

 **Distr.**

 **LIMITED**

 **CS/ADM/SC/XXII/2.4**

Original: **ENGLISH**

**COMMON MARKET FOR EASTERN**

**AND SOUTHERN AFRICA**

Twentieth Meeting of the Sub-Committee on

Audit and Budgetary Matters

28 October – 1 November 2019

Lusaka, Zambia

**Institutional capacity programme**

**(AGENDA ITEM 2.4)**

Contents

[BACKGROUND AND CONTEXT - 1 -](#_Toc22326972)

[Introduction - 1 -](#_Toc22326973)

[Overview of COMESA Secretariat mandate - 1 -](#_Toc22326974)

[Capacity challenges 3](#_Toc22326975)

[COMESA SECRETARIAT CONCEPTUAL FRAMEWORK OF CAPACITY BUILDING 3](#_Toc22326976)

[AREAS IDENTIFIED IN THE CAPACITY BUILDING PROGRAMME UNDER DEVELOPMENT 5](#_Toc22326977)

[Specific institutional capacity building areas 5](#_Toc22326978)

[Cross-cutting issues 6](#_Toc22326979)

[(i) Establishing holistic COMESA Secretariat organizational structure and matching human capacity 6](#_Toc22326980)

[(ii) Using ICT to Integrate all institutional operational processes 6](#_Toc22326981)

[Donor support 6](#_Toc22326982)

[(i) EU funded institutional capacity programme 6](#_Toc22326983)

[(ii) USAID funded institutional capacity programme 7](#_Toc22326984)

[RECOMMENDATIONS 7](#_Toc22326985)

# BACKGROUND AND CONTEXT

## Introduction

1. The Common Market for Eastern and Southern Africa (COMESA) was established in 1994 to succeed the Preferential Trade Area (PTA) for Eastern and Southern Africa that had been in existence since 1981. The vision of COMESA is to have a fully integrated, internationally competitive economic community with high standards of living for its entire people, ready to merge into the African Economic Community.” COMESA is envisioned to become a single trade and investment area in which tariffs, non-tariff barriers and other impediments to the movement of goods, services; capital and people will be substantially removed to pave way for the achievement of a globally competitive regional market. With 21-member states, with an estimated population of about 550 million people and average GDP per capita estimated at $2,743(Annex 1 Trade Facilitation Report of EU), the prospects of COMESA as a Regional Economic Community are promising.
2. Between 2000 and 2016, The World Bank (WB) reported that intra- COMESA trade grew exponentially, with trade amounting to $8 billion from a baseline of less than $2 billion shortly after its creation. Notwithstanding increased intra- COMESA trade volumes recorded in the past, impediments to free flow of trade still persist. Some of the identified problems include high transaction costs, insecurity and gender- based harassments, poor basic infrastructure and facilities, weak traders’ association and lack of (gender disaggregated) data on cross –border trade flows, low and in some cases non-existent value addition of goods and minerals originating in COMESA Member States, among others.
3. COMESA finalised its 2016-2020 Medium Term Strategic Plan in 2016. The priorities of the Medium-Term Strategic Plan included strengthening market integration to achieve seamless flow of trade in goods, services, capital and people through consolidation of markets. The Medium-Term Strategic Plan further set out the strategic objectives which COMESA was to achieve in the Medium term to enhance its mandate of coordinating regional integration among its member states.
4. Based on the launch of the medium-term strategic plan in 2016, pillars of support were identified. Donors have re-aligned their support to be in line with 2016-2020 Medium Term Strategic Plan. A separate paper (attachment) gives a summary of resources availed by donors in the last ten (10) years.

## Overview of COMESA Secretariat mandate

1. COMESA Secretariat is established under Article 7 of the COMESA Treaty, as an organ of the Common Market.
2. COMESA Secretariat is the principle executive organ of the Common Market. It is headed by Secretary General, who is also designated as the Chief Executive Officer of the Common Market. The Secretary-General is assisted by two Assistant Secretaries-General, appointed by the Authority, and such other staff of the Secretariat as the Council may determine.
3. Functions of the COMESA Secretariat are stipulated under Article 17 of the Treaty. These can be summarized as below: -
4. Facilitate attainment of the objectives stipulated under the Treaty, through among other activities
5. follow-up to ensure adherence of Treaty obligations and commitments
6. implementation of decisions of COMESA Policy Organs;
7. undertake studies, research and policy development
8. Servicing and assisting the organs of the Common Market in the performance of their functions;
9. Representation and promotion of the Common Market
10. Resource mobilisation for of the Common Market
11. Providing administration and managing resources (human, financial and technical) of the Common Market;
12. The 2016-2020 Medium Term Strategic Plan recognises that the basic function of the Secretariat is to provide technical support and advisory services to the Member States in the implementation of the Treaty. To this end, it undertakes research and studies as a basis for implementing the decisions adopted by the Policy Organs.
13. Given the above mandate, it is necessary that the Secretariat is adequately capacitated to effectively and efficiently spearhead provision of relevant technical assistance and capacity building to Member States, as well as the interface between among COMESA Member States and between COMESA and external stakeholders.
14. The enhanced capacity will also enable the COMESA Secretariat ensure absorption of resources availed by Cooperating Partners towards COMESA programmes.

## Capacity challenges

1. Institutional reviews carried out to ascertain levels of institutional capacity, indicate weaknesses on the part of the COMESA Secretariat to effectively executive its mandate, as provided for under the Treaty, as well as the Medium-Term Strategic Plan.
2. Issues indicated by the reviews are varied and include need for: -
3. enabling instruments;
4. improved human capacities and capabilities; and
5. enabling systems.

# COMESA SECRETARIAT CONCEPTUAL FRAMEWORK OF CAPACITY BUILDING

1. COMESA subscribes to the UNDP capacity development framework, where capacity development is seen as a process through which individuals, organizations and societies obtain, strengthen and maintain the capabilities to set and achieve their own development objectives over time. An essential ingredient in the UNDP capacity development approach is transformation. For an activity to meet the standard of capacity development as practiced and promoted by UNDP, it must bring about transformation that is generated and sustained over time from within. Transformation of this kind goes beyond performing tasks; instead, it is more a matter of changing mindsets and attitudes.
2. Based on this conceptual framework, COMESA has aligned its rules and procedures to international standards. This is illustrated by its eligibility for: -
3. For indirect management of EU grants in the form of Contribution Agreements and now PAGODA; and
4. Using its own rules in the management of USAID grant resources.
5. COMESA rules and procedures are seen as providing protection to donor funds, which is equivalent to protection afforded by donor’s own rules and procedures.
6. Beyond rules and procedures, capacity development is about transformations that empower individuals, leaders, organizations and societies. If something does not lead to change that is generated, guided and sustained by those whom it is meant to benefit, then it cannot be said to have enhanced capacity, even if it has served a valid development purpose.
7. Compare the examples below.

| CONVENTIONAL APPROACH TO DEVELOPMENT  | MOVING TO A CAPACITY DEVELOPMENT APPROACH TO HUMAN DEVELOPMENT | WHAT DIFFERENCE DOES IT MAKE? |
| --- | --- | --- |
| Training in how to use the latest technology available on the market  | Training, as an integral part of a comprehensive programme addressing capacity issues, on how to use the most readily available technology best suited to the organization’s goals embedded in a personnel development plan; with build-in incentives to apply the new skills; empowering/enabling trainees to train others in using the technology; clearly articulating the benefits to personnel development and the linkage of personal performance to team performance and overall organizational efficiency and ability to fulfill its mandate | No stand alone, one-off interventions; new skills and competences developed responding to specific (individual and organizational) needs; incentives to apply the newly acquired skills and improve workplace performance; learning strategies to address future training needs; personnel development recognized as a necessary means to improve organizational performance |
| A foreign expert hired to work in an organisation to perform needed functions (gap filling) | A foreign expert who coaches local staff in an organisation for a limited period of time. Institutional twinning, coaching and mentoring programmes are integral parts of the public service | Transfer of knowledge and expertise, independence from outside expertise in the long-run, personnel development |
| A project team provided by an international donor, housed within a local body but reporting to and using the mechanisms of the donor  | A project team funded by an international donor (with local contracts issued by local body), within COMESA Secretariat local mechanisms to implement the project, with a clear strategy to strengthen the capacities of the system and ideally move towards complete integration within the Secretariat (inclusion in budget, establishment of posts, enrolment on payroll, etc) | No separate parallel system but integral to exiting system consequently strengthening the capacity of the national/local system to manage similar tasks (project) in the future as part of their mandate and day-to-day work |
| A donor agency procuring/providing goods and services from international market on behalf of Secretariat  | Support the establishment of a procurement process that is transparent, accountable and responsive to COMESA Secretariat needs and uses COMESA Secretariat systems | Development of COMESA Secretariat procurement system that is effective and meets international standards |

# AREAS IDENTIFIED IN THE CAPACITY BUILDING PROGRAMME UNDER DEVELOPMENT

***(SOURCE: DRAFT INTERIM REPORT – ENHANCED CAPACITY OF THE COMESA SECRETARIAT AND MEMBER STATES, INCLUDING PRIVATE SECTOR TO DEEPEN REGIONAL INTEGRATION)***

## Specific institutional capacity building areas

Detailed reviews carried out by the COMESA Secretariat regarding critical areas requiring capacity building are reported in Tables below. The reviews focused on the following issues: -

1. Monitoring and evaluation
2. Communication and visibility
3. Procurement
4. Audit and financial management
5. Dialogue and Partnership, with key stakeholders

The reviews were also informed by outcome of independent reviews, evaluations and audits

## Cross-cutting issues

The COMESA Secretariat has also identified issues, which require an integrated approach. These issues are: -

### Establishing holistic COMESA Secretariat organizational structure and matching human capacity

Whilst a number of operational instruments have been implemented, the absence of human capacity has meant that capacity gaps remain through key operational areas within the COMESA Secretariat organizational structure.

The COMESA Secretariat is now working with Member States to finalise the review of its organizational structure.

### Using ICT to Integrate all institutional operational processes

A need for Integration of ICT within the Secretariat will contribute to an effective and efficient monitoring framework. ICT as a tool can facilitate operational processes (from planning, programming, budgeting; expenditure commitment, procurement and contracting; and reporting), as well as ensure relevant information is collected from various operational systems and aggregating it in a meaningful way to enable easy reporting and therefore enhance monitoring process.

Although investment in integration may be costly at the beginning but over time the benefits will outweigh the cost. One of the benefits that is likely to accrue immediately is the cutting down staffing requirement when systems are fully automated as opposed to current scenario where most information system are manual process requiring more personnel.

## Donor support

The COMESA Secretariat has received grant under

### EU funded institutional capacity programme

COMESA and EU has agreed that under specific objective 3, the aim is to enhance the capacity of the COMESA Secretariat and member states, including the private sector, to deepen regional integration using up to EUR €7 million. The following policy measures have been agreed upon under the RIP:

* Support to the roll-out/effective implementation of the COMESA on-line monitoring and evaluation system and to the development of other innovative monitoring and evaluation tools;
* Capacity building and awareness-raising/communication activities at national level for private and public sectors;
* Secondment of national experts from COMESA member states (and potentially other stakeholders) to the COMESA Secretariat; partnerships/collaboration with region-based and international research institutes and universities working on trade and economic integration;
* Continuous enhancement of COMESA procurement, financial management and audit systems and processes, in line with international standards.
* Technical assistance and capacity building aiming at producing and disseminating harmonised quality, timely and policy responsive statistics, in line with the COMESA 2014-2017 Statistics Strategy and in close coordination with the support provided to the African Union in that area.

The following results are expected to be achieved:

1. Capacity, both at Secretariat and country level, to monitor domestication/implementation of regional commitments and to engage in a multi-stakeholder dialogue on regional economic integration (including in the context of the Tripartite) increased;
2. COMESA Secretariat procurement and financial management capacity enhanced;
3. Production and dissemination of harmonised regional statistics improved.

### USAID funded institutional capacity programme

COMESA and USAID agreed on the following areas for support: -

* Human resources management
* Organisational management
* Procurement
* Project performance management, with a focus on M&E systems
* Integration of business processes and performance management using ICT

Actual amount committed by USAID is as follows: -

* USAID funding: US$463,250
* Member States: US$217,250
* Funding gap: US$1,480,000

# RECOMMENDATIONS

It is recommended that: -

1. Sustenance of institutional capacity should remain a key focus of COMESA; and
2. Resources from Cooperating Partners be underpinned by the finalization of the new COMESA Secretariat organizational structure and the accompanying staff compliment.