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**COMMON MARKET FOR EASTERN**

**AND SOUTHERN AFRICA**

Twenty Second Meeting of the Sub-Committee on

Audit and Budgetary Matters

Lusaka, Zambia

 **2019 SIX MONTHS’ PERFORMANCE: WORK PROGRAMME AND BUDGET UTILISATION**

**COMESA SECRETARIAT (AGENDA ITEM 5.2A)**

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**COMMON MARKET FOR EASTERN AND**

**SOUTHERN AFRICA**

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# **2019 Expenditure progress report of the Secretariat**

# **Submission**

The Sub Committee on Audit and Budgetary matters is invited to consider revised 2019 Budget and the progress made in implementation of the 2019 Budget of COMESA Secretariat, as follows: -

**2019 Funding**

1. Assessed contributions reduces by US$1,050,661, arising from the following: -
2. **Somalia**: The amount of US$174,895 allocated to Somalia is no longer receivable. As of 30 September 2019, Somalia has not deposited instrument of ratification of its membership. There is no indication, when this instrument will be deposited.
3. **Tunisia**: The amount allocated to Tunisia reduces from US$1,878,879 to US$1,003,113, as Tunisia deposited the instrument of ratification of its membership in June 2019. The 2019 assessed contribution on Tunisia is only payable from June 2019.
4. It is proposed that the reduction in assessed contributions be addressed by a withdrawal of the same amount from the Reserve Fund.
5. Grant contributions reflect the projected budget outturn for 2019.

**2019 Expenditure**

1. Level of expenditure under Member States funding is projected to be in line with the budget for the year.
2. Level of expenditure under Grants funding is expected to pick up in the second half of the year, reflecting disbursements of funds to Member States.

**Table 1: 2019 Original and Revised Budget**

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Background

## Context

1. Progress made by the COMESA Secretariat in implementing an approved annual budget is reported to Council. The reports on budget performance are reviewed by the Sub Committee on Audit and Budgetary Matters. This is a Technical Committee, which reports to the Committee on Administrative and Budgetary Matters.
2. 2019 Annual budget of COMESA Secretariat, implements the 2016-2020 Medium Term Strategic Plan. The budget, appropriates expenditure (Article 166)(4), which is funded from:
3. Annual contributions of the Member States; and such
4. Other sources (Article 168)(3) as may be determined by the Council. These include:
5. grants, donations, funds for projects and programmes and technical assistance; and
6. income earned from activities undertaken by the Common Market.
7. Detailed assessment, outlining what has been implemened in the first half of 2019, as well as prospects in the remaining half of 2019 is presented in Agenda Item no. 6.

# Review of implementation of 2019 Budget

# Part 1: Progress in receipt of amounts towards the Revenue Budget

1. Resources that are availed to the COMESA Secretariat and COMESA Agencies through an annual budget for the implementation of COMESA Work programme are provided pursuant to Article 166 and 168, as follows:
2. resources of the budget shall be derived from annual contributions of the Member States and such other sources as may be determined by the Council. The contributions of the Member States shall be based on the budget as approved by the Council. A separate report has been presented on this issue.
3. Remittances towards assessed contributions are presented in Agenda Item 5.1A
4. Remittances towards grants contributions are presented here below.

# Part 2: Progress in spending of amounts towards the Expenditure Budget

## ***Expenditure - Member States funds***

1. The COMESA Secretariat:
2. Spent COM$5,820,921on Member States funding in the period, January to June 2019, which represents a budget utilisation of 37%; and
3. Is projecting that the budgetary allocations on Member States funding for 2019 will be fully spent at the end of the financial year, as a considerable proportion (i.e. 63%) of the allocations relate to contracted costs, based on contracts of employment.
4. Presents expenditure analysis (Member States funding) for 2019 financial year, as in shown in Tables 2(a) and 1(b) below.

**Table 2(a): 2020 COMESA Secretariat Budget Summary by Cost Centre**

*(Activities are reported under Agenda Item no. 7)*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Ref** | **Division/Unit** | **2017** | **2018** | **2019** |
|  | **2017 Actual** | **2018 Actual** | **Budget**  | **Budget outturn projection** | **Actual spent: six months** |
| **Col 1** | **Col 2** | **Col 3** | **Col 4** | **Col 5** | **Col 6** | **Col 7** |
| A | Secretary General | 1,158,345 | 2,089,856 | 1,551,517 | 1,551,517 | 489,080 |
| B | Assistant Secretary General - Programmes | 345,495 | 318,802 | 360,834 | 360,834 | 137,284 |
| C | Assistant Secretary General - A & F | 63,383 | 121,041 | 340,489 | 340,489 | 124,225 |
| D | Trade and Customs | 938,495 | 1,253,418 | 1,218,510 | 1,218,510 | 363,859 |
| E | Infrastructure and Logistics | 656,045 | 524,512 | 792,184 | 792,184 | 384,351 |
| F | Agriculture and Industry | 713,020 | 595,574 | 905,929 | 905,929 | 368,428 |
| G | Legal and Institutional Affairs | 610,414 | 511,232 | 515,337 | 515,337 | 125,581 |
| H | Internal Audit | 372,891 | 376,245 | 415,535 | 415,535 | 176,128 |
| I | Strategic Planning | 233,409 | 196,897 | 228,080 | 228,080 | 116,057 |
| J | Resource Mobilisation and International Cooperation | 209,936 | 221,867 | 254,465 | 254,465 | 103,707 |
| K | Gender and Social Affairs | 436,881 | 498,380 | 613,483 | 613,483 | 164,070 |
| L | Corporate communication | 344,962 | 350,298 | 430,285 | 430,285 | 178,933 |
| M | Budget and Finance | 977,856 | 1,616,865 | 1,553,383 | 1,553,383 | 697,468 |
| N | Human Resources and Administration | 4,010,432 | 4,003,034 | 4,143,684 | 4,143,684 | 1,592,192 |
| O | Resource Centre | 119,075 | 142,439 | 183,141 | 183,141 | 65,274 |
| P | Estates | 201,845 | 344,480 | 564,084 | 564,084 | 105,085 |
| Q | Information Networking | 767,066 | 995,827 | 1,054,881 | 1,054,881 | 493,621 |
| R | Brussels Liaison Office | 345,489 | 331,693 | 396,708 | 396,708 | 100,991 |
| S | Statistics |   |   | 80,000 | 80,000 | 34,587 |
| **T** | **Total Budget** | **12,505,039** | **14,492,460** | **15,602,527** | **15,602,527** | **5,820,921** |

**Table 2 (b): COMESA Secretariat Budget Summary by Budget Line (COM$)**

*(Activities are reported under Agenda Item no. 7)*

|  | **BUDGET LINE** | **Prior Years Actuals** | **2019** |  |
| --- | --- | --- | --- | --- |
|  |  | **2017 ACTUAL** | **2018 ACTUAL** | **2019 BUDGET** | **2019 Reallocation - higher of 15% and $25,000** | **Proposed Reallocation - across budget category** | **2019 REVISED BUDGET** | **JAN - JUNE** | **PROJ JUL - DEC** | **TOTAL PROJ** | **Variance** | **COMMENTS** |
|  |  | **Approved by Secretary General** | **For approval by Council** |
| **No.** |  | **COM$** | **COM$** | **COM$** | **COM$** | **COM$** | **COM$** | **COM$** | **COM$** | **COM$** | **COM$** |  |
|   | **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** | **0** | **Contractual**  |
| 2 | HOUSING ALLOWANCE | 1,479,476 | 1,712,063 | 1,902,432 |   |   | 1,902,432 | 870,218 | 1,032,214 | **1,902,432** | **0** | **Contractual**  |
| 3 | MEDICAL ALLOWANCE | 136,424 | 164,496 | 585,000 |   |   | 585,000 | 70,734 | 514,266 | **585,000** | **0** | **Contractual**  |
| 4 | EDUCATION ALLOWANCE | 490,442 | 500,685 | 931,818 |   |   | 931,818 | 242,278 | 689,540 | **931,818** | **0** | **Contractual**  |
| 5 | DEPENDANCY ALLOWANCE | 70,847 | 81,028 | 89,994 |   |   | 89,994 | 40,420 | 49,574 | **89,994** | **0** | **Contractual**  |
| 6 | STAFF OVERTIME ALLOWANCE | 72,610 | 83,603 | 68,000 |   |   | 68,000 | 24,805 | 43,195 | **68,000** | **0** |  |
| 7 | PAYMENT IN LIEU OF LEAVE | 538,068 | 26,648 | 60,000 |   |   | 60,000 | 23,787 | 36,213 | **60,000** | **0** | **Contractual**  |
| 8 | GRATUITY | 547,898 | 650,901 | 712,010 |  |   | 712,010 | 264,527 | 447,483 | **712,010** | **0** | **Contractual**  |
| 9 | HOME LEAVE PASSAGE | 70,848 | 42,476 | 100,000 |   |   | 100,000 | 22,530 | 77,470 | **100,000** | **0** | **Committed** |
| 10 | COST OF LIVING ADJUSTMENT | 0 | 0 | 41,688 |   |   | 41,688 | 13,896 | 27,792 | **41,688** | **0** |  |
| 11 | STATUTORY EMPLOYER CONTRIBUTIONS | 723 | 219 | 36,000 |   |   | 36,000 | 0 | 36,000 | **36,000** | **0** |  |
| 12 | OTHER ALLOWANCES |   |   | 6,000 |  |  | 6,000 | 0 | 6,000 | **6,000** | **0** | **Contractual**  |
| 13 | TEMPORARY ASSISTANCE | 273,965 | 114,000 | 120,000 |   |   | 120,000 | 53,405 | 66,595 | **120,000** | **0** | **Committed** |
|  | **Sub Total** | **7,577,245** | **7,788,643** | **9,399,677** | **0** | **0** | **9,399,677** | **3,886,186** | **5,513,491** | **9,399,677** | **0** | **0** |
|   | **STAFF WELFARE AND INSURANCE** |   |   |   |   |   |   |   |   |  |  |  |
| 14 | GROUP INSURANCE | 25,000 | 43,981 | 35,000 |   |   | 35,000 | 0 | 35,000 | **35,000** | **0** | **Committed** |
| 15 | GROUP MEDICAL SCHEME | 8,945 | 21,532 | 50,000 |   |  | 50,000 | 0 | 50,000 | **50,000** | **0** | **Unpredictable** |
| 16 | STAFF WELFARE COSTS | 40,716 | 42,816 | 26,500 |   |   | 26,500 | 7,415 | 19,085 | **26,500** | **0** | **Committed** |
| 17 | PROVIDENT FUND MGT COSTS | 11,696 | 13,104 | 12,000 |   |   | 12,000 | 14,064 | -2,064 | **12,000** | **0** | **Committed** |
|  | **Sub Total** | **86,357** | **121,433** | **123,500** | **0** | **0** | **123,500** | **21,479** | **102,021** | **123,500** | **0** | **0** |
|   | **STAFF TRAINING & DEVELOPMENT** |   |   |   |   |   |   |   |   |  |  |  |
| 15 | TRAINING | 90,717 | 180,841 | 132,000 | 10,488 |   | 142,488 | 5,549 | 136,939 | **142,488** | **0** | **Committed** |
| 16 | SUBSCRIPTION | 12,340 |   | 20,000 |  |  | 20,000 | 6,840 | 13,160 | **20,000** | **0** | **Trend** |
|  | **Sub Total** | **103,057** | **180,841** | **152,000** | **10,488** | **0** | **162,488** | **12,389** | **150,099** | **162,488** | **0** | **0** |
|   | **STAFF RECRUITMENT & REPARTRIATION** |   |   |   |   |   |   |   |   |  |  |  |
| 17 | RECRUITMENTS EXPENSES | 15,433 | 121,230 | 55,000 |   |   | 55,000 | 15,081 | 39,919 | **55,000** | **0** | **Committed** |
| 18 | INSTALLATION ALLOWANCE | 43,086 | 7,500 | 66,000 |   |   | 66,000 | 7,500 | 58,500 | **66,000** | **0** | **Committed** |
| 19 | REPARTRIATION COSTS | 10,457 | 22,954 | 60,000 |  |  | 60,000 | 4,534 | 55,466 | **60,000** | **0** | **Committed** |
|  | **Sub Total** | **68,976** | **151,684** | **181,000** | **0** | **0** | **181,000** | **27,115** | **153,885** | **181,000** | **0** | **0** |

|  | **BUDGET LINE** | **Prior Years Actuals** | **2019** | **COMMENTS** |
| --- | --- | --- | --- | --- |
| **2017 ACTUAL** | **2018 ACTUAL** | **2019 BUDGET** | **2019 Reallocation - higher of 15% and $25,000** | **Proposed Reallocation - across budget category** | **2019 REVISED BUDGET** | **JAN - JUNE** | **PROJ JUL - DEC** | **TOTAL PROJ** | **Variance** |
| **Approved by Secretary General** | **For approval by Council** |
| **No.** |  | **COM$** | **COM$** | **COM$** | **COM$** | **COM$** | **COM$** | **COM$** | **COM$** | **COM$** | **COM$** |  |
|   | **TRAVEL, MEETINGS & WORKSHOPS** |   |   |   |   |   |   |   |   |  |  |  |
| 20 | POLICY ORGANS MEETINGS | 461,411 | 1,297,288 | 750,000 |   |   | 750,000 | 111,577 | 638,423 | **750,000** | **0** | **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** | **0** | **Last Quarter** |
| 22 | CHAIRMANS CO-ORDINATION  | 81,969 | 99,695 | 70,000 |   |   | 70,000 | 25,146 | 44,854 | **70,000** | **0** | **Committed** |
| 23 | TRAVEL EXPENSES- OFFICIAL  | 879,393 | 804,106 | 970,000 | 25,000 |  | 995,000 | 367,482 | 627,518 | **995,000** | **0** | **Committed** |
| 24 | RESEARCH FORUM | 0 | 0 | 150,000 |   |   | 150,000 | 0 | 150,000 | **150,000** | **0** |  |
|  | **Sub Total** | **2,100,752** | **3,325,579** | **3,077,200** | **-20,000** | **0** | **3,057,200** | **845,399** | **2,211,801** | **3,057,200** | **0** | **0** |
|   | **CONSULTANCY** |   |   |   |  |  |  |   |   |  |  |  |
| 28 | CONSULTANCY - HR & ADMINISTRATION | 350,585 | 364,394 | 100,000 |   |   | 100,000 | 19,413 | 80,587 | **100,000** | **0** | **Committed** |
| 29 | CONSULTANCY - TRADE & CUSTOMS | 113,354 | 86,895 | 64,000 | 20,000 |   | 84,000 | 42,030 | 41,970 | **84,000** | **0** | **Committed** |
| 31 | CONSULTANCY - INFRASTRUCTURE & LOGISTICS | 58,651 | 4,747 | 64,000 |   |   | 64,000 | 2,558 | 61,442 | **64,000** | **0** | **Committed** |
| 30 | CONSULTANCY - AGRICULTURE & INDUSTRY | 130,707 | 29,410 | 56,000 |   |   | 56,000 | 7,503 | 48,497 | **56,000** | **0** | **Committed** |
| 25 | CONSULTANCY - LEGAL & INSTITUTIONAL SUPP | 96,205 | 76,756 | 60,000 |   |   | 60,000 | 0 | 60,000 | **60,000** | **0** | **Committed** |
| 33 | CONSULTANCY - GENDER & SOCIAL AFFAIRS | 59,971 | 64,229 | 56,000 | -10,488 |   | 45,512 | 0 | 45,512 | **45,512** | **0** | **Committed** |
| 32 | CONSULTANCY - INFORMATION & NETWORKING | 124,654 | 98,498 | 56,000 |   |   | 56,000 | 38,000 | 18,000 | **56,000** | **0** | **Committed** |
| 34 | CONSULTANCY - INTERNAL AUDIT | 8,000 | 9,374 | 10,000 | 3,000 |   | 13,000 |   | 13,000 | **13,000** | **0** | **Committed** |
| 27 | CONSULTANCY - STRATEGIC PLANNING | 237 |   | 10,000 |   |   | 10,000 | 4,258 | 5,742 | **10,000** | **0** | **Committed** |
| 26 | CONSULTANCY - CORPORATE COMMUNICATIONS | 29,584 | 2,913 | 28,000 |   |   | 28,000 | 13,427 | 14,573 | **28,000** | **0** | **Committed** |
| 35 | CONSULTANCY - BRUSSELS LIAISON OFFICE |   | 0 | 2,500 |   |   | 2,500 | 0 | 2,500 | **2,500** | **0** | **Committed** |
|  | **Sub Total** | **971,948** | **737,216** | **506,500** | **12,512** | **0** | **519,012** | **127,189** | **391,823** | **519,012** | **0** | **0** |
|   | **SUPPORT TO MEMBER STATES** |   |   |   |  |  |  |   |   |  |  |  |
| 36 | CAPACITY BUILDING AT M/S |   | 0 | 30,000 |   |   | 30,000 | 0 | 30,000 | **30,000** | **0** | **Committed** |
|  | **Sub Total** | **0** | **0** | **30,000** | **0** | **0** | **30,000** | **0** | **30,000** | **30,000** | **0** | **0** |
|   | **PUBLICATION & VISIBILITY** |   |   |   |   |   |   |   |   |  |  |  |
| 38 | PRODUCTION OF PUBLICATIONS  | 57,716 | 113,146 | 120,000 |   |   | 120,000 | 50,186 | 69,814 | **120,000** | **0** | **Committed** |
| 37 | PUBLIC RELATIONS/PUBLICITY | 47,911 | 90,902 | 65,000 |   |   | 65,000 | 18,758 | 46,242 | **65,000** | **0** | **Committed** |
| 39 | LIBRARY | 13,672 | 17,525 | 15,000 |   |   | 15,000 | 21,933 | -6,933 | **15,000** | **0** | **Committed** |
|  | **Sub Total** | **119,299** | **221,573** | **200,000** | **0** | **0** | **200,000** | **90,877** | **109,123** | **200,000** | **0** | **0** |
|   | **GRANT COUNTERPART FUNDING** |   |   |   |   |   |   |   |   |  |  |  |
| 40 | GRANT COUNTERPART FUNDING | 60,133 | 470,526 | 100,000 |  |  | 100,000 | 134,530 | -34,530 | **100,000** | **0** | **Committed** |
| 41 | OVERHEAD EXPENSES |   | 68,122 |   |  |  |   |   |   |  |  |  |
|  | **Sub Total** | **60,133** | **538,648** | **100,000** | **0** | **0** | **100,000** | **134,530** | **-34,530** | **100,000** | **0** | **0** |
|   | **ELECTION MONITORING** |   |   |   |   |   |   |   |   |  |  |  |
| 42 | ELECTION MONITORING | 83,486 | 103,149 | 75,000 |   |   | 75,000 | 91,198 | -16,198 | **75,000** | **0** | **Committed** |
|  | **Sub Total** | **83,486** | **103,149** | **75,000** | **0** | **0** | **75,000** | **91,198** | **-16,198** | **75,000** | **0** | **0** |

|  | **BUDGET LINE** | **Prior Years Actuals** | **2019** |  |
| --- | --- | --- | --- | --- |
|  |  | **2017 ACTUAL** | **2018 ACTUAL** | **2019 BUDGET** | **2019 Reallocation - higher of 15% and $25,000** | **Proposed Reallocation - across budget category** | **2019 REVISED BUDGET** | **JAN - JUNE** | **PROJ JUL - DEC** | **TOTAL PROJ** | **Variance** | **COMMENTS** |
|  |  |  |  |  | **Approved by Secretary General** | **For approval by Council** |  |  |  |  |  |  |
| **No.** |  | **COM$** | **COM$** | **COM$** | **COM$** | **COM$** | **COM$** | **COM$** | **COM$** | **COM$** | **COM$** |  |
|   | **IT RECURRENT COSTS** |   |   |   |  |  |  |   |   |  |  |  |
| 43 | DISASTOR RECOVERY RENTAL | 18,137 | 12,441 | 30,000 |   |   | 30,000 |   | 30,000 | **30,000** | **0** | **Committed** |
| 44 | IT INFRASTRUCTURE SUPP & ENHANC.  | 70,745 | 117,913 | 46,500 | -3,000 |   | 43,500 | 62,666 | -19,166 | **43,500** | **0** | **Committed** |
| 45 | SUNSYSTEMS MAINTENANCE & SUPPORT |   |   | 77,000 |   |   | 77,000 |   | 77,000 | **77,000** |  |  |
| 46 | SOFTWARE LICENSES | 57,337 | 99,019 | 159,000 |   |   | 159,000 | 92,009 | 66,991 | **159,000** | **0** | **Committed** |
| 47 | INTERNET BANDWIDTH | 80,743 | 113,020 | 82,000 |  |   | 82,000 | 40,032 | 41,968 | **82,000** | **0** | **Committed** |
|  | **Sub Total** | **226,962** | **342,393** | **394,500** | **-3,000** | **0** | **391,500** | **194,707** | **196,793** | **391,500** | **0** | **0** |
|   | **ADMINISTRATION & GENERAL COSTS** |   |   |   |   |   |   |   |   |  |  |  |
| 48 | OFFICE SUPPLIES | 81,415 | 66,354 | 108,000 |   |   | 108,000 | 32,273 | 75,727 | **108,000** | **0** | **Committed** |
| 49 | PRINTING & STATIONERY | 94,520 | 78,536 | 80,000 |  |  | 80,000 | 3,502 | 76,498 | **80,000** | **0** | **Committed** |
| 50 | MOTOR VEHICLE FUEL | 55,748 | 46,282 | 70,000 |   |   | 70,000 | 30,968 | 39,032 | **70,000** | **0** | **Trend** |
| 51 | M/V REPAIR & MAINTENANCE | 37,757 | 25,673 | 40,000 |  |  | 40,000 | 9,747 | 30,253 | **40,000** | **0** | **Trend** |
| 52 | M/V INSURANCE | 18,421 | 23,576 | 19,500 |   |   | 19,500 | 1,485 | 18,015 | **19,500** | **0** | **Committed** |
| 53 | OFFICE RENT AND RATE | 0 | 0 | 5,000 |   |   | 5,000 | 0 | 5,000 | **5,000** | **0** | **Committed** |
| 54 | HOSPITALITY | 27,292 | 37,459 | 40,000 |   |   | 40,000 | 14,683 | 25,317 | **40,000** | **0** | **Committed** |
| 55 | TELEPHONE, E-MAIL & FAX | 138,246 | 132,610 | 169,000 |   |   | 169,000 | 28,756 | 140,244 | **169,000** | **0** | **Committed** |
| 56 | WATER & ELECTRICITY | 40,764 | 45,169 | 59,500 |   |   | 59,500 | 22,605 | 36,895 | **59,500** | **0** | **Trend** |
| 57 | MAINTENANCE OFFICE EQUIPMENT&FURNITURE | 44,126 | 39,291 | 47,900 |   |   | 47,900 | 6,787 | 41,113 | **47,900** | **0** | **Trend** |
| 58 | MAINTENANCE OFFICE BUILDING | 91,761 | 73,385 | 89,750 |  |  | 89,750 | 23,054 | 66,696 | **89,750** | **0** | **Committed** |
| 59 | MAINTENANCE RESIDENCES | 43,243 | 65,513 | 74,000 |   |   | 74,000 | 30,231 | 43,769 | **74,000** | **0** | **Committed** |
| 60 | SECURITY OFFICE BLOCK | 44,321 | 51,563 | 70,000 |   |   | 70,000 | 23,060 | 46,940 | **70,000** | **0** | **Committed** |
| 61 | INSURANCE- OTHER ASSETS | 66,949 | 50,151 | 71,500 |  |  | 71,500 | 0 | 71,500 | **71,500** | **0** | **Committed** |
| 62 | OTHER OFFICE EXPENSES | 30,839 | 14,464 | 46,500 |   |   | 46,500 | 8,594 | 37,906 | **46,500** | **0** | **Committed** |
|  | **Sub Total** | **815,402** | **750,026** | **990,650** | **0** | **0** | **990,650** | **235,745** | **754,905** | **990,650** | **0** | **0** |
|   | **AUDIT COSTS** |   |   |   |   |   |   |   |   |  |  |  |
| 63 | AUDIT COSTS - COBEA | 134,381 | 344,065 | 120,000 |   |   | 120,000 | 0 | 120,000 | **120,000** | **0** | **Committed** |
|  | **Sub Total** | **134,381** | **344,065** | **120,000** | **0** | **0** | **120,000** | **0** | **120,000** | **120,000** | **0** | **0** |
|   | **FINANCE COSTS** |   |   |   |   |   |   |   |   |  |  |  |
| 64 | BANK CHARGES | 54,377 | 74,554 | 60,000 |   |   | 60,000 | 23,110 | 36,890 | **60,000** | **0** | **Trend** |
|  | **Sub Total** | **54,377** | **74,554** | **60,000** | **0** | **0** | **60,000** | **23,110** | **36,890** | **60,000** | **0** | **0** |
|  | **TOTAL BUDGET** | **12,402,375** | **14,679,804** | **15,410,027** | **0** | **0** | **15,410,027** | **5,689,924** | **9,720,103** | **15,410,027** | **0** | **0** |
|   | **CAPITAL BUDGET**  |   |   |   |   |   |   |   |   |  |  |  |
| 65 | MOTOR VEHICLES | 53,500 | 46,358 | 90,000 |  |  | 90,000 | 53,000 | 37,000 | **90,000** | **0** | **Committed** |
| 66 | FURNITURE & FITTINGS | 37,478 | 108,023 | 46,000 |   |   | 46,000 | 26,257 | 19,743 | **46,000** | **0** | **Committed** |
| 67 | OFFICE EQUIPMENT | 255,124 | 222,796 | 56,500 |   |   | 56,500 | 51,740 | 4,760 | **56,500** | **0** | **Committed** |
|  | **Sub Total** | **346,102** | **377,177** | **192,500** | **0** | **0** | **192,500** | **130,997** | **61,503** | **192,500** | **0** | **0** |
| **TOTAL REGULAR BUDGET & CAPITAL BUDGET** | **12,748,477** | **15,056,981** | **15,602,527** | **0** | **0** | **15,602,527** | **5,820,921** | **9,781,606** | **15,602,527** | **0** | **0** |
|   | **NEW BUDGET ITEMS** |   |   |   |   |   |   |   |   |  |  |  |
| 68 | ENERGY FORUM | 0 |   | 0 |  |  | 0 |   |   | **0** | **0** |  |
| 69 | LEGAL COSTS | 0 |   | 0 |   |   | 0 |   |   | **0** | **0** |  |
|  | **Sub Total** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| **GRAND TOTAL** | **12,748,477** | **15,056,981** | **15,602,527** | **0** | **0** | **15,602,527** | **5,820,921** | **9,781,606** | **15,602,527** | **0** | **0** |

## ***Expenditure - Grant funds***

1. The COMESA Secretariat:
2. Spent COM$5,827,631 on Grants funding in the period, January to June 2020, which represents a budget utilisation of 11%; and
3. Proposed an increase of COM$2,206,714 in the budget under grant funding
4. Presents expenditure summary (grant funding) for 2020 financial year, as in shown in Table 2 below. The detailed Grant Funding is

**Table 3: Summary of Cooperating Partner Funding (all amounts in COM$)**



1. Detailed review of the implementation of 2019 work programme and budget is carried out and reported in 2020 work programme and budget estimates. The report, indicates activities carried out and implementation issues, including challenges, remedial actions and way forward.

# Issues submitted for consideration and decision

1. Detailed review of the implementation of 2019 work programme and budget is carried out and reported in 2020 work programme and budget estimates. The report, indicates activities carried out and implementation issues, including challenges, remedial actions and way forward.

##  ***Prior year issues***

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

1. The Sub Committee on Audit and Budgetary matters will recall 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.

**Status**

1. As of September 2019, Secretariat can report that the available funding was adequate to address costs towards the 2018 COMESA Summit, as shown below: -

|  |  |  |
| --- | --- | --- |
| **Description** | **Item** | **Amount (US$)** |
| 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 |

1. 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: -
2. **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 **US$32,354** relating to consumables and services requested and delivered.
1. **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**

1. Costs that had been incurred by the providers of prior to the cancellation of the Summit, specifically cost of: -
2. Vehicles which had been secured – the costs being claimed represent lost business
3. Hotel rooms which had been secured – the costs being claimed represent lost business
4. Burundi will examine all the claims in respect of lost business and make a final submission to COMESA.

***Recommendation***

1. ***The Sub Committee on Audit and Budgetary matters noted positive progress made towards resolving claims made by service providers in Burundi in the context of the cancelled 2018 Burundi Summit.***

## Issue 2: Legal costs

1. The Sub Committee on Audit and Budgetary matters will recall that the Council approved the following additional costs: -
2. US$20,000, to enable the Secretariat attend to matters’ at the COMESA Court of Justice; and
3. 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.
4. Council also decided that the Secretariat should prepare a brief to Council on the status of this case.

**Status**

1. The COMESA Court of Justice awarded the costs as, outlined below: -



##  ***2019 Budget year issues***

## Issue 3: 2018 Audit costs

1. The Sub Committee on Audit and Budgetary matters is invited to note the following: -
2. 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;
3. A need for additional allocation of funds to pay for the audit costs of 2018; and
4. The audit costs and fees on grants are paid from the Grants’ contract.

***Recommendation***

1. ***The Sub Committee on Audit and Budgetary matters is invited to recommend a reallocation of US$63,098 towards the 2018 audit costs from COMESA Policy Organs budget line.***

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

1. The Sub Committee on Audit and Budgetary matters is invited to note the following: -
2. EU awarded COMESA, a grant of €2,318,024 towards eenhancing COMESA’s Capacity in Trade Policy Analysis, Research and Training for Deeper Regional Integration and Participation in Global Economy; and
3. The above grant is conditional on COMESA, providing matching funds at ratio of 1:4, i.e. €2,318,024 to €579,506.
4. 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:

1. 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
2. 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.
3. The Sub Committee on Audit and Budgetary matters is also invited to note that based on the above assessment, the matching funding be secured, as shown below: -

******

1. 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:
2. Existing budget line: Annual research forum.
3. To New budget line: COMESA’s Capacity in Trade Policy Analysis, Research and Training for Deeper Regional Integration.
4. 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.
5. 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:
6. Existing budget line: Annual research forum; and
7. To New budget line: COMESA’s Capacity in Trade Policy Analysis, Research and Training for Deeper Regional Integration.

***Recommendation***

1. ***The Sub Committee on Audit and Budgetary matters is invited to recommend 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

1. The Sub Committee on Audit and Budgetary matters is invited to note the following: -
2. Private sector development activities under 2016-2020 Medium Term Strategic Plan, are implemented out with support of COMESA Business Council. CBC is a COMESA entity established under Article 182 of the Treaty;
3. 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
4. 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.
5. The Sub Committee on Audit and Budgetary matters is further invited to note the following: -
6. RDOAG, the successor USAID grant extended support to Private sector development activities through CBC;
7. 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
8. A response came after the COMESA – Connect Business Dialogue that USAID is not able to reimburse these costs.
9. The Sub Committee on Audit and Budgetary matters is invited to note the following: -
10. That Secretariat has 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
11. 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;
12. 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”***

1. Activities under the framework of COMESA – Connect Business Dialogue held in Kigali, Rwanda from 21 – 22 June 2019 achieved the following outputs: -
2. Digital Services position paper developed.
3. Increased private sector linkages.
4. The Secretariat can confirm that: -
5. It is hosting CBC, within the framework of private sector development; and
6. 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.
7. The Secretariat has already implemented risk management strategies, where no pre-financing shall be pursued unless with written “no objection” from a Cooperating Partners.

***Recommendation***

1. ***The Sub Committee on Audit and Budgetary matters is invited to incorporate the amount spent towards Private sector development intervention through COMESA – Connect Business Dialogue held in Kigali, Rwanda from 21 – 22 June 2019.***

## Issue 6: Addressing funding shortfall for Secretariat; Competition Commission; FEMCOM; Regional Investment Agency on assessed annual Member States contributions

1. The Sub Committee on Audit and Budgetary matters is invited to note the following: -
2. 2019 Funding included assessed annual Member States contributions of US$174,895 and US$1,898,879, due from Seychelles and Tunisia, respectively.
3. These amounts are now re-evaluated, as follows: -

Somalia: Amount is not due as of 30 September 2019, as the country has not yet submitted the instrument of ratification acceding to the Treaty. The billed amount of US$174,895 should be reversed.

Tunisia: Amount due in 2019 has been prorated based on date instrument acceding to the Treaty was receipted by the Secretariat. Revised invoice in the amount of US$1,003,113 has been issued, with the original amount of US$1,878,879 reversed.

1. The above adjustments have resulted in a reduced amount in respect of 2019 assessed annual Member States contributions by US$1,050,661. The impact of this funding shortfall will be better assessed, as the four institutions come to the end of 2019 financial year.

***Recommendation***

1. ***The Sub Committee on Audit and Budgetary matters is invited to recommend that the Secretary General manages the implications of the shortfall of US$1,050,661. In the event, this shortfall cannot be managed within the 2019 reduced funding allocations, a submission should be made for the use of Reserve Fund.***

## Appendix 1: Report of the Connect Business Dialogue held in Kigali, Rwanda from 21 – 22 June 2019.