

**COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA (COMESA)
REGIONAL INTEGRATION SUPPORT MECHANISM (RISM) PROGRAMME
FUNDED BY THE EUROPEAN UNION (EU)
PROGRAMME REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

**COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA (COMESA)
REGIONAL INTEGRATION SUPPORT MECHANISM (RISM)
PROGRAMME REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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1. Background

The Common Market for Eastern and Southern Africa (COMESA) and the European Union (EU) have signed two Contribution Agreements (CA) for the implementation of the Regional Integration Support Mechanism (RISM) programme. The RISM programme has total resources of € 11,440,000 of which € 78,000,000 was secured through the CA (2007) under the 9th European Development Fund (EDF) while € 33,440,000 was secured through the CA (2014) under the 10th EDF. The overall objective of RISM is to support the economic integration process of the Eastern and Southern Africa and Indian Ocean (ESA-IO) region through the consolidation of the COMESA Free Trade Area (FTA) and implementation of COMESA and East Africa Commission (EAC) Customs Unions (CU) and Common Markets. Support from the Programme is channelled through the COMESA Fund as highlighted in the CA and in accordance with Aid Effectiveness principles.

2. RISM Implementation

RISM is implemented in accordance with the Delegation Agreement between COMESA and the European Union represented by the European Commission which provides for a Special Facility to provide budgetary support to members so as to enable them to continue with macro-economic and trade liberalization programmes of COMESA. The Special Facility called the COMESA Adjustment Facility (CAF) is guided by the Operational rules of the COMESA Adjustment Facility, adopted by the Ministerial Committee of the COMESA Fund in January 2008. The CAF Operational Rules were reviewed and approved in June 2010.

The implementation of the Programme is overseen by the RISM Advisory Committee (RAC) under the framework of the COMESA Fund Committee, which ensures the overall guidance and orientation of the project. The RAC amongst other things has the responsibility to determine the eligibility of countries to benefit from the COMESA Fund (Adjustment Facility), transfers under RISM based on their trade liberalization commitments (policy eligibility), as well as the modalities of support they will be entitled to (operational eligibility).

A RISM Management Committee (RMC) is established to examine applications by eligible countries and allocate funds. The day to day management of RISM is being coordinated by the COMESA Aid for Trade Unit (COMAid) at the COMESA Secretariat in Lusaka.

3. Annual Work Plans

Nine (9) workplans have been implemented from 2008 to 2016. These covered the setup of the structures of RISM. The workplans have also been able to progress the implementation of the country Regional Integration Implementation Programmes (RIIPs) and allocation of resources to member States. The total resources that have been approved under the workplans is €88.1 million covering sixteen Member States namely Burundi, Comoros, Djibouti, DR Congo, Eswatini, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Uganda, Zambia and Zimbabwe.

The support provided to the member States has seen the implementation of eleven (11) projects by ten (10) countries under the 9th EDF RISM programme. Notable programmes being implemented include capacity building for government institutions that are charged with implementation of COMESA programmes covering domestication of regional provisions, development and review of national policies and regulations that include services, land and air transport, investment, trade and industrial policies. Private sector support includes development of border markets for cross border trade, trading house facilitating mainly women traders in handicrafts, sector value chains including in leather and cotton, support to private sector associations and private sector training programmes to enhance product development and market access within and outside the COMESA market.

4. The Tenth Workplan

The tenth workplan was the last workplan to be implemented under the 9th EDF RISM programme and continued the implementation of activities under the framework of the 10th EDF RISM Consolidation. The workplan focused on finalization and closure of projects funded under the 9th EDF component. It also focused on the 8th Call for Submissions which was the last year for finalizing and reviewing achievement of results in the context of the performance framework of RISM. The workplan was for the period January to December 2017. The results of the work plan which built on the achievements of the previous work plans were as follows:

i) Launch of the 8th Call for Submissions

The 8th Call for Submissions was launched on 5 July 2017 to sixteen (16) COMESA member States eligible for African, Caribbean and Pacific (ACP) funding. The purpose of the Call was for member States to submit their final Progress Monitoring Reports (PMRs) against performance of 2016 targets which would allow for an overall evaluation to be undertaken against set targets under the RISM programme. The Call included publishing of the indicative Annual Nominal Allocations (ANA) amounting to € 16,770,761 which was the balance of funds from the 2015 and 2016 workplans and allocated in accordance with the formula outlined in the operational regulations. The deadline for Submissions in response to the call was extended from 4th October to 12th October 2017 following a request by Member States for more time to be given for preparation of submissions.

ii) Preparation of Progress Monitoring Reports (PMRs)

Member States were expected to initiate in-country drafting of their PMRs within a 90-day period following the launch of the Call. The Call was further extended by 8 days to allow member States to finalize the preparation process of PMRs. To help fast track this process, COMESA Secretariat was on hand to provide both direct and indirect support to member States in the form of missions, national workshops and national consultants paid for by COMESA. All member States were eligible to benefit from this support, upon request. For those member States that opted not to request for support, COMESA took advantage of the presence of the focal persons in regional meetings to review their PMRs.

iii) Submission and consideration of responses to the 8th Call for Submissions

Following submissions by Member States, Secretariat made a preliminary assessment and validation of the PMRs (no RIIPs were submitted) which was presented to the RISM Management Committee (RMC) and the RISM Advisory Committee (RAC). A total of 16 submissions from - Burundi, Comoros, Djibouti, D.R Congo, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Swaziland, Sudan, Uganda, Zambia and Zimbabwe - were received in response to the 8th Call for Submissions. The total funding secured as a result of the approvals amounted to € 10,030,299 which is 60% of the € 16,770,763 total funding envelope for 2017.

The 13th Ministerial Committee of the COMESA Fund extended the implementation period for all unachieved targets under the 8th Call for Submissions to 30th June 2018 for all member States that did not achieve 100% of their resource allocations. Therefore, the RISM Management Committee (RMC) will conduct country by country assessments and allocate resources respectively for those countries that will achieve their commitments.

iv) Project Formulation, Finalization and Signature

The 2017 workplan focused on the finalization and signature of project documents for Member States that had approved allocations under the 5th (2014), 6th (2015) and 7th (2016) Calls for Submissions. A total of nine (9) countries were required to formulate, finalize and sign their respective project documents namely Burundi, Comoros, D.R Congo, Madagascar, Malawi, Sudan, Swaziland, Uganda and Zambia. Six (6) project documents for Burundi, DR Congo, Madagascar, Malawi, Uganda and Zambia were finalized but only two project documents for Malawi and Uganda were signed by December 2017. It should be noted that countries such as Sudan, Uganda and Zambia have combined resources from the 6th and 7th Call for Submissions under one project.

5. Project Setup, Implementation, Monitoring and Closure

With regards to project setup, a Project Implementation Unit (PIU) was set up in Sudan for the implementation of the project approved under the 5th Call for Submissions. Secretariat urged countries to use existing PIUs to implement their new projects under the 10th EDF to focus the limited time for project implementation. In terms of project implementation, Secretariat has continued to engage external partners and COMESA Institutions to assist project countries to implement activities to help attain the project objectives during the limited implementation period. These include the Leather and Leather Product Institute (LLPI), International Trade Centre (ITC), UNCTAD and UNDP.

Further, Secretariat provided technical support missions to all the project support countries to help build capacities for project management, procurement and EDF procedures. Officers from the relevant COMESA divisions and units also provided technical support to member States in implementation of the different COMESA programmes. Finance, internal audit and procurement divisions also worked closely with the countries to strengthen the project control environment and improve efficiency and effectiveness of project implementation. Off-site measures such as teleconferencing, video conferencing among others were also utilized to provide offsite support to PIUs. Going forward, there is need to have more focused monitoring reviews of existing projects to better record the achievements and lessons learnt for future programmes at national and regional level.

The EU extended the 9th EDF RISM programme further to December 2018 to allow Sudan to implement its project. Another extension to 30th June 2018 was given to countries that were yet to finalize activities relating to procurement processes and to Burundi as the project document was not signed. In preparation for closure of projects, COMAid finalized a checklist and guidelines which was circulated to the project countries. In addition, missions were undertaken to verify the different asset registers and to conduct expenditure verifications in preparation for closure of projects. Further, closure workshops were held by some countries whose implementation period was ending in December 2017.

i) Disbursement of RISM Funds from previous Calls for Submissions

During the year 2017, a total of € 5,412,861 was disbursed to Member States under the previous Calls for Submissions. Overall, a total of € 88 million had been approved as adjustment support to 16 Member States. This represents 84% of the available adjustment resources. Of the approved amount, close to €78 million has been disbursed.

ii) Disbursement of RISM/CAF resources against 2017 approved submissions

Disbursements under the 8th Call for Submissions were expected in the first quarter of 2018. However, Secretariat ensured the completeness of documentation provided (including the required sources of verification) and submitted a payment request for Kenya, Mauritius and Rwanda based on the decisions of the 13th COMESA Fund Ministerial Committee in December 2017. For project countries, disbursements will be dependent on project finalization and signature of agreements to be finalized.

iii) RISM programme effectively managed

To ensure the effective management of the programme and delivery of results of the 2017 workplan, the Programme worked closely with COMESA divisions, units and institutions responsible for the RISM indicators to ensure that Member States implement all outstanding commitments under the programme. In addition, a RISM management Task Team was formed at Secretariat level which has helped strengthen and improve the coordination of the RISM Programme. Further, Secretariat continued to strengthen its existing relations with international organizations such as the ITC and UNCTAD which continues to be an asset in supporting Member States in the implementation of projects. Consultations with the EU delegations in the respective member States was also done throughout the year.

5. Project Setup, Implementation, Monitoring and Closure (continued)

!!!) RISM programme effectively managed (continued)

The Secretariat also interacted closely with the Member States through the coordinating Ministries, focal points and the National Inter-Ministerial Coordinating Committees (NIMCCs). This involved providing the required technical support, monitoring implementation of the programmes at the national level through missions, review of work plans and budgets, overseeing audits and expenditure verifications and facilitating the evaluation of the projects.

6. Conclusion

The CAF is one of the few existing instruments that from the outset, was deliberately created to provide adjustment support to its members. The CAF mechanism is seeing a transformation of focus areas from domestication aspects to value addition activities in the spirit of increasing the productive competitiveness of the region. Steady progress is being made to enhance the participation of the private sector to enhance exports within and outside the COMESA region. Going forward, the COMESA Fund members and cooperating partners will need to continue to explore ways to strengthen the existing framework and develop innovative, sustainable and impact-oriented programme

7. Programme implementation management team

The Programme implementation management team who held office during the period and at 31 December 2017 the COMESA Secretariat is comprised of the following:


Name	Position	Nationality	Tenure
Hope K Situmbeko	Programme coordinator	Zambian	Full period
Xavier Bakunzi	Finance Expert	Ugandan	Full period

8. Events subsequent to the period end

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

By order of the Secretary General:


Secretary General


Programme Coordinator

Date: 30/10/2019

The Secretary General is responsible for the preparation and fair presentation of the Regional Integration Support Mechanism (RISM) Programme for the year ended 31 December 2017, comprising the statement of financial position as at 31 December 2017, statements of income and expenditure and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with the basis of accounting described in note 2 to the financial statements which are based on the requirements of the Delegation Agreement between COMESA and the European Union represented by the European Commission.

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

The Secretary General has made an assessment of the Regional Integration Support Mechanism (RISM) Programme's ability to continue as a going concern and has no reason to believe the Programme will not be a going concern in the period ahead.

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

Approval of the Financial Statements

The financial statements of the Regional Integration Support Mechanism (RISM) Programme, as identified in the first paragraph, were approved by the Secretary General and signed by:


Secretary General


Director Budget and Finance

Date: 30/10/2017

Independent auditor's report

To the Council of Common Market for East and Southern Africa (COMESA) in respect of Regional Integration Support Mechanism Programme

Report on the audit of the financial statements

Our opinion

In our opinion, Regional Integration Support Mechanism (RISM) Programme's (the "Programme") financial statements for the year ended 31 December 2017 are prepared, in all material respects, in accordance with the basis of accounting described in Note 2 to the financial statements.

What we have audited

The Regional Integration Support Mechanism (RISM) Programme's financial statements are set out on pages 9 to 17 and comprise:

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

Basis of Opinion

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

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

Independence

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

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

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

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

Other information

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

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

Report on the audit of the financial statements (continued)

Other information (continued)

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

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

Responsibilities of Management for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Programme's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary General.

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


Report on the audit of the financial statements (continued)

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- We communicate with the Secretary General regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants
Lusaka



Charity Mulenga
Practising Certificate Number: AUD/F000945
Partner signing on behalf of the firm

30 / 10 / 2019

COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA (COMESA)
REGIONAL INTEGRATION SUPPORT MECHANISM (RISM)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

STATEMENT OF INCOME AND EXPENDITURE

	Year ended 31 December 2017	Year ended 31 December 2016
Income	8,488,599	12,267,793
Grant income	11	
Expenditure		
Budget support	4	(4,550,411)
Sub-grantees	5	(6,700,709)
Operational expenses	6	(1,016,673)
	(8,488,599)	(12,267,793)
Surplus for the year	-	-

The notes on pages 12 to 17 are an integral part of these financial statements

COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA (COMESA)
REGIONAL INTEGRATION SUPPORT MECHANISM (RISM)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

STATEMENT OF FINANCIAL POSITION

	As at 31 December 2017	As at 31 December 2016
Assets		
Current assets		
Accounts receivable	1,620,001	3,775,784
Cash and cash equivalents	6,204,876	1,899,621
Total assets	7,824,877	5,675,405
Liabilities		
Current liabilities		
Accounts payable	743,645	192,872
Deferred income	7,081,232	5,482,533
Total liabilities	7,824,877	5,675,405

Notes

The financial statements on pages 9 to 17 were authorised for issue by the Secretary General of Common Market for East and Southern Africa (COMESA) on _____ and signed by:

Curupuru
Secretary General

[Signature]
Director Budget and Finance

The notes on pages 12 to 17 are an integral part of these financial statements

STATEMENT OF CASH FLOWS

	Year ended 31 December 2017	Year ended 31 December 2016
	€	€
Cash flows from operating activities		
Grant income in the period	(8,488,599)	(12,267,793)
<i>Adjustments for changes in working capital:</i>		
- Accounts receivable	2,155,783	(296,496)
- Accounts payable	550,773	161,650
Net cash flows used in operating activities	(5,782,043)	(12,402,639)
Cash flows from financing activities		
Grant received during the period	10,087,298	7,177,184
Net increase/(decrease) in cash and cash equivalents	4,305,255	(5,225,455)
Cash and cash equivalents at 1 January	1,899,621	7,125,076
Cash and cash equivalents at 31 December	6,204,876	1,899,621

The notes on pages 12 to 17 are an integral part of these financial statements

1 Reporting Programme

COMESA-Regional Integration Support Mechanism Programme ("the Programme") is domiciled in Zambia. The address of its registered office is COMESA Secretariat, Ben Bella Road, and P.O. Box 30051, Lusaka, Zambia. The main objective of the RISM programme was to facilitate the operationalization and strengthening of the COMESA Adjustment Facility (CAF), which was set up to support member States in implementing their regional integration commitments in 2008.

In April 2012, a rider (an additional to what was already there) to the RISM Contribution Agreement (CA) was finalized and approved to support the economic integration process of the Eastern and Southern Africa and Indian Ocean (ESA-IO) region through the consolidation of the COMESA FTA and implementation of the COMESA and EAC Customs Unions and Common Markets. The RISM rider expands the scope of programmatic interventions beyond simply the compensation of revenue losses; it was expanded to include adjustment support that enables countries to implement wider economic reform interventions in the context of regional integration.

To further support the regional integration efforts, the European Commission and COMESA signed the RISM Consolidation Contribution Agreement in 2014.

2 Significant accounting policies

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

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

(b) Accounts receivable

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

(c) Cash and cash equivalents

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

(d) Grant income recognition

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

NOTES TO THE FINANCIAL STATEMENTS

2 Significant accounting policies (continued)

(e) Programme expenditure

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

(f) Income tax

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

(g) Accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are presented as current liabilities unless payment is not due within twelve months after year end. If not, they are presented as non-current liabilities.

(h) Deferred income

Deferred income are grants received from the European Union which have not been utilised in the period. Income is only recognised when related expenditure for which the grant was obtained has been incurred. The deferred amount recorded on the Programme's statement of financial position generally represents the cash received in advance, less the amount amortized for services performed to date.

(i) Foreign exchange

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

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

(j) Use of estimates and judgments

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

COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA (COMESA)

REGIONAL INTEGRATION SUPPORT MECHANISM (RISM)

FINANCIAL STATEMENTS
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NOTES TO THE FINANCIAL STATEMENTS

3 Grant received in the period

Year ended 31 Dec 2017	10,087,298	Disbursement from the European Union in the period (Note 11)
Year ended 31 Dec 2016	7,177,184	

During the year under review, total disbursement of € 10,087,298 (2016: €7,177,184) was disbursed by the European Union. This amount was received for the implementation of planned activities as per approved work plan.

4 Budget support expense

Year ended 31 December 2017	€ 42,780	Ethiopia
	1,388,510	Kenya
	506,345	Mauritius
	-	Rwanda
	241,562	Seyshelles
Year ended 31 December 2016	€ 1,166,519	
	1,921,864	
	697,161	
	439,384	
	325,483	

5 Sub-grantee expense (Note 7)

Comoros	568,447
Congo DRC	353,946
Djibouti	286,631
Madagascar	479,655
Malawi	962,742
Swaziland	209,636
Uganda	1,109,582
Zambia	660,406
Zimbabwe	648,467
Year ended 31 December 2017	2,179,197
Year ended 31 December 2016	4,550,411

6 Operational expense

Technical support expense	492,932
Meetings, workshops and travel expense	471,967
Bank charges	20,950
External audit fees	8,341
Visibility expense	35,700
Year ended 31 December 2017	1,029,890
Year ended 31 December 2016	1,016,673

COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA (COMESA)
REGIONAL INTEGRATION SUPPORT MECHANISM (RISM)

FINANCIAL STATEMENTS
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NOTES TO THE FINANCIAL STATEMENTS

7 Sub-grantee	Opening receivables/ (payables) balance €	Disbursement to country in the year €	Expenditure €	Receivables closing balance €	Payables closing balance €
For year ended 31 December 2017					
Comoros	582,257	287,816	(568,447)	301,626	-
Congo DRC	365,049	-	(353,946)	11,103	-
Djibouti	242,661	50,000	(286,631)	6,030	-
Madagascar	214,471	328,222	(479,655)	63,038	-
Malawi	419,172	569,800	(962,742)	26,230	-
Sudan	-	642,416	-	642,416	-
Swaziland	(69,361)	406,506	(209,636)	127,509	-
Uganda	1,147,335	-	(1,109,582)	37,753	-
Zambia	505,243	300,000	(660,406)	144,837	-
Zimbabwe	279,405	620,929	(648,467)	251,867	-
	3,686,232	3,205,689	(5,279,512)	1,612,409	-
For year ended 31 December 2016					
Comoros	76,041	867,439	(361,223)	582,257	-
Congo DRC	685,887	406,592	(727,430)	365,049	-
Djibouti	198,600	322,616	(278,555)	242,661	-
Madagascar	-	674,760	(460,289)	214,471	-
Malawi	189,500	714,148	(484,476)	419,172	-
Swaziland	329,141	69,365	(467,867)	-	(69,361)
Uganda	221,293	1,465,187	(539,145)	1,147,335	-
Zambia	860,550	930,662	(1,285,969)	505,243	-
Zimbabwe	901,784	1,473,376	(2,095,755)	279,405	-
	3,462,796	6,924,145	(6,700,709)	3,755,593	(69,361)

COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA (COMESA)

REGIONAL INTEGRATION SUPPORT MECHANISM (RISM)

FINANCIAL STATEMENTS
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NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2017	As at 31 December 2016
8 Cash and cash equivalents	€
Standard Chartered Bank Plc - Euro - operations account	8,661
Standard Chartered bank-USD	3,800
COMESA Project Account-EUR	28,388
Standard Chartered Bank Plc - Euro account	1,423,045
RISM Consolidation	1,304
RISM Consolidation Stanbic	434,423
RISM New SCB Euro Account	-
6,204,876	1,899,621
9 Accounts receivable	
Regional Integration Support Programme (RISP2)	12,341
Staff advance and imprest	6,484
Sub-grantee receivable (Note 7)	3,755,593
COMESA Secretariat	1,366
1,620,001	3,775,784
10 Accounts payable	
Accrued expenses	65,104
Airlines payable	-
Sub-grantee payable (Note 7)	69,361
Consistency fees	57,451
Regional Integration Support Programme (RISP 3)	956
COMESA Secretariat (Note 12)	-
660,356	-
743,645	192,872
11 Deferred income	
Opening balance as at 1 January	10,573,142
Grants received during the year (note 3)	7,177,184
Transfer of grant income to statement of income and expenditure	(12,267,793)
7,081,232	5,482,533
Closing balance as at 31 December	5,482,533

This relates to amounts received from the European Union, but not utilised in the period.

COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA (COMESA)
 REGIONAL INTEGRATION SUPPORT MECHANISM (RISM)
 FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2017

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2017	As at 31 December 2016	€	€
12 Related parties transactions			
<i>Amounts due to related parties:</i>			
COMESA Secretariat (Note 10)	660,356	-	
<i>Amounts due from related parties:</i>			
COMESA Secretariat (Note 9)	-	1,366	
The amount due to related party refers to payments that COMESA Secretariat made on behalf of the RISM Programme and not yet recovered. The amount due from related parties refers to payments that RISM Programme made on behalf of the COMESA Secretariat.			

COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA (COMESA)

REGIONAL INTEGRATION SUPPORT MECHANISM (RISM)

APPENDICES

FOR THE YEAR ENDED 31 DECEMBER 2017

Appendix I - Delegation agreement monitor

Comparison between budget and actual expenditure for year ended 31 December 2017

	Budget	Actual	Variance	Variance
	€	€	€	%
Support to member states	16,770,761	7,458,709	9,312,052	56%
Meetings, workshops and technical support	1,065,152	964,899	100,253	9%
Finance charges	21,994	20,950	1,044	5%
Audit fees	20,854	8,341	12,513	60%
Communication and visibility	60,000	35,700	24,300	41%
Contingency	-	-	-	-
	17,938,761	8,488,599	9,450,162	53%

**COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA (COMESA)
REGIONAL INTEGRATION SUPPORT MECHANISM (RISM)**

**APPENDICES
FOR THE YEAR ENDED 31 DECEMBER 2017**

Appendix II - Reconciliation of funds received

(i) Rider to RISM Consolidation (EDF 10)

	Total Budget	Budget after Addendum 3[A]	Expenditure 31 Dec 2016	Expenditure 31 Dec 2017	Totals [B]	Balance [A-B]
	€	€	€	€	€	€
Adjustment support to member states	31,464,000	30,213,230	4,550,411	2,747,644	7,298,055	22,915,175
Technical support and capacity building, including RISM Advisory Committee (RAC) and RISM Management Committee (RMC) meetings and Activities	1,600,000	2,339,770	-	600,827	600,827	1,738,943
Communication, visibility, monitoring and evaluation	160,000	620,000	-	35,700	35,700	584,300
Finance charges	4,000	39,000	-	20,950	20,950	18,050
Audit fees	18,000	34,000	-	8,341	8,341	25,659
Contingency	164,000	164,000	-	-	-	164,000
COMESA contribution	-	30,000	-	-	-	30,000
Totals	33,410,000	33,440,000	4,550,411	3,413,462	7,963,873	25,476,127

**COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA (COMESA)
REGIONAL INTEGRATION SUPPORT MECHANISM (RISM)
APPENDICES
FOR THE YEAR ENDED 31 DECEMBER 2017**

Appendix II - Reconciliation of funds received (continued)

(iii) Rider to RISM Consolidation (EDF 9)

	Revised Budget [A] €	Cumulative Expenditure 2008-2015 €	Expenditure 31 Dec 2016 €	Expenditure 31 Dec 2017 €	Total (B) €	Balance [A-B] €
Adjustment support to member states	73,403,843	60,976,292	6,700,709	4,711,065	72,388,066	1,015,777
Technical support and capacity building, including RISM Advisory Committee (RAC) and RISM Management Committee (RMC) meetings and Activities	4,249,157	2,866,773	1,000,560	364,072	4,231,405	17,752
Evaluation	196,000	206,431	-	-	206,431	(10,431)
Finance charges	11,000	12,371	11,253	-	23,624	(12,624)
Audit fees	40,000	30,286	4,860	-	35,146	4,854
Contingencies	100,000	-	-	-	-	100,000
Totals	78,000,000	64,092,153	7,717,382	5,075,137	76,884,672	1,115,328

**COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA (COMESA)
REGIONAL INTEGRATION SUPPORT MECHANISM (RISM)**

APPENDICES

FOR THE YEAR ENDED 31 DECEMBER 2017

Appendix III - Fund Accountability Statement

	2017	2016
Amount disbursed by the European Union	10,087,298	7,177,194
Amount received by the Programme in the bank account	10,087,298	7,177,194
Amount reimbursed to COMESA Secretariat	-	-

Appendix IV - Schedule of ineligible expenditure

There is no ineligible expenditure during the period.

Appendix V - Schedule of fixed assets

There were no fixed assets purchased during the period under review.