure

17 Month
Period 8 Aug
2016 to 31
Dec 2017

Programme expenditure by results area:

- Result 1: Identification, formulation and implementation of the 11 th EDF COMESA sub envelop is supported in an effective and inclusive way	401,565
- Result 2: Coordination between the EU and the DMROs and among the DMROs as well as policy dialogue and participation in trade negotiation is facilitated.	<u>104,144</u>
	<u><u>505,709</u></u>

Programme expenditure by nature:

Airfares	36,169
Subsistence Allowances	29,659
Conference facilities	22,143
Consultancy fees	414,880
Administrative costs (bank charges)	<u>2,858</u>
	<u><u>505,709</u></u>

5 Accounts Receivable

VAT receivable	499
Inter – project	<u>37</u>
	<u><u>536</u></u>

6 Grant Receivable

As at 31 Dec
2017

Balance at period beginning	-
Grants received during the year (Note 3)	391,241
Expenditure incurred in the period (Note 4)	<u>(505,709)</u>
Balance as at 31 December	<u><u>(114,468)</u></u>

This relates to amounts receivable from the European Union for which expenses have been incurred during the period under review. This has resulted from more expenses being incurred compared to the funds received from the European Union in the period.

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TECHNICAL CO-OPERATION FACILITY – 11th EDF PROGRAMME

FINANCIAL STATEMENTS

FOR THE PERIOD FROM 8 AUGUST TO 31 DECEMBER 2017

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	As at 31 Dec 2017
7 Cash and cash equivalents	
Stanbic Euro bank account	<u>16,933</u>
8 Accounts Payables	
Consultancy fees	<u>65,000</u>
9 Related parties transactions	
<i>Amounts due to related parties:</i>	
COMESA Secretariat/Inter-project	<u>66,937</u>
<i>Amounts due from related parties:</i>	
COMESA Secretariat (Note 5)	<u>536</u>

The amount due to related party refers to payments COMESA Secretariat made on behalf of the TCF Programme and not yet recovered due to late funding receipt from the EU.

The amount due from related parties refers to VAT payments and interproject transactions the TCF Programme made on behalf of the COMESA Secretariat.

COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA (COMESA)

TECHNICAL CO-OPERATION FACILITY – 11th EDF PROGRAMME

APPENDICES

FOR THE PERIOD FROM 8 AUGUST 2016 TO 31 DECEMBER 2017

Appendix I: Initial Delegation Agreement Budget per contract

Result area	Initial Budget (EUR)	% Overall budget
	EURO	
Result 1; Identification, formulation and implementation of the 11th EDF EA-SA-IO RIP is supported in an effective and inclusive way	1,004,381	66%
Result 2: Coordination between the EU and the DMROs and among the DMROs as well as policy dialogues and participation in trade negotiation is facilitated	294,000	19%
Result 3: Communication/visibility of EU funded activities is enhanced	154,000	10%
Total Direct costs	1,452,381	
Contingency	72,619	5%
Overall Total	1,525,000	100%

COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA (COMESA)

TECHNICAL CO-OPERATION FACILITY – 11th EDF PROGRAMME

APPENDICES

FOR THE PERIOD FROM 8 AUGUST 2016 TO 31 DECEMBER 2017

Appendix II: Delegation Agreement Budget as per Addendum of the contract

Result area	Original Budget after addendum	Reallocations	Final revised budget	% Overall budget
	EURO	EURO	EURO	
Result 1: Identification, formulation and implementation of the 11 th EDF EA-SA-IO RIP is supported in an effective and inclusive way	685,572	140,000	825,572	41%
Result 2: Coordination between the EU and the DMROs and among the DMROs as well as policy dialogues and participation in trade negotiation is facilitated	423,429	100,000	523,429	26%
Result 3: Communication/visibility of EU funded activities is enhanced	54,000	49,380	103,380	5%
Result 4: Africa Peace and Security Architecture Programme is supported	289,380	206,700	496,080	25%
Total Direct costs	1,452,381	496,080	1,948,461	
Contingency	72,619	-	72,619	4%
Overall Total	1,525,000	496,080	2,021,080	100%

COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA (COMESA)

TECHNICAL CO-OPERATION FACILITY – 11th EDF PROGRAMME

APPENDICES

FOR THE PERIOD FROM 8 AUGUST 2016 TO 31 DECEMBER 2017

Appendix III: Expenditure Monitoring Schedule (Cumulative Expenditure Analysis against Cumulative Budgets)

Result Area	Budget per Contract and Addendum	Cumulated costs (before current period)	Total cost (current period)	Cumulated costs (from Programme start date)	Difference of cumulated costs and cumulated budget	Variation from budget
	Aug 2016 to Jul 2019	Aug 2016 to Dec 2016	Jan 2017 – Dec 2017	Aug 2016 – Dec 2017	Unutilised amount	Utilisation
	Budget	Expenditure	Expenditure	Cumulative Expenditure	Variance	%
	A	B	C	[D=B+C]	[E=A - D]	D/A
Result Area 1:	825,572	-	401,565	401,565	424,007	48%
Result Area 2:	523,429	12,584	91,560	104,144	419,285	20%
Result Area 3:	103,380	-	-	-	103,380	0%
Result Area 4:	496,080	-	-	-	496,080	0%
Total	1,948,461	12,584	493,125	505,709	1,442,752	25%
Contingency	72,619	-	-	-	72,619	-
Total Budget /Expenditure	2,021,080	12,584	493,125	505,709	1,515,371	25%

COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA (COMESA)

TECHNICAL CO-OPERATION FACILITY – 11th EDF PROGRAMME

APPENDICES

FOR THE PERIOD FROM 8 AUGUST 2016 TO 31 DECEMBER 2017

Appendix IV: Fund Accountability Statement

	2017 EUR
Fund Accountability Statement	
Grant financing agreement	2,021,080
Cash draw-down to date	<u>(391,241)</u>
Available	<u>1,629,759</u>
Assets: Analysis of cash received from 11EDF - TCF as at 31 December 2017.	
Cash at Bank, as at at 31-December 2017	16,933
Expenditure recognised to-date	505,709
Add: Amounts receivable from third parties	536
Less: Amounts payable to third parties	<u>(131,937)</u>
	<u>391,241</u>
11EDF - TCF Cash advance	
Liabilities: Analysis of liabilities as at 31-December 2017	
General ledger - fund, as at 31 December 2017	(114,468)
General ledger - income recognised to-date	<u>505,709</u>
Total 11 EDF -TCF Fund to-date	<u>391,241</u>

COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA (COMESA)

TECHNICAL CO-OPERATION FACILITY – 11th EDF PROGRAMME

APPENDICES

FOR THE PERIOD FROM 8 AUGUST 2016 TO 31 DECEMBER 2017

Appendix V - Schedule of ineligible expenditure

There were no ineligible expenditure during the period under review.

Appendix VI – Fixed Assets Register

There were no purchase of fixed assets during the period under review.