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| **Name of Donor** | **Name of Project** |
| European Union | COMESA Trade Facilitation Programme |
| **Grant start date**:  | 20 November 2018 |
| **Grant End date:** | 19 November 2022 |
| **Grant Amount:** | USD 53,105,800 (Euro 48, 278,000) |
| **Disbursed before current year:** (2019) | USD 12,728,293 (Euro 11,571,176) |
| **Balance:** | USD 40,377,506 (Euro 36,706,824) |
| **Disbursed in 2019**:  | USD Nil (Euro Nil) |
| **Balance yet to be disbursed:** | USD40,377,506 (Euro 36,706,824) |

1. **Brief about the programme**

COMESA is implementing the Trade Facilitation Programme funded by the European Commission. The actions under this programme specifically complement COMESA’s plan to be a single trade and investment area in which tariff, non-tarriff barriers and other impediments to the movement of goods, services, capital and people will be removed by 2025.

**General Objective**: To contribute to deepening regional integration, improving inclusive regional economic growth and enhancing competitiveness of the COMESA Region.

**Specific objective**: to increase intra-regional trade flows of goods, persons and services by reducing the costs/delays of imports/exports at specific border posts through the reduction of NTBs across the borders, the implementation of the COMESA Digital FTA, WTO TFA, the improvement of the CBM, and the liberalisation of the trade in services and movement of persons.

Implemented under the Strategic Objective 8 that addresses regional and secretariat readiness, the programme has the following result areas/objectives;

**Expected results**

Result 1: Improved monitoring and resolution of Non-Tariff Barriers (NTBs)

Result 2: Enhanced implementation of the WTO Trade Facilitation Agreement

Result 3: Strengthened Coordinated Border Management (CBM) and Trade and Transport facilitation

Result 4: Improved levels of implementation of harmonised, science based Sanitary and Phyto-sanitary (SPS) measures and Technical Standards

Result 5: Enhanced Trade in services, free movement of persons, trade negotiations and trade promotions are supported.

1. **Overview of 2019 programme and expenditure implementation**

**Result 1: Improved monitoring and resolution of Non-Tariff Barriers (NTBs)**

* + 1. Undertook analytical works on reported NTBs using the online NTB system

**Result 2: Enhanced implementation of the WTO Trade Facilitation Agreement**

2.1.1. The 2nd COMESA Digital FTA Workshop

2.1.5. Drafted COMESA Guidelines for the implementation of AEOs Program

**Result 3: Strengthened Coordinated Border Management (CBM) and Trade and Transport facilitation**

3.3.1. Finalized the development of COMESA e-COsystem

3.3.4. Organized the 2nd COMESA DFTA to discuss the Draft COMESA Regulations to implement thee Cosystem

**Result 5: Enhanced Trade in services, free movement of persons, trade negotiations and trade promotions are supported.**

5.1. Tripartite Negotiations on Trade in Services have commenced

5.3. Trade Negotiations:

a) Tripartite negotiations commenced on Rules of Origin, Customs, NTBs; Bilateral tariff negotiations between SACU and EAC; Draft Protocol on Tripartite Competition Policy; Tripartite Capacity Building Strategy; Tripartite Resource Mobilization Strategy

b) National Sensitization workshops on TFTA with Parliamentarians and other stakeholders:

C)TheAfCFTA Negotiations: The Secretariat participated and contributed in the AfCFTA negotiations in developing the instruments and expediting the achievement of the negotiations.

Table 1, below presents expenditure incurred in the period in implementing the above activities

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No.** | **Budget Line Description [as in grant contract]** | **2018** | **2019** |  |
| **Actual** | **Original Budget** | **Actual: Six months** | **Forecast: Six months** | **Revised Forecast** | **% Budget Utilisation achieved** | **% Forecast Budget Utilisation** | **Proposed budget revision** |
| **12 months** | **12 months** | **Jan - June** | **July-Dec** | **Jan - Dec: 12 months** | **Jan - June** | **Jan - Dec: 12 months** |  |
| Col 1 | Col 2 | **Col 3** | **Col 4** | **Col 5** | **Col 6** |  **Col 7=5+6** | **Col 8=5/4** | **Col 9=7/4** |  |
|   |   |  |  |  |  |  |  |  |  |
| **1** | Result 1: Improved monitoring and resolution of Non-Tariff Barriers (NTBs) |  |  566,927  |  -  |  283,463.40  |  283,463  | 0% | 50% |  (283,463) |
| **2** | Result 2: Enhanced implementation of the WTO Trade Facilitation Agreement |  |  1,035,188  |  8,216  |  517,594.00  |  525,810  | 1% | 51% |  (509,378) |
| **3** | Result 3: Strengthened Coordinated Border Management (CBM) and Trade and Transport facilitation |  |  4,705,459  |  31,193  |  1,568,486.33  |  1,599,679  | 1% | 34% |  (3,105,780) |
| **4** | Result 4: Improved levels of implementation of harmonised, science based Sanitary and Phyto-sanitary (SPS) measures and Technical Standards |  |  1,480,318  |  -  |  493,439.47  |  493,439  | 0% | 33% |  (986,879) |
|  | Result 5: Enhanced Trade in services, free movement of persons, trade negotiations and trade promotions are supported. |  88,000  | 2009180.8 |  417,149  |  1,339,454  |  1,756,603  | 21% | 87% |  (252,578) |
|  | Staff and project management costs |  |  2,098,529  |  63  |  299,789.91  |  299,852  | 0% | 14% |  (1,798,677) |
|  | Remuneration  |  |  832,692  |  |  315,156.00  |  315,156  | 0% | 38% |  (517,536) |
|  |  |  88,000  |  12,728,295  |  456,620  |  4,817,383  |  5,274,003  | 4% | 41% |  (7,454,291) |
|  | **Total** |  **88,000**  |  **12,728,295**  |  **456,620**  |  **4,817,383**  |  **5,274,003**  | **4%** | **41%** |  **(7,454,291)** |

The low absorption of 4% was due to the fact that the programme commenced implementation in December 2018 and only completed recruitment of programme staff in October 2019. The work undertaken to June 2019 was undertaken by the existing staff in the COMESA Secretariat. The absorption rate is forecasted to increase as all the three co-delegatees UNCTAD and FAO, have full staff complements as at end of September 2019.

1. **Risk Management**

Delayed implementation and continued fall of the Euro to the dollar may affect operational costs of the programme

1. **Recommendation**

*To manage the risk of exchange rate fluctuations, contracting to be undertaken in Euro to limit future financial losses or failure to pay obligations.*