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**COMMON MARKET FOR EASTERN
AND SOUTHERN AFRICA**

22nd Meeting of the Sub Committee on Audit and Budgetary Matters

Held at COMESA Headquarters
Lusaka, Zambia
28 October – 1 November 2019

**REPORT OF THE TWENTY SECOND MEETING OF THE SUB COMMITTEE
ON AUDIT AND BUDGETARY MATTERS**

19-(CK-AO-nmn)

PART I: INTRODUCTION

1. The Twenty-second Meeting of the Sub Committee on Audit and Budgetary Matters (Sub Committee) was held at COMESA Headquarters in Lusaka, Zambia from 28 October – 1 November 2019.

PART II: ATTENDANCE, OPENING OF THE MEETING, ADOPTION OF THE AGENDA AND ORGANISATION OF WORK**Attendance**

2. The meeting was attended by the following Member States; Democratic Republic of Congo, Eswatini, Madagascar, Sudan, Uganda, Zambia and Zimbabwe.

3. Also, in attendance were the following COMESA Organs and Institutions: COMESA Secretariat, COMESA Court of Justice, COMESA Competition Commission (CCC), Federation of National Associations of Women in Business (FEMCOM), Africa Leather and Leather Products Institute (ALLPI) and COMESA Regional Investment Agency (RIA). The list of participants is at *Annex I*.

Opening of the Meeting (Agenda item 1)

4. The Chairperson, Mr. Rakotonirina Tiana Herizo from Madagascar called the meeting to order and welcomed the delegates to the Twenty-second Meeting of the Sub-Committee and requested for their active participation while maintaining mutual respect for the development of the organisation. The Chairperson thanked Zambia for hosting the meeting. The Chairperson also thanked the Secretariat for organising the meeting.

5. The Chairperson, then invited Dr. Dev Haman, the Assistant Secretary General (Administration and Finance) to give opening remarks on behalf of the Secretary General. In the statement to the Sub Committee, the Assistant Secretary General welcomed the delegates to the meeting and thanked all members of the Sub-Committee for demonstrating their commitment to the organization through their attendance to this meeting.

6. The Assistant Secretary General recognised that this was the second meeting of the recently constituted Sub Committee. He further informed the Sub Committee that the Secretary General; the Assistant Secretary General (Programmes) and the Assistant Secretary were all sworn into office by the COMESA Authority in July 2018. On behalf of the Executive Management, the Assistant Secretary General requested for support of COMESA Member States to enable them to fulfill their mandate.

7. The Assistant Secretary General recognized the important role that is performed by the Sub Committee in the context of corporate governance. He noted that the Sub Committee is convened to provide technical advice to the Committee on Administrative and Budgetary Matters In preparation for the Council of Ministers meeting.

8. The Secretary General also informed the Sub Committee that she has made it clear to all staff that she expects commitment of each and every staff member towards achievement of internal control objectives. In this regard, the Secretary General has started a process of re-examining the root causes of control weaknesses. She thus welcomed the recommendations made in internal and external audit reports, as well as from other reviews and evaluations, which can only contribute to the strengthening of COMESA Organs and Institutions. Other engagements that are being undertaken include: -

- (i) Engaging Member States to strengthen their ownership and participation in the implementation of COMESA programmes;
- (ii) Engaging Ministers of Finance to develop a financing mechanism which will provide for predictable resource flows from Member States

9. The Assistant Secretary General concluded the Secretary General's statement by assuring the delegates that the Secretariat shall continuously strive to optimize resources obtained from Member States, as well as Cooperating Partners. He wished the Sub Committee fruitful deliberations.

10. The Bureau was constituted as follows: Chair - Madagascar, Vice Chair - Sudan and Rapporteur – Democratic Republic of Congo.

Adoption of the Agenda and Organisation of Work (*Agenda item 2*)

11. The Sub Committee considered and adopted the following Agenda for their Meeting: -

- 1. Adoption of Agenda**
- 2. Implementation of previous Council decisions (Administration and Budgetary Matters) (Part A)**
 - 2.1 Implementation of Select Committee Report on External Audit Findings**
 - 2.1.1 Staff Revolving Fund**
 - 2.2 Absorbed Professional and General Service Category Staff**
 - 2.3 Benefits to Member States and financing**
 - 2.4 COMESA Secretariat Capacity Building Plan**
 - 2.5 Staff**
 - 2.5.1 Medical Scheme**
 - 2.5.2 Group Personal Accident**
- 3. 2017 Audited financial statements – COMESA Secretariat (Part B)**
 - 3.1 Member States Funds**
 - 3.2 Grants Funds**
- 4. 2018 Audited financial statements – COMESA Secretariat and Institutions (Part C)**
 - 4.1 Member States Funds**
 - 4.2 Grants Funds**
- 5. 2019 Six months' Performance: Work Programme and Budget Utilisation (Part D)**
 - 5.1 COMESA Secretariat**
 - 5.2 COMESA Court of Justice**
 - 5.3 Africa Leather & Leather Products Institute**
 - 5.4 COMESA Competition Commission**
 - 5.5 COMESA Regional Investment Agency**
 - 5.6 Federation of National Associations of Women in Business in Eastern and Southern Africa**

6. **2020 Assessed contribution ratios (Part E)**
 7. **2020 Work programme and Budget Estimates (Part F)**
 - 7.1 **COMESA Secretariat**
 - 7.2 **COMESA Court of Justice**
 - 7.3 **Africa Leather & Leather Products Institute**
 - 7.4 **COMESA Competition Commission**
 - 7.5 **COMESA Regional Investment Agency**
 - 7.6 **Federation of National Associations of Women in Business in Eastern and Southern Africa**
 8. **External audit framework (Part G)**
 - 8.1 **Report on the preservation of the nine pillar status of COMESA**
 - 8.2 **Report on External audit Instruments from Auditors General**
 9. **Internal Audit Issues (Part H)**
 - 9.1 **2019 Consolidated Internal Audit Report**
 - 9.2 **2020 Internal Audit Workplan**
 - 9.3 **2019/2020 Report on the Utilization of CCC's Merger Fees**
 - 9.4 **Implementation of the Auditors General Recommendation arising from the Report on the audit of Secretariat's Reserves**
 - 9.5 **Report on the Status of Implementation of Council Decisions on Administrative and Budgetary Matters, for the period 2016 - 2019.**
 - 9.6 **Consideration of the job description of the IT Internal Auditor**
 10. **Update on CVTFS – Implementation of Council decisions (Part I)**
 11. **Any other business (Part J)**
 12. **Adoption of Report**
12. The Sub Committee considered and agreed on the Organisational Plan for their work, presented at *Annex 2*, which included the following start and end times: -

1. Morning: 08.30 – 13.00 hours
2. Afternoon: 14.00 – 17.30 hours

PART III: ACCOUNT OF PROCEEDINGS**(A) Implementation of previous Council decisions (Administration and Budgetary Matters):
Agenda Item 2****Implementation of Select Committee Report on 2017 COBEA Audit Findings (Agenda Item 2.1)**

13. The Sub Committee considered a Report from the Secretariat on the implementation of 2017 COBEA Audit Findings, as directed by the 7th Extraordinary Meeting of the Council of Ministers held on 5 April 2019. The Report is presented, at *Annex (CS/ADM/SC/XXII/2.1)*.

14. The Secretariat informed the Sub Committee that: -

- (i) The Secretary General has strengthened the control environment by focusing on setting the appropriate tone. Accordingly, the Secretary General is following-up on the implementation of 2017 COBEA findings, in line with the commitment she made at the 7th Extraordinary Meeting of the Council;
- (ii) It has approached the matter of implementation of all internal and external audits findings, in a holistic manner, with the aim of addressing root causes. In this regard, Secretariat has developed a capacity building programme, which is elaborated further under Agenda Item no. 2.4; and
- (iii) Its implementation report indicates that out of the 23 issues raised in the 2017 COBEA Report, 6 findings are yet to be fully addressed.

Discussions

The Sub Committee noted the actions taken by management towards the implementation of 2017 COBEA Report and agreed that there should be an independent review of the status of implementation.

15. The Sub Committee sought explanations on the following:

- (i) Addressing status of 2017 COBEA Report, which is considered a Report for Internal Use vis-à-vis Internal Audit;
- (ii) Who is checking implementation status of 2017 COBEA recommendations, and if there is a report confirming what the Secretariat is reporting; and
- (iii) Whether Grant Thornton, in the context of 2017 audit will avail a report on implementation of 2017 COBEA Findings.
- (iv) Whether an invitation has been extended to COBEA to ascertain status and extent of implementation of 2017 COBEA Findings.
- (v) Extent of Internal Audit's involvement in addressing underlying 2017 COBEA Findings.

16. Secretariat informed the Sub Committee that: -

- (i) the Secretary General made a commitment to the Council in April 2019 that all 2017 COBEA recommendations would be fully implemented.
- (ii) Grant Thornton are carrying out the audit of 2017 financial statements (Member States). Assessing the implementation status of 2017 COBEA findings which was adopted for internal use is outside the scope of a regular external audit of annual financial statements.

17. Secretariat also informed the Sub Committee that a paper regarding challenges with respect to non-receipt of VAT claims by Member States shall be prepared for submission to Ministers of Justice and Attorneys General.

18. Internal Audit further informed the Sub Committee that: -

- (i) the correct tone has been set by the Secretary General, where she requires full adherence to all requirements, including rules and regulations.
- (ii) Implementation of 2017 COBEA Findings shall be assessed by Internal Audit.
- (iii) 2017 COBEA Findings were adopted for internal use, hence not infringing on mandate of Internal Audit.

Recommendation

19. *Sub Committee recommended that: -*

- (i) ***Status of Implementation of 2017 COBEA Findings, as reported by management, be assessed by Internal Audit and the Report be availed to the next meeting of the Sub Committee;***
- (ii) ***The Sub Committee to hold at least two meetings in a year. In this regard, the first Sub Committee meeting in 2020 should be convened in the 1st quarter of the year to examine implementation of 2017 COBEA Findings and other related matters; and***
- (iii) ***VAT unrefunded by Member States should be presented to the Ministries of Justice and Attorney Generals at their forthcoming meeting for legal advice***

Staff Revolving Fund (Agenda Item 2.1.1)

20. The Sub Committee considered a Report on modalities of operationalizing the Staff Revolving Fund, established by the Council in November 2018. The Report is attached as, *Annex (CS/ADM/SC/XXII/2.1)*.

The modalities shall be outlined in an instrument for appropriating funds to finance and pay for staff loans, instead of the Secretariat accessing and utilizing funds which should be part of the Reserve Fund. The Staff Revolving Fund shall apply to the COMESA Secretariat and semi-autonomous COMESA Institutions. The Secretariat highlighted the following aspects of the proposed Staff Revolving Fund:

- (i) **Purpose of staff advances and loans:** complying with Staff Rule 35 (sub section 1 and 3) on advances and Staff Rule 44 (on loans) towards supporting staff in respect of housing and transportation/vehicle purchase requirements, in line with staff employment contracting framework. Provision of advances and non-commercial loans is consistent with COMESA's international character (Article 17), where staff come from all Member States of COMESA and definitely require support in the form of advances and non-commercial loans in a duty station to meet critical requirements.
- (ii) **Interest on staff loans:** reflects cost of non-commercial borrowing by staff, as well as preserves the principle amount. LIBOR, which sets interest rate on short-term borrowing without incorporating risk considerations, was identified as the most appropriate reference framework for use by the Secretariat. This is because Secretariat staff loans, are short-term, non-commercial and within fixed term employment contract. Given these attributes,

there are no risk considerations regarding the sought of loans that are availed to staff. Based on LIBOR, it was therefore proposed that interest be maintained at 3% per annum on a loan to be repaid beyond six (6) months.

- (iii) **Appropriations of funds into the staff loan revolving fund:** reflecting number of staff, as well as purpose of the loan (education; medical; rental/housing; transportation/vehicle purchase), including other unforeseen and compelling circumstances, the Secretariat has proposed that an initial amount of US\$350,000 be set aside from the Reserve Fund and be appropriated into the staff loan revolving fund.
- (iv) **Recovery period:** The proposed fund indicates recovery period for advances (within six months) and loans (beyond six months) and within the employment contract period.
- (v) **Financial capacity of COMESA Secretariat to sustain this initial investment:** The proposed amount reflects investment in staff emoluments. The proposed amount (of US\$350,000) is 4.5% of annual staff emoluments therefore within the capacity of both the Reserve Fund and Member States to sustain.
- (vi) **Draft Financial Rules on the staff revolving fund:** These are attached to the Report, as an *Annex* to the paper.

Discussion

21. The Sub Committee made the following observations: -
- (i) Loans provided to staff under existing COMESA Staff Rules and Regulations are for non-commercial purposes;
 - (ii) The proposal discriminates staff, based on their category in respect of loans towards housing (restricted to US\$10,000 per person). Professional staff, who originates from all COMESA Member States do not access housing loans.
 - (iii) Interest should not be charged on loans granted towards an application for assistance in respect of education and medical costs;
22. The Sub Committee concluded that: -
- (i) Costs for administering staff loans should be fully recovered from staff to preserve the principle amount. Given this overriding requirement, the Sub Committee agreed with the proposed rate of interest of 3% per annum;
 - (ii) That loans towards assistance towards housing be availed to all staff, regardless of category; and
 - (iii) Cost and charges for administering the loans should be recovered from staff; and
 - (iv) The Sub Committee also recommended that the Secretariat should also explore modalities of setting-up of a SACCO and or similar arrangements.

Recommendation

23. **The Sub Committee recommended to the Committee on Administrative and Budgetary Matters: -**
- (i) **Operationalization of Staff Revolving Fund and the applicable Financial Rules and Regulations;**

- (ii) ***That an initial amount of US\$350,000, be provided from the savings on 2019 Budget of the Secretariat for appropriation into the Staff Revolving Fund. The amounts, currently held as staff loans and advances be reimbursed through use of Staff Revolving Fund within this amount of US\$350,000;***
- (iii) ***Interest at 3% per annum be charged on staff loans, which are beyond six (6) months;***
- (iv) ***Cost and charges for administering the loans should be recovered from staff; and***
- (v) ***An annual report on the management of the Revolving Fund be submitted to the Sub Committee.***

24. ***The Sub Committee also recommended that the Secretariat should also explore modalities of setting-up of a SACCO and or similar arrangements.***

Absorbed Professional and General Service Category Staff (Agenda Item 2.2)

25. The Sub Committee considered a request on retaining three (3) professional staff and twenty-eight (28) general service category staff, absorbed through a Council decision of November 2017, for a further three (3) year period pending finalization of review and approval of new COMESA Secretariat organizational structure. The Request is attached as, *Annex (CS/ADM/SC/XXII/2.2)*. The submission was intended to allow for the emoluments of existing staff who were absorbed to be budgeted for in 2020, whilst the work towards the new COMESA Secretariat organizational structure is underway. The Secretariat highlighted the following aspects of the submission: -

- (i) For a while, the Secretariat has continued to engage COMESA Policy Organs on additional human resources in line with the expanded changed scope of environment, operations and activities; and requirements to upgrade institutional systems and processes and their sustenance.
- (ii) Whilst the 2014 organisational structure and accompanying staff compliment remain frozen, the COMESA Secretariat continues to rely on Temporary staff; Project staff; and Consultants to carry out critical and re-current tasks, which ordinarily would be carried out by regular staff. This has resulted in reduced access to valuable consultancy services which should be secured for non-recurrent and highly specialized activities.
- (iii) Whilst the search for an optimal COMESA Secretariat organisational structure and the accompanying staff compliment continues, the Council (**para 264**) in November 2017 approved: -
 - (a) The absorption of three (3) Professional Staff (1 - Livestock Expert at P4; 1 - Senior Research Fellow at P4; 1 - Research Fellow at P3), as a transitional arrangement pending finalization of the review of the Regular Establishment of the COMESA Secretariat. The 2018 Budget of COMESA Secretariat included an amount of COM\$257,198;
 - (b) The absorption of twenty-eight (28) General Staff, as a transitional arrangement pending finalization of the review of the Regular Establishment of the COMESA Secretariat. The 2018 Budget of COMESA Secretariat included an amount of COM\$532,836.

- (iv) That Council's existing dispensation of November 2017, covered 2017, 2018 and 2019 financial years.

Discussion

26. The Sub Committee noted the submission, in particular the following: -

- (i) **Criteria:** that all staff, absorbed based on November 2017 decision of the Council are proposed for the interim extension pending finalization of the COMESA Secretariat organizational structure; and
- (ii) **Proposed period:** that the Secretariat is requesting that a three (3) year period for the interim extension to ensure continuity and prevent any disruptions.

27. The Sub Committee observed that since the review of the COMESA Secretariat organizational structure is at an advanced stage, there is a need to limit the extension to one year. The matter should be brought back to the Council, if the Secretariat organizational structure is not approved by June 2020.

Recommendation

28. ***The Sub Committee recommended interim staff arrangements be retained for a further one (1) year period, until the finalisation and approval of a new COMESA Secretariat organisational structure, the interim arrangement is as follows: -***

- (i) ***Three (3) Professional Staff: 2020 Budget of COMESA Secretariat shall include an amount of COM\$257,198;***
- (ii) ***Twenty-eight (28) General Services Category Staff: 2020 Budget of COMESA Secretariat shall include an amount of COM\$532,836; and***
- (iii) ***Contracts for these staff to be issued for a period of the year, subject to the finalization organizational structure.***

Benefits to Member States and financing (Agenda Item 2.3)

29. The Sub Committee considered a Report on financial benefits derived by COMESA Member States, as well as status of financing of COMESA programmes. The Report is attached as, *Annex (CS/ADM/SC/XXII/2.3)*. The Secretariat explained that the paper was presented to comply with the following: -

- *In July 2018, Council at its Thirty-Eighth Meeting directed that the Secretariat should prepare a comprehensive paper on the resourcing of COMESA programmes, for submission to the Committee on Administrative and Budgetary Matters, at its next meeting.*
- *In June 2019, the Bureau at its Thirtieth Meeting directed that information regarding benefits be availed to Member States. The Bureau also directed the Secretariat to avail such information to the Chair of the Authority, whilst seeking the Chair's support in securing remittances of assessed annual Member States contributions.*

30. The Sub Committee was informed that the paper should be read together with the Report on "*Assessment of COMESA Regional Integration under the Medium-Term Strategic Plan 2016-2020,*" which has provided deeper insights into the programmes of COMESA. The Secretariat highlighted the following aspects of the paper: -

Costs to Member States

- (i) Some costs (including assessed Member States contributions) can be established with some level of certainty. In the period from 2007 to September 2019, Member States remitted US\$125.3 million, whereas US\$27.1 million, remains outstanding.
- (ii) Costs, however, include the negative implications of individuals and Member States not accessing the regional public goods, which are within the goals and objectives of the COMESA Treaty and 5-year Medium Term Strategic Plans. These cannot be assessed by the Secretariat with certainty.

Assessing benefits and advantages

- (iii) Only limited benefits and advantages attributed to COMESA can be quantified at the level of the Secretariat.
- (iv) Cash transferred from COMESA to Member States do fall within the category of benefits. US\$373.6 million has been utilized from grant funds, of which US\$138.7 million was transferred to Member States in the period, 2005 to 2019 as indicated in Table 1 below: -

Table 1: Cash transferred to Member States and assessed contributions (2005 to 2019 in COM\$)

Member State	Cash transfer from COMESA to Member State	Receipt of Assessed Member State contribution	Difference	% Assessed contribution / Cash transfer
Col 1	Col 2	Col 3	Col 5	Col 6
BURUNDI	22,020,766	3,189,683	(18,831,083)	14%
COMOROS	3,506,145	756,184	(2,749,961)	22%
DJIBOUTI	932,071	11,284,094	10,352,023	1211%

Member State	Cash transfer from COMESA to Member State	Receipt of Assessed Member State contribution	Difference	% Assessed contribution / Cash transfer
Col 1	Col 2	Col 3	Col 5	Col 6
DRC	2,997,860	996,654	(2,001,206)	33%
EGYPT	1,911,353	19,744,910	17,833,557	1033%
ERITREA	98,743	980,677	881,934	993%
ETHIOPIA	5,283,462	8,608,127	3,324,665	163%
KENYA	13,626,700	15,886,239	2,259,539	117%
LIBYA	1,970,385	10,227,299	8,256,914	519%
MADAGASCAR	1,929,734	6,106,237	4,176,503	316%
MALAWI	5,234,926	5,313,202	78,276	101%
MAURITIUS	6,779,734	9,783,286	3,003,552	144%
RWANDA	34,337,578	3,601,050	(30,736,528)	10%
SEYCHELLES	4,488,528	2,501,014	(1,987,514)	56%
SUDAN	624,491	3,345,504	2,721,013	536%
SWAZILAND	4,540,134	3,792,595	(747,539)	84%
UGANDA	7,859,563	3,251,268	(4,608,295)	41%
ZAMBIA	10,663,696	7,749,588	(2,914,108)	73%
ZIMBABWE	9,847,960	8,180,407	(1,667,553)	83%
TOTAL	138,653,830	125,298,018	(13,355,812)	90%

- (v) Benefits to COMESA also include a number of projects in Member States that are being supported by resources obtained from Cooperating Partners and channeled through COMESA.

Capturing costs and benefits

31. The Secretariat also informed the Sub Committee that systems and processes should be enhanced to improve identification, capturing and reporting of costs and benefits, both at national and regional levels.

Discussion

32. In the deliberations that ensued, the Sub Committee advised the Secretariat to: -
- (i) Elaborate on sanctions on Member States, with arrears; and
 - (ii) Circulate the draft paper on benefits of COMESA to Member States and financing of COMESA programmes for its enrichment.

Recommendation

33. *The Sub Committee made the following recommendations to the Committee on Administrative and Budgetary Matters: -*

- (i) *As part of measures aimed at enhancing levels of remittance of assessed annual Member States contributions, it is proposed that Member States be urged to be responsible for the preparation of comprehensive papers, highlighting benefits and advantages that are derived from their membership of COMESA.*

- (ii) *Member States should implement deliberate measures aimed at clearing all the amounts in respect of assessed contributions that are due to COMESA.*
- (iii) *Cooperating Partners should be commended for their support to COMESA, as reflected in the provision of resources as follows: -*
 - (a) *US\$138.7 million has been transferred to Member States towards implementation of COMESA commitments, obligations and programmes; and*
 - (b) *US\$173.7 million is appropriated at level of COMESA Secretariat.*

34. *The Sub Committee recommended to the Committee on Administrative and Budgetary Matters that the paper on benefits be enriched with data from Member States to support policy making at national and regional levels; and enable Member States to sustain and build on COMESA Programmes.*

COMESA Secretariat Capacity Building Plan (Agenda Item 2.4)

35. The Sub Committee considered a Report on COMESA Secretariat capacity Building Plan, aimed at enhancing the capacity of the COMESA Secretariat to effectively and efficiently carry out its mandate under the Medium-Term Strategic Plan. The Report is attached as, Annex (CS/ADM/SC/XXII/2.4).

36. The Secretariat informed the Sub Committee of the following outputs, targeted by the capacity building interventions: -

Grant from the EU

37. Secretariat has received EU funding in the amount of €7,000,000 towards this plan, with a request that COMESA should provide counter-part funding of US\$630,000. The US\$630,000 should be availed over the life of the grant. The outputs, on this support are as outlined below: -

Output 1: Improved Monitoring and Evaluation capacities for implementation of regional commitments and regional and at national level, including in terms of climate change and gender mainstreaming.

Output 2: Improved COMESA financial and audit processes in line with international standards and with the recommendations resulting from the 9-Pillar assessment.

Output 3: Strengthened ability to produce and disseminate regional statistics in line with the COMESA Statistics Strategy ensuring harmonisation and gender responsiveness.

Output 4: Strengthened partnership, dialogue and communication on COMESA regional integration policies with Member States, key public and private stakeholders as well as with the EU and its Member States.

Grant from the USAID

38. Secretariat has also received USAID funding in the amount of US\$463,250 towards this plan. The outputs, on this support are as outlined below: -

Output 1: An organizational structure aligned to the Medium-Term Strategic Plan and staff with the right skills mix to support delivery of the Medium-Term Strategic Plan.

Output 2: Recruitment and Selection Manual revised, and an HR Strategy developed. HR processes, tools, templates and policies are standardized and disseminated to staff.

Output 3: A BPR exercise is conducted and comprehensive business process is documented and instituted.

Output 4: Core business processes for automation are identified, appropriate systems are set, and relevant staff trained on system functionalities.

Output 5: Progress report developed, and recommendations incorporated into the new Medium-Term Strategic Plan development.

Output 6: A Medium-Term Strategic Plan that includes baselines, targets and operational M&E framework.

Output 7: Annual budget are based on a results-based strategic budget allocation approach.

39. Secretariat also explained that the above outputs will enable the Secretariat to enhance its capacity to meet internal control objectives of effectiveness of operations; reliability of reporting; and compliance with organisation rules and regulations

Discussion

40. The Sub Committee noted the submission.

Recommendation

41. ***The Sub Committee recommended approval of the Capacity Building Plan of the COMESA Secretariat.***

Staff (Agenda Item 2.5)

Medical Scheme (Agenda Item 2.5.1)

42. The Sub Committee considered a Report on implementation of a Council decision regarding acquisition of a Staff Medical Insurance Scheme service provider as decided by the Council in November 2018. The Report is attached as, *Annex 5 (CS/ADM/SC/XXII/2.5.1)*.

43. The Secretariat highlighted the following aspects of the submission: -

- (i) Adheres to budgetary framework, where COMESA provides 80% of the cost of medical requirements of staff.
- (ii) The cost is within the average cost of medical requirements, as reported over the 2017 to 2019 period;
- (iii) Afford full protection to staff and their eligible dependents to address medical requirements, whether arising from an emergency and or a medical situation. Failure by individual staff to

arrange an adequate own medical scheme insurance has always impacted on the Secretariat, as occasionally there have been cases of significant illnesses and or death, which could have been prevented.

- (iv) Pooling together of individual contributions, thus establishing economies of scale and enabling staff to access greater benefits than what each would access on his/her own.
- (v) Significant risks impacting on the institution being a health, safe and secure work place, as individual project staff and or consultant staff are required to arrange their own medical scheme insurance. Their failure to arrange an adequate own medical scheme insurance has always impacted on the Secretariat, as occasionally there have been cases of significant illnesses and or death.
- (vi) Non-regular staff, who do not have own private medical insurance schemes, shall be compulsorily required to register and contribute to the Secretariat Staff medical insurance scheme.

Discussion

44. The Sub Committee noted the submission.

45. The Sub Committee emphasized that all staff should be granted membership to the scheme, without exception. Arrangements should also be made for Temporary; Interns Staff; Project staff; and Consultants to join the scheme based on their contributions.

Recommendation

46. **Sub Committee recommended the following: -**

- (i) ***The establishment of an outsourced medical insurance scheme, as was decided by the Council in November 2018 and in accordance with Staff Rule 46 (3);***
- (ii) ***The cost-sharing be maintained at US\$3,750 per staff per year and be in accordance with employment terms and conditions;***
- (iii) ***The awarding of contract, within Staff Rule 46, based on the following: -***
 - (a) ***In respect of the provision of medical insurance scheme for COMESA staff to Madison Life Insurance (the contractor), at an annual cost not exceeding US\$533,439.45;***
 - (b) ***Actual costs paid to the contractor should be dependent on staff (principle member) plus no. of eligible (spouse and up to 4 children) dependents participating in the scheme in the duty station; and***
 - (c) ***The Secretariat should pursue negotiation with Madison to maximise benefits available for staff and their eligible dependents, within the framework of Staff Rule 46;***
- (iv) ***Other terms and conditions: -***

- (a) *Contract be for an initial duration of one year;*
 - (b) *The contract to be renewed for a further three (3) years, upon satisfactory performance and adjustment of costs to be in line with US\$ inflation, as adjusted for the conditions in the duty station; and*
 - (c) *Secretary General shall designate a committee, from within the Secretariat to advise on management of the medical insurance scheme contract with Madison Life Insurance.*
- (v) *Medical costs of eligible (spouse and up to 4 children) dependents not resident in duty station and thus not participating in the scheme, shall still be reimbursable. Contribution to Staff medical insurance scheme plus reimburses costs should not exceed the overall limit of US\$3,750 per staff per year.*
- (vi) *Non-regular staff (Temporary; Interns; Experts; and Consultants), who do not have own private medical insurance schemes, shall be compulsorily required to register and contribute to the Secretariat Staff medical insurance scheme.*

Group Personal Accident (Agenda Item 2.5.2)

47. The Sub Committee considered a Report on implementation of a Council decision regarding alignment of existing insurance cover limited to Group Personal Accident (GPA), ***Staff Rule 11***, provides for a Group Life Cover. The Report is attached as, ***Annex 6 (CS/ADM/SC/XXII/2.5.2)***.

48. The Secretariat highlighted the following aspects of the request: -

- (i) Adheres to existing budgetary framework, where COMESA provides staff insurance, limited annual salary cover.
- (ii) Extends current insurance to cover death arising from medical condition/and or natural death. The death can be due to diseases or a medical condition which ultimately results in the death of the policy holder (i.e. employee). Under such circumstances, the nominee of the policy holder will be paid the sum assured of the term plan. The existing GPA only provides cover for death caused by an accident and this resulted in no cover being availed to the deaths occasioned by a medical condition and or naturally occurring.

Discussion

49. The Sub Committee noted the submission.

Recommendation

50. ***The Sub Committee recommended the following: -***

- (i) ***as decided by the Council in July 2018, COMESA provides Group Life Cover for its staff, by modifying the existing Group Personal Accident cover, with effect from 1 January 2020; and***
- (ii) ***the insurance life cover be limited to an annual salary for each employment contract, as is the case under Group Personal Accident.***

[B] 2017 Audited Financial Statements (Agenda 3)***Financial Statements (Member States Funding) (Agenda Item 3.1)***

51. The Secretariat submitted the audited 2017 COMESA Secretariat financial statements (Member States funding) *annexed* at CS/ADM/SC/XXII/3.1, which comprise of: -

- (i) Auditors Report;
- (ii) Financial statements; and
- (iii) Management letter.

52. The above financial statements were audited by Grant Thornton, based on the following: -

- (i) Outcome of a competitive tender process, which was approved by the Bureau in June 2019, noting that the 2017 COBEA Report is for Internal Use;
- (ii) Pursuant to the above, a contract was signed in September 2019, between Secretariat and Grant Thornton; and
- (iii) International Standards on Auditing (ISA), which are the professional standards for the performance of financial audit of financial information.

53. Grant Thornton presented the audited 2017 COMESA Secretariat financial statements (Member States funding) to the Sub Committee and highlighted the following: -

- (i) That the Secretariat had attained an unqualified auditors' opinion;
- (ii) Salient points of the Balance Sheet (fixed assets, supported by fixed assets inventory; investments in equity, supported by certificates; receivables, supported by confirmations, as well as records of the Council, in respect of assessed annual Member States contributions); payables supported by statements and invoices); and
- (iii) Control issues raised in the Management Letter and the responses and action plans, given by management, which were satisfactory.

Discussion

54. Prior to the presentation of the 2017 audited financial statements of COMESA Secretariat (Member States funding), the Sub Committee raised a concern on their late submission. The Sub Committee observed that documents (Auditor Report; Financial Statements; and Management Letter), were only circulated on the day of examination by the Sub Committee which impacts on the quality of the examination. The Sub Committee urged the Secretariat to comply with Treaty requirements regarding submission of financial statements.

55. The Sub Committee raised the following questions and issues, with the Externa Auditor (Grant Thornton):-

- (i) Inquired, if Grant Thornton was aware of the fact that an external audit had already been undertaken on the 2017 COMESA Secretariat Financial Statements? If they are aware, what consideration have been given to Ethical Requirements and legal implications?
- (ii) Inquired, if it was in order for to have signatures of an Official, other than the Secretary General plus the preparer of financial statements on the audited financial statements, considering that COMESA Rules and Regulations have designed the Secretary General, as the Chief Accounting Officer?

- (iii) Inquired if, Grant Thornton were given access to the 2017 COBEA Report, considering the issues raised in the COBEA Report vis-à-vis the issues in Grant Thornton Management letter?
- (iv) On Auditor Letter to Management, the Sub Committee inquired on the value of the motor, which did not have registration documents?

56. The External Auditor (Grant Thornton) provided the following responses and clarifications: -

(i) Addressing Ethical Requirements

- (a) Grant Thornton confirmed that the 2017 COBEA Report on COMESA Secretariat financial statements, incorporating Member States Funding and Grants Funding were fully shared with them, as well as all the decisions made by the Council on them prior to their acceptance of the assignment;
- (b) Grant Thornton informed the Sub Committee that 2017 COBEA Audit was carried out based on ISSAIs, whereas Grant Thornton conducted their audit on 2017 COMESA Secretariat (Member States Funding) based on ISAs.
- (c) Grant Thornton, as Practising Accountants, carried out inquiries regarding the organisation from the last External Auditor which was KPMG, as they did the audit of 2016 COMESA Secretariat (Member States Funding).
- (d) Given the above, Grant Thornton confirmed that there no ethical or legal implications.

(ii) Signing of financial statements of COMESA Secretariat

- (a) Grant Thornton advised the Sub Committee that best-practice requires that the financial statements are jointly signed by Chief Accounting Officer or an Official delegated by the Chief Accounting Officer with the professional preparer of the financial statements.
- (b) Given the above framework, the 2017 COMESA Secretariat financial statements were appropriately authorized and signed, as follows:
 - Transmitted by Secretary General, who is the Chief Accounting Officer;
 - Jointly signed by Assistant Secretary General (Administration & Finance) and Director of Budget and Finance, who signed the financial statements, based on a delegation (transmittal letter) and professional preparer of the financial statements (Director of Budget and Finance), respectively.

(iii) Management letter inquiry

With regards to the inquiry on the value of the motor vehicles, Grant Thornton confirmed that the motor vehicles, which had no white book (registration card) had ZERO Net Book Value.

57. The Sub Committee noted the unqualified audit report on 2017 COMESA Secretariat Financial Statements (Member States funding).

Financial Statements (Grant funded projects) (Agenda Item 3.2)

58. The Secretariat submitted audited 2017 COMESA Secretariat financial statements on grants funded projects, *annexed* at (CS/ADM/SC/XX/II/3.2), which comprise of: -

- (i) Auditors Report;
- (ii) Financial statements; and
- (iii) Management letter.

Framework of preparation and submission financial statements and external audits on grant funded projects

59. Whilst designating Auditors General as External Auditors of COMESA Organs and Institutions, the Council in October 2016 decided that the audit of projects shall also be undertaken by independent audit firms. The external auditors on grant funded projects are appointed by: -

- (i) Council, where the donor has accepted use of COMESA External Audit framework. This is the situation for EU grants under Contribution Agreements (CA) and Pillar Assesses Grant and or Delegated Agreements (PAGODA), as well as funds pooled under Short Term Projects; and
- (ii) Cooperating Partners' pursuant to provisions under each grant contract. This is the situation for all other grants, under AfDB; EU; and USAID funding.

60. Pursuant to the above the Secretariat presented individual audited 2017 financial statements on grant funded projects, as indicated in Table 2 below: -

Table 2: 2017 financial statements on grant funded projects

Cooperating Partner/ Grant Contract title	External Auditor	Auditors' opinion
<i>African Capacity Building Foundation (ACBF)</i>	<i>Research [Grant came to an end in 2017]</i>	<i>Unqualified opinion</i>
African Development Fund (AfDB)		
<i>1: 50 million women</i>	<i>Lochan & Co (India)</i>	<i>Unqualified opinion</i>
<i>2: Trading for Peace</i>	<i>KPMG (Zambia)</i>	<i>Unqualified opinion</i>
<i>3: Statistics: SCB</i>	<i>KPMG (Zambia)</i>	<i>Unqualified opinion</i>
<i>4: Statistics: ICP</i>	<i>Reporting period extended by AfDB to 2018</i>	<i>n/a</i>
<i>5: Upper airspace</i>	<i>KPMG (Zambia)</i>	<i>Unqualified opinion</i>
<i>6: TCBP</i>	<i>KPMG (Zambia)</i>	<i>Unqualified opinion</i>
AU		
APSA	<i>PKF Little John LLP (AU has not submitted the auditor's report)</i>	<i>n/a</i>
European Union: CA / PAGODA		
<i>1: RISP</i>	<i>PwC (Zambia) [Grant came to an end in 2017]</i>	<i>Unqualified opinion</i>
<i>2: RISM</i>	<i>PwC (Zambia)</i>	<i>Unqualified opinion</i>
<i>3: Trade Cooperation Facility</i>	<i>PwC (Zambia)</i>	<i>Unqualified opinion</i>
<i>4: ESEREM</i>	<i>PwC (Zambia)</i>	<i>Unqualified opinion</i>
<i>5: MASE</i>	<i>PwC (Zambia)</i>	<i>Unqualified opinion</i>
World Bank		
<i>1: Great Lakes Trading for Peace</i>	<i>KPMG (Zambia)</i>	<i>Unqualified opinion</i>
USAID		
<i>1: IPAA</i>	<i>Reporting period extended by AfDB to 2018</i>	<i>n/a</i>

61. The above reports were presented by the External Audit firms to Sub Committee, except for AfDB funded 50 Million Project, where the External Auditor (Lochan & Co (India)), were unable to attend and present the 50 Million Women Speak Project Financial Statements. The Secretariat informed the Sub Committee that donors process audited financial statements in line with their own internal processes, as well as provisions of grant contracts. These include examining the draft auditors report and acceptance of such reports.

Discussion

62. The Sub Committee noted the submission and raised the following: -

- (i) What was the extent of use and reliance, that external auditors place on internal audit processes and internal audit reports?
- (ii) What was the extent of cooperation with Internal Audit?
- (iii) How come that external audit reports are all unqualified and, in some cases, without issues recorded in management letters?
- (iv) What was the extent of cooperation with management?

63. The External Auditors (KPMG – Zambia) informed the Sub Committee that: -

- (i) They had required cooperation from all management structures;
- (ii) They had met and discussed with Internal Audit, matters as required by the External Auditors' own internal guidelines, noting that Internal Audit is a management structure; and
- (iii) They can only comment on matters pertaining to audits, which they did and only for the period covered. Hence, they are not competent to comment on the internal audit reports, which were discussed within the Sub Committee, as they are not privy to that.

64. Management informed the Sub Committee, that: -

- (i) All management structures, including Internal Audit, are invited to attend Audit Entrance Meeting;
- (ii) Arrangements are always done for any External Auditors to meet with Internal Audit and any other structure and staff, as required by the External Auditors.

65. Regarding Regional Integration Support Mechanism (RISM) project, the Secretariat informed the Sub Committee that: -

- (i) since 2007, the Secretariat has been implementing EU funded RISM. Budgetary support is provided to Ethiopia; Kenya; Mauritius; Rwanda; and Seychelles, with the aid being provided through projects in Comoros; Congo DRC; Djibouti; Eswatini; Madagascar; Malawi;; Uganda; Zambia; and Zimbabwe. A total of €90,022,083.00 has since been disbursed by the Secretariat to Member States.
- (ii) RISM implementation support unit established at the Secretariat provides significant intervention to minimize any ineligible expenditure, which may have to be reimbursed to the donors. Such interventions include planning; programming; budgeting; procurement; financial control support. Initial funds are disbursed based on a positive assessment of the beneficiary, as well as continuous compliance with all expenditure requirements. These interventions have prevented any matters, which may have led to ineligible expenditure.
- (iii) the control findings, including unsupported and questioned costs, are being followed up with Member States implementing RISM projects.

Recommendation

66. ***The Sub Committee commended the Secretariat for achieving unqualified audit reports on grant funded projects.***

67. ***The Sub Committee recommended the adoption of the following grant funded projects financial statements for 2017: -***

- (i) **African Capacity Building Foundation (ACBF)**
- (ii) **African Development Fund (AfDB):**
 - (a) **Women empowerment: 50 million women Project;**
 - (b) **Trading for Peace;**
 - (c) **Statistics: Statistical Capacity Building**
 - (d) **Aviation: Upper airspace**
 - (e) **Tripartite Capacity Building Programme**
- (iii) **European Union**
 - (a) **Regional Integration and Support Programme (RISP)**
 - (b) **Regional Integration Support Mechanism (RISM)**
 - (c) **Trade Cooperation Facility**
 - (d) **Enhancement of a Sustainable Regional Energy Market in Eastern Africa-Southern Africa-Indian Ocean (ESREM)**
 - (e) **Maritime Security**
- (iv) **African Development Fund (AfDB): World Bank: Great Lakes Trading for Peace**

68. **The Sub Committee directed that**

- (i) **In future, the Financial statements on grants should be availed ahead of the meeting to facilitate their examination. The Secretariat should make use of e-facilities to deliver these documents to the Sub Committee;**
- (ii) **All external auditors should be invited to attend Sub Committee meeting and present audited financial statements.**
- (iii) **All management letter findings be addressed, and an implementation report be submitted at the next meeting of the Sub Committee.**

[C] **2018 Audited Financial Statements (Agenda 4)**

Financial Statements (Member States Funding) (Agenda Item 4.1)

69. The Sub Committee noted that this Agenda Item is deliberated in the context of *Agenda Item 8 on External Audit*.

Financial Statements (Grant funded projects) (Agenda Item 4.2)

70. Secretariat submitted audited 2018 COMESA Secretariat financial statements (grants funded projects), *annexed* at *CM/ADM/SC/XXVII/4.2*, which comprise of: -

- (i) **Auditors Report;**
- (ii) **Financial statements; and**
- (iii) **Management letter.**

71. Pursuant to the above the Secretariat submitted individual audited 2018 financial statements on grants, as outline in Table 3 below: -

Table 3: 2018 financial statements on grant funded projects

Cooperating Partner/ Grant Contract title	External Auditor	Auditors opinion
African Development Fund (AfDB)		
1: 50 million women	Lochan & Co	Unqualified
2: Trading for Peace	KPMG (Zambia)	Unqualified
3: Statistics: SCB	PwC (Zambia), as KPMG had completed a maximum tenure under of 3 years, as permitted under AfDB Rules	Unqualified
4: Statistics: ICP	PwC (Zambia)	Unqualified
5: Upper airspace	1 st financial year, beyond 31 Dec 2018	n/a
6: TCBP	KPMG (Zambia) (Ended in 2018)	Unqualified
AU		
APSA	Not yet commission by the AU	n/a
European Union: CA / PAGODA		
1: RISM	PwC (Zambia)	Unqualified
2: Trade Cooperation Facility	PwC (Zambia)	Unqualified
3: ESEREM	PwC (Zambia)	Unqualified
4: T2F	PwC (Zambia)	Unqualified
5: GCCC+	PwC (Zambia)	Unqualified
6: MASE	PwC (Zambia)	Unqualified
8: Cross Border	1 st financial year, beyond 31 Dec 2018	n/a in 2018
9: Trade Facilitation	1 st financial year, beyond 31 Dec 2018	n/a in 2018
10: Trade Com	1 st financial year, beyond 31 Dec 2018	n/a in 2018
Short-Term Project (Pooled funds)		
1: Short-term project (pooled funds)	1 st reporting year, beyond 31 Dec 2018	n/a
World Bank		
1: Great Lakes Trading for Peace	KPMG (Zambia)	Unqualified
USAID		

Cooperating Partner/ Grant Contract title	External Auditor	Auditors opinion
1: Integrated Partnership Assistant Agreement (IPAA)	KPMG (Kenya) Ended on 31-March-2018. Final year, extended from 01-Jan-2017 to 31-March-2018	Unqualified
2: RDOAG	1 st financial year, beyond 31 Dec 2018	n/a

Discussion

72. The Sub Committee noted the unqualified Audit Reports on grant funded projects for 2018.

Recommendations

73. **The Sub Committee commended COMESA for achieving unqualified audit reports.**

74. **The Sub Committee recommended the adoption of the following grant funded projects financial statements for 2018: -**

- (i) **African Development Fund (AfDB):**
 - (a) **Women empowerment: 50 million women Project;**
 - (b) **Trading for Peace;**
 - (c) **Statistics: Statistical Capacity Building**
 - (d) **Statistics: International Comparison Programme**
 - (e) **Aviation: Upper airspace**
 - (f) **Tripartite Capacity Building Programme**
- (ii) **European Union**
 - (a) **Regional Integration Support Mechanism (RISM)**
 - (b) **Trade Cooperation Facility**
 - (c) **Enhancement of a Sustainable Regional Energy Market in Eastern Africa-Southern Africa-Indian Ocean (ESREM)**
 - (d) **Maritime Security**
 - (e) **Transport and Transit Facilitation**
 - (f) **Global Climate Change Alliance (GCCA)**
- (iii) **African Development Fund (AfDB): World Bank: Great Lakes Trading for Peace**
- (iv) **USAID funded: Integrated Partnership Assistance Agreement (IPAA)**

Annual financial reporting framework of COMESA Secretariat

75. The Sub Committee requested clarifications on the following matters, regarding the audited financial statements on grant funded project: -

- (i) Why 2017 audited financial statements which were already concluded and signed, were not availed to the Sub Committee in November 2018?
- (ii) Why some of audited financial statements shared with the Sub Committee were not signed?

76. The Secretariat gave the following information and explanations: -

(i) **Financial reporting framework**

The Secretariat informed the Sub Committee that at its meeting held in October 2016, the Council (in para 101) decided as follows: -

- a) ***the audit of the Secretariat and its Agencies should be conducted by the office of the Auditor General of Member States as from the financial year 2017.***
- b) ***The audit of projects shall also be undertaken by independent audit firms”.***

(ii) **Operationalisation of the financial reporting framework**

The Secretariat informed the Sub Committee that on behalf of the Council, the Bureau approved operationalisation of the external audit framework of COMESA Organs and Its Institutions by Auditors General. The Bureau's approval was based on the recommendation made by the Auditors General, at their meeting held from 6 – 9 March 2019, which regarding financial reporting (para 113), stipulated the following: -

- (i) ***That the COMESA Secretariat should implement the Council decision, requiring a single holistic set of COMESA Secretariat financial statements, which shall incorporate resources from Member States and Non-Member States, with effect from the year ending 31st December 2017;***
- (ii) ***Where Cooperating Partners, require an additional assurance report from their own external auditors, the Members of COBEA shall be provided with the Audit Reports. Additional external audit will continue to be required by Cooperating Partners, for e.g. AfDB. Other Cooperating Partners, e.g. EU (through pillar assessments) have accepted use of beneficiary organisation's External Auditing Standards, including use of SAIs by beneficiary organisations.***

(iii) The Secretariat also informed the Sub Committee that based on the operationalisation framework of financial reporting adopted by Auditors General, it proceeded on 2017 financial reporting, as follows: -

- (a) Prepared grant funded project's financial statements for 2017. These were submitted to the Cooperating Partners, in accordance with the grant contracts. Grant contracts for AfDB; USAID; and World Bank funded projects, requires the donor to appoint the auditor and receive the report, within six (months) of the relevant financial year;
- (b) That grants provided under EU and other donors were then consolidated, with Member States funds into a single set of 2017 annual financial statements. No individual grant financial statements were prepared for EU, as through the seven (7) pillar assessment, the EU adopted COMESA's financial reporting and external audit processes; and
- (c) That the only 2017 financial statements submitted to Council in November 2018, were the single set of consolidated financial statements, incorporating Member States funding and Grants funding.

- (iv) The Secretariat indicated to the Sub Committee that the signed grant funded financial statements will be loaded into the paperless system, as these are available.

77. The Sub Committee gave its clarification based on the Council decision of 2016 October, as follows: -

- (i) Annual financial statements to be prepared and audited: -
 - (a) for each individual source of Funding. Each source of funding refers to spending on Member States contributions, as appropriated in an annual budget (Article 166), as well as spending on each grant contract, as appropriated in the annual budget; and
 - (b) and to be presented to the Council for adoption, as stipulated under Article 169 (4). These shall be examined through the mandated oversight COMESA structures, which are Sub Committee; Committee on Administrative and Budgetary Matters; and Inter-Governmental Committee.

78. Additionally, there should be consolidated financial statements for Secretariat, comprising of Member States Funding and Grants Funding], which shall be presented to the Council for adoption. These shall be examined through the mandated oversight COMESA structures.

Recommendation

79. *The Sub Committee recommended the full implementation of the decision of Council of October 2016, as clarified below: -*

- (i) **Individual annual financial statements to be prepared and audited: -**
 - (c) **For each individual source of Funding. Each source of funding refers to spending from approved budgetary appropriations (under Article 166), as follows: -**
 1. **Member States contributions; and**
 2. **Grant contract contributions.**
 - (b) **To be presented to the Council for adoption, as stipulated under Article 169 (4). These shall be examined through the mandated oversight COMESA structures, which are Sub Committee on Audit and Budgetary Matters; Committee on Administrative and Budgetary Matters; and Inter-Governmental Committee.**
- (ii) **There should be consolidated financial statements for Secretariat, comprising of Member States Funding and Grants Funding, which shall be presented to the Council for adoption. These shall be examined through the mandated oversight COMESA structures.**

[D] 2019 Budget Performance Reports (Agenda 5)

2019 Budget Performance Report for the COMESA Secretariat (Agenda Item 5.1)

Status of remittance of assessed annual Member States contributions

80. The Sub Committee considered a Report from the Secretariat on the status of remittance of assessed annual Member States contributions. The Report is presented, at *Annex (CS/ADM/SC/XXII/5.1A)*.

81. Table 4 below shows that remittance of assessed annual Member States contributions is not in accordance with the provisions (Article 166)(6))

Table 4: Outstanding assessed contribution as at 30 September 2019

Member state	2016		2017		2018		2019		Total Due Col 11= Sum (2-10)	Analysis of Total Due			Total Received in 2019		
	Arrears Col 2	Receipts Col 3	Arrears Col 4	Receipts Col 5	Arrears Col 6	Receipts Col 7	Invoiced Amount QW	Interest (1%) Col 9		Receipts Col 10	Over 2 years Col 10=2+3	1- 2 years Col 11=(4+5)		1 year Col 12=(6+7+8)	Current
BURUNDI	-	-	335,976	-	482,846	-	174,895	8,188	-	-	335,976	482,846	183,083	-	
COMOROS	1,251,971	-	158,293	-	172,684	-	174,895	15,829	-	1,773,673	1,251,971	172,684	190,724	-	
DJIBOUTI	743,158	-	232,690	-	243,057	-	174,895	12,189	-	1,405,989	743,158	243,057	187,084	-	
DRC	-	-	711,394	(711,394)	1,228,159	(1,228,159)	1,551,484	19,396	(19,396)	1,551,484	-	-	1,551,484	(1,958,949)	
EGYPT	-	-	-	-	-	-	2,098,745	-	(2,098,745)	-	-	-	-	(2,098,745)	
ERITREA	-	-	-	-	158,293	(150,293)	174,895	1,583	(1,583)	174,895	-	-	174,895	(159,876)	
ESWATINI	-	-	-	-	539,393	-	369,755	5,394	-	914,542	-	539,393	375,149	-	
ETHIOPIA	-	-	-	-	-	-	1,213,589	-	-	1,213,589	-	-	1,213,589	-	
KENYA	-	-	-	-	30,233	(30,233)	2,098,745	302	(1,028,334)	1,070,713	-	-	1,070,713	(1,058,567)	
LIBYA	5,455,387	-	102,303	-	1,955,089	-	1,219,217	75,129	-	8,807,205	5,455,387	1,955,089	1,294,346	-	
MADAGASCAR	-	-	-	-	16,646	(16,646)	468,596	166	(456,599)	12,163	-	-	12,163	(473,245)	
MALAWI	-	-	-	-	-	-	501,935	-	(80,975)	420,960	-	-	420,960	(80,975)	
MAURITIUS	-	-	-	-	-	-	593,585	-	(593,585)	-	-	-	-	(593,585)	
RWANDA	-	-	-	-	597,447	(597,447)	556,246	5,974	-	562,220	-	-	562,220	(597,447)	
SEYCHELLES	-	-	-	-	-	-	174,895	-	(174,895)	-	-	-	-	(174,895)	
SOMALI	-	-	-	-	-	-	174,895	-	-	174,895	-	-	174,895	-	
SUDAN	-	-	1,320	-	805,859	-	987,547	8,072	-	1,802,798	1,320	805,859	995,619	-	
TUNISIA	-	-	-	-	-	-	1,878,029	-	-	1,878,029	-	-	1,878,029	-	
UGANDA	1,037,656	(1,037,656)	815,365	(815,365)	841,853	(277,526)	1,035,818	26,949	-	1,627,094	(0)	564,327	1,062,767	(2,130,547)	
ZAMBIA	-	-	-	(0)	37,689	-	1,234,130	377	-	1,272,196	-	37,689	1,234,507	-	
ZIMBABWE	-	-	-	-	774,169	-	632,754	7,742	-	1,414,664	(0)	774,169	640,496	-	
TOTAL	8,488,172	(1,037,656)	2,357,420	(1,526,759)	7,883,417	(2,308,304)	17,489,545	187,290	(4,454,112)	27,079,013	7,450,516	830,661	13,222,723	(9,326,831)	
%		12%		65%		29%			25%	100%	28%	3%	21%	49%	34%

82. The Sub Committee was reminded of the following legal provisions, as well as decisions of the COMESA Organs regarding remittance of assessed annual Member States contributions: -

3.1 Treaty Provisions

Source: COMESA Treaty

Article 166(6): *"Fifty per cent of the contributions for each Member State shall be paid into the budget of the Secretariat within one month from the beginning of the financial year to which they relate, and the remainder shall be paid within six months from the beginning of the financial year".*

Source: COMESA Treaty

ARTICLE 171 (6) Sanctions): *Where a Member State is in arrears for more than two years in the payment of its contributions for reasons other than those caused by public or natural calamity or exceptional circumstance that gravely affects its economy, such Member State may, by a resolution of the Authority, be suspended from taking part in the activities of the Common Market and shall cease to enjoy the benefits provided for under this Treaty.*

3.2 Decisions of the Authority

Source: Second Summit of the COMESA Authority (April 1997)

- (i) *Any Member State that failed to meet its budgetary commitments for two or more years should have all benefits and operations suspended in that Country and lose its rights and privileges, including addressing Policy Organs Meetings. The suspension should also cover all new extra budgetary resources, projects, except these currently being implemented;*
- (ii) *All arrears at the end of every financial year should accrue interest of one per cent; and*
- (iii) *No new recruitment should be undertaken from Member States with arrears of two years or more.*

Source: Fourth Summit of the COMESA Authority (May 1999)

Where the (COMESA) Authority had waived the application of sanctions on any State and such state failed to comply with her repayment plan, then such state shall automatically revert into the sanction status.

3.3 Review by the COMESA Authority of Heads of State and Government (July-2018)

The Authority in July 2018, decided that Member States should remit assessed Member States contributions as follows:

- (i) *2018 budget: The Authority set a deadline of 31st July 2018, for 2018 assessed contributions to be remitted; and*
- (ii) *2017 budget: The Authority set a deadline of 30th September 2018, for 2017 assessed contributions to be remitted. The Authority urged Member States, which are unable to clear the 2017 arrears by this date, to propose and submit a repayment plan.*
- (iii) *Uganda: which had arrears of over two (2) years was urged to address the following Article 171 (6) provision, as well as its previous decisions.*

- (iii) *Comoros, Djibouti and Libya: to address adherence to the arrears' repayment plans approved by the Authority in October 2016.*

3.3 Review by the COMESA Council of Ministers (April 2019)

The Council (in April 2019) decided that:

- (i) *The Secretariat should consistently apply the sanctions, as approved by the Authority on all defaulting Member States with immediate effect;*
- (ii) *The matter on non-remittance of assessed contributions should be escalated to the Bureau of the Authority; and*
- (iii) *The draft report on resource mobilization strategy should be finalised. To this effect, Member States should submit their comments not later than 30 April 2019 as decided in November 2018.*

Discussions

83. In the ensuing deliberations, the Sub-Committee made the following observations: -

- (i) Secretariat should consistently apply the sanctions, as approved by the Authority on all defaulting Member States with immediate effect; and
- (ii) Secretariat should continue to engage Member States on remittance of assessed annual Member States contributions.

Recommendations

2019 Receipts

84. ***The Sub Committee commends Member States for the remittance US\$9,326,831 made in 2019, as of 30 September 2019, as follows: -***

- (i) ***DRC: US\$1,958,949, towards***
 - (a) ***2017 arrears: US\$1,228,159; and***
 - (b) ***2018 arrears: US\$19,396.***
- (ii) ***Egypt: US\$2,098,745 towards 2019 full assessed annual Member States contributions;***
- (iii) ***Eritrea: US\$159,876 towards***
 - (a) ***2017 arrears: US\$158,293***
 - (b) ***2018 arrears: US\$1,583***
- (iv) ***Madagascar: US\$473,245 towards***
 - (a) ***2018 arrears: US\$16,646; and***
 - (b) ***US\$456,599 being part remittance of 2019 assessed annual Member States contributions, with a balance of US\$12,163***

- (v) **Malawi: US\$80,975, being part remittance of 2019 assessed annual Member States contributions, with a balance of US\$420,960**
- (vi) **Mauritius: US\$593,585 towards 2019 full assessed annual Member States contributions;**
- (vii) **Rwanda: US\$597,447 towards 2018 assessed annual Member States contributions;**
- (viii) **Seychelles: US\$174,895 towards 2019 full assessed annual Member States contributions;**
- (ix) **Uganda: US\$2,130,547 towards**
 - (a) **2015 and 2016 arrears: US\$1,037,656;**
 - (b) **2017 arrears: US\$815,365; and**
 - (c) **2018 arrears: US\$277,526.**

Outstanding assessed contributions

85. **The Sub Committee recommended that Member States be urged to: -**

- (i) **remit the outstanding amounts, before end of December 2019; and**
- (ii) **submit a schedule of remittances, for purposes of facilitating follow-up and consultations.**

Member States – with arrears repayment plans approved by the Authority
Comoros

86. **The Sub Committee noted that as of 30 September 2019, Comoros:**

- (i) **Has not adhered to an equal annual instalment plan, approved by the Authority, with a total of US\$112,060 in arrears (Condition 1 of the agreement).**
- (ii) **Has not kept assessed annual Member States contributions kept up to date - 2017:US\$158,293; 2018:US\$172,684; 2019:US\$190,724 (Condition 2 of the agreement)**
- (iii) **Failure to adhere to above conditions has automatically invoked sanctions, as stipulated by the Authority (Condition 3 of the agreement)**
- (iv) **Is required by the approved repayment plan to remit US\$633,761 in order for the sanctions to be lifted, as reflected Table 5 below:**

Table 5: Comoros approved arrears repayment plan

Period	Year	Instalment	Assessed contribution	Interest	Planned total remittance (instalment + assessed contributions + interest)	Arrears total balance after planned remittance	Actual receipt	Total : Arrears + unremitted assessed contributions	Yearly (over)/ Under remitted vis-à-vis planned remittance	Cumulative under remitted
Col 1	Col 2	Col 3	Col 4	Col 5	Col 6= Col 2+3+4	Col 6	Col 7	Col 8	Col 9	Col 10
1	2017	67,054	158,293	14,391	239,738	1,274,019	(60,261)	1,453,496	179,477	179,477
2	2018	67,054	158,293	15,829	241,176	1,206,966	(28,841)	1,598,778	212,335	391,812
3	2019	67,054	174,895	-	241,949	1,139,912		1,773,673	241,949	633,761
4	2020	67,054	-	-						
5	2021	67,054	-	-						
6	2022	67,054	-	-						
7	2023	67,054	-	-						
8	2024	67,054	-	-						
9	2025	67,054	-	-						
10	2026	67,054	-	-						
11	2027	67,054	-	-						
12	2028	67,054	-	-						
13	2029	67,054	-	-						
14	2030	67,054	-	-						
15	2031	67,054	-	-						
16	2032	67,054	-	-						
17	2033	67,054	-	-						
18	2034	67,054	-	-						
19	2035	67,054	-	-						
20	2036	67,054	-	-						
Total		1,341,073	491,481	30,221			(89,102)		1,773,673	

Djibouti

87. The Sub Committee noted that as of 30 September 2019, Djibouti:

- (i) Had not adhered to an equal annual instalment plan, approved by the Authority, with a total of US\$765,105 in arrears (Condition 1 of the agreement).
- (ii) Had not kept assessed annual Member States contributions kept up to date - 2017: US\$232,690; 2018: US\$233,299; 2019: US\$174,895 (Condition 2 of the agreement)
- (iii) Failure to adhere to above conditions had automatically invoked sanctions, as stipulated by the Authority (Condition 3 of the agreement)
- (iv) Is required by the approved repayment plan to remit US\$1,405,989 in order for the sanctions to be lifted, as reflected in Table 6 below:

Table 6: Djibouti approved arrears repayment plan

Period	Year	Instalment	Assessed contribution	Interest	Planned total remittance (instalment + assessed contribution)	Arrears total balance after planned remittance	Actual receipt	Total : Arrears + unremitted assessed contributions	Yearly (over)/ Under remitted vis-à-vis planned remittance	Cumulative under remitted
Col 1	Col 2	Col 3	Col 4	Col 5	Col 6= Col 2+3+4	Col 6	Col 7	Col 8	Col 9	Col 10
1	2005	57,624	65,028	8,070	130,722	806,736	(122,428)	815,030	8,294	8,294
2	2006	57,624	64,971	6,802	129,397	749,112	(199,784)	680,217	(70,387)	(62,093)
3	2007	57,624	69,330	7,563	134,517	691,488	-	756,349	134,517	72,424
4	2008	57,624	73,005	6,137	136,766	633,864	(223,202)	613,715	(86,436)	(14,012)
5	2009	57,624	80,373	7,002	144,999	576,240	-	700,225	144,999	130,987
6	2010	57,624	91,528	6,184	155,336	518,616	(180,397)	618,358	(25,061)	105,926
7	2011	57,624	99,318	5,893	162,835	460,992	(134,521)	589,339	28,314	134,240
8	2012	57,624	131,495	5,317	194,436	403,368	(195,022)	531,705	(586)	133,654
9	2013	57,624	158,161	4,318	220,103	345,744	(263,512)	431,671	(43,409)	90,245
10	2014	57,624	186,439	6,222	250,285	288,120	-	622,428	250,285	340,530
11	2015	57,624	219,159	5,023	281,806	230,496	(345,551)	502,258	(63,745)	276,785
12	2016	57,624	228,519	7,358	293,501	172,872	-	735,800	293,501	570,286
13	2017	57,624	232,690	9,758	300,072	115,248	-	975,848	300,072	870,358
14	2018	57,624	233,299	12,189	303,112	57,624	-	1,218,905	303,112	1,173,470
15	2019	57,624	174,895	-	232,519	-	-	1,405,989	232,519	1,405,989
Total		864,360	2,108,210	97,836			(1,664,417)		1,405,989	

Libya

88. The Sub Committee noted that as of 30 September 2019, Libya:

- (i) Had not adhered to an equal annual instalment plan, approved by the Authority, with a total of US\$ 1,553,286 in arrears (Condition 1 of the agreement).
- (ii) Had not kept assessed annual Member States contributions kept up to date - 2017: US\$1,899,511; 2018: US\$1,899,511; 2019: US\$1,219,217 Condition 2 of the agreement)
- (iii) Failure to adhere to above conditions has automatically invoked sanctions, as stipulated by the Authority (Condition 3 of the agreement)
- (v) Is required by the approved repayment plan to remit US\$6,571,525 in order for the sanctions to be lifted, as reflected 7 below:

Table 7: Libya approved arrears repayment plan

Period	Year	Instalment	Assessed contribution	Interest	Planned total remittance (Instalment assessed)	Arrears total balance after	Actual receipt	Total : Arrears + unremitted assessed contribution	Yearly (over)/ Under remitted vis-à-vis planned remittance	Cumulative under remitted
Col 1	Col 2	Col 3	Col 4	Col 5	Col 6= Col 2+3+4	Col 6	Col 7	Col 8	Col 9	Col 9
1	2017	1,080,275	1,899,511	54,014	3,033,799	4,321,098	(1,797,129)	4,477,494	1,236,670	1,236,670
2	2018	1,080,275	1,899,511	55,578	3,035,363	3,240,824		5,195,912	3,035,363	4,272,034
3	2019	1,080,275	1,219,217		2,299,492	2,160,549	-	3,379,766	2,299,492	6,571,525
4	2020	1,080,275				1,080,275				
5	2021	1,080,275								
Total		5,401,373	5,018,239	109,591			(1,797,129)		6,571,525	

Discussion

89. The Sub Committee noted that Comoros, Djibouti and Libya have not adhered to the arrears' repayment plans this invoking the applicable sanctions, as decided by the Authority.

Recommendation

90. *The Sub Committee recommended that all sanctions and penalties, as decided by the Authority be applied consistently.*

Tunisia and Somalia

91. The Sub Committee was informed of the following: -

- (i) That the amount due from Tunisia is reduced from US\$1,878,879 to US\$1,001,113 as Tunisia submitted the instrument of ratification to become a Member State of COMESA 20 June 2019.
- (ii) The amount due from Somalia of US\$174,895 is not collectible as of 30 September 2019, as the Member State is yet to submit instrument of ratification to become a Member State of COMESA.

Discussion

92. The Sub Committee observed that the assessed annual Member States contributions due from Tunisia and Somalia should not have been part of the budget of the COMESA Secretariat.

Recommendation

93. *The Sub Committee recommended a revision of 2019 assessed annual Member States contributions, to exclude amounts due from Somalia, as well as reduce amounts due from Tunisia.*

Status of Reserve Fund

94. The Sub Committee received and considered a Report from the Secretariat on the status of Reserve Fund. The Report is presented, at *Annex (CS/ADM/SC/XXII/5.1B)*.

95. Table 8 below shows the movements on the Reserve Fund.

Table 8: Detailed movements on Reserve Fund from 01 January 2019 to 31 August 2019 (COM\$)

Col 1	Col 2	Col 3	Col 4	Debit Col 5	Credit Col 6
Opening balance, as at 01 January 2019	Standard Chartered Bank: 31 Dec 2018		3,826,808		
	Barclays Bank: 31 Dec 2018		5,000,000		
	Eco bank: 31 Dec 2018		1,243,124		
	2018 Financial Statements	A	10,069,932	10,069,932	10,069,932
Movements - 2019	Receipts (Financial Rules 45)(1)(A): Arrears contributions from Members States: received in 2019	B	4,863,630	4,863,630	4,863,630
	Receipts (Financial Rules 45)(1): Interest earned from Investment of Fund	C	171,544	171,544	171,544
	Receipts (Financial Rules 45)(1): Dividends earned from Investment of Fund	D	1,707	1,707	1,707
	Receipts (Financial Rules 45)(1): Proceeds from services rendered by the Secretariat and its Institutions	E	76,817	76,817	76,817
	FEMCOM - unutilised budget funds	F	9,552	9,552	9,552
	Receipts (Financial Rules 45)(1): Staff loan interest	G	3,169	3,169	3,169
	Withdrawals (Financial Rule 46A)(1)(A): Payment of recurrent expenditure at the beginning of the year, pending receipt of contributions from member States. Upon receipt of contribution the amount shall be transferred back to the reserve;	H	(9,146,920)	(9,146,920)	(9,146,920)
	Withdrawals (Financial Rule 46A)(1)(B): Withdrawal to operations: FEMCOM	I	(64,405)	(64,405)	(64,405)
	Bank Charges	J	(111)	(111)	(111)
	Closing Balance and Composition: As at 31 August 2019	Net Movement		(4,085,015)	(4,085,015)
Closing Balance, as at 31 August 2019			5,984,917	5,984,917	5,984,917
Standard Chartered Bank			4,697,680		
Barclays Bank			-		
Eco bank			1,287,237		
Net Movement			5,984,917		
Description		Barclays	Standard	Ecobank	Total
Opening balance, as at 01 January 2019		5,000,000	3,826,808	1,243,124	10,069,932

Notes to the Table

A: Reserve Fund balances are kept at Banks. These amounts are supported by bank statements

B: Receipts from Member States, in respect of 2018 and prior years assessed annual Member States contributions.

C: Receipts on other services rendered by the COMESA Secretariat.

D: Utilisation of Reserve Fund, pending receipt of current year assessed annual Member States contributions.

E: Use of Reserve Fund to pay annual budget requirements.

F: Supplementary funding for Federation of National Associations of Women in Business in Eastern and Southern Africa AGM.

Discussion

96. The Sub Committee noted the movements on the Reserve Fund.

Recommendation

97. ***The Sub Committee recommended adoption of the report on the movements of the Reserve Fund.***

98. The Sub Committee reviewed status of implementation of decisions of the Council on the management of Reserve Fund, as highlighted below: -

ISSUE 1: USE OF CONTROL ACCOUNT TO MONITOR RESERVE FUND**Requirement:**

- Amounts due into Reserve Fund, e.g. interest receipts should be recorded into Reserve Fund control account.
- At end of each reporting month, the control account reconciled to ensure completeness of transfer into Reserve Fund.

Action Taken

- Amounts due into Reserve Fund are directly transferred into Reserve Fund.

Status:

- Whilst the control account is not in use, the control weakness has been addressed. All the cash meant for Reserve Fund are being transferred into the Reserve Fund bank account, with reports reviewed each month.

Discussion

99. The Sub Committee noted the submission

Recommendation

100. *The Sub Committee recommended that the matter be looked into during review of Financial Rules and Regulations, planned for 2020.*

ISSUE 2: SECRETARIAT TO PROPOSE REVIEW OF FINANCIAL RULE 45(1)(B) REQUIRING EXCESS ANNUAL MEMBER STATES CONTRIBUTIONS OVER EXPENDITURE TO BE DEPOSITED INTO RESERVE FUND, FOR EASE OF ADMINISTRATION OF THE RESERVE FUND, AS ANNUAL SURPLUSES DO NOT TRANSLATE INTO RECEIPTS INTO THE RESERVE FUND.

Status:

- Review of Financial Rules and Regulations to be carried out in 2020.
- The review will incorporate clarity, where it is the realized cash surplus of Member States receipts less States expenditure funded from Member States receipts, which is transferrable into Reserve Fund.

Discussion

101. The Sub Committee noted the submission

Recommendation

102. *The Sub Committee recommended that the matter be looked into during review of Financial Rules and Regulations, planned for 2020.*

Issue 3: Components of Reserve Fund**Requirement:**

- Reserve Fund to be analysed into its components.

Action Taken

- Reserve Fund that is managed by Secretariat has been analysed, shown in Table 9 below:

Table 9: Reserve Fund balances as at 31 December, 2017 (COM\$)

Institution	Held at the Secretariat	Held at the Institution	Total Reserve Fund
COMESA Secretariat	8,130,559	-	8,130,559
COMESA Competition Commission	1,567,371	247,774	1,815,145
Federation of National Associations of Women in Business in Eastern and Southern Africa	194,425	835	195,260
COMESA Regional Investment Agency – <i>after adjusting for exchange rate for funds held at RIA</i>	208,276	14,037	222,313
Total	10,100,631	262,646	10,363,277

The following can be noted: -

- (i) **Secretariat:** The amount of US\$10.1million was held in the following accounts; Barclays Bank fixed deposit – US\$5,000,000; Standard Chartered Bank Reserve Fund - US\$3,122,504; Ecobank Zambia Plc – US\$1,194,674 and COMESA Operational account - US\$783,435;
- (ii) **COMESA RIA:** The workings indicate that cash attributed to the Reserve Fund is US\$ 43,103. This amount has since reduced to US\$14,037 on account of the depreciation of the Egyptian Pound to the US dollar from 5.8 in December 2010 to 17.81 in December 2017;
- (iii) **COMESA Competition Commission:** The amount of US\$247,774 was held in the COMESA Competition Commission Operational bank account at Standard Bank Malawi Plc; and
- (iv) **COMESA FEMCOM:** The amount of US\$835 was held in the COMESA FEMCOM Operational bank account at Standard Bank Malawi Plc;

Discussion

103. The Sub Committee noted that the Secretariat has completed the analysis of the Reserve Fund.

ISSUE 4: CONSOLIDATION OF ALL RESERVE FUND FUNDS, INCLUDING TRANSFER OF FUNDS FROM COMESA INSTITUTIONS TO THE SECRETARIAT

Requirement:

- In 2011 and 2014, the Council decided that Reserve Fund cash be transferred into one dedicated bank account maintained by Secretariat on behalf of COMESA.
- In July 2018, Council decided (124(iii)(f)) that the Sub Committee constitute a Team to work with COMESA Secretariat and Boards and Management of RIA; CCC; and FEMCOM in coming up with a proposal on transfer of other income and excess of receipts over spending (of annual Member States contributions) from the COMESA Agencies to COMESA Reserve Fund. This will facilitate compliance with Financial Rule 45(1)(e).

Action Taken - Analysis of the existing legal framework

- In preparing for the work of the Team, incorporating the Sub Committee, the COMESA Secretariat held a meeting with Competition Commission; Federation of National Associations of Women in Business in Eastern and Southern Africa; and Regional Investment Agency in April 2019.

The Meeting reviewed and analysed the existing legal framework to establish the framework of ensuring consistent: -

- (i) Receipting of funds into Reserve Fund; and
- (ii) Transfer of funds from entities into COMESA Reserve Fund.

The Meeting noted that the legal instruments establishing the two Institutions and the Agency namely: COMESA Competition Commission; COMESA RIA and FEMCOM had different provisions regarding establishment and management of the Reserve Fund. The Meeting noted that it is important to understand the different contexts under which the three organizations are established and the environment in which they execute their respective mandates.

Entity 1: COMESA Competition Commission (CCC)

Article 55(3) of the Treaty requires the Council of Ministers to make Regulations to regulate competition in the Common Market. Pursuant to Article 6 read together with Rule 6 of the COMESA Competition Regulations and Rules, the Council of Ministers established the CCC as an autonomous institution of COMESA which enjoys international legal personality and it has the right to sue and/or be sued in its corporate name. Further, the Regulations under Article 12 establishes the Board of Commissioners who shall be the Supreme Policy Body of the Commission. Among the functions of the Board is to enact Regulations and Rules for the management and utilization of the Reserve Fund. Consequently, the Commission has issued through its Board of Commissioners its Financial Rules which contain provisions on the establishment and utilization of the Reserve Fund. Specifically, Rule 53 of the CCC 2017 Financial Rules reads as follows:

“A Reserve Fund for the Commission shall be established by the Board of Commissioners and shall be housed in the host country”.

The Board of Commissioners of the Commission are appointed by the Council of Ministers and as mentioned above, the Board is given powers to enact governing instruments pertaining to the operations of the Commission.

Entity 2: COMESA Regional Investment Agency – Article 21 of the Charter

As regards COMESA RIA, the meeting observed that while it did not have an autonomous status like the CCC in that Article 1(2) of its Charter expressly states that it has been established as an agent of COMESA, the Charter has a specific provision relating to the Reserve Fund as cited below: -

Article 21: “Reserve Fund – The Agency shall maintain a Reserve Fund into which any budgetary surplus in any financial year shall be deposited. The Reserve Fund shall be employed in such a manner and for such purposes as the Board may determine.”

It was therefore observed that the COMESA RIA Board had power to establish mechanisms of managing the reserve fund. However, in the absence of this mechanism, all the unused funds of RIA shall be managed and utilized as per COMESA Secretariat’s financial rules and regulations until such a time when RIA establishes its own financial rules and regulations for management of the reserve fund.

Entity 3: Federation of the National Association of Women in Business in Eastern and Southern Africa (FEMCOM)

Regarding FEMCOM, it was observed that FEMCOM is a COMESA Institution established pursuant to article 155 of the COMESA Treaty and is governed by its Charter. The Charter in Article 8 provides functions of the Board which includes determining financial rules of FEMCOM. FEMCOM is currently using the COMESA Financial rules and regulation in the management of funds. In view of this all the unused funds of FEMCOM shall be managed and utilized in accordance with the COMESA financial rules and regulations.

Overall observations and conclusions

The Meeting observed that the Reserve Fund was important for the respective institutions, for among other policy objectives: -

- (i) Capitalisation of the institutions, which gives assurance to Cooperating Partners of long-term commitment of Member States of COMESA. Cooperating partners require assurance of sustainability of institutions and of their going concern into the unforeseeable future.
- (ii) Accumulate funds to enable major programme investments, which ordinarily would not be met from annual budget appropriations. It is not feasible to use assessed annual contributions to deliver on major programme investments.
- (iii) Cushioning implications of late remittances of annual Member States contributions, which otherwise would result in non-implementation of approved work programs.
- (iv) Provide funding for additional expenditure requirements, outside those provided for in the approved annual budgets.

The meeting observed that the other COMESA Organ and Institution namely; COMESA Court of Justice and Africa Leather and Leather Products Institute maintain their own Reserve Fund.

Based on review of existing legal instruments and policy objectives of Reserve Fund, the Meeting made the following conclusions: -

- (i) COMESA Competition Commission has specifically mandated its Board of Commissioners to make policy decisions regarding the establishment and management and Reserve Fund;
- (ii) As regards Regional Investment Agency, the Charter under Article 21 provides for the establishment and management of the Reserve Fund.
- (iii) As regards the Federation of National Associations of Women in Business in Eastern and Southern Africa, the Charter under Article 8 provides functions of the Board which includes determining financial rules of FEMCOM.
- (iv) Retention and custodianship of Reserve Fund by each of the COMESA Institutions will give assurance to Cooperating Partners of strength of their capitalization. This should however be implemented pursuant to the relevant legal instruments.

Discussion

104. The Sub Committee noted the submission.

Recommendation

105. ***The Sub Committee recommended that the Secretariat consults with the Boards and Management of Competition Commission; FEMCOM; and Regional Investment Agency and submit recommendations regarding management of Reserve Fund.***

COMESA Secretariat: Status of 2019 Budget Performance**Part 1: Work Programme – activities achieved**

106. The Sub Committee considered a report on the activities implemented in the period, January to June 2019 vis-à-vis as planned in the 2020 work programme. The Report, highlighted the following: -

- (i) Activities carried out;
- (ii) Contribution of the activities to planned outputs for the year; and
- (iii) Impact of the outputs on objectives and priorities.

Part 2: Expenditure achieved

107. The Sub Committee considered a report on the expenditure results for the period, January to June 2019. The report, *annexed* at CS/ADM/SC/XXII/5.2 highlights the following: -

- (i) Overall budget outturn projection;
- (ii) Recognised adjustments in income due to reduced assessed annual Member States contributions due in 2019, attributed to Tunisia and Somalia;
- (iii) Recognised adjustments in income due to reduced grants contributions due in 2019;
- (iv) Member States expenditure achieved and projection for remaining part of the year; and
- (v) Grants expenditure achieved and projection for remaining part of the year.

108. Table 10 show the 2019 budget outturn projection: -

Table 10 (i): 2019 budget outturn projection

Description	Source of funding	Item	2019 Expenditure					2019 Funding	%
			Secretariat	Competition Commission	FEMCOM	RIA	Total		
Original Budget	Member States	Assessed contributions	15,396,829	956,771	603,900	532,045	17,489,545	17,489,545	
		Reserve Fund	205,698	-	187,200	-	392,898	392,898	
		Total: Member States	15,602,527	956,771	791,100	532,045	17,882,443	17,882,443	26%
	Cooperating Partners	Grant contributions	49,229,719				49,229,719	49,229,719	
		Overheads support (Note 1)	727,092				727,092	727,092	
		Total: Grants	49,956,811	-	-	-	49,956,811	49,956,811	74%
Total		58,456,009	956,771	791,100	532,045	60,735,925	67,839,254	100%	
Revised Budget	Member States	Assessed contributions	15,396,829	956,771	603,900	532,045	17,489,545	17,489,545	
		Assessed contributions reduction (Note 2)	(924,944)	(57,477)	(36,278)	(31,962)	(1,050,661)	(1,050,661)	
		Reserve Fund	205,698	-	187,200	-	392,898	392,898	
		Total: Member States	14,677,583	899,294	754,822	500,083	16,831,782	16,831,782	37%
	Cooperating Partners	Grant contributions	28,611,417				28,611,417	27,884,325	
		Overheads support						727,092	
Total		43,289,000	899,294	754,822	500,083	45,443,199	45,443,199	100%	

Note 1: Overheads - US\$727,092

146,800 D+3

66,000 Web Editor

364,292 Governance, peace & security

150,000 Security

Note 2: Tunisia and Somalia (reduction: US\$1,050,661)

From To

174,895 Somalia

- Ratification of membership not received

1,878,879 Tunisia

1,003,113 Assessment, effective June 2019 on receipt of membership ratification

Table 10 (ii): 2019 Member States funded expenditure – budget outturn projection

	BUDGET LINE	2017	2018	2019 Budget			2019 Actual			Comment
		Actual	Actual	Budget	Adjustment	Revised Budget	Jan-Jun	Jul-Dec	Budget Outturn	
	STAFF EMOLUMENTS									
1	BASIC SALARY	3,895,944	4,412,524	4,746,735		4,746,735	2,259,586	2,487,149	4,746,735	Contractual
2	HOUSING ALLOWANCE	1,479,476	1,712,063	1,902,432		1,902,432	870,218	1,032,214	1,902,432	Contractual
3	MEDICAL ALLOWANCE	136,424	164,496	585,000		585,000	70,734	514,266	585,000	Contractual
4	EDUCATION ALLOWANCE	490,442	500,685	931,818		931,818	242,278	689,540	931,818	Contractual
5	DEPENDANCY ALLOWANCE	70,847	81,028	89,994		89,994	40,420	49,574	89,994	Contractual
6	STAFF OVERTIME ALLOWANCE	72,610	83,603	68,000		68,000	24,805	43,195	68,000	
7	PAYMENT IN LIEU OF LEAVE	538,068	26,648	60,000		60,000	23,787	36,213	60,000	Contractual
8	GRATUITY	547,898	650,901	712,010		712,010	264,527	447,483	712,010	Contractual
9	HOME LEAVE PASSAGE	70,848	42,476	100,000		100,000	22,530	77,470	100,000	Committed
10	COST OF LIVING ADJUSTMENT	-	-	41,688		41,688	13,896	27,792	41,688	
11	STATUTORY EMPLOYER CONTRIBUTION	723	219	36,000		36,000	-	36,000	36,000	
12	OTHER ALLOWANCES			6,000		6,000	-	6,000	6,000	Contractual
13	TEMPORARY ASSISTANCE	273,965	114,000	120,000		120,000	53,405	66,595	120,000	Committed
	STAFF EMOLUMENTS	7,577,245	7,788,643	9,399,677	-	9,399,677	3,886,186	5,513,491	9,399,677	
	STAFF WELFARE AND INSURANCE									
14	GROUP INSURANCE	25,000	43,981	35,000		35,000	-	35,000	35,000	Committed
15	GROUP MEDICAL SCHEME	8,945	21,532	50,000		50,000	-	50,000	50,000	Unpredictable
16	STAFF WELFARE COSTS	40,716	42,816	26,500		26,500	7,415	19,085	26,500	Committed
17	PROVIDENT FUND MGT COSTS	11,696	13,104	12,000		12,000	14,064	(2,064)	12,000	Committed
	STAFF WELFARE AND INSURANCE	86,357	121,433	123,500	-	123,500	21,479	102,021	123,500	
	TRAINING AND SUBSCRIPTION									
15	TRAINING	90,717	180,841	132,000	10,488	142,488	5,549	136,939	142,488	Committed
16	SUBSCRIPTION	12,340		20,000		20,000	6,840	13,160	20,000	Trend
	TRAINING AND SUBSCRIPTION	103,057	180,841	152,000	10,488	162,488	12,389	150,099	162,488	
	STAFF RECRUITMENT & REPARTRIATION									
17	RECRUITMENTS EXPENSES	15,433	121,230	55,000		55,000	15,081	39,919	55,000	Committed
18	INSTALLATION ALLOWANCE	43,086	7,500	66,000		66,000	7,500	58,500	66,000	Committed
19	REPARTRIATION COSTS	10,457	22,954	60,000		60,000	4,534	55,466	60,000	Committed
	STAFF RECRUITMENT & REPARTRIATION	68,976	151,684	181,000	-	181,000	27,115	153,885	181,000	
	TRAVEL, MEETINGS & WORKSHOPS									
20	POLICY ORGANS MEETINGS	461,411	1,297,288	750,000		750,000	111,577	638,423	750,000	Last Quarter
21	TECHNICAL COMMITTEE MEETINGS	677,979	1,124,490	1,137,200	(45,000)	1,092,200	341,194	751,006	1,092,200	Last Quarter
22	CHAIRMAN'S CO-ORDINATION	81,969	99,695	70,000		70,000	25,146	44,854	70,000	Committed
23	TRAVEL EXPENSES- OFFICIAL	879,393	804,106	970,000	25,000	995,000	367,482	627,518	995,000	Committed
24	RESEARCH FORUM	-	-	150,000		150,000	-	150,000	150,000	
	TRAVEL, MEETINGS & WORKSHOPS	2,100,752	3,325,579	3,077,200	(20,000)	3,057,200	845,399	2,211,801	3,057,200	
	CONSULTANCY									
28	CONSULTANCY - HR & ADMINISTRATION	350,585	364,394	100,000		100,000	19,413	80,587	100,000	Committed
29	CONSULTANCY - TRADE & CUSTOMERS	113,354	86,895	64,000	20,000	84,000	42,030	41,970	84,000	Committed
31	CONSULTANCY - INFRASTRUCTURE	58,651	4,747	64,000		64,000	2,558	61,442	64,000	Committed
30	CONSULTANCY - AGRICULTURE	130,707	29,410	56,000		56,000	7,503	48,497	56,000	Committed
25	CONSULTANCY - LEGAL & INSURANCE	96,205	76,756	60,000		60,000	-	60,000	60,000	Committed
33	CONSULTANCY - GENDER & SOCIAL	59,971	64,229	56,000	(10,488)	45,512	-	45,512	45,512	Committed
32	CONSULTANCY - INFORMATION TECHNOLOGY	124,654	98,498	56,000		56,000	38,000	18,000	56,000	Committed
34	CONSULTANCY - INTERNAL AUDIT	8,000	9,374	10,000	3,000	13,000		13,000	13,000	Committed
27	CONSULTANCY - STRATEGIC PLANNING	237		10,000		10,000	4,258	5,742	10,000	Committed
26	CONSULTANCY - CORPORATE FINANCE	29,584	2,913	28,000		28,000	13,427	14,573	28,000	Committed
35	CONSULTANCY - BRUSSELS LIAISON OFFICE			2,500		2,500	-	2,500	2,500	Committed
	CONSULTANCY	971,948	737,216	506,500	12,512	519,012	127,189	391,823	519,012	
	SUPPORT TO MEMBER STATES									
36	CAPACITY BUILDING AT M/S			30,000		30,000	-	30,000	30,000	Committed
	SUPPORT TO MEMBER STATES	-	-	30,000	-	30,000	-	30,000	30,000	

	BUDGET LINE	2017	2018	2019 Budget			2019 Actual			Comment
		Actual	Actual	Budget	Adjustment	Revised Budget	Jan-Jun	Jul-Dec	Budget Outturn	
	PUBLICATION & VISIBILITY									
38	PRODUCTION OF PUBLICATION	57,716	113,146	120,000		120,000	50,186	69,814	120,000	Committed
37	PUBLIC RELATIONS/PUBLICITY	47,911	90,902	65,000		65,000	18,758	46,242	65,000	Committed
39	LIBRARY	13,672	17,525	15,000		15,000	21,933	(6,933)	15,000	Committed
	PUBLICATION & VISIBILITY	119,299	221,573	200,000		200,000	90,877	109,123	200,000	
	GRANT COUNTERPART FUNDING									
40	GRANT COUNTERPART FUNDING	60,133	470,526	100,000		100,000	134,530	(34,530)	100,000	Committed
41	OVERHEAD EXPENSES		68,122							
	GRANT COUNTERPART FUNDING	60,133	538,648	100,000		100,000	134,530	(34,530)	100,000	
	ELECTION MONITORING									
42	ELECTION MONITORING	83,486	103,149	75,000		75,000	91,198	(16,198)	75,000	Committed
	ELECTION MONITORING	83,486	103,149	75,000		75,000	91,198	(16,198)	75,000	
	IT RECURRENT COSTS									
43	DISASTOR RECOVERY RENTAL	18,137	12,441	30,000		30,000		30,000	30,000	Committed
44	IT INFRASTRUCTURE SUPP & M	70,745	117,913	46,500		46,500	62,666	(19,166)	43,500	Committed
45	SUNSYSTEMS MAINTENANCE & SUPPORT			77,000	(3,000)	74,000		77,000	77,000	
46	SOFTWARE LICENSES	57,337	99,019	159,000		159,000	92,009	66,991	159,000	Committed
47	INTERNET BANDWIDTH	80,743	113,020	82,000		82,000	40,032	41,968	82,000	Committed
	IT RECURRENT COSTS	226,962	342,393	394,500	(3,000)	391,500	194,707	196,793	391,500	
	ADMINISTRATION & GENERAL COSTS									
48	OFFICE SUPPLIES	81,415	66,354	108,000		108,000	32,273	75,727	108,000	Committed
49	PRINTING & STATIONERY	94,520	78,536	80,000		80,000	3,502	76,498	80,000	Committed
50	MOTOR VEHICLE FUEL	55,748	46,282	70,000		70,000	30,968	39,032	70,000	Trend
51	MV REPAIR & MAINTENANCE	37,757	25,673	40,000		40,000	9,747	30,253	40,000	Trend
52	MV INSURANCE	18,421	23,576	19,500		19,500	1,485	18,015	19,500	Committed
53	OFFICE RENT AND RATE	-	-	5,000		5,000	-	5,000	5,000	Committed
54	HOSPITALITY	27,292	37,459	40,000		40,000	14,683	25,317	40,000	Committed
55	TELEPHONE, E-MAIL & FAX	138,246	132,610	169,000		169,000	28,756	140,244	169,000	Committed
56	WATER & ELECTRICITY	40,764	45,169	59,500		59,500	22,605	36,895	59,500	Trend
57	MAINTENANCE OFFICE EQUIPMENT	44,126	39,291	47,900		47,900	6,787	41,113	47,900	Trend
58	MAINTENANCE OFFICE BUILDING	91,761	73,385	89,750		89,750	23,054	66,696	89,750	Committed
59	MAINTENANCE RESIDENCES	43,243	65,513	74,000		74,000	30,231	43,769	74,000	Committed
60	SECURITY OFFICE BLOCK	44,321	51,563	70,000		70,000	23,060	46,940	70,000	Committed
61	INSURANCE- OTHER ASSETS	66,949	50,151	71,500		71,500	-	71,500	71,500	Committed
62	OTHER OFFICE EXPENSES	30,839	14,464	46,500		46,500	8,594	37,906	46,500	Committed
	ADMINISTRATION & GENERAL	815,402	750,026	990,650		990,650	235,745	754,905	990,650	
	AUDIT COSTS									
63	AUDIT COSTS - COBEA	134,381	344,065	120,000		120,000	-	120,000	120,000	Committed
	AUDIT COSTS	134,381	344,065	120,000		120,000	-	120,000	120,000	
	FINANCE COSTS									
64	BANK CHARGES	54,377	74,554	60,000		60,000	23,110	36,890	60,000	Trend
	FINANCE COSTS	54,377	74,554	60,000		60,000	23,110	36,890	60,000	
	TOTAL BUDGET	12,402,375	14,679,804	15,410,027		15,410,027	5,689,924	9,720,103	15,410,027	
	CAPITAL BUDGET									
65	MOTOR VEHICLES	53,500	46,358	90,000		90,000	53,000	37,000	90,000	Committed
66	FURNITURE & FITTINGS	37,478	108,023	46,000		46,000	26,257	19,743	46,000	Committed
67	OFFICE EQUIPMENT	255,124	222,796	56,500		56,500	51,740	4,760	56,500	Committed
	CAPITAL BUDGET	346,102	377,177	192,500		192,500	130,997	61,503	192,500	
	TOTAL REGULAR BUDGET & CAPITAL BUDGET	12,748,477	15,056,981	15,602,527		15,602,527	5,820,921	9,781,606	15,602,527	
	Reduction - Tunisia & Somali				(924,944)	(924,944)		(924,944)	(924,944)	
	REVISED BUDGET	12,748,477	15,056,981	15,602,527	(924,944)	14,677,583	5,820,921	8,856,662	14,677,583	

Table 10 (iii): 2019 Grants funded expenditure – budget outturn projection

No.	DONOR & NAME OF PROJECT	Budget			Actual		
		Original Approved	Adjustment	Revised	Spent (Jan - Sept)	Projection (Oct - Dec)	Absorption rate (%)
EUROPEAN UNION							
1	African Peace Security Architecture (APSA)	517,361		517,361	499,902	17,459	97%
2	Regional Integration Support Mechanism (RISM)	16,829,921	(10,329,921)	6,500,000	5,144,919	1,355,081	79%
3	Maritime Security Programme (MASE)	1,344,078		1,344,078	659,620	684,458	49%
4	TCF (11th EDF)	552,927		552,927	290,956	261,971	53%
5	Trade Facilitation Programme (11TH EDF)	12,759,044	(7,360,925)	5,398,119	4,072,110	1,326,009	75%
6	Enhancement of a Sustainable Regional energy Market	1,233,274	903,000	2,136,274	1,179,662	956,612	55%
7	Tripartite Transit and Transport Facilitation Program (TTTFP)	340,935	(56,107)	284,828	44,242	240,586	16%
8	Enhancing COMESA Capacity in Trade Policy Analysis, Research and Training (TRADECOM)			- 0	0	0	0%
9	COMESA Intra ACP Global Climate Change Alliance Plus (GCCA+)	2,889,340	(941,880)	1,947,460	835,665	1,111,795	43%
10	COMESA Cross Border Trade Initiative Programme	5,285,642	(2,669,350)	2,616,292	1,904,564	711,728	73%
	Sub - Total	41,752,522	(20,455,183)	21,297,339	14,631,640	6,665,699	69%
USAID							
11	USAID RDOAG	1,195,745	334,400	1,530,145	1,187,328	342,817	78%
	Sub - Total	1,195,745	334,400	1,530,145	1,187,328	342,817	78%
AFRICAN DEVELOPMENT BANK							
12	Statistical Capacity Building Project - SCB	176,000		176,000	118,648	57,352	67%
13	International Comparison Programme - ICP	400,423		400,423	79,803	320,620	20%
14	50 Million Women Speak Project	1,540,121	905,081	2,445,202	1,356,593	1,088,609	55%
15	COMESA Airspace Integration Programme	2,356,000	(2,300,500)	55,500	55,283	217	100%
16	VICMED Project	100,000		100,000		100,000	0%
	Sub - Total	4,572,544	(1,395,419)	3,177,125	1,610,327	1,566,798	51%
WORLD BANK							
17	Great Lakes Trade Facilitation Project	1,666,000		1,666,000	738,200	927,800	44%
	Sub - Total	1,666,000	-	1,666,000	738,200	927,800	44%
OTHER COOPERATING PARTNERS							
18	NEPAD	770,000		770,000		770,000	0%
19	Mainstreaming SPS Capacity (STDF & EIF)		170,808	170,808	126,259	44,549	74%
	Sub - Total	770,000	170,808	940,808	126,259	814,549	13%
	TOTAL GRANT INCOME	49,956,811	(21,345,394)	28,611,417	18,293,754	10,317,663	64%

Discussions

109. The Sub Committee noted the submission.

Recommendations

110. *The Sub Committee recommended the adoption and approval of the 2019 Revised Budget, as outlined below: -*

Description	Source of funding	Item	2019 Expenditure					2019 Funding	%
			Secretariat	Competition Commission	FEMCOM	RIA	Total		
Original Budget	Member States	Assessed contributions	15,396,829	956,771	603,900	532,045	17,489,545	17,489,545	
		Reserve Fund	205,698	-	187,200	-	392,898	392,898	
		Total: Member States	15,602,527	956,771	791,100	532,045	17,882,443	17,882,443	26%
	Cooperating Partners	Grant contributions	49,229,719				49,229,719	49,229,719	
		Overheads support	727,092				727,092	727,092	
		Total: Grants	49,956,811	-	-	-	49,956,811	49,956,811	74%
	Total		58,456,009	956,771	791,100	532,045	60,735,925	67,839,254	100%
Revised Budget	Member States	Assessed contributions	15,396,829	956,771	603,900	532,045	17,489,545	17,489,545	
		Assessed contributions reduction	(924,944)	(57,477)	(36,278)	(31,962)	(1,050,661)	(1,050,661)	
		Reserve Fund	205,698	-	187,200	-	392,898	392,898	
		Total: Member States	14,677,583	899,294	754,822	500,083	16,831,782	16,831,782	38%
	Cooperating Partners	Grant contributions	28,050,265				28,050,265	27,323,173	
		Overheads support					-	727,092	
		Total: Grants	28,050,265	-	-	-	28,050,265	28,050,265	62%
Total		42,727,848	899,294	754,822	500,083	44,882,047	44,882,047	100%	

111. The Sub Committee recommended a reduction of COM\$1,050,000 from 2019 Expenditure Budget, as follows: -

- (i) COMESA Secretariat: COM\$924,944
- (ii) Competition Commission: COM\$ 57,477
- (iii) FEMCOM: COM\$ 36,278
- (iv) RIA: COM\$ 31,962

112. The Report also raised budget implementation issues, requiring guidance of COMESA Policy Organs, as follows: -

Prior year issues

Issue 1: Claim made by Burundi to be reimbursed for costs towards 2018 cancelled Summit

113. The Sub Committee recalled that the Council at its meeting held in November 2018 decided that the Secretariat should engage Burundi on claims in respect of costs incurred towards 2018 Summit. The 2018 COMESA Summit was subsequently hosted at the COMESA Headquarters. As of September 2019, Secretariat can report that the available funding was adequate to address costs towards the 2018 COMESA Summit, as shown in Table 11 below: -

Table 11: Status of funding and costs – 2018 COMESA Summit

Description	Item	Amount (COM\$)
Funding	2018 Lusaka Summit	Nil
	Cancelled Burundi Summit (estimates)	760,000
	2018 November – COMESA Policy Organs	729,600
	Total Funding	1,489,600
Expenditure		1,297,288
Surplus of funding over expenditure		192,312

114. The engagement between COMESA Secretariat and Burundi regarding claims in respect of costs incurred towards 2018 COMESA Summit is still underway. The Secretariat and Burundi, have agreed on the following: -

- (i) **Consumables and services requested and delivered**
 - COMESA to shoulder costs towards consumables and services requested and delivered prior to and up to the date of cancellation of the 2018 Summit.
 - COMESA has settled financial liabilities amounting to **US\$32,354** relating to consumables and services requested and delivered.
- (ii) **Costs relating to responsibilities of a Host Member State**
 - A country hosting a Summit of COMESA has responsibilities, which include refurbishing properties to host the meetings.
 - The parties agreed that these costs cannot be reimbursed.

Outstanding matters

115. Costs that had been incurred by the service providers prior to the cancellation of the Summit, specifically cost of: -

- (i) Vehicles which had been secured – the costs being claimed represent lost business
- (ii) Hotel rooms which had been secured – the costs being claimed represent lost business

116. Burundi will examine all the claims in respect of lost business and make a final submission to COMESA.

Discussion

117. The Sub Committee noted the submission.

Recommendation

118. **The Sub Committee directed the Secretariat to: -**

- (i) **finalise engagement aimed at resolving claims made by service providers in Burundi in the context of the cancelled 2018 Burundi Summit; and**

- (ii) *Review the framework for Hosting of COMESA Policy Organs Meetings, including the management and handling of implications of cancellations of such meetings.*

Issue 2: COMESA Legal costs at COMESA Court of Justice

119. The Sub Committee recalled that Council approved the following additional costs: -

- (i) US\$20,000, to enable the Secretariat attend to matters' at the COMESA Court of Justice; and
- (ii) US\$100,000 submitted by the other party (Malawi Mobile Limited). This amount becomes payable, if Secretariat loses the contest but final amount will become known after a "taxation legal process.

120. Council also decided that the Secretariat should prepare a brief to Council on the status of this case. The COMESA Court of Justice awarded the costs as, outlined in Table 12 below: -

Table 12: Status of costs – Malawi Mobile v COMESA

Description	Source	Amount (COM\$)
Costs awarded by COMESA Court of Justice	Judgment	39,977
VAT (16.5% per costs)	Judgment	6,596
Interest (15% per annum)	Judgment	316
Total		46,889

Discussion

121. The Sub Committee noted the submission.

Recommendation

122. *The Sub Committee directed the Secretariat to retain the remaining funds from the amount of US\$100,000 appropriated by the Council in November 2018 to address costs that may arise from the on-going litigation at the COMESA Court of Justice.*

2019 Budget year issues

Issue 3: 2018 Audit costs

123. The Sub Committee noted the following: -

- (i) That US\$63,098 (provisional amount) has been obtained from the 2019 Secretariat audit costs which were budgeted at US\$120,000 to pay for the costs relating to holding meetings of Auditors General. The Auditors General met in October 2019 to finalise instruments required to facilitate the audit of COMESA Organs and other COMESA Institutions by Auditors General, as decided by the Council on 5 April 2019;
- (ii) A need for additional allocation of funds to pay for the audit costs of 2018; and
- (iii) The audit costs and fees on grants are paid from the Grants' contract.

Discussion

124. The Sub Committee noted the submission.

Recommendation

125. *The Sub Committee recommended a reallocation of US\$63,098 from COMESA Policy Organs budget line to Technical Meetings budget line to reimburse the costs of holding the Auditors General meetings.*

Issue 4: Compliance with counter-part funding requirement on EU Grant (Capacity in Trade Policy analysis)

126. The Sub Committee noted the following: -

- (i) EU awarded COMESA, a grant of €2,318,024 towards enhancing COMESA's Capacity in Trade Policy Analysis, Research and Training for Deeper Regional Integration and Participation in Global Economy; and
- (ii) The above grant is conditional on COMESA, providing matching funds at ratio of 1:4, i.e. €2,318,024 to €579,506.

127. COMESA will derive the following benefits from the implementation of the grant: -

The project will enhance technical capacity of COMESA Secretariat and Member States to mainstream regional obligations through ratification and domestication of COMESA legal instruments and implementation of regional programs at member States level in order to achieve deeper regional integration and increased participation in the global economy. Specifically, the project will:

- i) Enhance capacity for trade policy research and training to address trade issues and support formulation and implementation of suitable trade policies as well as Member States ability to negotiate and implement bilateral and regional trade agreements. The project will offer sound conceptual, policy and practical training in trade policy analysis and research, trade negotiations and regional integration which will enhance the quality and expedition of the formulation and implementation of regional integration initiatives in COMESA and thereby contribute to deeper regional integration and increased participation in the global economy of the Member States. Trade policy research and training will provide evidence-based policy recommendations to address key trade issues; and
- (iii) Build practical skills and knowledge to support regional integration through operationalization of the COMESA virtual university of regional integration to equip Member States with technical capacity, skills and knowledge in implementation of regional integration programs and the Secretariat in monitoring implementation of COMESA Treaty, protocols, regulations, directives and decisions of the policy organs.

128. The Sub Committee also noted that based on the above assessment, the matching funding be secured, as shown in Table 13 below: -

Table 13: EU funded Capacity in Trade Analysis project

Description	Note	Proportion	Amount (Euro)	Amount (US\$)
EU Grant		80%	2,318,024	2,549,827
Matching COMESA counterpart funding	1	20%	579,506	637,457
Total Budget			2,897,530	3,187,284

Note 1		Matching COMESA counterpart funding (US\$637,457)		
Year 1: 2019		-		
Year 2: 2020		150,000	2020 Budget, which incorporate annual research forum	
Year 3: 2021		487,457	2021 Budget, which incorporate annual research forum	
Start grant date		16-May-19		
End grant date		15-May-21		

129. 2019 Annual Budget of Secretariat appropriated US\$150,000 towards 2019 annual research forum. A submission to obtain prior approval of the Council could not be timely made to enable the US\$150,000 be re-assigned from:

- (i) Existing budget line: Annual research forum.
- (ii) To New budget line: COMESA's Capacity in Trade Policy Analysis, Research and Training for Deeper Regional Integration.

The implication is that the Secretariat has to match the co-financing amounts within two financial years, being 2020 and 2021, which is likely to prove challenging. This may result in loss of grant funds.

Discussion

130. The Sub Committee noted the submission.

Recommendation

131. **The Sub Committee recommended the following funds, to match the EU grant in the ratio of 80:20, as follows:**

Year 2 (2020): US\$150,000 (budgeted for)
Year 3 (2021): US\$487,457 (proposed)

Issue 5: Expenditure towards COMESA – Connect Business Dialogue: US\$42,211

132. The Sub Committee noted the following: -

- (i) Private sector development activities under 2016-2020 Medium Term Strategic Plan, are implemented through the support of COMESA Business Council (CBC). CBC is a COMESA entity established under Article 182 of the Treaty;
- (ii) Significant resources, towards activities and staffing were availed to COMESA through the USAID IPAA grant, which commenced on 31 August 2009 and came to an end on 30 September 2018; and
- (iii) Funds under IPAA grant were spend under an Implementation Letter contracting framework. The IL 11, which was the last IL under IPAA ended on 31 March 2019.

133. The Sub Committee further noted the following: -

- (i) RDOAG, the successor USAID grant extended support to Private sector development activities through CBC;
- (ii) As IPAA came to an end, CBC and Secretariat envisaged a roll-over, without a break of USAID support. This was based on the progress that had been made in programming and budgeting for RDOAG. Premised on this, CBC continued with its arrangements to hold the COMESA – Connect Business Dialogue in Kigali, Rwanda in June 2018. Communication to this effect was forwarded to USAID in May 2019; and
- (iii) A response came after the COMESA – Connect Business Dialogue that USAID is not able to reimburse these costs.

134. The Sub Committee noted the following: -

- (i) That Secretariat approved an internal pre-financing of US\$59,900 towards the COMESA – Connect Business Dialogue, anticipating concurrence of USAID, which later turned out negatively; and
- (ii) As of the date of receipt of the USAID notification, declining to address reimbursement, a total of US\$42,211 had been spent, with US\$17,778.98 returned to the Secretariat;
- (iii) Due to its financing mechanism, which relies on resource mobilisation efforts of Secretariat, CBC has requested the Secretariat absorb the cost under its

“Private sector development intervention”

135. Activities under the framework of COMESA – Connect Business Dialogue held in Kigali, Rwanda from 21 – 22 June 2019 achieved the following outputs: -

- (i) Digital Services position paper developed.
- (ii) Increased private sector linkages.

136. The Secretariat can confirm that: -

- (i) It is hosting CBC, within the framework of private sector development; and
- (ii) Under the cost centre (Industry and Agriculture), it proposes that that the US\$42,211 be charged to the budget lines, being technical meeting and travel in the 2018 budget.

137. The Secretariat has already implemented risk management strategies, where no pre-financing shall be pursued unless with written “no objection” from a Cooperating Partners.

Discussion

138. The Sub Committee noted the submission.

139. The Sub Committee agreed that a strong message be communicated to COMESA Organs and Its Institutions on need to avoid all irregular expenditure and achieve compliance with Financial Rules and Regulations at all times.

Recommendation

140. **The Sub Committee: -**

- (i) **Cautioned both the Secretariat and CBC for committing expenditure prior to signature of a grant contract; and**
- (ii) **Recommended the absorption by the Secretariat's budget line (Technical Meetings) of the amount of US\$42,211, spent towards Private sector development intervention through COMESA – Connect Business Dialogue held in Kigali, Rwanda from 21 – 22 June 2018.**

2019 Budget Performance Report for the COMESA Court of Justice (Agenda Item 5.2)

141. The Sub-Committee on Audit and Budgetary matters received and considered a Report on the 2019 Budget Performance of the Court for the period January to September 2019, as presented at *Annex (CS/ADM/SC/XXII/5.2)*. The Performance Report, highlights the following:

Mandate of the Court

142. The Sub-Committee recalled that the Court is the Judicial arm of the Common Market whose primary function is to uphold the rule of law in the enforcement of the COMESA Treaty.

Activities achieved vis-à-vis activities planned**Activities**

143. The Sub-Committee was informed that expenses for the period under consideration were mainly for court sessions and meetings, training, publicity seminars and operational expenses. Publicity seminars and workshops in Member States and training for Honourable Judges and members of staff of the Registry were being carried out as and when possible with at least one more publicity activity planned before the end of the year 2019.

144. In 2019, the Court had held eight court sessions in respect of the following cases: Miscellaneous Application No 1 of 2018; Appeal No 1 of 2018; Taxation Cause No 1 of 2018; Appeal No 1 of 2019 arising from Reference No 1 of 2017; Miscellaneous Application No 2 of 2018; and Restoration Application No 1 of 2018.

145. The Court had participated in different publicity seminars and workshops *inter alia*: a retreat for Honourable Judges; Tralac Annual Conference; training for Senior Registry Staff on Enterprise Risk Management; the Commonwealth Lawyers Conference; the African Arbitration Association Conference; International Conference on Role of Case Management System for Justice: System Integration, Performance and Country Development; Source21 COMESA Trade Fair and High-Level Business Summit; the Law Society of Kenya Annual Conference; training session on Judicial Case Management & Ethics for some Honourable Judges and senior Registry Staff which was done in collaboration with the Commonwealth Magistrates and Judges Association and the Civil Service College, UK; and two Judges attended the Commonwealth Magistrates and Judges Association Annual Conference in Papua Guinea.

Difficulties and/or challenges faced during the implementation of planned activities and the 2019 budget and remedial measures put in place to mitigate some of the challenges faced in 2019

146. The Sub-Committee was informed that the Court continued to face some difficulties in operating at its permanent seat including:

- a) challenges posed by the economic embargo imposed on the Host Member State;
- b) political unrest experienced from around the end of 2018 to the end of the first half of 2019;
- c) delay or non-remittance of budgetary contributions by some Member States ;
- d) lack of adequate staff to support the implementation of the planned work programme;
- e) delay by the Host Government to resolve the issue of the title deeds for the Court building and other handover documents for the other assets handed over to the Court; and
- f) the procurement of a standby power generator for the Court building and a motor vehicle had been finalised in 2018 but due to the difficulties occasioned by the economic embargo and the political challenges the Host Member State had faced in the recent past, the purchase had not been finalised.

Status of actual expenditure achieved against the annual expenditure budget

147. The Sub-Committee was informed that as at 31 August 2019, the Court had spent a total of COM1,413,200 representing a 51% utilisation of the total budget of COM\$2,789,793, as indicated in Table 14 below.

Table 14: 2019 COMESA Court of Justice Expenditure status (Jan - 31 August 2019)

NO	BUDGET LINE	2018 BUDGET			2019 BUDGET			APPROVED BUDGET	VARIANCE	8 MONTHS - JAN. - AUG. ACTUAL	8 MONTHS - JAN. - AUG. ACTUAL VARIANCE	4 MONTHS - SEPT. - DEC. PROJECTED EXPENDITURE	2019 ANNUAL PROJECTED VARIANCE
		APPROVED BUDGET	ACTUAL	COM\$	APPROVED BUDGET	COM\$	COM\$						
		COM\$	COM\$	COM\$	COM\$	COM\$	COM\$						
1	Basic Salary Professional	318,915	230,491	88,424	317,854	178,961	138,893	95,500	43,393				
2	Basic Salary GS	87,356	61,859	25,697	109,169	56,636	52,533	29,500	23,033				
3	House Allowance	178,874	108,714	70,160	191,143	85,284	105,859	44,000	61,859				
4	Dependency Allowance	19,199	5,197	14,002	20,532	4,411	16,121	3,500,000	12,621				
5	Medical Expenses	71,250	2,003	69,247	75,000	3,619	17,381	15,700	55,681				
6	Educational Expenses	188,118	10,054	178,064	182,952	13,848	149,304	8,700	140,604				
7	Gratuity	60,940	35,625	25,315	64,653	36,632	7,921	19,500	140,604				
	TOTAL STAFF COSTS	924,852	453,742	470,910	940,703	379,191	561,612	216,400	345,112				
	OPERATIONAL COSTS												
8	Recruitment Expenses	96,000	35,632	60,368	35,000	7,250	27,750	26,500	1,250				
9	Terminal Benefits	5,000	2,251	2,749	5,000	-	5,000	-	5,000				
10	Staff Welfare	655	300	355	3,500	-	3,500	1,700	1,800				
11	Hospitality	6,500	2,187	4,313	6,500	7,110	2,750	3,750	2,950				
12	Publication & Publicity	15,000	7,890	7,110	15,000	14,465	535	-	800				
13	IT Enhancement & Web Site Maintenance	40,000	31,384	8,616	40,000	9,470	30,530	29,000	1,530				
14	Accounting Software and Hardware	7,000	6,608	392	7,000	2,700	4,300	3,500	800				
15	Court Sessions & Meetings	806,745	721,304	85,441	823,490	590,506	242,984	236,000	4,984				
16	Travel - Official Expenses	98,000	86,000	12,000	98,000	75,980	22,020	17,500	4,520				
17	Technical Committee Meetings	10,000	10,000	-	12,000	-	12,000	12,000	-				
18	Travel - Contractual Expenses	10,000	10,000	-	12,000	-	12,000	12,000	-				
19	Office Supplies	18,000	7,898	10,102	18,000	8,245	9,755	4,500	5,255				
20	Auditing Expenses	17,000	17,000	-	12,000	12,000	-	-	-				
21	Auditing fees	10,000	10,000	-	7,000	7,000	-	-	-				
22	Group Medical Scheme	-	-	-	2,000	-	2,000	-	2,000				
23	Group Insurance Scheme	-	-	-	2,000	-	2,000	-	2,000				
24	Motor Vehicle Fuel	4,000	342	3,658	3,000	1,250	1,750	65,000	65,000				
25	Motor Vehicle Maintenance	3,000	155	2,845	3,000	105	2,895	1,250	500				
26	Motor Vehicle Insurance	13,000	6,603	6,397	13,000	4,753	8,247	2,500	2,495				
27	Maintenance-Furn & Equip	3,000	231	2,769	3,000	535	2,465	350	5,747				
28	Communication Expenses	10,000	7,945	2,055	10,000	3,664	6,336	2,500	2,115				
29	Miscellaneous Expenses	1,900	1,900	-	-	-	-	-	3,836				
30	Consultancy	42,000	600	41,400	42,000	1,104	40,896	35,000	5,896				
31	Legal Material	2,000	-	2,000	2,000	301	1,699	750	949				
32	Buildings Maintenance	30,000	1,634	28,366	30,000	2,379	27,621	4,500	23,121				
33	Office Maint. & Security Expenses	18,000	5,359	12,641	18,000	7,380	10,620	5,700	4,920				
34	Electricity & Water Charges	11,000	4,808	6,192	11,000	2,634	8,366	1,800	6,566				
35	Installation Allowance	-	-	-	-	-	-	-	-				
36	Insurance-Buildings	120,000	-	120,000	120,000	-	120,000	100,000	20,000				
37	Insurance-Other Assets	15,000	-	15,000	15,000	-	15,000	15,000	-				
38	Temporary Assistance	18,000	8,601	9,399	18,000	5,787	12,213	7,000	5,213				
39	Translation & Transcription	5,000	3,421	1,579	7,000	4,482	2,518	2,300	218				
40	Training	40,000	38,694	1,306	40,000	22,875	17,125	12,500	4,625				
41	Strategic Planning	15,000	-	15,000	17,000	-	17,000	17,000	-				
42	Workshops/Seminars	155,000	148,549	6,451	160,000	133,547	26,453	24,900	1,553				
43	Subscriptions	3,000	1,274	1,726	3,000	2,274	726	900	174				
44	Judges' Emoluments	153,600	153,600	-	153,600	115,200	38,400	38,400	-				
45	Replacement of Furniture & Equipment	4,750	4,700	50	5,000	-	5,000	3,500	1,500				
46	Generator	145,000	600	144,400	-	-	-	-	-				
47	Generator Fuel	6,000	-	6,000	3,000	-	3,000	700	2,300				
48	Generator Maintenance	3,500	-	3,500	2,000	-	2,000	500	1,500				
49	Finance Charge	7,000	5,495	1,505	7,000	5,375	1,625	1,370	255				
	TOTAL OPERATIONAL BUDGET	1,968,650	1,341,084	627,566	1,849,030	1,034,010	815,080	674,470	140,610				

Discussions

148. In the discussion that followed the Sub-Committee noted the positive development in the Republic of Sudan and expressed optimism that the situation would fully normalise soon. The Sub-Committee proposed that there should be more engagement between the Court and the Host Member State through the Coordinating Ministry to expedite resolution of some of the challenges the Court faces.

149. The Sub-Committee sought to find out why the Court had not purchased a generator and motor vehicle, yet budgets had been allocated. The Sub-Committee was informed that the procurement process for the generator had been completed but there were challenges in paying for it due to banking challenges. The situation that pertained at the Seat of the Court from December 2018 also affected the completion of this purchase. The same factors affected the purchase of the motor vehicle.

150. The Sub-Committee sought clarification and information on the medical insurance scheme, staff welfare, consultancy, recruitment and educational expenses. The Sub-Committee was informed that part of the challenge was the economic restrictions imposed on the Host Member State that made it difficult to procure health insurance that would be applicable outside the Host Member State. Regarding the staff welfare expenses, the Sub-Committee was informed that this is used as and when there are staff welfare issues to address and that during the period under review no staff welfare issues arose. On recruitment, the Sub – Committee was informed that the Court was finalising the recruitment of two Professional members of staff and that they had already signed their contracts. The Court was waiting for information and documents for the family members that would accompany the staff members to Sudan so as to finalise their travel arrangements. This budget line would therefore be utilised.

151. The Sub-Committee proposed that the Court should include indicative time frames and objectives in its activities reporting to enhance performance indicator reporting.

Recommendations

152. *The Sub-Committee recommended that the request to rollover the budgets for purchase of a standby generator and motor vehicle until such a time that the Court is able to finalise the purchases, be forwarded to the Intergovernmental Committee through the Committee on Administrative and Budgetary Matters.*

STATUS OF MEMBER STATES' CONTRIBUTIONS AS AT 31 AUGUST 2019

153. Table 15 shows status of remittance of assessed annual Member States contributions to COMESA Court of Justice Expenditure

Table 15: Remittance of assessed contributions to COMESA Court of Justice Expenditure

**COMESA COURT OF JUSTICE
STATUS OF CONTRIBUTIONS AS AT 28 AUGUST 2019**

COUNTRY	TOTAL OUTSTANDING AS AT 31 DEC 2018	ASSESSED CONTRIBUTIONS FOR 2018	TOTAL PAYABLE FOR 2018	AMOUNT RECEIVED IN 2018	BALANCE AS AT 31/12/2018	INTEREST ON ARREARS	2019 ASSESSED CONTRIBUTION	AMOUNT RECEIVED IN 2019	TOTAL DUE	YEARS IN ARREARS
	COM\$	COM\$	COM\$	COM\$	COM\$	COM\$	COM\$	COM\$	COM\$	
	A	B	C (A+B)	D	E (A+B-C)	F (1% OF E)	G	H	I (E+F+G-H)	
BURUNDI	269,326	76,967	346,293	-	346,293	3,463	27,897	-	377,653	2014 - 2019
COMOROS	212,217	25,708	237,925	-	237,925	2,379	27,897	-	268,201	2000 - 2019
D.R. CONGO	710,433	198,311	908,744	-	908,744	9,087	247,469	917,831	247,468	2019
DJIBOUTI	105,795	37,890	143,685	-	143,685	1,437	27,897	-	173,018	2015 - 2019
EGYPT	314,676	308,501	623,177	623,177	0	0	334,760	334,760	-	NIL
ERITREA	25,965	25,708	51,673	25,965	25,708	257	27,897	25,965	27,897	2019
ESWATINI	83,609	86,736	170,345	82,756	87,589	876	58,978	87,589	59,854	2019
ETHIOPIA	-	155,121	155,121	151,121	4,000	40	193,573	-	197,613	2019
KENYA	-	308,501	308,501	308,501	-	-	334,760	-	334,760	2019
LIBYA	1,243,219	308,501	1,551,720	-	1,551,720	15,517	194,471	-	1,761,708	2012 - 2019
MADAGASCAR	295,662	100,362	396,024	258,773	137,251	1,373	74,743	54,248	159,119	2018 - 2019
MALAWI	174,991	104,732	279,723	178,050	101,673	1,017	80,061	-	182,751	2018 - 2019
MAURITIUS	-	148,437	148,437	148,437	-	-	94,680	94,680	-	NIL
RWANDA	93,996	97,020	191,016	93,996	97,020	970	88,724	97,020	89,694	2019
SEYCHELLES	-	39,433	39,433	39,433	-	-	27,897	27,897	-	NIL
SOMALIA	-	-	-	-	-	-	27,897	-	27,897	2019
SUDAN	573,220	126,228	699,448	-	699,448	6,994	157,518	-	863,961	2014 - 2019
TUNISIA	-	-	-	-	-	-	299,554	-	299,554	2019
UGANDA	129,827	132,497	262,324	-	262,324	2,623	165,218	264,947	165,218	2019
ZAMBIA	0	157,692	157,692	157,692	0	0	196,978	-	196,979	2019
ZIMBABWE	132,262	132,497	264,759	130,928	133,831	1,338	100,927	-	236,096	2018 - 2019
TOTAL	4,365,199	2,570,842	6,936,041	2,198,829	4,737,212	47,372	2,789,793	1,904,338	5,669,441	

Discussion

154. The Sub-Committee took note and commended Member States that had fully complied with the COMESA Treaty provisions regarding their remittance of contributions to the budget of the Court. The Sub-Committee expressed concern regarding low remittances of contributions by Member States to the budget of the Court. The Meeting noted that there was need to come up with a mechanism of ensuring that Member States contributions are remitted on time.

155. The Sub - Committee further took note that Somalia and Tunisia who had joined the Membership of COMESA in 2018 had no previous budgetary obligations to the Court and, therefore, had only the 2019 assessed contributions outstanding. The Sub - Committee, however, noted that since Tunisia deposited the instruments for membership at the Secretariat on 20 June 2019, her assessed contribution for 2019 financial year be assessed from 20 June 2019.

156. The Sub - Committee was briefed that as at 1 November 2019, Somalia had not yet deposited her instruments with the Secretariat to ratify her membership with COMESA and that, therefore, the assessed contribution for Somalia of COM\$27,897 for the 2019 financial year as at 1 November 2019 was not collectible.

Recommendations

157. *The Sub Committee recommended that: -*

- (a) *Egypt, Mauritius and Seychelles which had fully complied with the Treaty provisions on contributions by paying 100% of their obligations for 2019, be commended;*
- (b) *The amount due from Tunisia be reduced from COM\$299,554 to COM\$159,690 as Tunisia submitted the instrument of ratification to become a Member State of COMESA in June 2019.*
- (c) *The amount due from Somalia of COM\$27,897 is not collectible as of 1 November 2019, as the Member State is yet to submit instrument of ratification to become a Member State of COMESA;*
- (d) *The Democratic Republic of Congo, Eritrea, eSwatini, Ethiopia, Kenya, Rwanda, Uganda and Zambia which had paid their contributions up to 2018, be commended and urged to clear their 2019 assessed contributions;*
- (e) *Malawi and Zimbabwe which had paid their contributions up to 2017, be commended and urged to clear their 2019 assessed contributions and arrears for 2018;*
- (f) *Djibouti which had paid her contributions up to 2014, be urged to clear her 2019 assessed contributions and arrears for the period 2014 to 2018;*
- (g) *Sudan which had effected payments in 2016 and cleared her arrears of several years up to 2013 and part of 2014, be commended and be urged to liquidate into cash transfers the balance of COM\$272,899 which was still outstanding as credit advices on the account of the Court. Sudan be further urged to clear the remaining arrears and the 2019 assessed contributions;*
- (h) *Madagascar be commended for clearing her arrears up to 2017 as approved by the COMESA Authority. Madagascar be further urged to remit her arrears for 2018 and 2019 assessed contribution;*
- (i) *Libya which had paid her contributions up to 2011, and whose current state was acknowledged, be urged to pay her arrears and the 2019 assessed contributions;*

- (j) *The Union of Comoros, which had arrears of several years, be commended for paying part of her arrears and assessed contributions and be urged to pay her remaining arrears and the 2019 assessed contribution;*
- (k) *The Court should continue exploring new ways of following up on contributions payable by Member States;*
- (l) *The Court, in consultation with Member States with arrears, should come up with proposals on how the concerned Member States could clear their arrears and current contributions; and*
- (m) *The Court should continue its endeavour to mobilise resources especially for technical assistance and capacity building.*

2019 Budget Performance Report for ALLPI (Agenda Item 5.3)

158. The Sub Committee received and considered a Report on Budget Performance for the Africa Leather & Leather Products Institute, for the period January to June 2019, including implementation prospects for the remaining period (July to December 2019), as presented at *Annex xx (CS/ADM/SC/XXII/5.2)*. The Budget Performance Report, highlights the following: -

Mandate of the ALLPI

159. Africa Leather and leather Products institute is tasked with the job of assisting the development of the leather sector in Africa in General and in the COMESA region in particular

Activities achieved vis-à-vis activities planned

160. ALLPI annual activities are informed by its Charter and its 10 year-strategy. Timely implementation of the 2019 Work Programmes was impacted negatively by the poor remittance of contributions pattern of Members States. The reported activities that were implemented in the period January to June 2019, were focused on Technology transfer, Artisans and SMEs skills enhancement and Strengthening of incubation service centers for transforming the African leather sector from commodity dependence to production and marketing of value-added leather products.

161. The implemented activities were broadly grouped into the following categories: Knowledge management, human capacity development, Strengthening MS capacity to implement strategies, collaboration with regional and global institutions and Resource mobilization. Activities conducted in non ALLPI Member States were based on Consultancy contracts, and the revenues generated were ploughed back into the operations of ALLPI activities with unsecured budget lines. Detailed review of activity achieved vis-à-vis activities is presented in Annex [...]

Discussions:

162. The Sub Committee congratulated ALLPI for a comprehensive presentation and responses made to the few questions raised by members. The Sub Committee appreciated ALLPI for serving as the face of Africa by its interventions that support the development of the leather sector and strengthening the regional leather value chain. The Sub Committee also noted the high budget utilization performance of ALLPI and the explanation given for the delay in employing a Bilingual (English-French) receptionist. It was noted that the bilingual receptions position was advertised and selection process was completed; but the selected candidate declined to take the job by indicating that the proposed salary was low.

Recommendation

163. *The Sub-Committee recommended that the Institute should continue implementing the 2019 Work Programme based on the approved Budget and Programme in an effective and efficient manner.*

Issues for decision-making: ALLPI Board of Directors Meeting and Deliberations.

164. The ALLPI's Board of Directors Meetings discussed and decided on different issues based on the Board's mandate stated in the ALLPI's Charter. The Board Deliberations and Decisions for "Institutional Capacity Development and Consultancy Expert", and "Information Technology and M&E Expert Positions were as follows.

165. The Extraordinary Board Meeting that was held in Debrezeit-Ethiopia from 8th to 10th April 2019 after thorough review of the interview panel report appointed two candidates for the advertised posts as follows:

1. Institutional Capacity Development and Consultancy Expert, Grade P2; Mr. Michel Kiraye – Uganda; and
2. Information Technology and M&E Expert, Grade P2, Mr. Awlache Sintie - Ethiopia

166. In addition, the Board of Directors recommended the following newly nominated Board of Directors and Alternate Board of Directors.. The Newly nominated Board members will replace the existing Board of Directors who have completed their term, as indicated in Table 16 below.

Table 16: List of ALLPI New and Alternate Board of Directors

S. No.	Name	Country	Responsibility	Description
1	Mr. Ghebregziabher G/Medhin	Eritrea	Board Member	Newly appointed
2	Mr. Semere Petros	Eritrea	Alternate Board Member	Newly appointed
3	Mrs. EmahMeryChingonzoh	Zimbabwe	Board Member	Newly appointed
4	Mrs. Thandi Henson	Zimbabwe	Alternate Board Member	Newly appointed
5	Mr. Dagnachew Shiferaw	Ethiopia	Board member	Replacement
6	Mr. PaulosBerga	Ethiopia	Alternate Board Member	Replacement
7	Mr. Silas Sindi	Malawi	Board Member	Replacement
8	Mr. Crispi Amasi	Malawi	Alternate Board Member	Replacement

Discussions:

167. The sub-committee noted submission from ALLPI regarding the outcome of the meeting of the Board of Directors.

Recommendation

168. *The Sub-Committee recommended to the Committee of Administrative and Budgetary Matters, that the above listed Board Members and Alternate Board Members be presented for the endorsement of the Council of Ministers in line with Rule 3 of the ALLPI Charter.*

Status of actual remittances of assessed annual Member States contributions against the budget

169. The Sub Committee received and considered the status of actual remittances of assessed annual Member States contributions towards the budget of Africa Leather and Leather Products Institute. The Sub Committee took note that according to ALLPI Charter (Article 14 (3) and the Treaty (Article 174 (1 and 2) provides that Member States shall pay 50% of their contributions within one month from the beginning of the financial year. During the reporting period, actual contribution received vis-à-vis approved budget was 31.69%, as shown in Table 17, below:

Table 17: Status of remittances of assessed annual Member States contributions (as of 31 August 2019) (COM\$)

Country	Balance at 31/12/2018 COM\$	Assessment 2019 COM\$	Balance as at 01/01/2019 COM\$	Receipt the Year 2019 COM\$	Balance as at 30 th June 2019 COM\$	Years in Arrears
Djibouti	140,490	-	140,490	-	140,490	1993-2000
Burundi	105,997	30,388	136,385	-	136,385	2016-2019
Eritrea	458,86.04	61,932	107,818	45,886	61,932	2019
Ethiopia	24,922	330,306	355,228	133,000	222,228	Part of 2019
Kenya	-	330,306	330,306	165,153	165,153	Part of 2019
Malawi	-	48,390	48,391	48,390	48,391	2019
Rwanda	99,286	103,220	202,506	99,286	103,220	2019
Sudan	798,538	330,306	1,128,844	-	1,128,844	2015 - 2019
Uganda	196,951	94,467	291,418	196,951	94,467	2019
Zambia	(8,581)	138,398	129,817	-	129,817	2019
Zimbabwe	80,509	183,815	264,324	-	264,324	2018 & 2019
Total	1,438,111	1,651,528	3,135,526	688,666	2,446,860	

Recommendations

170. *The Sub Committee recommended that: -*

- a) *Malawi who has paid 2019 yearly contribution be commended.*
- b) *Ethiopia and Kenya who have paid all arrears and part of current year contribution be commend and reminded to settle the balance before end of year.*
- c) *Eritrea, Rwanda, Uganda and Zambia, who have paid all arrears be commended and reminded to pay their yearly contribution of 2019.*
- d) *Zimbabwe, who has paid her arrears up to 2017 be commended, and be urged to pay her balances including arrears and yearly contribution of 2019*
- e) *Burundi be urged to pay her arrears as soon as possible and current year (2019) contribution before end of December 2019;*
- f) *Sudan, who has paid only up to 2014 be encouraged to make repayment plan to settle her arrears on instalment basis while being up to date with current years' contribution.*
- g) *Djibouti be urged to settle her arrears up to 2006.*

Status of actual expenditure achieved against the annual expenditure budget
 171. The Africa Leather and Leather Products Institute presented a table on Status of actual expenditure achieved against the annual expenditure budget for the period January 1st to 30th June 2019, as shown in Table 18 below.

Table 18: 2019ALLPI Expenditure Budget (COM\$)

Item	2017	2018	2019	Actual Outturn to 31st December	Variance	Approved Budget	Actual Outturn to 31st December	Variance	Approved Budget	Actual Outturn to 30th June	Variance	Note
Expenditures												
Basic Salary, Professional	240,960	267,790	267,670	267,670	2,888	267,790	267,670	120	289,709	113,401	176,308	60.86
Basic Salary IC, GS and Estate Staff	86,668	96,300	93,948	93,948	337	96,300	93,948	2,352	119,785	57,592	62,193	51.92
Housing Allowance	113,809	119,100	117,525	117,525	37	119,100	117,525	1,575	153,519	61,455	92,065	59.97
Dependency Allowance	6,700	7,540	6,559	6,559	1,048	7,540	6,559	981	9,899	7,479	2,420	24.45
Spouse Allowances	824	415	413	413	411	415	413	2	420	275	145	34.48
Medical Expenses	12,000	24,400	10,928	10,928	2,372	24,400	10,928	13,472	25,286	8,055	17,231	68.14
Educational Expenses	20,000	22,950	16,190	16,190	106	22,950	16,190	6,760	30,000	7,187	22,813	76.04
Gratuity	48,971	44,400	44,148	44,148	6,267	44,400	44,148	252	53,530	21,042	32,488	60.69
Provident Fund Management	100	250	105	105	26	250	105	145	350	32	318	90.81
Over time	1,700	4,890	4,502	4,502	13	4,890	4,502	388	5,918	2,056	3,862	65.25
Casual Worker	3,000	2,700	1,013	1,013	690	2,700	1,013	1,687	4,000	2,335	1,665	41.64
Temporary Employment	-	15,628	-	-	-	15,628	-	15,628	15,778	-	15,778	100
Hospitality	3,400	4,500	3,990	3,990	174	4,500	3,990	510	7,000	679	6,321	90.3
Publication & Publicity and Subscription fee	6,600	12,700	11,097	11,097	80	12,700	11,097	1,603	11,000	118	10,882	98.93
Provision for legal issues	-	-	-	-	-	-	-	-	4,000	-	4,000	100
Office Supplies	8,000	6,000	5,279	5,279	963	6,000	5,279	721	6,500	1,874	4,626	71.17
Provision for External Audit Fees	7,000	7,000	7,000	7,000	7,000	7,000	7,000	-	22,000	-	22,000	100
Group Life Insurance	14,000	12,000	10,646	10,646	3,139	12,000	10,646	1,354	20,000	1,969	18,031	90.16
Motor Vehicle Fuel	12,000	6,600	5,367	5,367	4,885	6,600	5,367	1,233	9,000	3,916	5,084	56.49
Motor Vehicle Maintenance	9,000	6,500	6,298	6,298	463	6,500	6,298	202	9,500	2,554	6,946	73.11
Motor Vehicle Insurance	2,800	3,000	2,942	2,942	1,743	3,000	2,942	58	3,500	690	2,810	80.29
Furn. & Eqpt. Maintenance	2,700	2,700	2,676	2,676	8	2,700	2,676	24	4,200	993	3,207	76.36
Computer Maintenance	500	500	72	72	343	500	72	428	500	397	103	20.68
Communication Expenses	15,000	15,000	15,000	15,000	449	15,000	15,000	-	18,500	6,585	11,915	64.4

Miscellaneous Expenses	4,500	4,132	368	5,000	4,463	537	-	-	-	-	5
Office Maintenance and Security Expenses	18,495	7,111	11,384	14,650	10,440	4,210	22,500	9,386	13,114	58.28	
Electricity and Water Charges	3,000	1,040	1,960	2,100	691	1,409	3,500	534	2,966	84.73	2
Cleaning Materials	2,000	495	1,505	1,500	994	506	2,000	623	1,377	68.83	2
Safety Cloth and Uniform	2,200	1,768	432	2,400	1,369	1,031	2,794	-	2,794	100	3
Translation	6,000	5,217	783	7,560	7,490	70	7,000	-	7,000	100	3
Insurance, Other Assets	400	124	276	300	209	91	600	45	555	92.55	2
Finance Charge	4,655	4,650	5	4,600	3,860	740	5,500	1,601	3,899	70.9	6
Sub-total	656,981	606,823	50,158	720,973	662,884	58,089	867,788	308,142	559,646	64.49	
Strategic Activities											
Annual Management Meeting and Committee Meeting	70,000	74,957	(4,957)	88,500	96,365	(7,865)	70,000	13,126	56,874	81.25	3
Board Meetings	28,000	26,474	1,526	34,100	34,075	25	38,000	19,407	18,593	48.93	3
Travel Expenses Officials	51,000	50,896	104	46,800	46,772	28	46,400	5,810	40,590	87.48	3
Training/Trade Fair/ Workshop/Seminar	64,000		558	68,920	68,888	32	68,020	4,156	63,864	93.89	3
Sub total	213,000	215,769	(2,769)	238,320	246,101	(7,781)	222,420	42,499	179,921	80.89	3
TOTAL	869,981	822,592	47,389	959,293	908,985	50,308	1,090,208	350,640	739,567	67.84	

NOTE:

1. This budget was not utilized because it was not sufficient to get a qualified Bi-Lingual Receptionist.
2. Based on utilization.
3. This is because of cash shortage and we will perform as soon as fund (Cash) is available.
4. Based on the Board of Directors decision, the Institute's two old vehicles have been disposed.
5. This budget line does not exist anymore because of Council's Decision through Sub-Committee Meeting recommendations.
6. Most of our activities were a little bit slow because of Cash Shortage. This had an impact on the bank charged that were incurred.

Discussion

172. The Sub-Committee noted the 2019 Budget Performance with regard to contributions of Member States, activities and expenditures performances as presented by the ALLPI delegates. The Sub-Committee noted the efforts made by the Institute to conduct a number of planned activities despite the budgetary limitation due to the delay in assessed contribution and arrears of member States.

Recommendations

173. **The Sub-Committee recommended that:**

- (i) **Member States be urged to meet their contributions and arrears according to the provisions of the ALLPI Charter; and**
- (ii) **the Institute should continue working with Development Partners to mobilize resources to develop the leather sector of the continent and its member countries.**

2019 Competition Commission Budget Performance Report (Agenda Item 5.4)

174. The Sub Committee received and considered a Report on Budget Performance for the COMESA Competition Commission, for the period January to June 2019, including implementation prospects for the remaining period (July to December 2019), as presented at *Annex xx (CS/ADM/SC/XXII/5.2)*. The Budget Performance Report, highlights the following: -

(i) Mandate of the Commission

The Commission's mandate is to promote and encourage competition by preventing restrictive business practices that deter the efficient operation of markets thereby enhancing the welfare of consumers in the Common Market and protect consumers against offensive conduct by market actors.

To this end, the Commission shall focus on the Investigations of conduct harmful to competition in the Common Market, particularly mergers and acquisitions; restrictive business practices including abuse of dominance; and consumer violations. Since Commencement in January 2013, the Commission has mostly conducted investigations on mergers & acquisitions and restrictive business practices. Therefore, further to the continued implementation in these two areas, the Commission shall mostly focus on fast-tracking investigations of consumer violations in the Common Market in order to safeguard, promote and enhance consumer welfare in the Common Market.

To realize this aim, the Commission shall continue to work closely with National Competition Authorities under the framework of the already concluded and signed Memoranda of Understanding with them and by concluding and signing outstanding Memoranda of Understand with National Competition Authorities. The National Competition Authorities with whom the Commission has already concluded, and signed Memoranda of Understanding are from Egypt, Kenya, Madagascar, Malawi, Mauritius, Seychelles, Swaziland, Zambia.

- (ii) **Activities achieved vis-à-vis activities planned (*Annexed*).**
- (iii) **Status of actual expenditure achieved against the annual expenditure budget**
- (iv) **An issue of decision-making – establishment of effective national competition authorities**

175. The Sub Committee on Audit and Budgetary reviewed Budget Expenditure Report for the period, January to June 2019, as shown in Table 19, below: -

Table 19: 2019 Budget Expenditure Report (January to June 2019)

No	BUDGET LINE	2019 Proposed Budget	2019 ACTUAL Jan - Jun	2019 Actual/ Budget	2019 Projected Jul - Dec	Actu al/Pr oject ed	2019 Total Projected	Note
		COM \$	COM \$	%	COM \$	%	COM \$	1
1	Basic salary - Professionals	339,415	149,600	44%	189,815	56%	339,415	
2	Basic salary - General staff	77,175	36,227	47%	40,948	53%	77,175	
3	Housing allowance	144,842	74,402	51%	70,440	49%	144,842	
4	Dependants allowance	6,079	2,271	37%	3,808	63%	6,079	
5	Gratuity	62,406	28,929	46%	33,477	54%	62,406	
6	Medical allowance	33,750	4,966	15%	28,784	85%	33,750	
7	Education allowance	72,604	31,715	44%	40,889	56%	72,604	
	Total for staff costs	736,271	328,110	45%	408,161	55%	736,271	
8	Commissioners' honorarium	15,000	5,770	38%	9,230	62%	15,000	2
9	Technical expenses	5,000	4,920	98%	80	2%	5,000	3
10	Recruitment expenses	5,000	1,349	27%	3,651	73%	5,000	4
11	Travel expenses - official	50,000	13,507	27%	36,493	73%	50,000	5
12	Travel expenses - contractual	5,000	3,000	60%	2,000	40%	5,000	6
13	Publication and Publicity	8,000	4,270	53%	3,730	47%	8,000	7
14	Office supplies	8,000	2,831	35%	5,169	65%	8,000	8
15	Public relations and Promotional activities	5,000	1,735	35%	3,265	65%	5,000	9
16	Audit fees	30,000	-	0%	30,000	100%	30,000	10
17	Legal fees	7,000	-	0%	7,000	100%	7,000	11
18	Translation and Transcription	7,000	6,167	88%	833	12%	7,000	12
19	M/V repair and maintenance	8,000	3,639	45%	4,361	55%	8,000	13
20	Insurance motor vehicles	2,000	-	0%	2,000	100%	2,000	14
21	Insurance other assets	2,000	1,066	53%	934	47%	2,000	15
22	Security, Utilities and Maintenance of office for common areas	12,000	7,000	58%	5,000	42%	12,000	16
23	Communication	25,000	13,168	53%	11,832	47%	25,000	17
24	Utility bills	5,000	2,402	48%	2,598	52%	5,000	18
25	Hospitality	1,500	1,100	73%	400	27%	1,500	19
26	Office cleaning services	1,500	744	50%	756	50%	1,500	20
27	Consultancy costs	7,000	-	0%	7,000	100%	7,000	21
28	Bank charges	1,500	357	24%	1,143	76%	1,500	22
29	Office furniture and Equipment	10,000	2,277	23%	7,723	77%	10,000	23
	Total operational costs	220,500	75,303	34%	145,197	66%	220,500	24
	Total regular budget	956,771	403,413	42%	553,358	58%	956,771	

Notes Budget Expenditure Report (January to June 2019)

- 1) These were budgeted for a staff member who was scheduled to start work in January 2018 but joined the Commission in April. The other amount is budgeted for staff on General Staff scheduled to move to Intermediate Category according to COMESA Staff Rules. Consumption on Medical allowance is budgeted per family and is dependent on need.
- 2) To be used during Board Meeting in November 2019.
- 3) This budget line has been fully utilised.
- 4) Recruitment process has been halted due to lack of office space. The Commission has engaged the government of Malawi to provide extra office space.
- 5) To be used when attending COMESA statutory meetings in October, November and December 2019
- 6) To be used when staff travel home on leave during the year.

- 7) *This budget will be fully utilised when printing COMESA Competition Commission Regulations and Rules and Fact Finding Sheets.*
- 8) *This was budgeted with new staff in mind but recruitment has not taken place due to lack of office space.*
- 9) *The balance was to be used during Malawi International Trade Fair but the Commission failed to attend due to riots in the host country*
- 10) *This budget line will be utilised for 2018 external audit.*
- 11) *This budget line is used for any unplanned litigation that might arise during the financial year which could not be expected at the time of budgeting. During the period under review there were no legal issues.*
- 12) *This budget line has been fully utilised.*
- 13) *Fuel and car maintenance is a support budget line, the Commission has made some savings on it. Though the vehicles are very old they didn't produce many problems during the first half of the year.*
- 14) *Motor vehicles are insured in November of every year.*
- 15) *Fixed assets are insured in July of every year*
- 16) *This budget line will be utilised during the third and fourth quarter. The Commission is housed in a building which has other offices so the bills are for corridors, gardens and elevator.*
- 17) *These relate to phone bills, internet subscription and postage. Utilisation is dependent on consumption.*
- 18) *This budget line relates to utility bills for the office as well as a small office which is being rented as an archive for confidential files.*
- 19) *Used for entertaining official visitors to the Commission*
- 20) *Payments for office cleaning services*
- 21) *Services for consultant to look at the Commission's performance appraisal system to be engaged in the third quarter,*
- 22) *Bank charges are dependent on transactions going through the bank.*
- 23) *Budgeted for new staff but recruitment has not taken place due to lack of office space.*
- 24) *The Commission utilised 42% of its budget during the period under review. The balance on the operational costs will be utilised in the third and fourth quarter*

Discussion

176. The Sub Committee took note of the Commission's Budget Performance and thanked the Commission for a well-presented report and noted that the overall budget performance was satisfactory.

Recommendations

177. ***The Sub Committee recommended to the Committee on Administrative and Budgetary to re-affirm and encourage Competition Commission to continue with the implementation of work programme and budget in 2019.***

Issue for decision-making: Member States to establish National Competition Authorities

178. The Sub-Committee noted that the effectiveness of a regional competition authority depended on effective national competition authorities. Therefore, it was important that national competition authorities are strengthened. It was identified that some COMESA Member States were yet to establish national competition authorities. The establishment of national competition authorities is important for the Common Market, in that effective national competition authorities prevent undertakings from engaging in business conduct that are likely to partition the Common Market thereby negating the Treaty objective of market integration.

Discussion

179. The Sub-Committee noted and agreed that Member States should establish and operationalise effective competition authorities to enhance the single market agenda.

Recommendation

180. *The Sub Committee recommended to the Committee on Administrative and Budgetary Matters to urge: -*

- (i) *Member States to establish National Competition Authorities to overcome challenges in competition; and*
- (ii) *Member States with National Competition Authorities to strengthen the authorities in order to operate effectively.*

2019 FEMCOM Budget Performance Report (Agenda Item 5.5)

181. The Sub Committee received and considered a Report on Budget Performance for the FEMCOM, for the period January to June 2019, including implementation prospects for the remaining period (July to December 2019), as presented at *Annex xx (CS/ADM/SC/XXII/5.2)*. The Budget Performance Report, highlights the following: -

- (i) **Mandate of the FEMCOM**
FEMCOM promotes programmes that integrate women into trade and development activities in Eastern and Southern Africa. FEMCOM's distinct niche is to play a facilitative, coordinative, and catalytic role thus creating an enabling environment for women's enterprises to thrive within COMESA and beyond. FEMCOM develops women entrepreneurship in COMESA through programmes that promote, encourage and serve the needs of women in business and their businesses, working in smart collaboration with relevant partners.
- (ii) Activities achieved vis-à-vis activities planned (*Annexed*)
- (iii) Status of actual expenditure achieved against the annual expenditure budget
- (iv) Issues for decision-making by FEMCOM

182. FEMCOM presented a table on Status of actual expenditure achieved against the annual expenditure budget, as shown in Table 20, below:

Table 20: 2019 FEMCOM Budget Expenditure Report (January to June 2019)

BUDGET LINE DESCRIPTION	2018 APPROVED BUDGET		RE-ALLOCATIO N		BUDGET AFTER RE-ALLOCATIO N		ACTUAL 31/12/18		VARIANCE		2019 APPROVED BUDGET		ACTUAL 31/7/19		VARIANCE		USAG E JAN- JUL 2019		PROJ AUG- DEC 2019		TOTAL PROJ USAGE		VARIANCE		NOTE	
	COM\$		COM\$		COM\$		COM\$		COM\$		COM\$		COM\$		COM\$		%		COM\$		COM\$		%	COM\$		
Staff Costs																										
1 Basic Salary	210,007		(1,165)		208,842		167,381		41,461		220,111		114,481		105,630		52%		91,772		206,253		94%	13,858		1
2 Housing allowance	77,713				77,713		53,328		24,385		87,513		33,320		54,193		38%		27,000		60,320		69%	27,193		1
3 Gratuity allowance	31,501				31,501		25,095		6,406		33,017		15,022		17,995		45%		13,786		28,786		87%	4,229		1
4 Spouse allowance	1,239		1,165		2,404		2,401		3		1,239		220		1,019		18%		414		634		51%	606		
5 Education allowance	44,140				44,140		6,235		37,905		44,140		5,203		38,937		12%		15,000		20,203		46%	23,937		2
6 Dependency allowance	2,580		(500)		2,080		1,733		347		4,580		1,103		3,477		24%		1,658		2,760		60%	1,820		2
7 Overtime allowance	2,000		500		2,500		2,348		152		2,000		818		1,182		41%		1,182		2,000		100%	-		
8 Medical allowance	22,500				22,500		49		22,451		22,500		297		22,203		1%		5,000		5,000		100%	-		3
9 Group Medical Scheme	5,000				5,000		5,000		5,000		5,000		5,000		5,000		0%		5,000		5,000		100%	-		3
Total staff costs	386,680				386,680		258,551		138,129		420,100		170,464		249,636		41%		177,996		348,468		83%	71,642		
Staff Recruitment and Repatriation																										
10 Recruitment	-				-		-		-		30,000		11,065		18,935		37%		18,935		30,000		100%	-		4
11 Appointment/Installation Support	-				-		-		-		50,000		3,300		46,700		7%		46,700		50,000		100%	-		5
12 Repatriation Costs	-				-		-		-		12,000		1,986		10,014		17%		10,014		12,000		100%	-		6
Total staff recruitment & repatriation											92,000		16,350		75,650		18%		75,649		91,999		100%	-		
Program Implementation																										
13 Cassava Cluster Project Implementation	-				-		-		-		20,000		3,500		16,500		18%		16,500		20,000		100%	-		7
14 Construction of Perimeter Fence/Complex	-				-		-		-		10,000		10,000		10,000		0%		10,000		10,000		100%	-		8
15 Development of Strategic Plan	-				-		-		-		10,000		1,500		8,400		16%		8,400		10,000		100%	-		9
Total Program Implementation											40,000		6,100		34,900		13%		34,900		40,000		100%	-		
Operational Costs																										
16 Hospitality	2,000		500		2,500		2,479		21		2,000		261		1,739		13%		1,739		2,000		100%	-		
17 Consultancy	9,000		1,350		10,350		12,146		(1,796)		9,000		6,268		2,732		70%		2,732		9,000		100%	-		10
18 Motor Vehicle fuel	10,000		(250)		9,750		9,699		52		10,000		7,412		2,588		74%		2,588		10,000		100%	-		11
19 MV Repairs and Maintenance	1,500		(1,000)		500		370		130		3,000		2,864		136		95%		136		3,000		100%	-		12
20 Insurance-MV & Assets	3,000				3,000		2,542		458		4,000		1,699		2,301		42%		2,301		4,000		100%	-		13
21 Travel Expenses -official	50,000		10,000		60,000		59,944		56		50,000		36,614		13,386		73%		13,386		50,000		100%	-		14
22 Travel Expenses-Contractual											3,000		1,265		1,735		42%		1,735		3,000		100%	-		15
22 Technical Committee Meetings	50,000				50,000		50,322		(322)		50,000		17,244		32,756		34%		32,756		50,000		100%	-		16
23 Annual General Meeting & Board											50,000		22,987		27,013		46%		27,013		50,000		100%	-		17
23 Website	5,000		(3,000)		2,000		1,871		129		5,000		750		4,250		15%		4,250		5,000		100%	-		18
24 Office Supplies	4,000		(2,000)		2,000		1,919		81		4,000		2,332		1,668		56%		1,668		4,000		100%	-		19
25 Public Relations & Promotional	6,000		(500)		5,500		5,020		480		6,000		6,000		6,000		0%		6,000		6,000		100%	-		20
26 Office Utilities and Operations	10,000		(1,500)		8,500		7,817		683		10,000		1,276		8,724		13%		8,724		10,000		100%	-		21
27 Audit fees	6,300				6,300		6,300		6,300		10,000		10,371		10,000		0%		10,000		10,000		100%	-		22
28 Telecommunications Fax & Emails	14,000				14,000		11,552		2,448		14,000		10,371		3,629		74%		3,629		14,000		100%	-		23
29 Computer	1,500				1,500		1,500		1,500		3,000		3,000		3,000		100%		-		3,000		100%	-		
30 Office Maintenance	3,000		(1,000)		2,000		1,850		150		3,000		2,087		913		70%		913		3,000		100%	-		24
31 Miscellaneous Expenses	1,500		(1,300)		200		171		29		3,000		1,720		1,280		57%		1,280		3,000		100%	-		
32 Bank Charges	3,000		(1,300)		1,700		1,611		89		3,000		1,720		1,280		57%		1,280		3,000		100%	-		
Total operational costs	179,800				179,800		170,816		8,986		238,000		118,149		120,851		49%		120,851		239,000		100%	-		
Total regular budget	576,480				576,480		429,366		147,114		781,100		310,064		481,036		38%		409,394		719,468		91%	71,642		

NOTES TO THE BUDGET PERFORMANCE REPORT

1. *These budget lines include budgets for Communications Officer at P 1, Senior Logistics Assistant at GS 9 and Driver at GS 3. Recruitment process is under way and we expect them to be on board before the end of the year.*
2. *12% and 24% has been spent on Education Allowance and Dependency Allowance at 31st July, 2019. More funds will be spend before the end of the year.*
3. *1% and 0% has been spent on Medical Allowance and Group Medical Scheme as at 30th June 2019 respectively. FEMCOM Secretariat expect to utilise these budget lines for any unforeseen circumstances.*
4. *37% has been spend on Recruitment budget line as at 31st July 2019. The funds were spent towards the recruitment of the Chief Executive Officer. FEMCOM is yet to pay the Consultant who was engaged in the recruitment process and the balance will be utilised towards the recruitment of the Communication Officer.*
5. *7% has been spent on Appointment/Installation Support as at 31st July 2019. The funds will be utilised before the end of the year in payment of installation support for Chief Executive Officer and Communication Officer.*
6. *17% has been spent on Repatriation Costs as at 31st July 2019. FEMCOM is yet to pay the Company which shipped personal effects of the former CEO. FEMCOM Secretariat is also expected to pay for shipping costs for the Communication Officer once the recruitment process is finalised.*
7. *18 % has been spent on Cassava Cluster Implementation at 31st July 2019. The balance will be utilised before the end of the year.*
8. *0% has been spend on Construction of Perimeter Fence on FEMCOM Plot as at 31st July 2019. Construction of the fence is expected to commence in September 2019.*
9. *16% has been spent on Development of Strategic Plan for FEMCOM Chapters at 31st July 2019. FEMCOM has engaged Consultants who are developing Strategic Plans for Malawi and Zambia Chapters and work is in progress. The balance will be utilised before the end of the year.*
10. *70% has been spent on Consultancy budget line as at 31st July 2019. FEMCOM engaged Consultants who provided legal services and short term assistant. The balance will be utilised before the end of the year.*
11. *74% has been spent on Motor Fuel. The balance will be utilised before the end of the year.*
12. *95% has been spend on Motor vehicle Repairs and Maintenance as at 31st July, 2019. COMESA Secretariat donated a vehicle to FEMCOM whose year of make is 2005 and FEMCOM's Motor vehicle was procured in 2011. Since the Motor Vehicles are over five years the cost of maintenance is getting high. FEMCOM Secretariat will request for budget re-allocation to avoid over expenditure on this budget line.*
13. *42% has been spent on Insurance of FEMCOM Secretariat Motor Vehicle as at 31st July, 2019. The balance will be utilized towards payment of insurance for the motor vehicle donated by COMESA and other assets such as office furniture and equipment in the month of October 2019.*
14. *73% has been spent on Travel Expenses-Official. FEMCOM Secretariat undertook missions to Member States to provide technical advisory services and resource mobilization. The balance will be utilized for other planned activities.*
15. *42% has been spent on Travel Contractual as at 31st July 2019 for payment of Home Leave for the former CEO and her family in line with rule number 50 of the COMESA Staff Rules and Regulations. The balance will be utilised towards payment of Home Leave that are due in the 2019 Financial Year.*
16. *34% has been spent on Technical Committee Meetings as at 31st July, 2019. FEMCOM attended a number of technical meetings in 2019 such as Extraordinary Meeting of Committee on Administration and Budget, Intergovernmental Committee and COMESA Council of Ministers Meeting in April, 2019. The balance will be utilised towards the upcoming Technical Meetings namely; Meeting of Subcommittee on Audit and Budgetary Matters, Meeting of Committee on Administration and budget, COMESA Policy Organ Meetings and COMESA Heads of States and Government Summit.*
17. *46% has been spent of Annual General Meeting Budget Line. FEMCOM engaged consultants who assisted in the translation of working papers for Extraordinary Board Meeting and Annual General Meeting held in February and June 2019 respectively. The balance will be utilised before the end of the year.*
18. *15% has been spent on Website as at 31st July, 2019. The balance will be utilised before the end of the year.*
19. *58% has been utilised on office supplies as at 31st July, 2019 for payment of office consumables such as stationery. The balance will be utilised before the end of the year*
20. *0% has been spent on Public relations and Promotional as at 31st, 2019. The balance will be utilized before the end of the year for committed PR activities.*
21. *13% has been spent on Office Utilities and Operations as at 31st July, 2019. Payment of office utilities is done quarterly. The balance will be utilized before the end of the year.*
22. *0% has been spent on Audit fees. The funds will be rolled over/accrued to 2020 for payment of 2019 External audit.*
23. *74% has been spent on Telecommunication, fax and emails for payment of telephone expenses and internet subscription. The balance will be utilized before the end of the year.*
24. *70% has been spent on office maintenance which mainly involved plumbing and electrical works. The balance will be utilised before the end of the year.*

25. 57% has been spent on bank charges at as 31st July, 2019 for payment of bank charges.

Discussion

183. The Committee sought clarification on why there is a low budget absorption, the 4 vacancies that have not been filled. lack of projection of 2020 activities and progress on the construction of the FEMCOM Perimeter Fence for FEMCOM Complex. FEMCOM informed the Committee that the task force for the construction of the perimeter fence has been established. However, due to the unrest and protests in Malawi, the Complex task force has not been able to meet to discuss the building of the wall. Currently, they are working hard to build the fence in these two months of November and December 2019.

184. On the low budget absorption, FEMCOM informed the Committee that in the first six months of the year focus was on the recruitment of the new CEO and convening of the Board and Annual General Meeting, however FEMCOM has committed to implement the outstanding activities before the end of the year. Much has been happening in since August to November and assured that the outstanding activities have been initiated for implementation in the remaining period of 2019.

Recommendation

185. *The Sub Committee recommended to the Committee on Administrative and Budgetary to re-affirm and encourage FEMCOM to continue with the implementation of the work programme and budget in 2019.*

2019 RIA Budget Performance Report (Agenda Item 5.6)

186. The Sub Committee received and considered a Report on Budget Performance for the COMESA Regional Investment Agency, for the period January to June 2019, including implementation prospects for the remaining period (July to December 2019), as presented at Annex xx (CS/ADM/SC/XXII/5.2). The Budget Performance Report, highlights the following: -

(i) **Mandate of the COMESA Regional Investment Agency.**

The COMESA Regional Investment Agency (RIA) is an institution of the Common Market for Eastern and Southern Africa (COMESA) which was launched in 2006 in line with COMESA's ultimate objective to create a fully integrated, internationally competitive and unified regional economic community in which goods, services, capital and persons move freely, for the sustainable economic development of the region.

(ii) **Activities achieved vis-à-vis activities planned (Annexed) at [...]**

(iii) **Status of actual expenditure achieved against the annual expenditure budget.**

187. The COMESA RIA presented a table on Status of actual expenditure achieved against the annual expenditure budget followed with notes, as shown in Table 21:-

Table 21: 2019 Budget Expenditure Report (January to June 2019)

BUDGET LINES	YTD Budget 2017	2017 Budget	Balance	YTD Budget 2018	2018 Budget	Balance	As at 30th June 2019	2019 Budget	Balance	INC/ DE(%)
Basic Salary Professionals	151,915	169,024	17,109	160,688	156,856	(3,832)	77,245	158,004	80,759	51%
Basic Salary Intermediate Category	64,843	71,362	6,519	70,388	71,818	1,430	37,446	74,893	37,447	50%
Housing Allowance	60,488	64,608	4,120	64,608	64,608	-	32,304	64,608	32,304	50%
Dependants Allowance	1,520	1,744	224	1,744	1,744	-	872	1,744	872	50%

BUDGET LINES	YTD Budget 2017	2017 Budget	Balance	YTD Budget 2018	2018 Budget	Balance	As at 30th June 2019	2019 Budget	Balance	INC/ DEC %
Gratuity	15,766	15,219	(547)	15,443	16,858	1,415	8,834	17,508	8,674	50%
Spouse Allowance	413	413	-	413	413	-	207	413	207	50%
Medical Allowance	5,503	15,000	9,497	12,000	15,000	3,000	2,700	15,000	12,300	82%
Education Allowance	15,216	21,448	6,232	15,600	21,448	5,848	5,777	21,448	15,671	73%
Total Staff Cost	315,664	358,318	42,654	340,834	348,745	7,911	165,384	353,618	188,234	53%
Hospitality	1,136	1,000	(136)	943	1,000	57	263	1,000	737	74%
Meetings And Workshops	5	50	45	982	1,000	18	-	1,000	1,000	100%
Board Expenses	14,873	15,000	127	20,952	20,000	(952)	-	20,000	20,000	100%
Travel Expenses- Official	51,678	50,200	(1,478)	63,526	60,000	(3,526)	29,811	50,000	20,189	40%
Production of Publications & Marketing	13,233	14,300	1,067	24,057	24,000	(57)	2,265	30,000	27,735	92%
Office Supplies	11,399	11,500	101	1,023	1,000	(23)	40	1,000	960	96%
Printing & Stationery	1,981	1,800	(181)	1,593	1,500	(93)	1,524	1,500	(24)	-2%
Audit Fees	5,619	6,000	381	6,000	6,000	-	-	8,500	8,500	100%
Subscription	182	100	(82)	-	200	200	6,000	-	(6,000)	0%
Maintenance Office Equipment	324	300	(24)	500	500	-	950	1,500	550	37%
Telephone, E-Mail & Fax	4,499	5,450	952	4,337	6,000	1,663	2,200	4,500	2,300	51%
Insurance- Other Assets	202	500	298	285	500	215	352	500	148	30%
Miscellaneous	-	-	-	1,451	1,500	49	500	1,500	1,000	67%
Consult RIA	62,793	63,000	207	43,114	40,800	(2,314)	-	40,626	40,626	100%
Bank Charges	704	1,000	296	554	1,000	446	122	300	178	59%
Motor Vehicles	2,623	4,000	1,377	3,137	3,500	363	1,900	3,000	1,100	37%
Information Gathering And Database	1,515	1,800	285							
Driver Allowance	6,600	6,600	-	6,600	6,600	-	3,300	6,600	3,300	50%
Staff Training	-	-	-	-	-	-	-	-	-	0%
Office Equipments	-	-	-	6,178	6,500	322	1,825	5,000	3,175	64%
Sun System	-	-	-	2,017	1,700	(317)	-	1,900	1,900	100%
Total Operational Budget	179,368	182,600	3,232	187,247	183,300	(3,947)	51,051	178,426	127,375	71%
Total Regular Budget	495,032	541,418	46,386	528,131	532,045	3,914	216,436	532,044	315,608	59%

Notes to the Budget Performance Report and projection till Dec-2019

HOSPITALITY BUDGET LINE

36.00% was spent as at June 2019.

The remaining balance will cover Hospitality during upcoming meetings

BOARD EXPENSES BUDGET LINE

COMESA RIA 2019 Board meeting will be held from the 3rd till the 5th of September 2019 back to back with (COMESA and COMESA NIPAS' Executive Strategic Planning and Experience Sharing Seminar)

TRAVEL BUDGET LINE

40.00% was spent as at June 2019.

The remaining balance will cover other planned missions, namely:-

- 1- Sub-committee meeting
- 2- Administrative and Budgetary meeting
- 3- Policy Organs annual meeting
- 4- WAIPA annual Conference
- 5- GBF annual meeting in Dubai
- 6- Africa Investment Forum

PRODUCTION OF PUBLICATIONS&MARKETING BUDGET LINE

8.00% was spent as at June 2019, RIA designed and printed the following

1- Designing and Printing Tunisia Business Guide

The remaining balance will cover designing and producing COMESA RIA Investment Teaser. Printing COMESA 2019 Handbook, designing and printing Uganda Business Guide.

TELEPHONE, EMAIL AND FAX BUDGET LINE

51.00% was spent as at June 2019. To cover RIA's ADSL subscription, as well as monthly international phone bills.

The remaining balance will cover international phone bills and ADSL subscription from July till December 2019

CONSULT RIA

The remaining balance will cover the following:

- Implementation of COMESA and COMESA NIPAS' Executive Strategic Planning and Experience Sharing Seminar
- COMESA RIA Handbook

MOTOR VEHICLE

37% was spent as at June 2019 on RIA car insurance, Maintenance and Fuel

Discussions

188. In the discussion that followed, the Sub Committee applauded the COMESA Regional Investment Agency for a well-presented report. The Sub Committee sought clarification on the following:

- a- Whether COMESA RIA trains its personnel
- b- If RIA promotes investment protection for the Member States and includes investment incentives in their publications and investment promotion activities.
- c- Tracking of the investments made in the COMESA region due to RIA's activities, and the priority investment areas or trends.

189. In response to the above RIA informed the Sub-Committee as follows:

- a- Due to its limited budget RIA tries where possible for its staff to attend training programs organized by Cooperating partners such as UNIDO. RIA will include a training budget for its staff in 2021 budget
- b- RIA works closely with the COMESA secretariat in marketing and promoting the policies and incentives for investments. these incentives are included in RIA's promotional materials such as country business guides, COMESA Handbook, which are circulated to targeted investors. These publications are compiled from inputs from IPA's
- c- Being an information hub, RIA provides a platform to facilitate and connect investors with national investment agencies. Through these activities RIA creates leads and a pool of investor's inquiring on projects. Further, RIA in coordination with Investment and Private sector development division and Statistics unit prepares The COMESA Investment Report.

190. The Sub-Committee commended COMESA RIA's Website layout and urged RIA to advise National Investment Agencies on the best practices of websites and enhance the linkages with COMESA Institutions. RIA assured the Sub-committee that it has planned to add

features on the website such as adding the investment map/or E-opportunities as well as knowledge management center over the next 2-3 years subject to budget availability.

Recommendations

191. ***The Sub Committee recommended to the Committee on the Administrative and Budgetary Matters, that RIA should put in place measures to implement the outstanding activities as planned in its 2019 work program.***

[E] 2020 Assessed budget contribution ratios (Agenda Item 6)

192. The Sub Committee received and considered a Report, presented at CS/ADM/SC/XXII/6, regarding proposed 2020 assessed budget contribution based on 2013 – 2018 parameters.

193. The Secretariat is consulting the Chair of COMESA on convening the meeting of the Ministers of Finance in the first quarter of 2019 (January to March 2019) to consider and deliberate on decisions made by Council, which relates to: -

- (i) Non-and or late remittance of annual Member States; and
- (ii) Libya's request for COMESA to examine the parameters of her assessed contributions ratio considering the significant economic challenges she is facing.

194. The Sub Committee was informed that pending the outcome of the review of the formula by the Ministers responsible for Finance, the Secretariat has applied the decision of Council (November 2012 in Kampala, Uganda) by use of existing parameters, in calculating the proposed 2019 assessed annual Member States contributions, as follows: -

- (i) The parameters of the formula, as indicated below:
 - (a) Gross Domestic Product - 30%
 - (b) Imports from Non-COMESA Countries - 30%
 - (c) Intra COMESA Exports - 30%
 - (d) GNP per Capita - 5%
 - (e) Population - 5%
- (ii) The Secretariat shall apply the five-year moving average using the most up to date statistics on an annual basis;
- (iii) Member States whose statistics are different from what is contained in COMSTAT Data base shall provide the correct statistics as per laid down procedure between the National Statistics Office and the Secretariat;
- (iv) On each Member States - a lower ceiling of 1% and an upper ceiling of 12% is applied on assessed annual contribution; and
- (v) A shock absorber of 15% is applied to limit increase in assessed annual contribution of each Member States in any one year.

2. The Sub Committee noted the proposed 2019 assessed budget contribution, as indicated in Table 22 below.

Table 22: Proposed 2020 assessed budget contribution ratios (COM\$)

Country	2019		2020	
	Budget ratios	Contributions	Budget ratios	Contributions
Burundi	1.00	174,895	1.00	182,992
Comoros	1.00	174,895	1.00	182,992
Congo, Dem. Rep.	8.87	1,551,484	9.90	1,810,958
Djibouti	1.00	174,895	1.00	182,992
Egypt, Arab Rep.	12.00	2,098,745	12.00	2,195,908
Eritrea	1.00	174,895	1.00	182,992
Eswatini	2.11	369,755	1.47	268,907
Ethiopia	6.94	1,213,586	7.98	1,460,235
Kenya	12.00	2,098,745	12.00	2,195,908
Libya	6.97	1,219,217	5.34	976,527
Madagascar	2.68	468,596	2.14	391,519
Malawi	2.87	501,935	2.42	443,619
Mauritius	3.39	593,585	3.03	554,229
Rwanda	3.18	556,246	2.83	517,372
Seychelles	1.00	174,895	1.00	182,992
Somali	1.00	174,895	0.00	-
Sudan	5.65	987,547	6.49	1,188,256
Tunisia	10.74	1,878,029	10.77	1,971,581
Uganda	5.92	1,035,818	7.42	1,357,077
Zambia	7.06	1,234,937	7.84	1,435,260
Zimbabwe	3.62	632,754	3.38	617,762
Required Funding	100.00	17,489,545	100.00	18,299,235
Increase over 2019				5%

Note 1: For distribution: COMESA Secretariat; Competition Commission; Federation of National Associations of Women in Business in Eastern and Southern Africa; Regional Investment Agency.

Note 2: Tunisia (2019): Amount of US\$1,878,029, reduced/pro-rated, based on date of receipt [20 June 2019] of instrument of ratification.

Note 3: Somali (2019): Not yet submitted instrument of ratification. No budget contribution ratio assigned. The 2019 budget contribution ratio has been reversed.

Discussion

195. The Sub Committee noted the proposed 2020 assessed budget contribution ratios.

Recommendation

196. **The Sub Committee recommended to the Committee on Administrative and Budgetary Matters to consider the proposed 2020 assessed budget contribution ratios for Council's approval.**

[F]: 2020 Proposed Work Programme and Proposed Budget (Agenda Item 7)**COMESA Secretariat (Agenda Item 7.1)**

197. The Sub Committee was informed that:

- (i) Pursuant to Article 166 (2), the Secretary General has the pleasure to submit the proposed 2019 Work Programme and Budget Estimates for the COMESA Secretariat for the consideration and approval by the Council;
- (ii) In compliance with Article 166 (4) and 168 (3), the resources towards the 2019 Budget Expenditure Estimates have been derived from annual contributions of the Member States and Grant contributions from Cooperating Partners; and
- (iii) The annual contributions from Member States are distributed among Member States, based on budget ratios. A proposal is also being submitted to Council to obtain cash from the Reserve Fund to meet requirements, which are above the 5% ceiling that is permitted in respect of year to year increase in assessed annual contributions from Member States.

198. The Secretariat submitted and made presentations, *annexed* as documents reference **CS/ADM/SC/XXII/7.1 to 7.2**) regarding 2020 proposed Work Programme and Budget, which among other issues outlined the following: -

- (i) Secretariat overview of available levels of funds; work programme; and proposed estimates, in accordance with requirements;
- (ii) Absorbed and Interim staff, pending, finalization of COMESA Secretariat organizational structure;
- (iii) Projected grant inflows, including their support towards institutional support;
- (iv) Detailed 2020 Work Programme based on strategic objective and analysed per Division, Unit and Grant.
- (v) Tables, indicating expenditure estimates per budget lines.

199. The Secretariat informed the Sub Committee that the 2020 COMESA Secretariat Expenditure is projected to decrease to US\$57,055,060 (2019:US\$67,568,200, a reduction of 17%, which will be funded as follows: -

- (i) Assessed contribution from Member States: US\$15,840,117
- (ii) Grants contribution from Development partners: US\$41,214,943

200. Secretariat presented the 2020 assessed annual Member States contributions, as indicated in Table 23, below: -

Table 23 (i): 2020 Assessed contribution ratios and related distribution of annual Member States contribution (COM\$)

Country	2019		2020	
	Budget ratios	Contributions	Budget ratios	Contributions
Burundi	1.00	174,895	1.00	182,992
Comoros	1.00	174,895	1.00	182,992
Congo, Dem. Rep.	8.87	1,551,484	9.90	1,810,958
Djibouti	1.00	174,895	1.00	182,992
Egypt, Arab Rep.	12.00	2,098,745	12.00	2,195,908
Eritrea	1.00	174,895	1.00	182,992
Eswatini	2.11	369,755	1.47	268,907
Ethiopia	6.94	1,213,586	7.98	1,460,235
Kenya	12.00	2,098,745	12.00	2,195,908
Libya	6.97	1,219,217	5.34	976,527
Madagascar	2.68	468,596	2.14	391,519
Malawi	2.87	501,935	2.42	443,619
Mauritius	3.39	593,585	3.03	554,229
Rwanda	3.18	556,246	2.83	517,372
Seychelles	1.00	174,895	1.00	182,992
Somali	1.00	174,895	0.00	-
Sudan	5.65	987,547	6.49	1,188,256
Tunisia	10.74	1,878,029	10.77	1,971,581
Uganda	5.92	1,035,818	7.42	1,357,077
Zambia	7.06	1,234,937	7.84	1,435,260
Zimbabwe	3.62	632,754	3.38	617,762
Required Funding	100.00	17,489,545	100.00	18,299,235
Increase over 2019				5%

201. The Sub Committee received explanations regarding the proposed 2020 budgetary provisions and analysis of movements from 2016 to 2018. This is attached as part of the document, CS/ADM/SC/XXI/5.1.1 to 5.1.2.

202. The finalized 2020 Expenditure Estimates per budget line, is indicated in Table 23 (ii) below: -

Table 23(ii): 2020 Expenditure Estimates per budget line – Member States funding

BUDGET LINE	2017	2018	2019 Budget			2019 Actual			2020	Increase over 2019 Budget Outturn	
	Actual	Actual	Original Budget allocation	Revised Budget	Jan-Jun	Jul-Dec	Budget Outturn	Comment	Expenditure Estimate	Amount	%
STAFF EMOLUMENTS											
1 BASIC SALARY	3,895,944	4,412,524	4,746,735	4,746,735	2,259,586	2,487,149	4,746,735	Contractual	4,730,684	(16,051)	0%
2 HOUSING ALLOWANCE	1,479,476	1,712,063	1,902,432	1,902,432	870,218	1,032,214	1,902,432	Contractual	1,898,026	(4,406)	0%
3 MEDICAL ALLOWANCE	136,424	164,496	585,000	585,000	70,734	514,266	585,000	Contractual	567,750	(17,250)	-3%
4 EDUCATION ALLOWANCE	490,442	500,685	931,818	931,818	242,278	689,540	931,818	Contractual	696,241	(235,577)	-25%
5 DEPENDANCY ALLOWANCE	70,847	81,028	89,994	89,994	40,420	49,574	89,994	Contractual	92,246	2,252	3%
6 STAFF OVERTIME ALLOWANCE	72,610	83,603	68,000	68,000	24,805	43,195	68,000		72,000	4,000	6%
7 PAYMENT IN LIEU OF LEAVE	538,068	26,648	60,000	60,000	23,787	36,213	60,000	Contractual	60,000	0	0%
8 GRATUITY	547,898	650,901	712,010	712,010	284,527	447,483	712,010	Contractual	709,558	(2,452)	0%
9 HOME LEAVE PASSAGE	70,848	42,476	100,000	100,000	22,530	77,470	100,000	Committed	80,000	(20,000)	-20%
10 COST OF LIVING ADJUSTMENT	-	-	41,688	41,688	13,896	27,792	41,688		41,688	0	0%
11 STATUTORY EMPLOYER CONTRIBUTIONS	723	219	36,000	36,000	-	36,000	36,000		36,000	0	0%
12 OTHER ALLOWANCES	-	-	6,000	6,000	-	6,000	6,000	Contractual	6,000	0	0%
13 TEMPORARY ASSISTANCE	273,965	114,000	120,000	120,000	53,405	66,595	120,000	Committed	120,000	0	0%
STAFF EMOLUMENTS	7,577,245	7,788,643	9,399,677	9,399,677	3,886,186	5,513,491	9,399,677		9,110,193	(289,484)	-3%
STAFF WELFARE AND INSURANCE											
14 GROUP INSURANCE	25,000	43,981	35,000	35,000	-	35,000	35,000	Committed	50,000	15,000	43%
15 GROUP MEDICAL SCHEME	8,945	21,532	50,000	50,000	-	50,000	50,000	Unpredictable	50,000	0	0%
16 STAFF WELFARE COSTS	40,716	42,816	26,500	26,500	7,415	19,085	26,500	Committed	32,500	6,000	23%
17 PROVIDENT FUND MGT COSTS	11,696	13,104	12,000	12,000	14,064	(2,064)	12,000	Committed	15,000	3,000	25%
STAFF WELFARE AND INSURANCE	86,357	121,433	123,500	123,500	21,479	102,021	123,500		147,500	24,000	19%
TRAINING AND SUBSCRIPTION											
15 TRAINING	90,717	180,841	132,000	142,488	5,549	136,939	142,488	Committed	132,000	(10,488)	-7%
16 SUBSCRIPTION	12,340	7,500	20,000	20,000	6,840	13,160	20,000	Trend	20,000	0	0%
TRAINING AND SUBSCRIPTION	103,057	188,341	152,000	162,488	12,389	150,099	162,488		152,000	(10,488)	-6%
STAFF RECRUITMENT & REPARTRIATION											
17 RECRUITMENTS EXPENSES	15,433	121,230	55,000	55,000	15,081	39,919	55,000	Committed	41,250	(13,750)	-25%
18 INSTALLATION ALLOWANCE	43,086	7,500	66,000	66,000	7,500	58,500	66,000	Committed	66,000	0	0%
19 REPARTRIATION COSTS	10,457	22,954	60,000	60,000	4,534	55,466	60,000	Committed	60,000	0	0%
STAFF RECRUITMENT & REPARTRIATION	68,976	151,684	181,000	181,000	27,115	153,885	181,000		167,250	(13,750)	-8%

BUDGET LINE	2017		2018		2019 Budget			2019 Actual				2020		Increase over 2019 Budget Outturn	
	Actual	Actual	Actual	Actual	Original Budget allocation	Revised Budget	Jul-Dec	Jan-Jun	Budget Comment	Expenditure Estimate	Amount	%			
IT RECURRENT COSTS															
43 DISASTOR RECOVERY RENTAL	18,137	12,441	30,000	30,000					Committed	30,000	0	0%			
44 IT INFRASTRUCTURE SUPP & ENHANC.	70,745	117,913	46,500	46,500			(19,166)	62,666	Committed	40,000	(3,500)	-8%			
45 SUNSYSYSTEMS MAINTENANCE & SUPPORT			77,000	74,000	(3,000)		77,000		Trend	83,500	6,500	9%			
46 SOFTWARE LICENSES	57,337	99,019	159,000	159,000			66,991	92,009	Committed	159,000	0	0%			
47 INTERNET BANDWIDTH	80,743	113,020	82,000	82,000			41,968	40,032	Committed	82,000	0	0%			
IT RECURRENT COSTS	226,962	342,393	394,500	391,500	(3,000)		196,793	194,707	Committed	394,500	3,000	1%			
ADMINISTRATION & GENERAL COSTS															
48 OFFICE SUPPLIES	81,415	66,354	108,000	108,000			75,727	32,273	Committed	110,000	2,000	2%			
49 PRINTING & STATIONERY	94,520	78,536	80,000	80,000			76,498	3,502	Committed	80,000	0	0%			
50 MOTOR VEHICLE FUEL	55,748	46,282	70,000	70,000			39,032	30,968	Trend	70,000	0	0%			
51 MV REPAIR & MAINTENANCE	37,757	25,673	40,000	40,000			30,253	9,747	Trend	40,000	0	0%			
52 MV INSURANCE	18,421	23,576	19,500	19,500			18,015	1,485	Committed	33,500	14,000	72%			
53 OFFICE RENT AND RATE			5,000	5,000			5,000		Committed	5,000	0	0%			
54 HOSPITALITY	27,292	37,459	40,000	40,000			25,317	14,683	Committed	40,000	0	0%			
55 TELEPHONE, E-MAIL & FAX	138,246	132,610	169,000	169,000			140,244	28,756	Committed	169,000	0	0%			
56 WATER & ELECTRICITY	40,764	45,169	59,500	59,500			36,895	22,605	Trend	59,500	0	0%			
57 MAINTENANCE OFFICE EQUIPMENT&FURNITURE	44,126	39,291	47,900	47,900			41,113	6,787	Trend	47,900	0	0%			
58 MAINTENANCE OFFICE BUILDING	91,761	73,385	89,750	89,750			66,696	23,054	Committed	89,750	0	0%			
59 MAINTENANCE RESIDENCES	43,243	65,513	74,000	74,000			43,769	30,231	Committed	74,000	0	0%			
60 SECURITY OFFICE BLOCK	44,321	51,563	70,000	70,000			46,940	23,060	Committed	70,000	0	0%			
61 INSURANCE-OTHER ASSETS	66,949	50,151	71,500	71,500			71,500		Committed	71,500	0	0%			
62 OTHER OFFICE EXPENSES	30,839	14,464	46,500	46,500			37,906	8,594	Committed	46,500	0	0%			
ADMINISTRATION & GENERAL COSTS	815,402	750,026	990,650	990,650			754,905	235,745	Committed	1,006,650	16,000	2%			
AUDIT COSTS															
63 AUDIT COSTS - COBEA	134,381	344,065	120,000	120,000			120,000		Committed	120,000	0	0%			
AUDIT COSTS	134,381	344,065	120,000	120,000			120,000		Committed	120,000	0	0%			
FINANCE COSTS															
64 BANK CHARGES	54,377	74,554	60,000	60,000			36,890	23,110	Trend	75,000	15,000	25%			
FINANCE COSTS	54,377	74,554	60,000	60,000			36,890	23,110	Trend	75,000	15,000	25%			
TOTAL BUDGET	12,402,375	14,679,804	15,410,027	15,410,027			9,720,103	5,689,924		15,410,027	(235,434)	-2%			
CAPITAL BUDGET															
65 MOTOR VEHICLES	53,500	46,358	90,000	90,000			37,000	53,000	Committed	120,000	30,000	33%			
FURNITURE & FITTINGS	37,478	108,023	46,000	46,000			19,743	26,257	Committed	46,000	0	0%			
OFFICE EQUIPMENT	255,124	222,796	56,500	56,500			4,760	51,740	Committed	62,500	6,000	11%			
CAPITAL BUDGET	346,102	377,177	192,500	192,500			61,503	130,997	Committed	228,500	36,000	19%			
TOTAL REGULAR BUDGET & CAPITAL BUDGET	12,748,477	15,056,981	15,602,527	15,602,527			9,781,606	5,820,921		15,602,527	(199,434)	-1%			
NEW ITEMS WITHIN EXISTING BUDGET LINES															
68 IT AUDITOR															
69 ENERGY FORUM															
69 LEGAL COSTS															
70 2021-2025 MTSP PLANNING MEETING															
71 MINISTERS OF FINANCE & GOVERNORS															
NEW ITEMS															
GRAND TOTAL	12,748,477	15,056,981	15,602,527	15,602,527			9,781,606	5,820,921		15,602,527	437,024	100%			
Reduction - Tunisia & Somalia			(924,944)	(924,944)											
GRAND TOTAL	12,748,477	15,056,981	15,602,527	15,602,527			9,856,662	5,820,921		15,602,527	237,590	2%			

203. The Sub Committee was further informed of the 2020 proposed Expenditure Estimates – grant funding per project, as indicated in Table 23 (iii) below: -

Table 23 (iii) – 2020 Expenditure Estimates – Grants funding per project

No.	DONOR & NAME OF PROJECT	2020		2019
		Budget Estimate	Overheads	Budget outturn
	European Union			
1	African Peace Security Architecture (APSA)	-		517,361
3	Regional Integration Support Mechanism (RISM)	9,940,000		6,500,000
4	Maritime Security Programme (MASE)	1,111,186		1,344,078
5	TCF (11th EDF)	-		552,927
6	Trade Facilitation Programme (11TH EDF)	12,728,293	498,094	5,398,119
7	Enhancement of a Sustainable Regional energy Market	4,192,687	307,958	2,136,274
8	Tripartite Transit and Transport Facilitation Program (TTTFP)	439,893		284,828
9	Enhancing COMESA Capacity in Trade Policy Analysis, Research and Training (TRADECOM)	1,130,825	100,000	-
10	COMESA Intra ACP Global Climate Change Alliance Plus (GCCA+)	1,715,308		1,947,460
11	COMESA Cross Border Trade Initiative Programme	4,493,264	161,627	2,616,292
	European Union	35,751,456	1,067,679	21,297,339
	United States Agency for International Development			
12	USAD RDOAG	2,000,000		1,530,145
	United States Agency for International Development	2,000,000	-	1,530,145
	African Development Bank			
13	Statistical Capacity Building Project - SCB	387,800		176,000
14	International Comparison Programme - ICP			400,423
15	50 Million Women Speak Project	1,584,662		2,445,202
16	COMESA Airspace Integration Programme	-		55,500
17	VICMED Project			100,000
	African Development Bank	1,972,462	-	3,177,125
	World Bank			
18	Great Lakes Trade Facilitation Project	1,328,400		1,666,000
	World Bank	1,328,400	-	1,666,000
	Other Cooperating Partners			
19	NEPAD	-		770,000
20	Mainstreaming SPS Capacity (STDF & EIF)	162,625		170,808
	Other Cooperating Partners	162,625	-	940,808
	TOTAL GRANT INCOME	41,214,943	1,067,679	28,611,417
	European Union	35,751,456	1,067,679	21,297,339
	United States Agency for International Development	2,000,000	-	1,530,145
	African Development Bank	1,972,462	-	3,177,125
	World Bank	1,328,400	-	1,666,000
	Other Cooperating Partners	162,625	-	940,808
	TOTAL GRANT INCOME	41,214,943	1,067,679	28,611,417

Note 17 Grant expenditure 40,147,264
In accordance with Article 168, resources provided under grant arrangements supplement resources available by Member States. Given this arrangement, Member States are responsible for staff emoluments and other institutional services.

Note 18 Institutional support 1,067,679
Recognising the existing funding limitations, Cooperating Partners have agreed to contribute towards institutional services.

04. The Sub Committee was informed that based on practice, 50% of remittances of assessed annual Member States contributions are not made within first month of the financial year, as well as the balance not being remitted by the end of sixth month. The Sub Committee was also informed that given this situation, the

Secretariat shall seek a withdraw of funds from the Reserve Fund to pay for budgeted activities for the first half of 2020.

Discussion

205. The Sub Committee noted the 2020 Work Programme and Budget of the COMESA Secretariat.

Recommendation

206. *The Sub Committee recommended to the Committee on Administrative and Budgetary Matters the 2020 Budget of the COMESA Secretariat, as shown below: -*

Description	Source of funding	Item	Expenditure					Funding	%	
			Secretariat	Competition Commission	FEMCOM	RIA	Total			
2019 Revised Budget	Member States	Assessed contributions	15,396,829	956,771	603,900	532,045	17,489,545	17,489,545		
		Assessed contributions reduction (Note 1)	(924,944)	(57,477)	(36,278)	(31,962)	(1,050,661)	(1,050,661)		
		Reserve Fund	205,698		187,200	-	392,898	1,443,559		
		Total: Member States	14,677,583	899,294	754,822	500,083	16,831,782	17,882,443	26%	
	Cooperating Partners	Grant contributions	52,163,525				51,436,433	51,436,433		
		Overheads support	727,092				727,092	727,092		
		Total: Grants	52,890,617	-	-	-	52,163,525	52,163,525	74%	
	Total		67,568,200	899,294	754,822	500,083	68,995,307	70,045,968	100%	
	2020 Budget Estimates	Member States	Assessed contributions	15,840,117	999,430	834,818	624,870	18,299,235	18,299,235	
			Reserve Fund			533,604		533,604	533,604	
Total: Member States			15,840,117	999,430	1,368,422	624,870	18,832,839	18,832,839	26%	
Cooperating Partners		Grant contributions	40,147,264	-			40,147,264	41,214,943		
		Overheads support	1,067,679				1,067,679			
		Total: Grants	41,214,943	-	-	-	41,214,943	41,214,943	74%	
Total			57,055,060	999,430	1,368,422	624,870	60,047,782	60,047,782	100%	

207. *The Sub Committee recommended the financing of interim staffing for one year, pending finalization of COMESA Secretariat organizational structure, as follows: -*

- (i) *For the Governance Peace and Security: 1x Head of Governance Unit; 1x Early Warning Expert; 3x Analysts; 1x Finance Officer; 1x Liaison Officer for one year – at a cost of US\$600,584*
- (ii) *1x Head of M&E Unit (P4) to coordinate and control all M&E functions at a cost of US\$108,861.*
- (iii) *1x Web Master at a cost of US\$66,000.*
- (iv) *Annual re-current staff cost of US\$775,445 to be met as follows: -*
 - (a) *2020: Overheads contributions received from EU programmes; and*
 - (b) *2021 and 2022: Incorporation into Regular Staff costs budget lines.*

COMESA Court of Justice (Agenda Item 7.2)

208. The Sub Committee considered a Report of the 2020 Work Programme and Budget, as presented at Annex CS/ADM/SC/XXII/7.2.

2020 COMESA Court of Justice Work Programme

209. The 2020 Work Programme and Budget Report highlights in particular, the following: -

Objectives of the 2020 Work Programme

210. The Sub-Committee was informed that based on the 2016-2020 Medium Term Strategic Plan of the Court, the 2020 Work Programme would be achieved through addressing the following strategic issues over the implementation period: -

- (i) Dispensation of Justice
- (ii) Communication and Public Awareness
- (iii) Institutional Strengthening
- (iv) ICT Optimisation

Focus for 2020

211. The Sub-Committee was informed that in 2020, the Court would continue implementing both its Medium-Term Strategic Plan, 2016–2020 (MTSP 2016-2020) and its 2020 Work Programme, and would focus on the areas highlighted under paragraph 6 above as well as

- (i) review the current Medium-Term Strategic Plan, 2016–2020 (MTSP 2016-2020); and
- (ii) fast track the Court's ICT optimisation program in order to facilitate and enhance research, communication, publicity, accessibility of its services and service delivery. The Court would continue to promote the use of CaseLines Evidence Management System among Judges and court users.

212. The Sub-Committee was invited to take note of the key outputs and activities that had been realised within the year as part of the implementation of the MTSP 2016-2020. The Meeting was further invited to take note of the key initiatives, expected outcomes, source of funding and indicative costs for these initiatives.

Discussion

213. The Sub - Committee noted the achievements that the Court had made in 2019. The meeting took cognisance of the difficulties that the Court had experienced in 2019.

Recommendation

214. ***The Sub-Committee recommended that the proposed 2020 Work Programme of the COMESA Court of Justice be forwarded to the Committee on Administrative and Budgetary Matters.***

2020 COMESA Court of Justice Expenditure Budget

215. The Sub-Committee was informed that the Court's 2020 Draft Budget would cover the period January to December 2020 and was based on the Court's five-year 2016-2020 Medium Term Strategic Plan (MTSP) and the 2020 Draft Work Programme (WP). The Sub Committee was informed that the COMESA Court of Justice proposes a budget of COM\$2,838,321 for 2020. Table 25 below provide the details of the 2020 expenditure budget: -

Table 25 : 2020 COMESA Court of Justice Expenditure Budget

NO	BUDGET LINE	2018 BUDGET		2019 BUDGET		2020 DRAFT BUDGET				NOTES			
		APPROVED BUDGET	ACTUAL	VARIANCE	APPROVED BUDGET	8 MONTHS - JAN. - AUG. ACTUAL	8 MONTHS - JAN. - AUG. ACTUAL VARIANCE	4 MONTHS - SEPT - DEC. PROJECTED EXPENDITURE	2018 ANNUAL PROJECTED VARIANCE		BUDGET	INCREMENT	INCREMENT
		COM\$	COM\$	COM\$	COM\$	COM\$	COM\$	COM\$	COM\$		COM\$	COM\$	COM\$
1	Basic Salary Professional	318,915	230,491	88,424	317,854	178,961	138,893	95,500	43,393	320,328	2,474	1%	
2	Basic Salary GS	87,356	61,659	25,697	109,169	56,636	52,533	29,500	23,033	115,640	6,471	6%	
3	House Allowance	178,874	108,714	70,160	191,143	85,284	105,859	44,000	61,859	190,354	(789)	0%	
4	Dependency Allowance	19,199	5,197	14,002	20,532	4,411	16,121	3,500	12,621	20,532	-	0%	
5	Medical Expenses	71,250	2,003	69,247	75,000	3,619	71,381	15,700	55,681	75,000	-	0%	
6	Educational Expenses	188,118	10,054	178,064	162,952	13,648	149,304	8,700	140,604	148,102	(14,850)	-9%	
7	Gratuity	60,940	35,625	25,315	64,053	36,632	27,421	19,500	7,921	65,395	1,342	2%	
	TOTAL STAFF COSTS	924,852	453,742	470,910	940,703	379,191	661,512	216,400	345,112	935,361	(5,352)	-1%	
8	Operational Costs	96,000	35,632	60,368	35,000	7,250	27,750	26,500	1,250	35,000	-	0%	
9	Recruitment Expenses	5,000	2,251	2,749	5,000	-	5,000	5,000	5,000	5,000	-	0%	
10	Staff Welfare	655	300	355	3,500	-	3,500	1,700	1,800	3,500	-	0%	
11	Hospitality	6,500	2,167	4,313	6,500	2,750	3,750	2,950	800	6,500	-	0%	
12	Publication & Publicity	15,000	7,890	7,110	15,000	14,465	535	-	535	17,000	2,000	13%	
13	IT Enhancements & Web Site Maintenance	40,000	31,384	8,616	40,000	4,300	30,530	29,000	1,530	40,000	-	0%	
14	Accounting Software and Hardware	7,000	6,808	392	7,000	2,700	4,300	3,500	800	7,000	-	0%	
15	Court Sessions & Meetings	806,745	721,304	85,441	823,490	580,508	242,984	238,000	4,984	890,370	66,880	8%	
16	Travel - Official Expenses	98,000	66,000	12,000	98,000	75,990	22,020	17,500	4,520	98,000	-	0%	
17	Technical Committee Meetings	10,000	10,000	-	12,000	-	12,000	12,000	-	12,000	2,000	17%	
18	Travel - Contractual Expenses	10,000	10,000	-	12,000	-	12,000	12,000	-	12,000	-	0%	
19	Office Supplies	18,000	7,898	10,102	18,000	8,245	9,755	4,500	5,255	18,000	-	0%	
20	Auditing Expenses	17,000	17,000	-	12,000	7,000	-	-	-	12,000	-	0%	
21	Auditing fees	10,000	10,000	-	2,000	2,000	-	-	-	7,000	-	0%	
22	Group Medical Scheme	-	-	-	2,000	-	2,000	-	2,000	2,000	-	0%	
23	Group Insurance Scheme	-	-	-	2,000	-	2,000	-	2,000	2,000	-	0%	
24	Motor Vehicle	-	-	-	65,000	-	65,000	65,000	-	-	(65,000)	0%	
25	Motor Vehicle Fuel	4,000	342	3,658	3,000	1,250	1,750	1,250	500	3,000	-	0%	
26	Motor Vehicle Maintenance	3,000	155	2,845	3,000	105	2,895	400	2,495	3,000	-	0%	
27	Motor Vehicle Insurance	13,000	6,603	6,397	13,000	4,753	8,247	2,500	5,747	13,000	-	0%	
28	Maintenance-Furniture & Equipment	3,000	231	2,769	3,000	535	2,465	350	2,115	3,000	-	0%	
29	Communication Expenses	10,000	7,845	2,055	10,000	3,664	6,336	2,500	3,836	10,000	-	0%	
30	Miscellaneous Expenses	1,900	600	1,300	-	-	-	-	-	-	-	0%	
31	Consultancy	42,000	600	41,400	42,000	1,104	40,896	35,000	5,896	42,000	-	0%	
32	Legal Material	2,000	-	2,000	2,000	301	1,699	750	949	2,000	0	0%	
33	Buildings Maintenance	30,000	1,634	28,366	30,000	2,379	27,621	4,500	23,121	30,000	-	0%	
34	Office Maint. & Security Expenses	18,000	5,359	12,641	18,000	7,380	10,620	5,700	4,920	18,000	-	0%	
35	Electricity & Water Charges	11,000	4,808	6,192	11,000	2,634	8,366	1,800	6,566	11,000	-	0%	
36	Installation Allowance	-	-	-	-	-	-	-	-	-	-	0%	
37	Insurance-Buildings	120,000	-	120,000	120,000	-	120,000	100,000	20,000	120,000	-	0%	
38	Insurance-Other Assets	15,000	-	15,000	15,000	-	15,000	15,000	-	15,000	-	0%	
39	Temporary Assistance	18,000	8,601	9,399	18,000	5,767	12,213	7,000	5,213	18,000	-	0%	
40	Translation & Transcription	5,000	3,421	1,579	7,000	4,482	2,518	2,300	218	9,000	2,000	29%	
41	Training	40,000	38,694	1,306	40,000	22,875	17,125	12,500	4,625	40,000	-	0%	
42	Strategic Planning	15,000	-	15,000	17,000	-	17,000	-	17,000	23,000	6,000	35%	
43	Workshops/Seminars	155,000	148,549	6,451	160,000	133,547	26,453	24,900	1,553	200,000	40,000	20%	
44	Subscriptions	3,000	1,274	1,726	3,000	2,274	726	900	(174)	3,000	-	0%	
45	Judges Emoluments	153,600	153,600	-	153,600	145,200	38,400	38,400	-	153,600	-	0%	
46	Replacement of Furniture & Equipment	4,750	600	4,150	5,000	-	5,000	3,500	1,500	5,000	-	0%	
47	Generator	145,000	600	144,400	-	-	-	-	-	3,000	-	0%	
48	Generator Fuel	5,000	-	5,000	3,000	-	3,000	700	2,300	3,000	-	0%	
49	Generator Maintenance	3,500	-	3,500	2,000	-	2,000	500	1,500	2,000	-	0%	
50	Finance Charge	7,000	5,495	1,505	7,000	5,375	1,625	1,370	255	7,000	-	0%	
	TOTAL OPERATIONAL BUDGET	1,868,880	1,341,064	627,668	1,849,090	1,034,010	815,080	674,470	140,610	1,902,970	53,880	3%	
	TOTAL REGULAR BUDGET	2,893,302	1,784,801	1,098,496	2,789,793	1,413,200	1,376,693	890,870	486,723	2,638,321	48,528	2%	

2020 Assessed annual Member States Contribution to COMESA Court of Justice

216. The Sub-Committee was informed that the source of income for the COMESA Court of Justice budget is Member States' contributions as provided for in Article 42 (1) of the COMESA Treaty. The formula of contributions to the COMESA Court budget was in accordance with Article 42 (2) of the COMESA Treaty which states that;

"The formula for contributions to the budget for the Court shall be the formula applicable to the determination of contributions by Member States to the budget of the Secretariat."

217. The Sub-Committee was further invited to note that the unit of currency of the Court's budget is the COMESA Dollar as approved by Council in accordance with Article 42 (4) of the COMESA Treaty.

218. Based on the above and the recommended assessment ratios by Council, the proposed budget shares for 2020 are as shown in Table 26 (i) below. The Table also showed a comparison of the 2019 and 2020 Member States' contribution ratios and assessed contributions.

Table 26 (i): 2020 Assessed annual Member States Contribution

	Member State	2019		2020		Increase/Decrease COM\$
		Contribution Ratios	Budget Shares COM\$	Contribution Ratios	Budget Shares COM\$	
1	BURUNDI	1.00	27,897	1.00	28,381.90	485
2	COMOROS	1.00	27,897	1.00	28,381.90	485
3	D R CONGO	8.87	247,469	9.90	280,877.44	33,408
4	DJIBOUTI	1.00	27,897	1.00	28,381.90	485
5	EGYPT	12.00	334,760	12.00	340,582.80	5,823
6	ERITREA	1.00	27,897	1.00	28,381.90	485
7	ESWATINI	2.11	58,978	1.47	41,707.12	- 17,271
8	ETHIOPIA	6.94	193,573	7.98	226,480.79	32,908
9	KENYA	12.00	334,760	12.00	340,582.80	5,823
10	LIBYA	6.97	194,471	5.34	151,458.14	- 43,013
11	MADAGASCAR	2.68	74,743	2.14	60,724.10	- 14,019
12	MALAWI	2.87	80,061	2.42	68,804.71	- 11,256
13	MAURITIUS	3.39	94,680	3.03	85,960.26	- 8,719
14	RWANDA	3.18	88,724	2.83	80,243.84	- 8,480
15	SEYCHELLES	1.00	27,897	1.00	28,381.90	485
16	SOMALIA	1.00	27,897	-	-	-
17	SUDAN	5.65	157,518	6.49	184,297.16	26,779
18	TUNISIA	10.74	299,554	10.77	305,789.97	-
19	UGANDA	5.92	165,218	7.42	210,481.02	45,263
20	ZAMBIA	7.06	196,978	7.84	222,607.13	25,629
21	ZIMBABWE	3.62	100,927	3.38	95,814.20	- 5,113
		100.00	2,789,793	100.00	2,838,321	48,528

Discussions

219. In the discussion that followed, the Sub - Committee noted the proposed 2020 Budget of the COMESA Court of Justice amounting to COM\$2,838,321.

Recommendations

220. *The Sub-Committee recommended that:*

- (a) *The proposed 2020 Budget of the COMESA Court of Justice amounting to COM\$2,838,321, be forwarded to the Committee through the Committee on Administrative and Budgetary Matters; and*
- (b) *Member States be urged to pay their assessed contributions for 2020, to the COMESA Court of Justice in accordance with Articles 42 and 166 (6) of COMESA Treaty.*

Africa Leather and Leather Products Institute (Agenda Item 7.3)

221. The Sub-Committee received 2020 ALLPI Work Programme and Budget, annexed at CS/ADM/SC/XXII/7.3.

2020 ALLPI Assessed annual Member States contributions

222. The Sub-Committee noted that the Africa Leather and Leather Products Institute Draft Budget for the year 2020 includes: Regular, Capital and Developmental Budgets which will be covered by the Assessed Contributions of Member States. The details of the ALLPI 2020 Assessed Contribution by Member States are presented under Table 26v(ii), below.

Table 26 (ii): ALLPI 2020 Assessed Contribution of Member States

Countries	Ratio 2019	2019 Assessed Contribution (COM\$)	Ratio 2019	2020 Regular & Strategic Activities (COM\$)
Burundi	2.1	34,682.08	2.1	39,058.57
Eritrea	3.42	56,482.25	3.42	63,609.67
Ethiopia	19	313,790.28	19	353,387.08
Kenya	19	313,790.28	19	353,387.08
Malawi	3.6	59,455.00	3.6	66,957.55
Rwanda	7.4	122,213.06	7.4	137,634.97
Sudan	18	297,275.01	18	334,787.76
Uganda	7.92	130,801.00	7.92	147,306.61
Zambia	9.76	161,189.11	9.76	181,529.36
Zimbabwe	9.8	161,849.73	9.8	182,273.34
Total	100	1,651,527.81	100	1,859,932.00

2020 ALLPI Expenditure Budget

223. The Sub-Committee considered the detailed of the 2020 Expenditure Budget for ALLPI as presented under Table 27 (ii) and (iii), below.

Table 27 (I): Proposed Budget for the Year 2020 (COM\$)

Item	2018			2019			Proposed Budget for the year 2020			Note
	Approved Budget US\$	Actual Outrun to 31 st December	Variance US\$	Approved Budget	Actual Outrun to 31 st December	Variance	Proposed Budget	Increase/Decrease	Variance %	
Expenditures										
Basic Salary, Professional	267,790.00	267,669.83	0.00	289,709.16	113,401.36	176,307.80	328,973.65	39,264.49	13.55	1
Basic Salary IC, GS and Estate Staff	96,300.00	93,948.05	2,351.95	119,794.60	57,591.78	62,192.82	132,094.40	12,309.80	9.32	2
Housing Allowance	119,100.00	117,524.99	1,575.01	153,519.14	61,454.53	92,064.61	160,325.00	6,805.86	4.25	2
Dependency Allowance	7,540.00	6,559.35	980.65	9,898.98	7,478.50	2,420.48	11,947.00	2,048.02	17.14	1
Spouse Allowances	415.00	413.04	1.96	420.00	275.20	144.80	1,270.00	850.00	202.38	3
Medical Expenses	24,400.00	10,928.00	13,472.00	25,285.93	8,055.27	17,230.66	25,659.85	373.92	1.48	3
Educational Expenses	22,950.00	16,189.92	6,760.08	30,000.00	7,186.74	22,813.26	32,500.00	2,500.00	8.33	3
Gratuity	44,400.00	44,147.98	252.02	53,530.00	21,042.12	32,487.88	58,605.30	5075.3	8.866	1
Provident Fund Management	250.00	104.87	145.13	350.00	32.17	317.83	350.00	0.00	0.00	
Over time	4,890.00	4,501.70	388.30	5,918.00	2,056.29	3,861.71	3,918.00	-2,000.00	-33.80	4
Casual Worker	2,700.00	1,012.96	1,687.04	4,000.00	2,334.57	1,665.43	4,000.00	0.00	0.00	
Temporary Employment	15,628.00	0.00	15,628.00	15,778.00	-	15,778.00	0.00	-15,778.00	-100.00	5
Recruitment Expenses (P)							12,000	12,000.00	0.00	6
Hospitality	4,500.00	3,989.66	510.34	7,000.00	678.84	6,321.16	7,000.00	0.00	0.00	
Publication & Publicity and Subscription fee	12,700.00	11,097.22	1,602.78	11,000.00	117.85	10,882.15	11,000.00	0.00	0.00	
Provision for legal issues				4,000.00		4,000.00	4,000.00	0.00	0.00	
Office Supplies	6,000.00	5,278.84	721.16	6,500.00	1,873.75	4,626.25	6,500.00	0.00	0.00	7
Provision for External Audit Fees	7,000.00	7,000.00	0.00	22,000.00	-	22,000.00	10,000.00	-12,000.00	-54.55	4
Group Life Insurance	12,000.00	10,645.52	1,354.48	20,000.00	4,772.20	15,227.80	25,000.00	5,000.00	25.00	7
Motor Vehicle Fuel	6,600.00	5,367.44	1,232.56	9,000.00	3,916.02	5,083.98	8,000.00	-1,000.00	-11.11	4
Motor Vehicle Maintenance	6,500.00	6,297.52	202.48	9,500.00	2,890.18	6,609.82	8,300.00	-1,200.00	-12.63	4
Motor Vehicle Insurance	3,000.00	2,941.53	58.47	3,500.00	1,251.92	2,248.08	3,500.00	0.00	0.00	
Furn. & Eqpt. Maintenance	2,700.00	2,676.36	23.64	4,200.00		4,200.00	4,200.00	0.00	0.00	
Computer Maintenance	500.00	72.32	427.68	500.00	386.61	103.39	500.00	0.00	0.00	
Communication Expenses	15,000.00	15,000.00	0.00	18,500.00	2,848.00	15,652.00	23,000.00	4,500.00	24.32	8
Miscellaneous Expenses	5,000.00	4,463.14	536.86	0.00	0.00	0.00	0.00	0.00	0.00	9
Office Maintenance and Security Expenses	14,650.00	10,440.03	4,209.97	22,500.00	9,386.00	13,114.00	20,000.00	-2,500.00	-11.11	10

Item	2018			2019			Proposed Budget for the year 2020				Note
	Approved Budget US\$	Actual Outrun to 31 ⁿ December	Variance US\$	Approved Budget	Actual Outrun to 31 ⁿ December	Variance	Proposed Budget	Increase/Decrease	Variance %		
Electricity and Water Charges	2,100.00	690.74	1,409.26	3,500.00	534.44	2,965.56	3,500.00	0.00	0.00		
Cleaning Materials	1,500.00	994.09	505.91	2,000.00	623.35	1,376.65	2,000.00	0.00	0.00		
Safety Cloth and Uniform	2,400.00	1,369.46	1,030.54	2,794.00	0.00	2,794.00	3,794.00	1,000.00	35.79	11	
Translation	7,560.00	7,489.94	70.06	7,000.00	0.00	7,000.00	7,500.00	500.00	7.14	12	
Insurance, Other Assets	300.00	209.13	90.87	600	217.49	382.51	300.00	-300.00	-50.00	4	
Finance Charge	4,600.00	3,860.35	739.65	5,500.00	1,600.70	3,899.30	5,500.00	0.00	0.00		
Sub-total	720,973.00	662,883.98	58,089.02	867,787.81	312,015.88	555,771.93	925,237.20	57,449.39	6.21		
Strategic Activities											
Annual Management Retreat Meeting and Consultation	88,500.00	96,365.14	-7,865.14	70,000.00	13,126.00	56,874.00	60,000	(10,000)	(14.29)	13	
Committee Meeting											
Board Meetings	34,100.00	34,075.25	24.75	38,000.00	19,406.89	18,593.11	38,000	-	-		
Travel Expenses Officials	46,800.00	46,771.89	28.11	46,400.00	5,809.81	40,590.19	46,400	-	-		
Training/Trade Fair/ Workshop/Seminar	68,920.00	68,888.36	31.64	68,020.00	4,156.01	63,863.99	45,000	(23,020)	(33.84)	13	
Sub-total	238,320.00	246,100.64	-7,780.64	222,420.00	42,496.71	179,921.29	189,400	(33,020)	(14.85)		

Table 27 (ii): ALLPI Developmental Activities 2020 Proposed Budget

Developmental Strategic Activities		ALLPI Secured	Unsecured	Total	Note
Strategic Objectives 1 (SO1) - To enhance ALLPI capacity to share best practices and strengthen value chain networks.		229,820	155,500	385,320	14
Strategic Objectives 2 (SO2) - To enhance value addition through Clusters/Incubators/ Service Centers development;		35,000	40,000	75,000.00	14
Strategic Objectives 3 (SO3) - To facilitate and promote the strengthening of the continental leather value chain;		50,000	65,000	115,000.00	14
Strategic Objectives 4 (SO4) - To build and operationalize a comprehensive production and trade database for the leather sector		42,000	35,000	77,000.00	14
Strategic Objectives 5 (SO5) - To build Member States' SAA institutional capability to deliver support services and policies		205,000	155,000	360,000	14
Strategic Objectives 6 (SO6)- Facilitate the Development and Implementation of Occupational health and environmental management standards in the leather industry;		16,000	5,000	21,000.00	14
Strategic Objectives 7 (SO7) - Facilitate investment and resource Mobilization for ALLPI and the leather sector		78,000	100,000	178,000.00	14
Strategic Objectives 8 (SO8) - To promote Export of value-added leather products;		22,000	35,000	57,000.00	14
Strategic Objectives 9 (SO9) - To enhance inclusiveness (includes participation of women, youth, and physically challenged) in the leather sector.		2,000	15,000	17,000.00	14
Sub-total		679,820	605,500	1,285,320	
Capital Budget					
Office Computer and Printer (Cannon Printer 2520)		6,275			15
Office Furniture		3,200			16
Generator Stand By BHP 20, 17KVA,		21,000			17
Major Maintenance (Finishing)		35,000			18
Sub-total		65,475			
Grand Total		1,859,932			

NOTE:

1. This is based on the 35th Board of Directors' decision of Professional positions upgrades.
2. To secure the Institute's, one additional Security Guard to be recruited and one Cleaner to replace the previous Cleaner who has moved to the store as a Clerk Staff and to align the IC salary scale with the other similar Institutions.
3. Provision to cover the cost of the newly recruited Professional Staff.
4. This is based on previous year's utilization.
5. This budget is not utilized (2019) because it is not sufficient to get qualified Bi-Lingual receptionist and currently the main Building is not functioning. Hence there is no office receptionist at the moment.
6. Provision for recruitment of two professional posts:
 - a. Programme Coordinator has resigned by his own so that the vacant position should be filled by next year.

Based on the 34th Board of Directors decision regarding recruitment of the Investment, Trade and Marketing position which was filled by Secondment from Ethiopia. This position should be regularized.

7. To cover insurance of the staff not from the host country.
8. This budget line has been increased because of the volume of work and price escalation.
9. This budget line has been cancelled by the Sub-Committee recommendation.
10. It has already been requested for Major Office maintenance (No.18).
11. This is because of additional expense for providing uniforms for Drivers.
12. To cover the cost of translation of report documents into French and Arabic.
13. Some of the activities moved to Developmental Strategic Activities.
14. 2020 Work Programme.
15. There is only one printer in the Institute and due to the fact that it has gradually been overloaded it has frequently failed and challenged the Institute's activities. Therefore, this budget is held to replace the printer.
16. To replace old furniture with poor conditions.
17. The Institute's standby generator is very old and has frequently failed; causing tremendous maintenance costs. In the last two years the frequency of electricity blackout has increased. This has hampered the Institute to smoothly carry out its activities. Since it is necessary to replace this generator, the amount indicated is held as a budget for procurement of a new one.
18. The Institute's office building requires major maintenance. As a result, staff have to move out of it till the maintenance work is completed. Accordingly, temporary offices have been constructed from a container and the staff have moved to these offices. The previous budget for maintenance has partially been used for the construction of the temporary offices and the rest of it will be used for maintaining the building. It necessary to hold the budget indicated here for completion of the maintenance work up to the finishing stage.

Discussion

224. The Sub Committee noted the ALLPI submitted Budget proposal of the year 2020 representing Regular (Recurrent and Strategic Activities), Developmental and Capital Budgets with the Total Amount COM\$1,874,932.00. The Sub Committee accepted the budget proposal and advised a budget reduction on the amount requested as additional budget, for the Major Maintenance work of the ALLPI head office Building, from COM\$ 50,000. to COM\$35,000.

Recommendations

225. *The Sub-Committee recommended to the Committee of Administrative and Budgetary Matters, that the ALLPI submitted Budget proposal of the year 2020 representing Regular (Recurrent and Strategic Activities) (COM\$1,114,637), Developmental ((COM\$ 679,820) and Capital Budgets (COM\$65,475) with the Total Amount COM\$1,859,932.00 be presented for the endorsement of the Council of Ministers in line with Article 14 (1) of the ALLPI Charter.*

2020 Work Programme and Budget of COMESA Competition Commission (Agenda Item 7.4)

226. The Sub-Committee received 2020 Competition Commission Work Programme and Budget, annexed at (CS/ADM/SC/XXII/7.4).

2020 COMESA Competition Commission Work programme

227. The Sub-Committee was briefed that in order for the Commission to continue implementing its strategic plan for the period 2016 to 2020, it needed to request for the approval from the Sub-Committee for the approval of its 2020 budget and work program. The Commission therefore submitted its 2020 Work Programme and Draft Budget in accordance with Rule 16 of the Rules to the 22nd Sub-Committee on Audit and Budgetary Matters for consideration and recommendations for final approval by the Council of Ministers through the Administration and Intergovernmental Committee of the Council of Ministers. Rules 16 of the Rules provides that:

- 1: ***“The Budget of the Commission shall be comprised of: -***
 - a. ***Annual subventions from the Member States in accordance with the formula or budgetary contributions to the COMESA Secretariat;***
 - b. ***Grants and donations from co-operating partners.***
- 2: ***The Commission may charge and collect fees in respect of programs, publications, seminars, consultancy and other services.***
- 3: ***The Commission shall cause to be kept proper books and records relating to its accounts.”***

Focus for 2020

228. In order to reinforce the capacity and functioning of the Commission, in 2020 the focus shall be on: enhancing corporate governance through hosting of at least four (4) board meetings, at least eight (8) meetings of the Committee Responsible for Initial Determination, at least two (2) meetings of the finance and administration Committee of the Board and at least two (2) meetings of the Technical and Strategic Committee of the Board. Further, the Commission is cognizant that the Board is the adjudicative Authority on cases before Commission. Therefore, in order to enhance their decision-making competencies, the Commission shall:

- (i) Facilitate training of Commissioners on use of economic analysis on competition cases & decision making;
- (ii) Training of Commissioners on the Interpretation of Legal concepts & Principles in decision making; and
- (iii) Benchmarking missions to developed competition/consumer authorities.

Discussion

229. The Sub Committee noted the focus areas and interventions for 2020.

Recommendation

230. *The Sub-Committee recommended the proposed 2020 Work Programme of the COMESA Competition Commission to the Committee on Administrative and Budgetary Matters.*

2020 COMESA Competition Commission Budget

231. The Sub-Committee received and considered the 2020 Budget of the COMESA Competition Commission, which is based on its Strategic Plan. The Commission's total budget for the year 2020 is amounting to COM\$ 3,779,430, funded as follows: -

- (i) Regular Budget from Member States' subventions: -COM\$ 990,430 an increase of 4% from the 2019 budget of USD 956,777, which is submitted to the Council for approval; and
- (ii) the Commission's other Sources of income budget of COM\$ 2,780,000, which is already approved by the Board in line with its mandate

232. The Regular Budget from Member States' subventions of COM\$ 990,430 is presented in Table 28, below: -

ANNEX II

COMESA COMPETITION COMMISSION 2020 REGULAR BUDGET

No	BUDGET LINE	2018 Budget	2018 Actual	2018 Variance	2019 Budget	2019 Actual Jan - Jun	2019 Actual/Budget	2019 Projected Jul - Dec	Actual Projected	2019 Total Projected	2019 Total	Variance	Actual/Budget	Not Proposed	2020 Proposed Budget	Incr/Decr	Incr/Decr
		COM \$	COM \$	COM \$	COM \$	COM \$	%	COM \$	%	COM \$	COM \$	COM \$	%		COM \$	COM \$	%
1	Basic salary - Professionals	334,196	266,090	68,106	339,415	177,201	52%	162,214	48%	339,415	339,415	-	100%	i	338,415	(1,000)	0%
2	Basic salary - General staff	64,703	49,911	14,792	77,175	36,227	47%	40,948	53%	77,175	77,175	-	100%	ii	77,922	747	1%
3	Housing allowance	144,842	125,563	19,279	144,842	74,402	51%	70,440	49%	144,842	144,842	-	100%	iii	144,842	-	0%
4	Dependants allowance	6,079	5,014	1,065	6,079	2,271	37%	3,808	63%	6,079	6,079	-	100%	iv	6,079	-	0%
5	Gratuity	59,834	47,154	12,680	62,406	28,929	46%	33,477	54%	62,406	62,406	-	100%	v	63,218	812	1%
6	Medical allowance	33,750	558	33,192	33,750	4,968	15%	28,784	85%	33,750	33,750	-	100%	vi	33,750	-	0%
7	Education allowance	72,604	29,620	42,984	72,604	31,715	44%	40,889	56%	72,604	72,604	-	100%	vii	72,604	-	0%
	Total for staff costs	716,008	523,909	192,099	736,271	355,711	48%	380,560	52%	736,271	736,271	-	100%		736,830	559	0%
8	Commissioners' honorarium	15,000	13,950	1,050	15,000	5,770	38%	9,230	62%	15,000	15,000	-	100%	viii	15,000	-	0%
9	Technical expenses	8,000	7,636	364	5,000	4,920	98%	80	2%	5,000	5,000	-	100%	ix	10,000	5,000	50%
10	Recruitment expenses	5,000	3,926	1,074	5,000	1,349	27%	3,651	73%	5,000	5,000	-	100%	x	5,000	-	0%
11	Travel expenses - official	45,000	44,759	241	50,000	13,507	27%	36,493	73%	50,000	50,000	-	100%	xi	50,000	-	0%
12	Travel expenses - contractual	5,000	1,965	3,035	5,000	3,000	60%	2,000	40%	5,000	5,000	-	100%	xii	5,000	-	0%
13	Publication and Publicity	5,000	4,846	154	8,000	4,270	53%	3,730	47%	8,000	8,000	-	100%	xiii	8,000	-	0%
14	Office supplies	8,000	7,560	440	8,000	2,831	35%	5,169	65%	8,000	8,000	-	100%	xiv	8,000	-	0%
15	Public relations and Promotional activities	5,690	5,552	138	5,000	1,735	35%	3,265	65%	5,000	5,000	-	100%	xv	5,000	-	0%
16	Advertising														3,000		
17	Audit fees	20,910	20,910	0	30,000	-	0%	30,000	100%	30,000	30,000	-	100%	xvi	30,000	-	0%
18	Legal fees	7,000	-	7,000	7,000	-	0%	7,000	100%	7,000	7,000	-	100%	xvii	7,000	-	0%
19	Translation and Transcription	7,000	4,700	2,300	7,000	6,167	88%	833	12%	7,000	7,000	-	100%	xviii	7,000	-	0%
20	MV repair and maintenance	8,000	6,631	1,369	8,000	3,639	45%	4,361	55%	8,000	8,000	-	100%	xix	8,000	-	0%
21	Insurance motor vehicles	4,000	1,515	2,485	2,000	-	0%	2,000	100%	2,000	2,000	-	100%	xx	1,600	(400)	-25%
22	Insurance other assets	2,000	971	1,029	2,000	1,066	53%	934	47%	2,000	2,000	-	100%	xxi	2,000	-	0%
23	Security, utilities and maintenance of common areas	10,000	10,036	(36)	12,000	7,000	58%	5,000	42%	12,000	12,000	-	100%	xxii	15,000	3,000	20%
24	Communication (postage, phone bills & internet subscription)	25,000	24,778	222	25,000	13,168	53%	11,832	47%	25,000	25,000	-	100%	xxiii	30,000	5,000	17%
25	Utilities for the office	3,000	2,277	723	5,000	2,402	48%	2,598	52%	5,000	5,000	-	100%	xxiv	6,000	1,000	17%
26	Hospitality	1,500	600	900	1,500	1,100	73%	400	27%	1,500	1,500	-	100%	xxv	2,000	500	25%
27	Other office expenses	1,500	1,404	96	1,500	744	50%	756	50%	1,500	1,500	-	100%	xxvi	1,500	-	0%
28	Consultancy costs	7,000	3,500	3,500	7,000	-	0%	7,000	100%	7,000	7,000	-	100%	xxvii	7,000	-	0%
29	Bank charges	1,500	1,146	354	1,500	352	23%	1,148	77%	1,500	1,500	-	100%	xxviii	1,500	-	0%
30	Office furniture and Equipment chairs and laptops	10,000	8,477	1,523	10,000	2,277	23%	7,723	77%	10,000	10,000	-	100%	xxix	15,000	5,000	33%
31	Staff welfare														10,000	10,000	100%
32	Group insurance														10,000	10,000	100%
	Total operational costs	205,100	177,138	27,962	220,500	75,299	34%	145,201	66%	220,500	220,500	-	100%		262,600	42,100	18%
	Total regular budget	923,108	701,047	220,061	956,771	431,010	45%	525,761	55%	956,771	956,771	-	100%		999,430	42,659	4%

ANNEX III

COMESA COMPETITION COMMISSION 2020 REGULAR BUDGET

No	BUDGET LINE	2019 Budget	2019 Actual Jan - Jun	2019 Actual/Budget	2019 Projected Jul - Dec	2019 Total Projected	2020 Proposed Budget	Incr/Decr	Incr/Decr	Explanatory notes
		COM \$	COM \$	%	COM \$	COM \$	COM \$	COM \$	%	
1	Basic salary - Professionals	339,415	177,201	52%	162,214	339,415	338,415	(1,000)	0%	
2	Basic salary - General staff	77,175	36,227	47%	40,948	77,175	77,922	747	1%	These are contractual obligations. The decrease in Professional category is due to replacement of a Manager who left at Step 7 and has just been replaced. The change in General Staff as well as gratuity is due to change in steps.
3	Housing allowance	144,842	74,402	51%	70,440	144,842	144,842	-	0%	
4	Dependants allowance	6,079	2,271	37%	3,808	6,079	6,079	-	0%	
5	Gratuity	62,406	28,929	46%	33,477	62,406	63,218	812	1%	
6	Medical allowance	33,750	4,968	15%	28,784	33,750	33,750	-	0%	
7	Education allowance	72,604	31,715	44%	40,889	72,604	72,604	-	0%	
	Total for staff costs	736,271	355,711	48%	380,560	736,271	736,830	559	0%	
8	Commissioners' honorarium	15,000	5,770	38%	9,230	15,000	15,000	-	0%	Used during Board meetings. The Commission will have Committee Meetings of the Board.
9	Technical expenses	5,000	4,920	98%	80	5,000	10,000	5,000	50%	To be used when recruiting more staff.
10	Recruitment expenses	5,000	1,349	27%	3,651	5,000	5,000	-	0%	To be used among other activities in the participation of the Policy Organs Meetings.
11	Travel expenses - official	50,000	13,507	27%	36,493	50,000	50,000	-	0%	To be used when staff travel home on leave.
12	Travel expenses - contractual	5,000	3,000	60%	2,000	5,000	5,000	-	0%	To be used when publishing documents.
13	Publication and Publicity	8,000	4,270	53%	3,730	8,000	8,000	-	0%	Support budget line for procuring supplies.
14	Office supplies	8,000	2,831	35%	5,169	8,000	8,000	-	0%	
15	Public relations and Promotional activities	5,690	1,735	30%	3,265	5,690	5,690	-	0%	To be used on advocacy activities.
16	Advertising						3,000			Advertisement on recruitment of staff.
17	Audit fees	30,000	-	0%	30,000	30,000	30,000	-	0%	To be used during 2019 external audit.
18	Legal fees	7,000	-	0%	7,000	7,000	7,000	-	0%	Provided for any uncertain litigation.
19	Translation and Transcription	7,000	6,167	88%	833	7,000	7,000	-	0%	To be used when translating documents into three COMESA official languages.
20	MV repair and maintenance	8,000	3,639	45%	4,361	8,000	8,000	-	0%	Fuel and motor vehicle maintenance. Reduction due to decreased market value of vehicles due to old age.
21	Insurance motor vehicles	2,000	-	0%	2,000	2,000	1,600	(400)	-25%	
22	Insurance other assets	2,000	1,066	53%	934	2,000	2,000	-	0%	To include new assets to be procured.
23	Security, utilities and maintenance of common areas	12,000	7,000	58%	5,000	12,000	15,000	3,000	20%	Increase in tariffs has necessitated the increase in this budget line.
24	Communication (postage, phone bills & internet subscription)	25,000	13,168	53%	11,832	25,000	30,000	5,000	17%	As the staff complement has increased internal usage has increased due to research and communication. The Commission also has a lot of conference calls when conducting its activities.
25	Utilities for the office	5,000	2,402	48%	2,598	5,000	6,000	1,000	17%	Increase in tariffs has necessitated the increase in this budget line.
26	Hospitality	1,500	1,100	73%	400	1,500	2,000	500	25%	This budget line is used for entertaining official visitors to the Commission. The Commission grows with activities hence, increase in the amount.
27	Other office expenses	1,500	744	50%	756	1,500	1,500	-	0%	Office cleaning costs among others.
28	Consultancy costs	7,000	-	0%	7,000	7,000	7,000	-	0%	A consultant will be engaged to develop a leniency programme.
29	Bank charges	1,500	352	23%	1,148	1,500	1,500	-	0%	This is dependent on transactions being presented to the bank.
30	Office furniture and Equipment chairs and laptops	10,000	2,277	23%	7,723	10,000	15,000	5,000	33%	The Commission's office furniture and equipment is due for replacement having completely worn out.
31	Staff welfare						10,000	10,000	100%	This budget has been introduced to be used for staff welfare expenses and used as and when there are staff welfare issues in progress.
32	Group insurance						10,000	10,000	100%	This budget has been introduced to be used for group insurance expenses and used as and when there are issues such as accidents to be addressed.
	Total operational costs	220,500	75,299	34%	145,201	220,500	262,600	42,100	18%	
	Total regular budget	956,771	431,010	45%	525,761	956,771	999,430	42,659	4%	The overall budget has increased by 4%.

Discussions

233. The Sub Committee noted the proposed 2020 Budget of the COMESA Competition Commission amounting to COM\$956,771.

Recommendation

234. *The Sub Committee recommended to the Committee on Administrative and Budgetary Matters the Commission's 2020 Expenditure Budget of COM\$990,430 for consideration.*

Federation of National Associations of Women in Business in Eastern and Southern Africa (Agenda Item 7.5)

235. The Sub-Committee received 2020 FEMCOM Work Programme and Budget, annexed at CS/ADM/SC/XXII/7.5.

2020 FEMCOM Work programme

236. The 2020 FEMCOM Work Programme, highlights in particular, the following: -

Objectives of the 2020 Work Programme

- (i) Strategic objective number 1 : Strengthen FEMCOM institutional capacity for effective programme implementation and long-term sustainability
- (ii) Strategic objective number 2 : Resource mobilization
- (iii) Strategic objective number 3: UP-scaling capacity
- (iv) Strategic objective number 4 : Trade and Investment Facilitation
- (v) Strategic objective number 5: Access to credit and capital
- (vi) Strategic objective number 6 : Influencing policy to empower women in business

Focus for 2020

237. The Sub-Committee was informed that in 2020, FEMCOM would continue implementing both Strategic Plan and its 2020 Work Programme, and would focus on the following: -

- (i) Develop women entrepreneurship in COMESA through programmes that promote, encourage and serve the needs of women in business and their businesses, working in smart collaboration with relevant partners.
- (ii) Resource mobilisation; and
- (iii) Institutional capacity strengthening.

238. The Sub-Committee was invited to take note of the key outputs and activities that had been realized within the year. The Meeting was further invited to take note of the key initiatives, expected outcomes, source of funding and indicative costs for these initiatives.

Discussion

239. In the discussion that followed, the Sub Committee noted the achievements that FEMCOM had made in 2019.

Recommendation

240. *The Sub-Committee recommended that the proposed 2020 Work Programme of FEMCOM be forwarded to the Committee on Administrative and Budgetary Matters for consideration.*

2020 FEMCOM Budget

241. The Sub-Committee received and considered the 2020 Budget of FEMCOM, which is based on its Strategic Plan. FEMCOM's total budget for the year 2020 is amounting to COM\$826,818 as shown in Table 29, below: -

COMESA-FEMCOM 2020 DRAFT BUDGET													
BUDGET LINE DESCRIPTION	2018 APPROVED BUDGET COM\$	RE-ALLOCATION COM\$	BUDGET AFTER RE-ALLOCATION COM\$	ACTUAL 31/12/19 COM\$	VARIANCE COM\$	2019 APPROVED BUDGET COM\$	ACTUAL 30/7/19 COM\$	VARIANCE COM\$	USAG BUDGET 2019 %	2020 PROPOSED BUDGET COM\$	INCR/DC COM\$	INCR/DC %	NOTE
1 Basic Salary	210,007	(1,165)	208,842	187,361.43	41,480.57	220,111	114,481	105,630	52%	271,916	51,804	24%	1
2 Housing allowance	77,713		77,713	53,327.82	24,384.70	87,513	33,320	54,193	38%	107,193	19,680	22%	1
3 Gratuity allowance	31,501		31,501	25,085.32	6,405.73	33,017	15,022	17,995	45%	40,787	7,771	24%	1
4 Spouse allowance	1,239	1,165	2,404	2,401.17	2.63	1,239	220	1,019	18%	1,239	-	0%	1
5 Education allowance	44,140		44,140	6,235.20	37,904.80	44,140	5,203	38,937	12%	78,728	32,589	74%	1
6 Dependency allowance	2,500	(500)	2,000	1,732.81	347.39	4,580	1,103	3,477	24%	5,160	580	13%	1
7 Overtime allowance	2,000	500	2,500	2,347.97	152.03	2,000	818	1,182	41%	4,000	2,000	100%	1
8 Medical allowance	22,500		22,500	48.99	22,451.01	22,500	287	22,203	1%	32,400	9,900	44%	1
9 Group Medical Scheme	5,000		5,000		5,000.00	5,000		5,000	0%	5,000		0%	1
Total staff costs	396,679.57	-	396,679.57	266,650.81	138,128.98	420,100	170,484	249,636	41%	644,422	124,322	30%	1
10 Recruitment													
11 Appointment/Installation Support						30,000	11,085	18,935	37%	20,000	(10,000)	-33%	
12 Repatriation Costs						50,000	3,300	46,700	7%	50,000		0%	
Total staff recruitment & repatriation Program Implementation						12,000	1,966	10,014	17%	12,000		0%	
13 Cassava Cluster Project Implementation						92,000	18,369	73,660	18%	82,000	(10,000)	-11%	2
14 Construction of Perimeter Fence						20,000	3,500	16,500	18%	20,000		0%	
15 Construction of FEMCOM Complex/Feasibility Study						10,000		10,000	0%		(10,000)	-100%	3
16 Trade Fair										250,000	250,000	100%	4
17 Development of Strategic Plan						10,000	1,600	8,400	18%	40,000	40,000	100%	5
Total Program Implementation Operational Costs						40,000	6,100	34,900	13%	90,000	80,000	800%	6
18 Hospitality	2,000	500	2,500	2,479.37	20.63	2,000	261	1,739	13%	2,000		0%	
19 Consultancy	9,000	1,350	10,350	12,145.93	(1,795.93)	8,000	6,268	2,732	70%	10,000	1,000	11%	
20 Temporary Assistant										12,000	12,000	100%	7
21 Translation										8,000	8,000	100%	8
22 Motor Vehicle fuel	10,000	(250)	9,750	9,606.50	143.50	10,000	7,412	2,588	74%	10,000		0%	
23 MV Repairs and Maintenance	1,500	(1,000)	500	370.21	129.79	3,000	3,054	(54)	102%	5,000	2,000	67%	9
24 Insurance-MV & Assets	3,000		3,000	2,542.30	457.70	4,000	1,899	2,301	42%	4,000		0%	
25 Travel Expenses -official	50,000	10,000	60,000	59,944.23	55.77	50,000	36,814	13,386	73%	50,000		0%	
26 Travel Expenses-Contractual						3,000	1,265	1,735	42%		(3,000)	-100%	10
27 Technical Committee Meetings	50,000		50,000	50,322.02	(322.02)	50,000	17,244	32,756	34%	50,000		0%	
28 Annual General Meeting & Board						50,000	22,887	27,013	48%	60,000	10,000	20%	11
29 Website	5,000	(3,000)	2,000	1,871.43	128.57	5,000	750	4,250	15%	5,000		0%	
30 Office Supplies	4,000	(2,000)	2,000	1,918.10	80.90	4,000	2,332	1,668	58%	4,000		0%	
31 Public Relations & Promotional	6,000	(500)	5,500	5,018.98	480.02	6,000		6,000	0%	6,000		0%	
32 Office Utilities and Operations	10,000	(1,500)	8,500	7,817.42	682.58	10,000	1,278	8,724	13%	10,000		0%	
33 Audit fees	6,300		6,300		6,300.00	10,000		10,000	0%	10,000		0%	
34 Telecommunications Fax & Email	14,000		14,000	11,522.23	2,477.77	14,000	10,371	3,629	74%	14,000		0%	
35 Office Maintenance	3,000	(1,000)	2,000	1,850.40	149.60	3,000	2,087	913	70%	3,000		0%	
36 Miscellaneous Expenses	1,500	(1,300)	200	171.44	28.56				0%			0%	
37 Bank Charges	3,000	(1,300)	1,700	1,610.91	99.09	3,000	1,720	1,280	57%	3,000		0%	
Total Office Operations Capital Capital	178,300	-	178,300	169,258	9,015	238,000	118,348	120,851	49%	266,000	30,000	13%	
38 Computer	1,500		1,500	1,500.00		3,000	3,000		100%	4,000	1,000	33%	12
39 Motor Vehicle									0%	70,000	70,000	100%	13
40 Office Furniture	1,600		1,600			3,000	3,000		0%	2,000	2,000	100%	14
Total Capital Budget	179,800	-	179,800	168,268	9,015	371,000	118,348	120,851	32%	342,000	103,000	28%	
Total operational costs	576,480	-	576,480	427,836	147,144	791,100	310,264	480,836	39%	1,388,422	677,322	73%	

NOTES TO THE 2020 DRAFT BUDGET

- 1) *The decrease in the staff emoluments is due to retirement of the former CEO whose salary scale was at P5 step 9 and the proposal to upgrade the position of Digital Communication Expert from P1 to P2. The new CEO salary scale is at P 5 step 1.*
- 2) *Overtime allowance has increased due to increase in members of staff at FEMCOM Secretariat.*
- 3) *The Recruitment and Repatriation budget line has decreased because FEMCOM will not hire a Consultant to assist in the recruitment of the Digital Communication Expert and Resource Mobilisation Officer. The recruitment will be done with the assistance of the FEMCOM Board and COMESA Human Resource Unit.*
- 4) *The budget for Construction of Perimeter Fence has increased because more funds are required to finalise the construction of the fence.*
- 5) *The budget line for Development of Strategic Plan has increase because FEMCOM Medium Term Strategic Plan will expire in 2020 and there is a need to engage a Consultant who will assist in the development of the new MTSP.*
- 6) *FEMCOM is requesting for a budget to cater for costs relating to translation in line with COMESA requirements.*
- 7) *Motor Vehicle Repairs and Maintenance budget line has increased because COMESA Secretariat donated a vehicle to FEMCOM whose year of make is 2005 and FEMCOM's Motor vehicle was procured in 2011. This has resulted in increased costs of maintenance of the old motor vehicles.*
- 8) *The reduction in the Travel expenses Contractual is because no FEMCOM Member of staff will qualify for Home Leave in 2020 in line with Rule 50 of the COMESA Staff Rules and Regulations.*
- 9) *The budget line procurement of computers has gone up because FEMCOM has planned to procure a server for accounting software and increase in members of staff in 2020.*
- 10) *There is an increase in the Annual General Meeting and Board Meeting budget line due to anticipated increase in air fares.*
- 11) *FEMCOM Secretariat has planned to procure a new Motor Vehicle in 2020. Currently FEMCOM has two Motor Vehicles whose year of make is 2005 and 2011. Cost of maintenance of the old vehicles is proving too costly. FEMCOM has therefore planned to procure one motor vehicle in 2020 and dispose one of the old vehicles to reduce on maintenance costs in the long run.*
- 12) *FEMCOM Secretariat has planned to procure office furniture in the year 2020. The office furniture at FEMCOM were procured in 2012 and there is a need to replace some furniture which are not in usable state.*

42. The Sub-Committee also received the following details, regarding additional budgetary requirements for 2020, as outlined in Table 30, below: -

Table 30: 2020 FEMCOM additional budgetary requirements

No	Item	Budget	Reasons	Benefit
1	Resource mobilization Officer (RCO) P2 to P3). Status: Up-grade	COM\$88,024 to COM\$98,181	FEMCOM Secretariat staff lacks the expertise to carry out the expected functions	-Resource mobilization effort for financial resources; -provide technical assistance to FEMCOM Chapters to implement strategic plans; -Engaging of highly qualified experts
	Digital Communication: P1 to P2: Up-grade	COM\$78,881 to COM\$88,024		
2	FEMCOM Complex Headquarters – develop Feasibility Study	COM\$250,000	Business plan, building Designs, Environmental Impact assessment, Survey, bills of quantity, other	FEMCOM will know the funds required to build the headquarters so resource mobilization can start
3	Development of FEMCOM as Regional leader (2021-2025) and member nations Chapters' Strategic plans	COM\$90,000	Chapters strategic plans: 1. Don't exist; 2. Outdated; 3. Expired - FEMCOM regional Strategic Plan is expiring in 2020 and SP 2021-2025 is due	FEMCOM will implement its mandate as enshrined in the Charter and the COMESA Treaty. Chapters will work with a Plan, can request support for technical and financial support as planned, impact will be measurable
4	Trade Fairs for the FEMCOM Chapters	COM\$40,000	Loss opportunity for enhancing the participation of women in trade	-Business linkages established; -visibility in member nations; -income generated thru fees
Total		399,302.00		

243. On the 2020 FEMCOM Work plan, the Sub-Committee was informed that FEMCOM plans to carry out the following activities: -

- (i) Feasibility study, design, and business plan of FEMCOM Complex;
- (ii) Trade fairs for FEMCOM Chapters;
- (iii) Strengthening of FEMCOM Secretariat and Chapters;
- (iv) Implementation of the BIAWE project; and
- (v) Development of the Medium-Term Strategic Plans

244. The Sub-Committee raised the following issues and questions: -

- (i) Justify the increase in the budget for the construction of the perimeter fence from COM\$10,000 to COM\$20,000;
- (ii) Clarify on the engine capacity of the vehicle to be purchased and for what purpose; and
- (iii) Clarify on the new positions to be filled.

245. The following clarifications and explanations were given: -

- (i) Construction of the perimeter fence: FEMCOM informed the Sub Committee that a task Force to oversee the construction of the FEMCOM Complex has been created and is in the process of procuring a contractor to build the brick wall fence; and
- (ii) On the purchase of the motor vehicle, FEMCOM Secretariat informed the committee that FEMCOM plans to procure a new Motor Vehicle in 2020 to be attached to the office of the Chief Executive officer as per contract. FEMCOM will also sale the other pool vehicle which was donated by COMESA Secretariat whose year of make is 2005. The cost of maintaining these two old motor vehicles is extremely high.

- (iii) On the recruitment and upgrading of the two positions, FEMCOM informed the committee that the two positions should be upgraded so that the organisation can attract some highly skilled experts to fill these vacancies.

Recommendation

246. **The Sub-Committee recommended to the Committee on Administrative and Budgetary Matters:**

- (i) **Up-grading of the posts of: -**
- (a) **Resource Mobilisation Officer, from P2 to P3; and**
 (b) **Digital Communication Specialist, from P1 to P2.**
- (ii) **the FEMCOM's 2020 Budget of COM\$1,368,422.00, representing an increase of 73% from 2019 budget of amount of US\$791,100. Justification for the increase is attached.**

247. **The Sub Committee recommended to the Committee on Administrative and Budgetary Matters the:-**

- (i) **FEMCOM's 2020 Expenditure Budget of COM\$1,368,422, which represents an increase of 73% on 2019 Budget of COM\$791,100 attributed to the above additional requirements;**
- (ii) **Proposed funding, as follows: -**
- (a) **Assessed annual Member States contributions: COM\$834,818; and**
 (b) **FEMCOM Reserve Fund: COM\$533,604.**

Regional Investment Agency (Agenda Item 7.6)

248. The Sub-Committee received 2020 RIA Work Programme and Budget, annexed at CS/ADM/SC/XXII/7.6).

2020 RIA Work programme

249. The Sub-Committee was briefed that the COMESA Regional Investment Agency (RIA) is an institution of the Common Market for Eastern and Southern Africa (COMESA) which was launched in 2006 in line with COMESA's ultimate objective to create a fully integrated, internationally competitive and unified regional economic community in which goods, services, capital and persons move freely, for the sustainable economic development of the region. The principal route that was chosen in order to realise this goal is development integration through increased trade and investment.

Objectives of the 2020 Work Programme

250. The Sub-Committee was informed that based on the Strategic Plan, the 2020 Work Programme would be achieved through Investment promotion, facilitation and advocacy.

Focus for 2020

251. The Sub-Committee was informed that in 2020, Regional Investment Agency would focus on the following: -

- (i) **Provision of a platform for private sector to interact with COMESA Governments and serve as an information for promoting the COMESA region in line with RIA objectives;**
- (ii) **Support and capacity-building activities targeting IPAs and other relevant Government Officials**

- (iii) Organization of a number of business and FDI related forums and events.
- (iv) Research, design and printing a number of county-level and regional publications and research studies.

Discussion

252. The Sub Committee noted the focus areas and interventions for 2020.

Recommendation

253. *The Sub-Committee recommended the proposed 2020 Work Programme for COMESA Regional Investment Agency to the Committee on Administrative and Budgetary Matters.*

2020 RIA Expenditure Budget

254. The Sub-Committee received and considered 2020 Budget for COMESA Regional Investment Agency, of COM\$624,870, which represents an increase of 17% over 2019 budget of US\$532,044, as shown in Table 31, below: -

Table 31: 2020 Budget for Regional Investment Agency (COM\$)

Serial	BUDGET LINE	As at 31st December 2018	2018 Budget	Balance	As at June 2019	2019 Budget	Balance	2020 Proposed Budget	INCR/DEC	INCR/ DEC %
1	BASIC SALARY PROFESSIONALS	170,688	156,856	(13,832)	77,245	158,004	80,759	189,797	31,793.00	20%
2	BASIC SALARY INTERMEDIATE CATEGORY	64,388	71,818	7,430	37,446	74,893	37,447	50,192	(24,700.60)	-33%
5	HOUSING ALLOWANCE	64,608	64,608	-	32,304	64,608	32,304	64,608	-	0%
6	DEPENDANTS ALLOWANCE	1,744	1,744	-	756	1,744	988	1,744	-	0%
7	GRATUITY	15,443	16,858	1,415	8,834	17,508	8,674	19,914	2,406.04	14%
8	SPOUSE ALLOWANCE	413	413	-	261	413	152	413	-	0%
9	MEDICAL ALLOWANCE	8,000	15,000	7,000	2,700	15,000	12,300	15,000	-	0%
10	EDUCATION ALLOWANCE	15,600	21,448	5,848	5,777	21,448	15,671	30,526	9,078.00	42%
TOTAL STAFF BUDGET		340,884	348,745	7,861	165,323	353,618	188,295	372,194	18,576	5%
11	HOSPITALITY	980	1,000	20	263.16	1,000	737	1,000	-	0%
12	TECHNICAL MEETINGS							65,000	65,000	100%
13	MEETINGS AND WORKSHOPS	604	1,000	396	-	1,000	1,000	1,000	-	0%
14	BOARD EXPENSES	21,352	20,000	(1,352)	-	20,000	20,000	20,000	-	0%
15	TRAVEL EXPENSES- OFFICIAL	64,523	60,000	(4,523)	29,811.22	50,000	20,189	52,000	2,000	4%
16	PRODUCTION OF PUBLICATIONS & MARKETING	24,057	24,000	(57)	2,264.60	30,000	27,735	30,000	-	0%
17	OFFICE SUPPLIES	1,023	1,000	(23)	39.55	1,000	960	1,000	-	0%
18	PRINTING & STATIONERY	1,593	1,500	(93)	1,524.38	1,500	(24)	1,500	-	0%
19	AUDIT FEES	6,000	6,000	-	-	8,500	8,500	8,500	-	0%
20	SUBSCRIPTION	-	200	200	6,000.00	-	(6,000)	6,500	6,500	0%
21	MAINTENANCE OFFICE EQUIPMENT	494	500	6	-	1,500	1,500	1,500	-	0%
22	TELEPHONE, E-MAIL & FAX	4,295	6,000	1,705	571.11	4,500	3,929	4,500	-	0%
23	INSURANCE- OTHER ASSETS	285	500	215	351.52	500	148	500	-	0%
24	OTHER OFFICE EXPENSES	1,220	1,500	280	500.00	1,500	1,000	1,500	-	0%
25	CONSULT RIA	43,055	40,800	(2,255)	-	40,626	40,626	40,626	-	0%
26	BANK CHARGES	619	1,000	381	60.98	300	239	300	-	0%
27	MOTOR VEHICLES	2,933	3,500	567	2,049.93	3,000	950	3,000	-	0%
28	DRIVER ALLOWANCE	6,600	6,600	-	3,300.00	6,600	3,300	9,000	2,400	36%
29	STAFF TRAINING	-	1,000	1,000	-	-	-	-	-	0%
30	OFFICE EQUIPMENT	6,179	6,500	321	1,825.84	5,000	3,174	3,000	(2,000)	-40%
31	SUN ACCOUNTING SYSTEM	2,017	1,700	(317)	-	1,900	1,900	2,250	350	18%
TOTAL OPERATIONAL BUDGET		187,828	184,300	(3,528)	48,562	178,426	129,864	252,676	74,250	42%
TOTAL REGULAR BUDGET		528,712	583,045	4,333	213,885	582,044	318,159	624,870	92,826	17%

Notes to the Budget

- 1- **Salary for Professionals Based on the COMESA Professional cadre scale.** – Increase in Professional salaries budget due to the 20th Board of Director decision "Upgrade the post of Research Analyst from the current IC to a professional category.
- 2- **Salary for RIA staff Based on the COMESA IC cadre scale.**
- 3- **Housing Allowance Based on the COMESA IC cadre scale.**
- 4- **Dependents Allowance Based on the COMESA IC cadre scale.**
- 5- **Gratuity 15% of RIA staff's monthly salary.**
- 6- **Medical Allowance RIA staff are entitled to a medical allowance of up to USD 3,750 per year.**
- 7- **Education Allowance RIA staff are entitled to an education allowance of up to USD 2,888 per child.**
- 11- **Hospitality To accommodate guests and invite relevant key individuals (officials, private sector, etc.)**
- 12- **Technical Meeting: The budget line will cater for an annual stakeholders' meeting which will include all National Investment Agencies of the Member States.**
During COMESA RIA's 21st Board of Directors meeting, decided that COMESA RIA organises a meeting for all CEOs and Heads of COMESA National Investment Promotion Agencies (NIPAs) aiming at networking, sharing successful experiences and practices as well as enhancing intra-regional collaboration as has been identified as a key outcome of COMESA RIA's Strategic Medium-Term Plan (SMTP). In addition to that, the seminar aims at discussing ideas and suggestions on how to enhance communication between COMESA RIA and Member NIPAs, more specifically feedback on the outcome of COMESA RIA services to them and collaborate in packaging investment opportunities. Furthermore, the board recommended that RIA and NIPAs shall engage and facilitate programs and initiatives related to regional integration such as promoting regional projects.
- 13- **Meetings and Workshops To support capacity building and promotional activities**
- 14- **Board Expenses To review RIA's operations, proposed budget and workplan, and provide strategic direction.**
- 15- **Travel Expenses To cover RIA staff mission expenses required to successfully implement RIA's work plan. The missions are divided**

into promotional missions, capacity building missions, and resource mobilisation missions.

- 16- **Production of Publications** COMESA RIA produces various promotional publications annually, each publication has a specific targeted audience as well as specific objective. Some of these publications aim at promoting a single Member State's business and investment environment, while others promote the COMESA region collectively as an attractive investment destination. In addition to that, COMESA RIA produces publications aim at introducing RIA's mission, vision, services, and achievements to all regional and international FDI stakeholders.
- 19- **Audit Fees** Based on actual fees paid in 2018.
- 20- **Subscriptions** As per council decision RIA should continue subscribing with WAIPA for the benefit of COMESA member states
- 21- **Maintenance of Office Equipment** To cover the annual maintenance contract for printers, photocopy machine, fax, and telephone sets.
- 22- **Telephone, Email & Fax** To cover international phone bills, internet subscriptions, courier, and posting.
- 23- **Insurance for other assets** for office equipment and furniture insurance inside and outside of RIA's premises.
- 25- **Consultancy** To cover consultancy fees required to support RIA in development and implementation of the work plan of RIA
- 27- **Moto Vehicle** To cover all motor vehicle expenses, Insurance, Petro, Maintenance and spare parts
- 29- **Driver Allowance** To cover the driver and messenger allowance.

255. The Sub Committee was informed of the following additional requirements, incorporated in the proposed 2020 Budget: -

Staffing up-grade

- (i) Up-grading of Research Analyst post from IC2 to P2, with additional budgetary allocation of US\$ 15,684. This is justified based on the following: -
 - (a) Skills required to execute mandate of this job, as assessed by RIA Board indicates the following: -
 - **Qualification:** A holder of the post should have a Degree, plus at least a Minimum of Masters' Degree due to the job content of the Research Analyst work;

- **Abilities:** Post should be filled up by an individual, who should be able to carry out professional work, by overseeing and control of research; being part of Regional Investment Agency management team; and deputizing the RIA CEO; and
 - **Experience:** Content requires an experienced individual, with specific experience in a comparable of least eight (8) years
- (b) Some key aspects of job: Develop and facilitation implementation of new RIA initiatives, projects and actions; engage partners; Come up with RIA strategy papers and business case reports; Identify and implement research work required at RIA; and coordinate development of regional and country-specific investment studies and publications on the investment environment, investment opportunities and trends in COMESA region.

One additional technical meeting: NIPAs

- (ii) This requires additional budgetary allocation of US\$65,000. This is justified based on the following: -
- (a) Demand-driven: Requested by RIA Board and NIPAs;
 - (b) Focus: Knowledge and practices' sharing; Enhanced collaboration and communications; and promoting regional value chains; and
 - (c) Outcomes: increased flows of cross-border investments.

Discussion

256. The Sub Committee noted the justification for the additional budget, over and above the year-on-year policy limit of 5%.

257. The Sub Committee accepted the justification, since RIA is starting from a low funding base.

Recommendation

258. *The Sub Committee recommended to the Committee on Administrative and Budgetary Matters the following additional budgetary requirements: -*

- (i) *Endorse the up-grading of the post of Research Analyst from IC2 to P2;*
- (ii) *Approved the incorporation of one technical meeting of National Investment Promotional Agency; and*

259. *The Sub Committee recommended to the Committee on Administrative and Budgetary Matters the COMESA Regional Investment Agency's 2020 Expenditure Budget of COM\$624,870, which represents an increase of 17% on 2019 Budget of COM\$532,044 attributed to the above additional requirements.*

Improvements to Budget performance reporting and Budget submission formats

260. The Sub Committee noted that formats utilised for Six (6) months performance reporting (Work Programme and Budget), as well as Annual Budget Submission (Work Programme and Budget), are not standardised within COMESA. The Sub Committee observed that the lack of standardisation has the following implications: -

- (i) Reducing the efficiency of examination of the documents by the Sub Committee; and
- (ii) Does not facilitate the work of the Sub Committee in identifying critical matters, which may include opportunities and or threats.

261. The Secretariat gave the following update and explanations on the matter: -

- (i) In 2017, the Secretariat identified root-cause of the above situation, as being the absence of a Uniform Chart of Accounts (UCA) and absence of Standard Analysis Dimensions (SAD), notwithstanding that all COMESA Organ and Institutions are guided by one COMESA Treaty and one Medium Term Strategic Plan;
- (ii) New UCA and SAD frameworks were finalized and implemented in 2018, at the Secretariat;
- (iii) Standard financial reports, being (Financial Accounts; and Budget Financial Performance Reports), were designed and submitted to the vendor of Secretariat's sun systems (Ultimate Technology) to translate these into Vision Executive standard reports. Alongside this improvement, is the automation of budget spending processes. This work is yet to be concluded by the vendor of Secretariat's sun systems (Ultimate Technology).
- (iv) As decided by Council in November 2018, the Secretariat convened a Technical Meeting in April 2019 where UCA and SAD, were agreed with Competition Commission; FEMCOM; and Regional Investment Agency. Sun systems will be implemented, with advanced standard reporting functionalities at these three entities in 2020. This shall, however, be dependent on the finalization by the vendor to address reporting concerns at the Secretariat.
- (v) The final phase will be Secretariat engaging COMESA Court of Justice on UCA and SAD. This should be completed in the last half of 2020.

262. Given the above, the Sub Committee on Audit and Budgetary agreed that the COMESA Secretariat should speedily engage COMESA Court of Justice and other COMESA Institutions to fully implement standard financial accounts; budget performance reports; and budget submission reports.

Recommendation

263. **The Sub Committee recommended :-**

- (i) **That the same formats be utilised for financial accounts; budget financial performance reporting; and Budget submission, by all COMESA Organs and Institutions; and**
- (ii) **That agreed formats be shared with the Sub Committee, at its next meeting.**

264. **The Sub Committee also recommended that MTSP indicators be utilised for performance reporting.**

[G] Audit external framework (Agenda Item 8)

External audit instruments – report on preserving the nine (9) pillar compliance, after the adjustment of specific aspects of external audit framework (Agenda item 8.1)

265. The Secretariat informed the Sub Committee that a Report on addressing specific aspects of nine (9) pillar institutional framework to facilitate access to EU funding could not be finalised for presentation at the Oct/Nov-2019 meeting of the Sub Committee.

266. Given the above, the Secretariat undertook to finalise the work for submission to the Sub Committee, at its next meeting. The Report shall also be shared with the Committee on Administrative and Budgetary Matters in November 2019.

External audit instruments – report of the Auditors General (Agenda item 8.2)

267. The Sub Committee received and considered a Report on the work of the Auditors General from Member States in preparing instruments to facilitate audit of COMESA Organs and Its Institutions by Auditors General pursuant to the decision of the 7th Meeting of the Extraordinary Council held on 5 April 2019. The Auditors General held their meeting on 10 October 2019, which was preceded by a meeting of Experts from offices of Auditors General, 7 – 9 October 2019. The Report is attached as, *Annex (CS/ADM/SC/XXII/8.2)*.

268. The Sub Committee noted the following outcomes of the meeting of the Auditors General: -

**ISSUE 1: ALIGNMENT OF THE NEW EXTERNAL
AUDIT FRAMEWORK TO THE TREATY PROVISIONS**

**1. The following recommendations were made to
Council;**

(i) That the process for the review of Article 169 of the COMESA Treaty be referred to the Ministers of Justice and Attorney Generals.

(ii) That the review process of the COMESA Treaty be aligned to the requirements of the United Nations General Assembly Resolutions A/66/209 relating to independence of SAIs and International Standards of Supreme Audit Institutions (ISSAI).

ISSUE 2: ADDRESSING PILLAR ASSESSMENT REQUIREMENTS

2. The Meeting recommended to council as follows;

(i) Provisions under the EU pillar 3 on external audits be incorporated in the COMESA External Audit Charter and audit manual in order to uphold the EU pillar assessment status.

(ii) The development of the COBEA Audit manual should be undertaken by COBEA and be submitted to the Auditors general for adoption and onward submission to COMESA Organs.

ISSUE 3: CONSIDERATION OF AUDIT CHARTER

3. The Meeting agreed as follows;

(i) That inputs into the draft audit Charter be submitted by SAIs over a period of two weeks from the end of their Meeting. The amended draft will be adopted electronically for onward submission by Secretariat to the COMESA policy Organs.

(ii) Quality assurance will be undertaken every three years by INTOSAI/AFROSAIMembers of COMESA who are not members of COBEA.

(iii) The COBEA structure be revised to reduce the human resource gap at national SAIs and reduce the period of the external audit as provided for in the proposed amended structure to be considered at the next Meeting.

4. Reservation: Egypt and Eritrea expressed concern regarding the deferring the adoption of the

Charter despite the time taken by the experts to prepare it.

ISSUE 4: CONSIDERATION OF AUDIT MANUAL

5. The Auditors General recommend to the Council, that Pending the customisation and finalisation of the COBEA External Audit Manual, the AFROSAI-E Financial audit manual be adopted.

ISSUE 5: CONSIDERATION OF STANDARD OPERATING PROCEDURE MANUAL

6. That the Standard Operating Procedure Manual be prepared and submitted to the Auditors General for approval.

ISSUE 6: CONSIDERATION OF QUALITY CONTROL ASSURANCE MANUAL

7. Pending the customisation and finalisation of the COMESA Quality Control Assurance Manual which includes a peer review mechanism, the Auditors General recommend that the AFROSAI-E Financial audit manual be adopted in the interim period by the Council of Ministers.

ISSUE 7: CONSIDERATION OF RULES OF PROCEDURES

8. That the Rules of procedures for COBEA be drafted and submitted to the next Meeting of the Auditors General for onward submission to Council for approval.

Other matters deliberated at the Meeting

ISSUE 8: OUTCOME OF THE COBEA AUDIT ON THE 2017 COMESA SECRETARIAT FINANCIAL STATEMENTS

9. The Meeting was briefed by COBEA that its report on the 2017 Secretariat financial statements was adopted as an internal report by the Council of Ministers on 5th April 2019. COBEA expressed concern that they were not adequately represented at the Meeting.

10. The Secretariat explained that the COBEA Chair represented COBEA at the Meeting where Council adopted the COBEA report as an internal one.

11. The Meeting noted the circumstances which led to the decision taken by the Council.

Recommendation

12. The Meeting underscored the need to expedite the completion of the instruments to facilitate the audit of COMESA Organ and its institutions by Auditors General.

ISSUE 9: 2018 EXTERNAL AUDIT OF COMESA ORGANS AND OTHER COMESA INSTITUTIONS

13. The Meeting noted that COBEA was ready and committed to commence the 2018 external audit of COMESA Organ and its institutions.

14. The Meeting noted the COMESA oversight structures includes Audit committee represented by none COBEA Auditors General.

Recommendation

15. The Meeting recommended that council be requested to revise the terms of reference of the Sub-Committee on Audit and Budgetary Matters to enhance the robustness of the external audit processes for COMESA Organs and other institutions of COMESA.

ISSUE 10: ADOPTION OF THE REPORT

16. After amendments, the Meeting adopted its report.

17. There were also consensus reservations from the Auditors General from Egypt, Eritrea and Burundi on the none adoption of the Charter, Manual, all other instruments and non-determination of a specific starting date for the audit of 2018 financial statements of COMESA Organs and other COMESA Institutions. COBEA assured the meeting that they are ready to start the audit of 2018.

Discussion

269. The Sub Committee raised the following issues and observations: -

- (i) Why was the Audit Charter not finalized considering its significance and enable commencement of 2018 audit of COMESA Organs and Its Institutions by Auditors General?

- (ii) Sought clarification, whether it was a requirement that the 2018 audit by Auditors General be conducted only after finalization of the instruments, including the Audit Charter?
- (iii) As proposed, the 2018 COBEA Audit can be conducted based on AFRO-SAI [E] Manual, as COMESA awaits instruments customized for its specific circumstances?
- (iv) Inquired on the authority regarding appointment of Grant Thornton.

270. The Sub Committee on Audit and Budgetary was briefed by the Secretariat, as follows: -

- (i) That Article 169 of the Treaty, requires that independent external auditors, be appointed from time to time, as recommended by the Secretary General. As this is not the case, COBEA is not recognised under the Treaty; and
- (ii) Audit Charter was recommended, so as to give COBEA a legal recognition.
- (iii) Regarding appointment of Grant Thornton, the Secretariat informed the Sub Committee that the appointment was made by the Bureau in June 2019.

271. The Sub Committee resolved that pending further Council guidance, all parties should implement the decision of the Council of October 2016, appointing Auditors General as external auditors for COMESA Organs and Institutions.

Recommendation

272. **The Sub Committee: -**

- (i) ***urged the Secretariat to facilitate the processing of inputs from the Auditors General into the COBEA Charter and submit the Charter to Council in November 2019 and that the 2018 external audit of COMESA Organs and its Institutions by the Auditors General be expedited; and***
- (i) ***Recommended that External Audit instruments be appropriately titled and designated to reflecting name of COBEA.***

[H] Internal Audit Issues (Agenda Item 9)

2019 Consolidated Internal Audit Report (Agenda Item 9.1)

273. The Secretariat presented the 2019 Consolidated Internal Audit report *annexed* at CS/ADM/SC/XXII/9.1 pursuant to the December 2005 Council of Minister's decision. The decision requires Internal Audit to prepare and submit half yearly reports to the Sub Committee. The report contains the areas audited, audit findings, recommendations, and progress made in implementing the audit recommendations by the various Divisions/Units of the Secretariat. The progress made in implementing the recommendations contained in this report have been provided by Management and validated by Internal Audit.

274. The Sub Committee was informed that Unit conducted various audits in line with its 2019 approved work plan, completed the audits that were carried forward from 2018 and attended to audit requests from Management.

Discussions

275. The Sub Committee applauded Internal Audit for a comprehensive report that provided an over view of the status of internal controls. In view of the Secretariat's Internal Audit conducting annual audits for COMESA Institutions, the Sub Committee urged COMESA Institutions to set up Internal Audit functions for performance of regular audits.

276. Having observed that there was no control finding on late remittance of contributions from Member States in the report, the Sub Committee urged Internal Audit to include this area in its audit scope. The Secretariat informed the Sub Committee that there is a standing agenda item on remittance of member States contributions during Policy Organs Meetings and Internal Audit shall prioritize this area in its work. The Secretariat requested members of the Sub Committee to assist in following up with their member States on timely remittance of annual contributions.

277. The Sub Committee was concerned at the pace with which audit findings were being addressed and sought reasons for a number noncompliance in the areas that were audited at both the Secretariat and Institutions. Further, management responses did not indicate time frames for implementation of audit recommendations.

278. In response, the Secretariat informed the Sub Committee that there was limited capacity in the area of financial controls and concerted effort was being made to address open audit findings. To this end, the Sub Committee shall convene in March 2020, to assess Management's commitment in addressing the open audit findings. Further, with effect from 2020, the Sub Committee shall meet biannually for the strengthening of its oversight role.

279. The Secretariat further informed the Sub Committee that the following specific measures shall be put in place to fast track the closure of open audit issues contained in the report:

- i. In order to address long outstanding VAT payable by some Member States, a paper on VAT charged by various Member states during COMESA engagements at various Member States shall be presented to the Ministers of Justice and Attorney Generals for guidance on the VAT refund mechanism.

- ii. The Secretariat shall build the capacity of COMESA Institutions in sun accounting system as well as alignment of their chart of accounts to the COMESA Chart of account to enhance uniform reporting. Further, Institutions shall be advised on various insurance policies that should be considered for procurement in order to manage various risks that they are exposed to.
- iii. Policies on Retention of terminal benefits, payment of responsibility allowance and Member State capacity building programme shall be put in place. In the meantime, payment of responsibility allowance has been suspended.
- iv. In order to optimize conference facilities at the Secretariat, a paper on the upgrading of the Conference hall shall be presented to the Budget and Administrative Committee.
- v. Legal action shall be intensified for collection of a debt that has been outstanding since 2016 as a result of a double payment to a Consultant.
- vi. In order to address the issue on non-timely accrual of expenditures, the sun accounting requisition module shall be rolled out to user Divisions and Units in 2020 so that there is real time capturing of commitments.
- vii. Fire drills shall be undertaken in November 2019 in order to equip staff with firefighting and emergency preparedness skills.
- viii. A repayment plan for rental payment by one of the defaulting tenants at the COMESA Secretariat had been prepared and was being adhered to. Management shall engage the tenant to on possibilities of reducing the rental space in order to manage future default on rent payment.
- ix. In order to recover amounts that were incurred on repair of motor vehicle windscreens without recourse to the Insurer, negotiations shall be entered with the Insurer for compensation of a percentage of this cost.

280. The Sub Committee was also informed that in preparation for the formulation of the next strategic plan, the 2016 – 2020 Medium Strategic plan has been reviewed and a meeting of Monitoring and Evaluation, Strategic Planning and Budget Experts from both the Secretariat and Institutions has been planned for 2020. The Sub Committee noted that the new strategic plan shall be costed and strategic grant plan developed therefrom. Further, the COMESA chart of accounts shall be implemented under grants that have been extended to Member States from 2020.

281. As regards the continued sustainability of the National Inter Ministerial Coordinating Committee (NIMCC) after the closure of the Regional Integration Support Mechanism (RISM) Project, the Sub Committee urged Member States to sustain the NIMCC for regular monitoring of COMESA Programmes and activities at Member States levels and thus support the effective implementation of the strategic plan.

282. FEMCOM assured the Sub Committee that its Board was committed at ensuring that the Institution achieves its mandate. To this end, FEMCOM's strategic plan was under review, new procedures were being designed and a Financial Expert

had been engaged to address internal control weaknesses. Further strategic risks had been identified for regular monitoring and management.

283. As regards the BIAWE project, the Sub Committee was informed that funds flow for implementation of project activities has not been consistent and as a result, both FEMCOM and Secretariat have engaged NEPAD to address this challenge. Monitoring missions have been planned to enhance the performance of the project at Member State level. Finally, the capturing of the project transactions in the sun accounting system as well as the external audit shall be completed before the end of the year.

284. ALLPI informed the Sub Committee that open audit issues were being addressed as confirmed by Internal Audit.

285. The COMESA Competition Commission informed the Sub Committee that its staff had not utilized their leave days due a heavy workload that had legally binding delivery timeframes. Further, its Finance Division has only one staff at the General Service level. In order to address its staff shortage, recruitment of additional staff has been planned.

286. The COMESA Court of Justice informed the Sub Committee that due to unforeseen circumstances, there was a delay in recruiting an Internal Auditor. The Court assured the Sub Committee that the recruitment process has now been completed and the Internal Auditor shall soon join the Court to assist in the strengthening of its internal controls.

Recommendations

287. ***The Sub Committee noted internal control and risk management enhancements that were triggered by the audits that were conducted during the period and recommended that: -***

- i. The planned meeting of the Sub Committee in Quarter 1 of 2020 should assess the extent to which audit recommendations contained in the 2019 Consolidated Internal Audit Report have been implemented;***
- ii. Management responses should include implementation timeframes that are adhered to; and***
- iii. Member States should consider sustaining the National Inter-Ministerial Coordinating Committee, after the EU funded RISM Programme comes to an end in 2020.***

2020 Internal Audit Work Plan (Agenda Item 9.2)

288. The Sub Committee considered the 2020 Internal Audit work plan annexed at (CS/ADM/SC/XXII/9.2). The work plan aims to improve organizational internal controls and risk management structures for improved corporate governance. The

Sub Committee noted that the mission of Internal Audit is to provide independent and objective assurance and advisory services designed to add value and improve the operations of the Secretariat.

289. In order to accomplish its mission, the Unit identifies all auditable subjects and selects audit projects for the subsequent year on the basis of certain priorities. These priorities are: Management and the Audit Committee's internal control concerns; key organizational risks; results of prior audits and the human resources base of the Unit.

290. The work plan is reviewed by the Audit and Budget Sub Committee for the Council of Minister's approval as required by the Internal Audit Charter. The results of audits undertaken are communicated to the Secretary General upon conclusion of these audits while significant audit findings are communicated to the Audit and Budget Committee during its sitting.

291. The Sub Committee was informed that the Unit had made provision for recruitment of an IT Auditor in its 2020 budget in order to expand the scope of IT Audits. Further, provision had made for temporal assistance to compliment the lean staffing of the Unit.

Discussions

292. The Sub Committee noted that Internal Audit had planned to undertake various types of audits in 2020 as stipulated in its Charter. These audits included 2019 audits that had not been undertaken following the resignation of an Internal Auditor in February 2019.

293. The Sub Committee further noted that Internal Audit had a lean staffing of four Auditors whose audit scope included both the Secretariat and Institutions that are funded by Member States. Further, the positioning of the Internal Audit at Unit level may negatively affect its delivery in view of some of the audit entities being at Division level.

294. The Secretariat informed the Sub Committee that Executive Management was committed at strengthening the capacity of the Internal Audit Function in order to strengthen corporate governance and performance of the organization. As a result, Management had negotiated for one position of an Internal Auditor under the EDF 11 capacity building Programme. Further, the Secretariat was exploring possibilities of using member States experts to support oversight of COMESA programmes that are being implemented at Member States level.

295. Having considered the wide scope of the Internal Audit function vis a vis its staffing, the Sub Committee agreed that a position of Senior Internal Auditor be created in the Unit at P3 level. In the meantime, the Unit should optimize its lean staff by prioritizing high risk areas for audits.

Recommendations

296. **The Sub Committee recommended that:**

- (i) **The 2020 Internal Audit work plan be forwarded to the Committee on Administrative and Budgetary Matters for consideration and onward submission to the Policy Organs for approval.**
- (ii) **The position of Senior Internal Auditor (P3) be created in the Unit.**

Report on the review of the utilization of COMESA Competition Merger fee income (Agenda Item 9.3)

297. The Secretariat presented the 2019 Report on the utilization of COMESA Competition Commission Merger fee income *annexed* at (CS/ADM/SC/XXII/9.3). The Sub Committee noted that Internal Audit conducts annual reviews of the Commission's activities including the utilization of merger fees to determine whether best value for money was achieved in the implementation of the activities of the Commission.

298. In December 2014, Council decided that the Board of the Commission should initiate the process of amending Rule 6 to include a provision for the financial statements of the Commission to be audited by the Internal Auditors of the Secretariat and that the report should be submitted annually to the Sub-Committee on Audit and Budgetary Matters.

299. In November 2017, Council adopted the amendment to the Rules on COMESA Revenue sharing of Merger Filing Fees through Amendment 2017 (No.1) to provide for the financial statements of Merger Filing Fees to be audited by the Internal Auditors of the Secretariat and a report submitted annually to the Sub-Committee on Audit and Budgetary Matters.

300. The Sub Committee was informed that the Audit covered the period August 2018 to June 2019.

Discussions

301. The Committee noted the abridged mergers fee financial statement for the period which indicated that the Commission had collected COM\$ 6,145,712.04 in mergers fees and other incomes. As at June 2019, the total assets of the Commission stood at COM\$ 17,560,117.80 with Board restrictions on cash to the tune of COM\$ 7,015,198.

302. The Committee also noted internal controls that were enhanced at the Commission during the period as outlined in the detailed control findings report and did not propose any recommendation on this item.

Report on the Implementation of the Auditors General Recommendations arising from the audit of the reserve fund (Agenda Item 9.4)

303. The Secretariat presented the Report on the Implementation of the Auditors General Recommendations arising from the audit of the reserve fund as decided by Council in July 2018. The report is attached at annex (CS/ADM/SC/XXII/9.4).

304. The Sub Committee noted that Council directed Internal Audit Unit and External Auditors, based on their respective roles, to follow up and report progress on the implementation of recommendations detailed in the Management Letter on the audit of the Reserve Fund by the Auditors General.

Discussions

305. The Sub Committee noted the extent to which the Auditors General recommendations had been implemented by the Secretariat and did not propose any recommendation on this item.

Report on the Implementation of Council Decisions on Administrative and Budgetary Matters (Agenda Item 9.5)

306. The Sub Committee considered the Report on the Implementation of Council decisions on Administrative and Budgetary Matters for the period 2016 – April 2019. The report is attached at annex (CS/ADM/SC/XXII/9.5).

307. In October 2016, Council decided that a matrix on the implementation of Council decisions on Audit and Budgetary matters should be prepared and submitted to the Sub-Committee during its meeting.

Discussions

308. The Sub Committee noted that implementation of some Council decisions had not yielded the expected results. The Secretariat sighted an example of such a decision by informing the Sub Committee that the decision on the convening of the Committee on qualifications equivalence to resolve the long outstanding matter on qualification equivalence had not yielded the expected outcome. This was alluded to non-existence of a qualification equivalence framework. The Committee agreed that the report on Implementation of Council decisions on Administrative and Budgetary Matters should outline decisions that are not likely to be implemented for consideration by Council.

Recommendations

309. The Sub Committee recommended that Council decisions that are not likely to be implemented should be outlined in the report for Council's consideration and action.

Job Description of an IT Auditor – P2 (Agenda Item 9.6)

310. The Secretariat presented the proposed job description of an IT Internal Auditor in preparation for the recruitment of an IT Internal Auditor in 2020. Council in

its meeting in November 2018 decided that the capacity of Internal Audit to undertake IT audits be enhanced through the recruitment of an IT Auditor.

311. The IT Internal Auditor shall be responsible for evaluating the effectiveness of the organization's IT controls and risk management structures in operations, systems, policies, strategies and practices. In consultations with IT and business owners, the Auditor shall propose IT controls to be deployed in new IT Projects.

Discussions

312. The Sub Committee reviewed the proposed job description and annexed at (CS/ADM/SC/XXII/9.6) and made the following revisions: -

- (i) The IT Auditor should possess a Bachelors Degree and be Certified in CISA or CISSP; and
- (ii) He/She should be fluent in one of the three COMESA Working languages (English, French or Arabic).

313. The Sub Committee noted that the IT Auditor, would only be certified by a professional body after attaining five years' experience in IT Audits in CISA or CISSP. To this end, the required years of experience in IT audits should be revised from 3 to 5 years.

Recommendations

314. ***The Sub Committee recommended that: the proposed job description be amended with the revisions outlined in paragraph XXX above. The revised job description should be forwarded to the Policy Organs through the Budget and Administration Committee for approval.***

Part I An up-date on CVTFS (Agenda Item 10)

315. The Sub Committee received and considered a Report on implementation of decisions of the Council on CVTFS. This is presented as *Annex (CS/ADM/SC/XXII/10)*.

316. The Sub Committee was provided with status of implementation of Council decisions on CVTFS, as indicated in Table 32 below:

Table 32: Status of Implementation of Council decisions on CVTFS (October 2019)

Para	Decision (July-2019)	Action taken
150	(i) Approved the 2016 CVTFS Audited Financial Statements	No further action
	(v) Directed that the CVTFS and the Secretariat should provide guarantee that CVTFS loans and the LC will be discharged;	Note 1: Progress Report
	(vi) Directed that the Secretariat should adhere to rules and regulations regarding loans and debt as sources of funding COMESA activities, as required under the Treaty (Article 166 (4));	Implemented

	(vii) Directed that in future, Member States requiring CVTFS assets should make a part payment at the time of placing an order.	Implemented
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Para	Decision (November 2018)	Action taken
265	(i) COMESA Secretariat expedite repayment of loans acquired for CVTFS, as directed by the Council;	Note 1: Progress report
	(ii) CVTFS be audited by COBEA	To be part of 2018 plan, once instruments of audit by Auditors General are finalised
	(iii) The outcome of CVTFS Steering Committee be reported to the Council in November 2018, as part of updating the Council on implementation of its decisions relating to CVTFS.	Date for CVTFS Steering Committee yet to be agreed
266	Council referred the request for the appointment of an audit firm to undertake the audit of CVTFS 2017 Financial Statements to the CVTFS Steering Committee.	To be addressed by CVTFS Steering Committee.

Note 1

Name	Balance	Actual		Balance	Interest (US\$)	Planned Repayment	Balance
	July-2018	Repayment 1	Repayment 2	October-2019		Dec-2019	Dec-2019
Stanbic Bank	3,026,000	(2,814,000)	(159,940)	52,060	89,000	141,060	-
CCC	2,672,202			2,672,202	-	(500,000)	2,172,202
ZEP RE	1,000,000			1,000,000	75,000	(575,000)	500,000
Total	6,698,202	(2,814,000)		3,884,202	164,000	(1,376,000)	2,672,202

317. The Secretariat gave an up-date, as follows:

- (i) Amount due to Stanbic will be fully repaid
- (ii) Zep Re, at the last meeting offered a repayment period of two (2) years;
- (iii) DRC have made an undertaking to clear the outstanding balance due to CVTFS; and
- (iv) That DRC and Malawi have agreed to revenue sharing on CVTFS, as the system is by the participating for monitoring of imports and movement of cargo in both Member States;

Discussions

318. The Sub Committee noted the status of implementation of Council decisions on CVTFS issues.

Recommendations

319. *The Sub Committee recommended to the Committee on Administrative and Budgetary Matters, the following: -*

- (i) *That CVTFS and COMESA Secretariat finalise the repayment of loans, as directed by the Council; and*
- (ii) *That an implementation report be availed to Sub Committee until all issues have been addressed.*

Any Other Business (Agenda item 11)***Receipt of COMESA Policy Organs Reports by the Sub Committee members***

320. The Sub Committee requested the Secretariat that all reports of COMESA Policy Organs, where matters relating to audit and budgetary matters are discussed be shared with the members of the Sub Committee. These include Reports of the Committee on Administrative and Budgetary Matters; Inter-Governmental Committee; and the Council.

PART IV: ADOPTION OF THE REPORT AND CLOSURE OF THE MEETING

321. The Sub Committee adopted its Report, with amendments.

322. The Chairperson thanked delegates for the fruitful and concise deliberations that were targeted towards improving the organization and ensuring that regional integration succeeds. The Chairperson thanked the Secretariat for their facilitation, which enabled the Sub Committee to complete its work, as planned.

323. The Chairperson acknowledged the importance of the meeting and noted the quality of the reports presented by the Secretariat. The Chairperson also recognized the challenges, in particular, related to limited resources and funding that the organisation needs to surmount as it strives to move towards the achievement of its objectives.

324. Last but not least, the Chairperson on behalf of the Sub Committee and indeed on his own behalf, thanked Zambia for their hospitality accorded to the members since they arrived in the country. The Chairperson also thanked the Secretariat for the excellent facilitation and service availed to the Sub Committee. The Chairperson then concluded by wishing all the delegates a safe journey back to their respective countries.

325. There being no further business to discuss the meeting was closed at 23.15 hours and the Chairperson wished all delegates a safe travel back home.



Chairperson

**Mr Rakotonirina Tiana
Herizo**

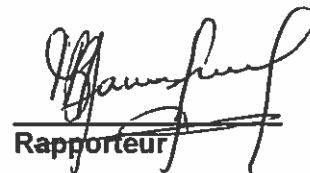
Madagascar



Vice-Chairperson

**Mr Abdelwahab Omer
Abubeker Mohamed**

Sudan



Rapporteur

**Mr Mbala Ndombasi
Norbert**

DRC