2017-2016
BIENNIAL REPORT

COMESA

Common Market for Eastern and Southern Africa

Inclusive and Sustainable Industrialization

VISION

To be a fully integrated, internationally competitive regional economic community with high standards of living for all its people ready to merge into an African Economic Community".

MISSION

"To endeavour to achieve sustainable economic and social progress in all Member States through increased co-operation and integration in all fields of development particularly in trade, customs and monetary affairs, transport, communication and information technology, industry and energy, gender, agriculture, environment and natural resources."

COMESA was initially established in 1981 as the Preferential Trade Area for Eastern and Southern Africa (PTA), within the framework of the then Organisation of African Unity's Lagos Plan of Action and the Final Act of Lagos. The PTA was transformed into COMESA in 1994 to take advantage of a larger market size, to share the region's common heritage and destiny and to allow greater social and economic co-operation, with the ultimate objective being the creation of an Economic Community.

Design and Layout: Corporate Communications

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ACRONYMS

AAPBP	Australia-Africa Plant Biosecurity Partnership
AATF	African Agriculture Technology Foundation
ACBF	Africa Capacity Building Foundation
ACP	African, Caribbean and Pacific Group of States
ACTESA	Alliance for Commodity Trade in Eastern and Southern Africa
AfDB	African Development Bank
AfT	Aid for Trade
AGOA	African Growth and Opportunity Act
AML/CFT	Anti-Money Laundering / Combating Financing of Terrorism
ARICEA	Association of Regulators of Information and Communications
ARIS	Animal Resources Information System
ASYCUDA World	Automated Systems for Customs Data
AUC	African Union Commission
AU-IBAR	African Union – Inter- African Bureau for Animal Resources
BBC	British Broadcasting Corporation
BLO	Brussel Liaison Office
CAADP	Comprehensive Africa Agriculture Development Programme
CABI	Centre for Agriculture and Biosciences International
CAF	COMESA Adjustment Facility
CBC	COMESA Business Council
CCA	Corporate Council on Africa
CCA	COMESA, Corporate Council for Africa
CCH	COMESA Clearing House
CCIA	COMESA Common Investment Area Agreement
CCTV	Closed Circuit Television
CET	Common External Tariff
CIRT	Computer Response Teams
CMI	COMESA Monetary Institute
CMR	Customs Management Regulations
CNS/ATM	Communications, Navigation, surveillance and Air Traffic Management Systems
COMESA SQAM	Standardisation, Quality Assurance and Metrology
COMESA	Common Market for Eastern and Southern Africa
COMESA/LLPI	COMESA Leather and Leather Product Institute
COMRA	COMESA Railways Association
COMSHIP	COMESA Seed Harmonisation Implementation Plan

COMSTAT	COMESA Statistics
CRGCCU	Council Regulations Governing the COMESA Customs Union
CSTHR	COMESA Seed Trade Harmonisation Regulations
CTH	Change in Tariff Heading
CTN	Common Tariff Nomenclature
CU	Customs Union
CV	Customs Valuation
CYFI	Child and Youth Finance International
DEVCO	International Cooperation and Development
DLP/D	Data Loss Prevention Device
DMRO	Duly Mandated Regional Organizations
DRC	Democratic Republic of the Congo
DTAA	Double Taxation Avoidance Agreements
EAC	East African Community
EAPP	Eastern Africa Power Pool
ICCP	Interconnection Code Compliance Programme
EA-SA-IO	Eastern Africa-Southern Africa-Indian Ocean
EBC	Executive Briefing Centre
EC	European Commission
ECA	Economic Commission for Africa
ECDPM	European Centre for Development Policy Management
ECOWAS	Economic Community of West African States.
EDF	European Development Fund
EEAS	European External Action Service
EPA	Economic Partnership Agreement
EPC	Engineering Procurement and Construction
ESA	Eastern and Southern Africa
ESIA	Environment and Social Impact Assessment
EU	European Union
EXTRAPOLATE	Ex-ante Tool for Ranking Policy Alternatives
FAO	Food and Agriculture Organization
FDES	Framework for Development of Environment Statistics
FDI	Foreign Direct Investment
FIU	Financial Intelligence Unit
FEMCOM	Federation of National Associations of Women in Business in Eastern and Southern Africa

FTA	Free Trade Area
GCT	Global COMESA Trade
GDP	Domestic Growth Product
GEIDO	Global Energy Interconnection
GLTFP	Great Lakes Trade Facilitation Project
GNA	Government of National Accord
HS	Harmonised Commodity Description and Coding System
HCPI	Harmonized Consumer Price Indices
HLBM	High Level Business Meeting
HVDC	High Voltage Direct Current
ICAO	International Civil Aviation Organization
ICD	Industrial Cooperation and Development
ICT	Information and Communication Technology
IDEP	African Institute for Economic Development and Planning.
IDF	IOM Development Funds
IGAD	Intergovernmental Authority on Development
IIP	Index of Industrial Production
IITA	International Institute of Tropical Agriculture
IOC	Indian Ocean Commission
IOM	International Organisation for Migration.
IPAs	Investment Promotion Agencies
KEPHIS	Kenyan Plant Health and Inspectorate Service
LSIPT	Livestock Sector Investment and Policy Toolkit
LSP	Local Sourcing for Partnerships
M&A	Mergers and Acquisitions
MCBRTA.	Multilateral Cross Boarder Road Transport Agreement
MFPH	COMESA Monetary and Fiscal Policy Harmonization
MS	Member States
MTSP	Medium Term Strategic Plan
NAIPs	National Agricultural Investment Plans
NBI/NELSAP	Nile Basin Initiative/Nile Equatorial Lakes Subsidiary ActionProgramme
NBS	National Bureau of Statistics
NEPAD-IPPF	New Partnership for Africa's Development – Infrastructure Project Preparation Facility
n.e.s	Not Elsewhere Specified
NFPs	National Focal Points

NL-PFP	National Livestock Policy Focal Persons
NMCs	National Monitoring Committees
NSC	North South Corridor
NSFR	Net Stable Funding Ratio
NSOs	National Statistics Offices
NTB's	Non-Tariff Barriers
OHTL	Over Head Transmission Lines
OSBPs	One Stop Border Posts
P&R	Principles and Recommendations (of Population and Housing Censuses)
PAS	Pan African Statistical
PBCRC	Plant Biosecurity Cooperative Research Centre
PICI	Presidential Infrastructure Champion Initiative
PIDA	Programme for Infrastructure Development in Africa
PIU	Project Implementation Unit
PMC	Projects Management Committee
PPP	Public Private Partnerships
PPR	Peste des Petits Ruminants
PRH	Policy and Regulatory Harmonization
PVS	Performance of Veterinary Services
RAB	Rwanda Agriculture Board
RAERESA	Regional Association of Energy Regulators in Eastern and Southern Africa.
RAIP	Regional Agricultural Investment Programme
RDA	Road Development Agency
REC	Regional Economic Community
REPSS	Regional Payment and Settlement System,
ReSAKSS	Regional Strategic Analysis and Knowledge Support System
RIA	The Regional Investment Agency
RIPA	Regional Investment Programme in Agriculture
RISM	Regional Integration Support Mechanism
RISP	Regional Integration Support Programme
RLSCT	Regional Leather Sector Core Team
RMIC	Resource Mobilization and International Cooperation
SADC	Southern African Development Community
SAKSS	Strategic Analysis and Knowledge Support System
SAR	Search and Rescue

SCCI	Seed Control and Certification Institute
SGR	Standard Gauge Railway
SITF	Swaziland International Trade Fair
SMEs	Small and Medium-sized Enterprises
SPS	Sanitary and Phytosanitary
SPS/TBT	Sanitary and Phytosanitary Measures/Technical Barriers to Trade
SVA	Structural Vulnerabilities Assessments
STR	Simplified Trade Regime
TBT	Technical Barriers to Trade
TCBP	Tripartite Capacity Building Programme
TCF	Technical Cooperation Facility
TDB	Trade and Development Bank
TFA	Trade Facilitation Agreement
TFTA	Tripartite Free Trade Area
ToRs	Terms of Reference
TPPA	Trans-Pacific Partnership Agreement
T-RECs	Tripartite Regional Economic Communities
TRIPS	Trade Related Aspects of Intellectual Property rights
TRS	Time Release Study
TTCMBP	Tripartite Technical Committee on Movement of Business Persons
TTF	Tourism and Transport Forum
TTTFP	Tripartite Transport and Transit Facilitation Programme
UEMOA	West African Economic and Monetary Union
ULDC	Uganda Leather Development Council
UNCTAD	United Nations Conference on Trade and Development
UNV	United Nations Volunteers
USAID	United States Agency for International Development.
VET-GOV	Veterinary Governance Programme
VICMED	Lake Victoria and the Mediterranean Sea
WCO	World Customs Organisation
WEEF	COMESA Women Economic Empowerment Fund
WTO	World Trade Organization
YC-MIS	Yellow Card Management Information System
ZTK	Zambia - Tanzania - Kenya (ZTK) Transmission Interconnector

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STATEMENTS

LETTER OF TRANSMITTAL FROM THE **SECRETARY GENERAL**

His Excellency, Hery Rajaonarimampianina,
President of the Republic of Madagascar
Chairman of the Authority of the COMESA Heads of State and Government

Your Excellency,

In accordance with the provisions of Article 17, paragraph 8 of the COMESA Treaty, I have the honour and privilege to submit to Your Excellency, the COMESA Biennial Report for 2016-2017 entitled "Inclusive and Sustainable Industrialization".

The Report highlights achievements of COMESA in 2016-2017, reviews the impact of world trade on Africa in general, and in the COMESA region, including its influence on our regional integration agenda. The Report also covers the activities of the COMESA Organs and those of the COMESA-EAC-SADC Tripartite arrangement whose ultimate objective is the creation of an African Economic Community. Additionally, the Report presents financial information on the Common Market.

Your Excellency will note from this Report that Member States have continued to implement the COMESA integration agenda in collaboration with the various COMESA Institutions. In addition, the Secretariat continues to receive the support of Member States and Co-operating Partners. This underscores the commitment of the Member States to the COMESA's ideals, and what it stands for. It also demonstrates the confidence which our Co-operating Partners have in our institution.

We are convinced that the prevailing spirit of commitment, confidence and co-operation will strengthen our resolve to push the region's integration agenda forward as we build a stronger foundation for deeper economic integration.

Sindiso Ngwenya
Secretary-General
COMESA

MESSAGE FROM THE **CHAIRMAN OF THE AUTHORITY**

I have the pleasure to present the Biennial Report of the Common Market for Eastern and Southern Africa (COMESA) for the year 2016 - 2017. I do so with deep gratitude to my colleagues, the Vice-Chair and the Rapporteur of the Bureau of the Authority of Heads of State and Government of COMESA for their continued and unwavering support during my tenure as the Chairman of our regional institution since October 2016.

I also extend my gratitude to all our development partners for their continued support which has enabled COMESA to make notable progress in the economic integration process of our region. As indicated in this report, our region has made great strides towards attaining our vision, but there is still a lot of ground to cover. The sectors that underpins the full realization of our vision, such as regional trade, needs pace acceleration to deliver benefits sooner than later.

You will note, for example, the growth of intra-COMESA trade has been less than optimal. In 2016, the total intra-COMESA exports decreased by 17% from the previous year. Critical factors for this decline are the performance of the manufactured exports and the metals export sector. That notwithstanding, a number of individual Member States in the COMESA region have recorded positive growths in their 2016 intra-COMESA total exports such as Comoros, Djibouti, Egypt, Kenya, Libya, Madagascar, Mauritius, Rwanda and Seychelles.

The robust development of infrastructure projects in our region and paradigm shift towards “Inclusive and Sustainable Industrialization” will spur growth that will allow our economies to upgrade their technological and industrial base and to lay the foundation for innovative economies. Our region is already setting up conditions that will enable us to leap frog and skip some stages of development. Indeed, some of our member States are already moving from an agricultural economy to a knowledge-based economy thus, bypassing the industrial stage altogether.

The new focus which is well illustrated in the current theme, *“COMESA: Towards Digital Economic*

Integration" captures the current mood on utilizing innovative technologies to drive our economies. During this period, we have made great strides in developing digital tools under the Digital Free Trade Area initiative that incorporates e-Commerce, e-Legislation and e-Logistics. Work is still going to roll out online platform for regional customs bond that will add to our stock of digital tools and platform such as the the COMESA Virtual Trade Facilitation System. Our member States should take full advantage of these advanced technologies and innovative business models to expand their regional integration and trade horizons.

The One Stop Border Post (OSBP) concept is also moving at a steady pace with sizeable number of countries opting to adopt them as a means of reducing the time and cost incurred when crossing borders. Currently, there are eight operational OSBPs in the region, six that have been completed and several others at various stages of construction.

On the elimination of non- tariff barriers, great progress has been attained since the inception of the online NTBs reporting mechanism in 2008 to date. Out of a total of 204 NTBs that have been reported among the COMESA Member States, 182 have been resolved resulting in a success rate of 89.2%. This momentum should be maintained. For regional integration to be fully realized, citizens of member States must be allowed to move freely to provide and enhance services envisaged in the integration agenda covering services, tourism, labour, cultural activities among others.

The latest adoption of the COMESA Common Investment Area (CCIA) Agreement after an extended period heralds a new chapter of enhanced investments in our region as it considers the new emerging issues in international investment regimes. These include specific standards regarding investor protection, the rights and obligations of investors and the rights and obligations of the host countries. Significantly, majority of our members States have within the recent period attained higher rankings in the ease of doing business, and this is going to impact positively on private investments. It is notable that in 2016, the COMESA region recorded Greenfield FDI pledges amounting to $ 52.4 Billion initiated within its countries. This represents a significant percentage increase of 103.3 % compared to the previous year 2015.

As the Continental Free Trade Area kicks-off, it will certainly benefit from the lessons that we have learned as we implement our regional Tripartite FTA now in its third year. Twenty-one countries, majority of them COMESA MS, had signed TFTA by close of 2017. With COMESA taking the mantle to steer the Tripartite Task Force, I am optimistic that the remaining countries will not only sign but the required number of ratifications will be attained in 2018 to allow for implementation of the agreed issues.

His Excellency, Hery Rajaonarimampianina
President of the Republic of Madagascar
Chairman of the Authority of the COMESA Heads of State and Government

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MACROECONOMIC DEVELOPMENTS IN THE COMESA REGION IN 2016 AND 2017

The COMESA Region experienced global headwinds in 2016 attributed to several factors which include among others: low commodity prices, a sluggish performance in the global economy and a gradual deceleration in China's growth. In 2017 the region benefited from commodity prices which started to rise in the later part of 2016, increasing private demand including in the domestic market, sound macro-economic policy management, a generally improving business environment and increased public investment expenditure.

This section analyses developments of key macro-economic performance indicators in the region in 2016 and projections will be provided for 2017 based on prevailing global and domestic dynamics and shocks.

1.1 Growth

COMESA region's growth slightly weakened in 2016 to 4.7% down from 6.1% in 2015 and projected to be 5.2 in 2017. The main reasons for the slowdown in growth in 2016 were weak global economic conditions, still-low (but rising) oil and commodity prices and adverse weather conditions (drought). Despite its slowdown, the region remained the fastest growing in the world, boosted by recovering commodity prices and increased domestic demand both in 2016 and 2017. Several countries in COMESA notably Democratic Republic of Congo, Djibouti, Ethiopia, Kenya, and Rwanda were among the fastest growing countries in the world with growth between 5% and 10.0%. Slowdown in China as well as its orientation from an investment-led to a consumption-based economy affected demand for exports from COMESA countries and indirectly led to lower global commodity prices.

The slowdown in China is mainly attributed to its economic transformation from investment and manufacturing led towards domestic demand led consumption and services economy. While lower commodity prices are providing significant headwinds to the region's commodity exporters, the rebalancing of China's economy towards more consumption may benefit the region's economy in the coming years. The region is best placed to export consumer goods to China, including agricultural products. This will benefit most from China's switch to more consumption based growth. China's rising wages may also erode its competitiveness in low-end manufactures and could further increase FDI inflows to the region. (AfDB, OECD, UNDP, UNECA, ACP and African Economic Outlook 2017).

In 2016 and in 2017, on the demand side, private consumption continued to support growth, helped by lower oil and food prices and growing remittances. Construction investment, both public and private also remained an important driver of growth. In contrast, exports remained mostly sluggish and often declined due to weak global demand. Thus, the region's growth was again supported by domestic factors, which helped to cope with headwinds from the global economy. Given the region's vulnerability to external shocks, promotion of regional trade and integration has assumed even greater importance (AfDB, OECD, UNDP and African Economic Outlook 2017).

Commodity prices started to recover since the end of first quarter in 2016 after falling for the last two years, but are still below their 2014 annual average level. However, the recovery has not been sufficient to change the tide of declining export revenues, adversely affecting public investments and private consumption, thus reducing growth potential in resource-rich countries.

Besides low commodity prices, other factors that slightly slowed down growth in the region includes drought and shortage of electricity, tighter financial conditions and low business and consumer confidence. However, a rise in final consumption expenditure mainly driven by increase in government expenditure posted growth in some countries (Mauritius, Kenya and Ethiopia).

On the supply side, many countries in the region have further improved conditions for doing business. Among the 51 African countries evaluated in the *Doing Business* (World Bank Report), conditions for doing business improved in Kenya, Uganda, Rwanda, Seychelles and Mauritius. AfDB, OECD, UNDP, African Economic Outlook 2016).

In 2016 and 2017, agriculture supported growth in countries where weather conditions remained favourable and investment had increased productivity. However, a number of member countries experienced a headwind on growth.

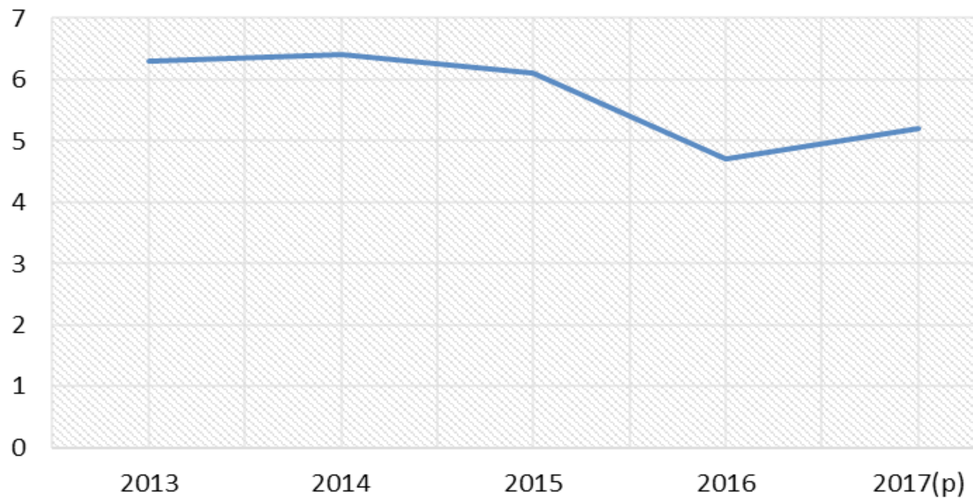
Manufacturing activity improved in some countries (Kenya, Ethiopia Egypt, Mauritius and Rwanda) but was often constrained by weak export demand and/or power shortages. New investment is expected to boost manufacturing in the coming years in several countries in the region. The construction sector continued to boost growth in many countries, often driven by public infrastructure programmes and private investments including housing. The services remained an important driver of growth in the region. Both traditional services such as transport, trade, real estate, public and financial services and new Information and Telecommunication

Technologies (ICT) remain important drivers for productivity and growth.

Tourism is also an important and growing service sector in the region. In several countries (Ethiopia, Madagascar, Mauritius, Rwanda, Seychelles and Zimbabwe) tourism boosted growth in 2016.

The region's fastest growing countries achieved growth performance with quite different sectoral patterns. It is worthwhile to note that productivity is not only raised by factor reallocation between sectors, but also through modernization and reallocation within sectors, as well as via better linkages between sectors. Particularly, higher productivity in agriculture can boost food processing and leather manufacturing to the benefit of both sectors (McMillan and Harttgen, 2015).

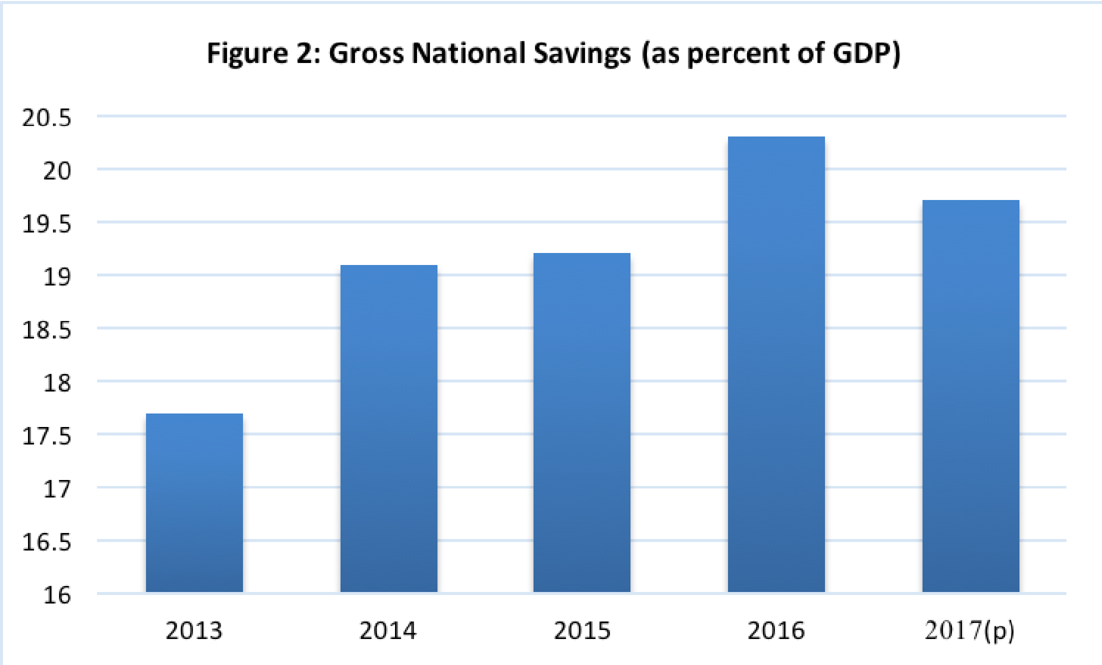
Figure 1: Real GDP Growth



1.2 Savings

At below 20 percent of GDP, the savings rate in most COMESA member countries continued to be very low as indicated in figure 2 below, compared to other parts of the developing world, particularly emerging economies where the growth rates are more than 20%. A major reason may be that a large proportion of the population is not connected to the financial system and therefore has no access to savings instruments. Increasing the domestic private saving rate in the region will entail expanding the financial system to reach the majority of citizens through appropriate innovative financial reforms.

An adequate level of domestic saving is necessary for increased investment and to prevent excessive balance of payments deficit, which makes the country vulnerable to abrupt capital withdrawals and exchange rate depreciation. This risk is particularly large if capital inflows come as portfolio capital rather than as direct investment.

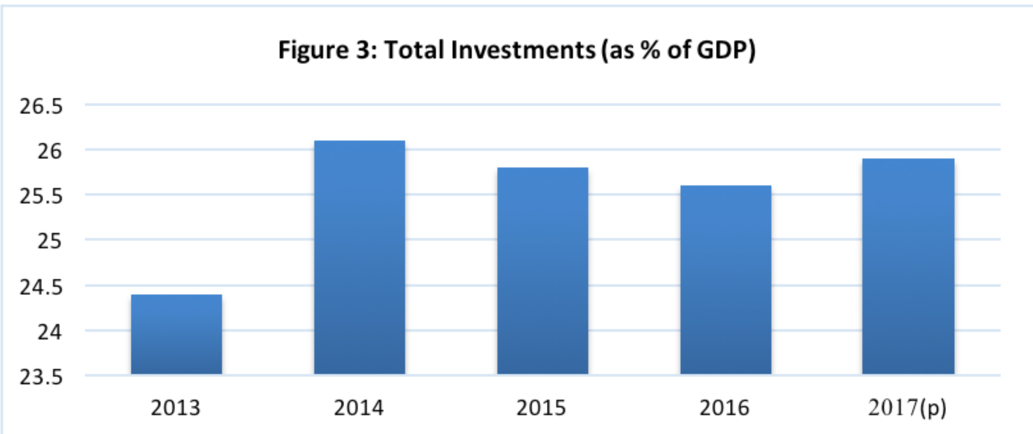


1.3 Investment

The average overall investment as a percent of GDP in COMESA decreased marginally from 25.8 percent in 2015 to 25.6 percent in 2016 and projected to be 25.9 in 2017. However, a number of COMESA countries recorded investment performance of less than 20% of GDP which underscore the challenge facing policy makers in the region to implement a set of policies that would move the economies into virtuous cycle of higher investment and higher growth.

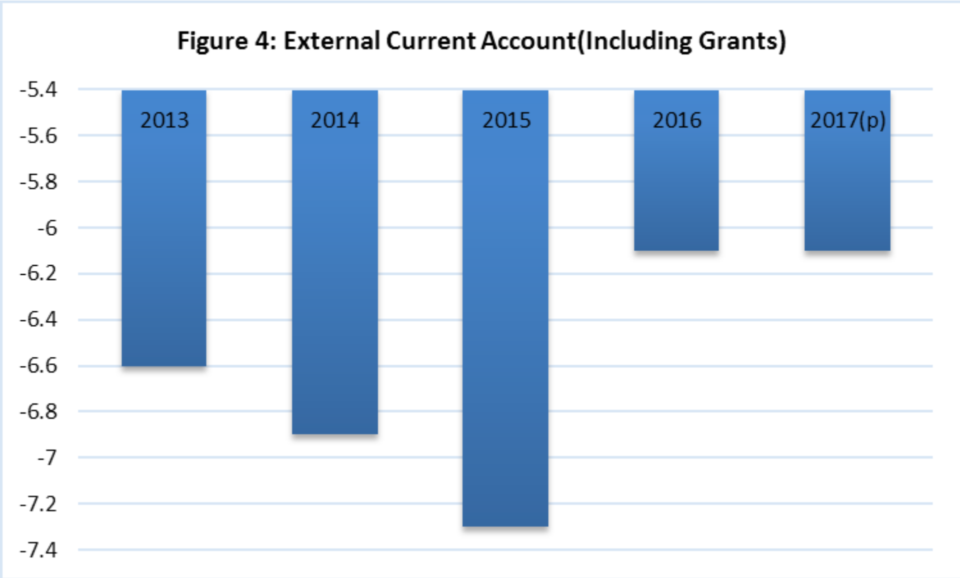
The region needs high and inclusive growth to create enough jobs for its increasing labour force. That requires adequate investment in both the private sector and in infrastructure. But achieving a high growth path requires not only rising physical capital and its efficient allocation but also adequate human capital, i.e. skilled people who work with technologically advanced investment goods and entrepreneurs with innovative skills and the ability to find new business opportunities. Maintenance of infrastructure is also crucial for their effectiveness.

The region's investment continues to be partly financed by foreign savings. This is desirable for developing countries as long as it finances the productive sector. It enables them to catch up faster. However, it is necessary to generate an adequate level of domestic savings to ensure higher level of sustained investment.



1.4 External Current Account Including Grant

External Current account including grants widened in the COMESA region, averaging about -6.1% percent of GDP in 2016 as compared to -7.3% in 2015 and projected to be -6.1 in 2017.



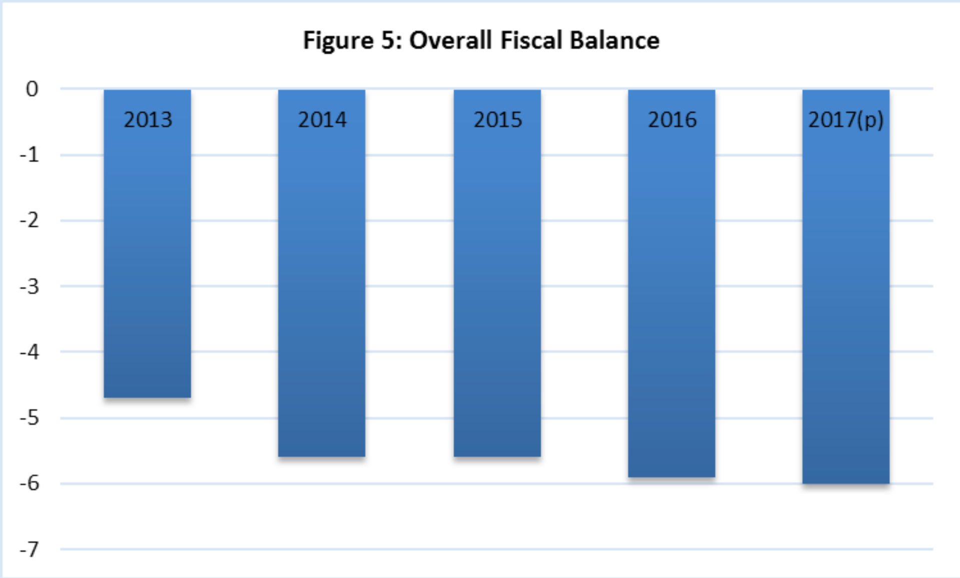
This marginal improvement in current account in 2016 is attributed to lower oil and commodity prices for oil importing countries. The lack of significant improvement in the current account deficit in Member States can be attributed to persistent trade imbalances due to a combination of declining export demand and relatively inelastic import bills for fuel and food products, and in some cases late disbursement of external aid flows faced by most countries in the COMESA region. The current account deficits to some extent have depleted international reserves and increased dependence on external debt and investment. Most countries in the region do not produce enough exports to cover their import demands, relying almost entirely on external debt to close the huge infrastructure investment gap.

1.5 Overall Fiscal Balance Excluding Grants

1. The region's average fiscal deficit excluding grants as a percentage of GDP widened slightly from -5.6% in 2015 to -5.9% in 2016 and projected to be -6.0 in 2017, against a back drop of intense pressure to boost growth and reduce poverty by increasing infrastructure investment and other pro-poor spending.

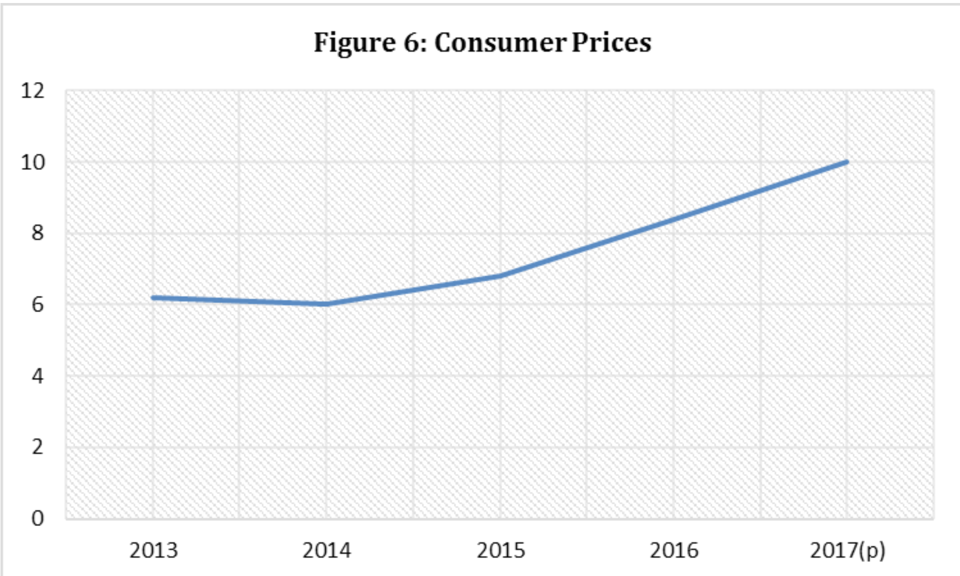
2. Although fiscal authorities in member countries took measures aimed at improved fiscal balances including fiscal consolidation, innovative resource mobilization and emergence of new sources of revenue, curbing corruption and inefficiencies, the deterioration of fiscal deficits was driven mainly by infrastructure investment, weak public spending controls and in some countries deteriorating relations with foreign donors.

3. Given the uncertainty about future revenues including official development assistance (ODA) flows, governments are taking measures to broaden the tax base and improve tax administration. Broadening the tax base by reducing tax preferences and exemptions and improving tax administration is generally preferable to increasing statutory tax rates. An effective tax administration requires a highly qualified and well-equipped staff that can work without political interference. The task of tax collectors is eased if the tax burden is relatively low, if the number of taxes is relatively small and if taxation law is clear, relatively simple and gives tax collectors minimal discretionary power to determine tax liability. Reducing corruption and improving the quality of public spending, such that people perceive taxes as essential for financing public goods and services also facilitates tax collection (AfDB, OECD, UNDP, African Economic Outlook 2016).



1.6 Inflation Rate

Region wide average annual inflation rate increased marginally from 6.8% in 2015 to 8.8% in 2016 and projected to be 10.0 in 2017. Lower global oil prices and the continuing fall in food prices contributed for single digit inflation in 2016 in most member countries. However, currency depreciations in the wake of lower commodity prices increased the risk of imported inflation. Some countries experienced increase in annual inflation rate due to exchange rate depreciation in some cases disruptions in the supply chain. The inflation was at a single digit level in most member countries, thanks to prudent monetary policies and recent good harvest in a number of countries.



1.7 Reserve Accumulation

In 2016 and 2017, external reserves levels continue to remain relatively low in most member countries at an average level of three months of imports of goods and services. Adequate reserves help countries better manage their economies and respond to external shocks, while appropriate reserve management is essential for minimizing the opportunity cost of holding reserves and maximizing returns. Member countries whose exchange rates came under pressure responded by depleting their usable international reserves to defend the exchange rate.

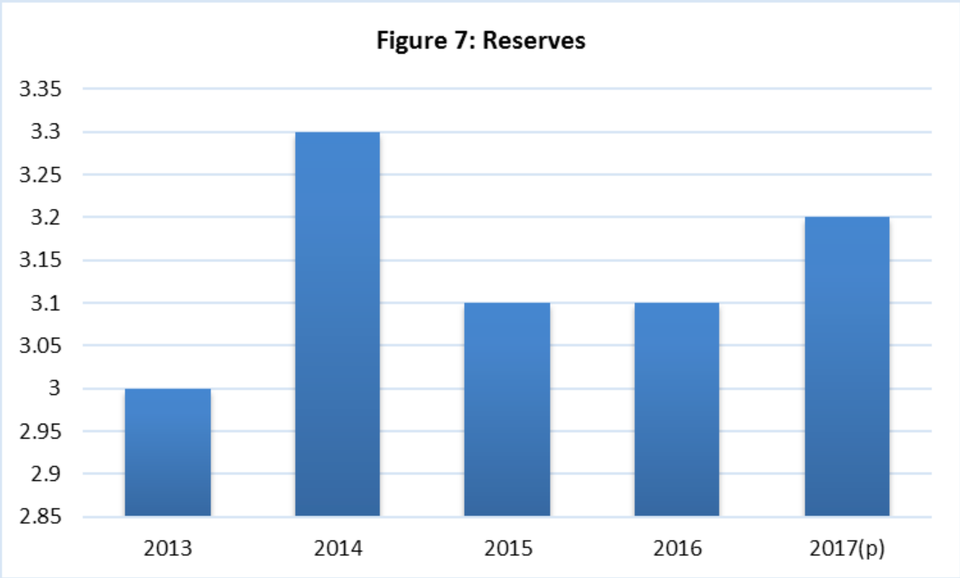


Figure 7: Reserves
3.35
3.3
3.25
3.2
3.15
3.1
3.05
3
2.95
2.9
2.85
2013
2014
2015
2016
2017(p)

2

IMPLEMENTATION OF COMESA PROGRAMMES

2.1 Trade in Goods

In 2016, COMESA's Global trade declined by 8% from US$ 255 billion in 2015 to US$ 235 billion. Total exports dropped by 7% from US$ 76 billion in 2015 to US$ 71 billion in 2016 and imports dropped by 8% from US$ 179 billion in 2015 to US$ 165 billion in 2016. The drop in COMESA's global exports was mainly attributed to declines in export values of Democratic Republic of Congo and Libya, whose combined exports declined by US$ 7 billion in 2016. Likewise, the decline in global imports was attributed to DRC, Egypt and Libya's contributions, amounting to an import reduction of US$ 13 billion. Figure 8 below depicts the performance of COMESA's global trade over the period 2007 – 2016.

Figure 8: Global COMESA Trade, 2007 - 2016

Source: COMSTAT Database and UN COMTRADE

Amidst the overall decline, countries that recorded notable positive growths in their 2016 global exports were Djibouti (204%), Comoros (109%), Uganda and Madagascar (10%), Sudan (8%) and Burundi (6%). Regarding imports, the only COMESA countries that recorded growths in their 2016 global imports were Seychelles (62%), Djibouti (57%), Sudan (2%) and Ethiopia (1%). In 2016, the only country that recorded favourable terms of trade (ToT) with the world in the COMESA region was Swaziland with a ratio of 1.2. The rest of the COMESA countries had unfavourable terms of trade with the world.

2.1.1 COMESA's Trade with Key Market

COMESA's trade with the EU, the most significant trading market for COMESA originating products, declined from US$ 21 billion in 2015 to US$ 17 billion in 2016. This drop reduced its market share from 26% in 2015 to 24% in 2016. COMESA's major export products to the EU were petroleum oils and oils obtained from bituminous minerals, crude and natural gas primarily exported by Libya and Egypt.

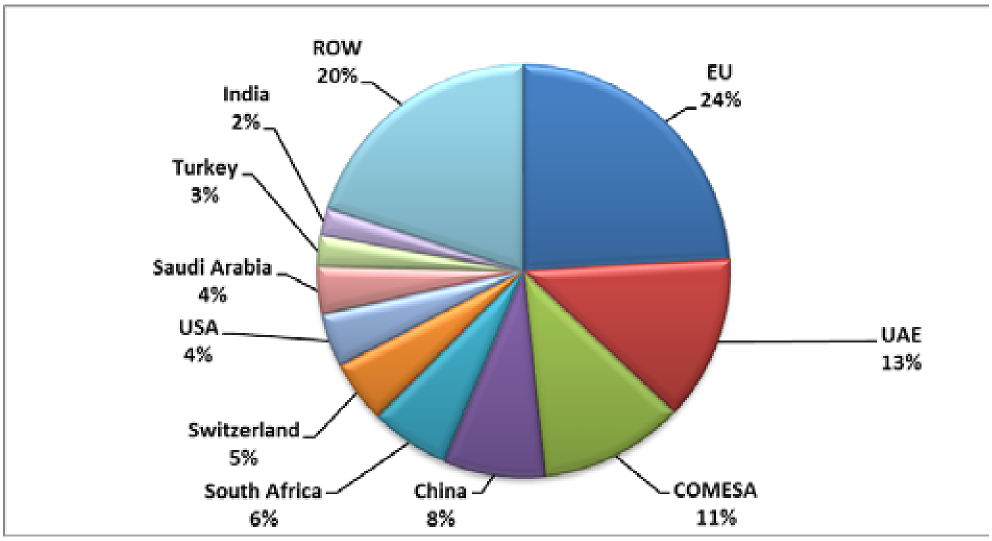
Ranked as the second major export market for COMESA originating products after the EU was United Arab Emirates that sourced goods worth US$ 9 billion from COMESA in 2016. Gold exports to the UAE contributed highly to this level of exports. These were worth US$ 6 billion in 2016, an increase of 3,033% from levels of US$ 183 million exported in 2015.

COMESA region was ranked the third export market for COMESA products and accounted for 11% of total COMESA exports in 2016. Other notable COMESA export markets were; China with exports valued at US$ 5.6 billion, representing a market share of 8% and South Africa with exports worth US$ 4.3 billion, representing a market share of 6%.

COMESA market shares exports to the following markets declined in 2016 compared to 2015; EU, China and COMESA. The share of exports to South Africa in total exports remained the same between 2015 and 2016.

Figure 9 below shows COMESA's major export trade market shares for 2016 and values for 2016.

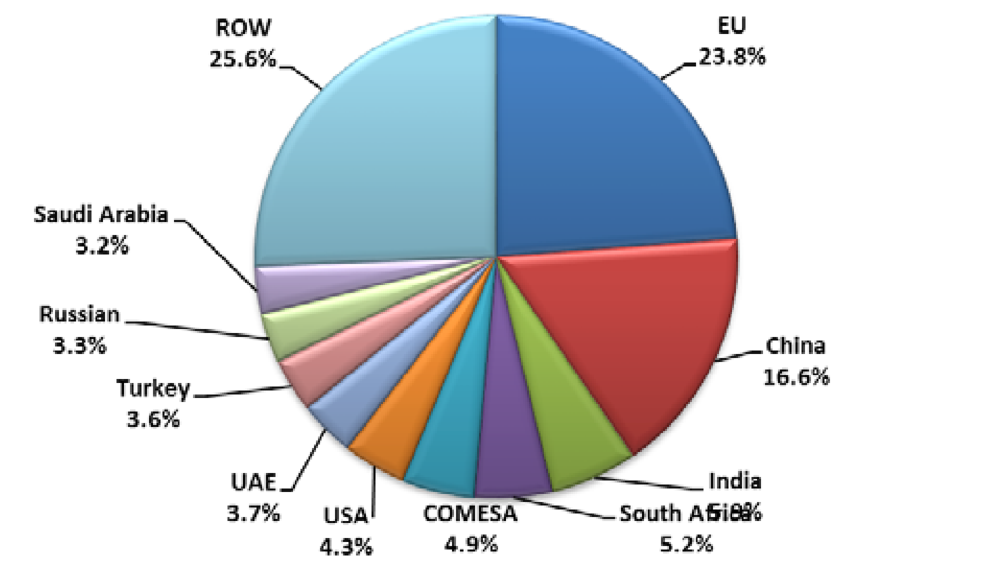
Figure 9: COMESA Key Export Market Shares, 2016



Source: COMSTAT Database

On the import side, the structure of trade remained the same for the major sources of imports into the COMESA region. The EU, China, India and COMESA's market shares remained almost the same in 2016 compared to 2015. The USA and South Africa recorded slight declines in their market shares in 2016 compared to 2015. (See Figure 10 below).

Figure 10: COMESA Key Import Market Shares, 2016

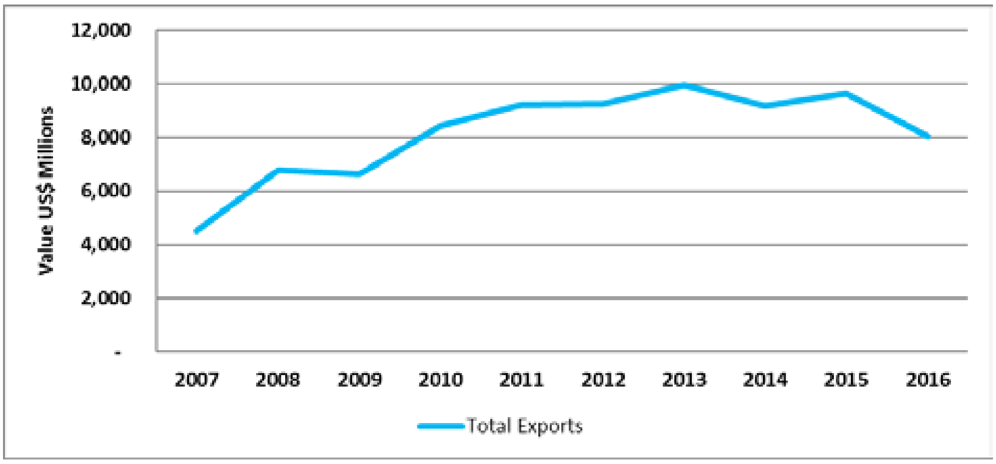


Source: COMSTAT Database

2.2 Intra COMESA Trade

In 2016, Intra-COMESA total exports decreased by 17% from US$ 9.6 billion in 2015 to US$ 8.0 billion in 2016. Figure 11 below illustrates the performance of intra-COMESA total exports over the period 2007 – 2016.

Figure 11: Intra-COMESA Total Exports Performance, 2007 - 2016



Critical factors for this decline are the performance of first, the manufactured exports and secondly, the performance of the metals export sector. (See table 1 below)

The manufactured exports sector accounted for 42% of intra COMESA exports in 2016. Hence in 2016, a decline of 11.9% from 2015 that was registered in manufactured exports contributed to the major downward effect on overall intra-COMESA exports. At a product level, declines were observed in exports of Cobalt oxides & hydroxides; commercial cobalt oxides, beverage concentrates and Portland cement. These were among the top five manufactured export products in intra COMESA trade in 2016.

For the metals sector, the lower copper and cobalt exports from Democratic Republic of Congo into Zambia were critical to the overall performance of intra exports. This sector registered a decline of 42% in 2016. These export flows have contributed significantly to overall intra COMESA exports. In fact, these alone have been the reason behind DRC's 10%-14% export market share in COMESA.

Table1: Intra-COMESA Total Exports by Sector, 2010-2016 (Values in US $ million)

Sector	2010	2011	2012	2013	2014	2015	2016	% Change 2015-2026
Food	2,828	3,036	3,018	2,992	2,969	2,974	3,286	10.47
Agric raw materials	114	126	115	142	144	119	124	4.3
Fuels	562	606	535	373	394	1,376	482	-64.96
Ores and metals	1,252	1,231	1,271	1,722	1,343	1,382	798	-42.3
Manufactures	3,684	4,232	4,317	4,709	4,339	3,789	3,337	-11.92
Other products n.e.s.	2	4	6	11	5	4	3	-28.47
Total	8,441	9,234	9,263	9,950	9,194	9,644	8,030	-16.74

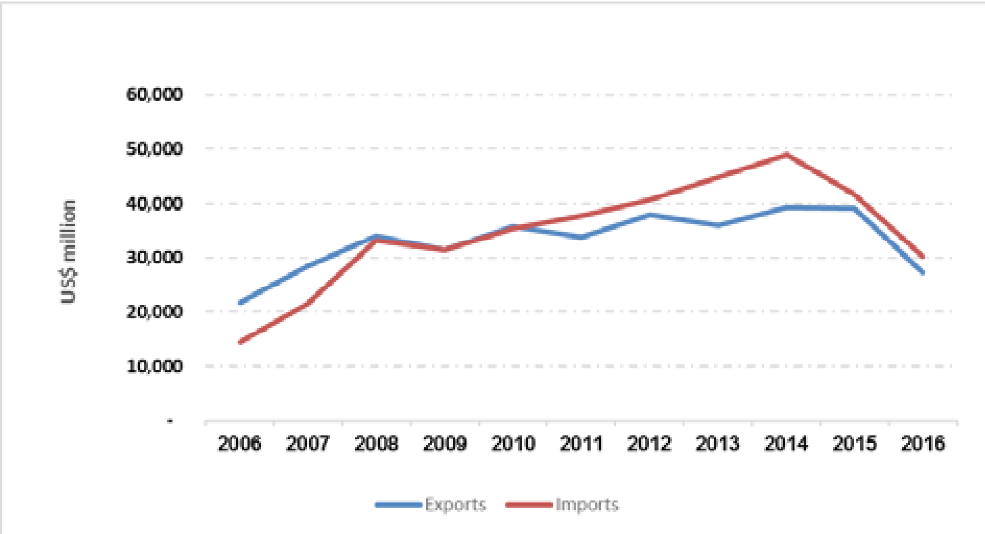
Member States in the COMESA region that recorded positive growths in their 2016 intra-COMESA total exports were Comoros, Djibouti, Egypt, Kenya, Libya, Madagascar, Mauritius, Rwanda and Seychelles. In 2016, the top most exported products in the COMESA region were copper, black tea, cobalt, live animals, sugar, meat and cement.

The percentage of intra-COMESA trade to total COMESA trade has stagnated at levels of 7% for the past seven years since 2010. In 2016, 11% of the total value of goods exported from COMESA Member States was to other Member States. Only 4.9% of the total goods imported were from other COMESA Member States. For more detailed COMESA merchandise trade statistics please refer to the 2017 COMESA International Trade Statistics Bulletin which can be found at http://comstat.comesa.int in the Resource Centre.

2.2.1 Trade in Commercial Services by COMESA Countries

In the period of 2014 to 2016, there has been a general decline in the trade of commercial services both in the imports and exports. Commercial services exports in the COMESA region dropped by 31%from US$ 39 billion in 2015 to US$ 27 billion in 2016. However, the overall decline between 2014 and 2016 was 31.7%. Imports of commercial services had a similar downward trend to that of exports with the overall decline in the imports of services being 27% from US$ 41 billion in 2015 to US$ 30 billion in 2016. (See Figure 12 Below)

Figure 12: COMESA exports and imports of commercial services 2006 - 2016

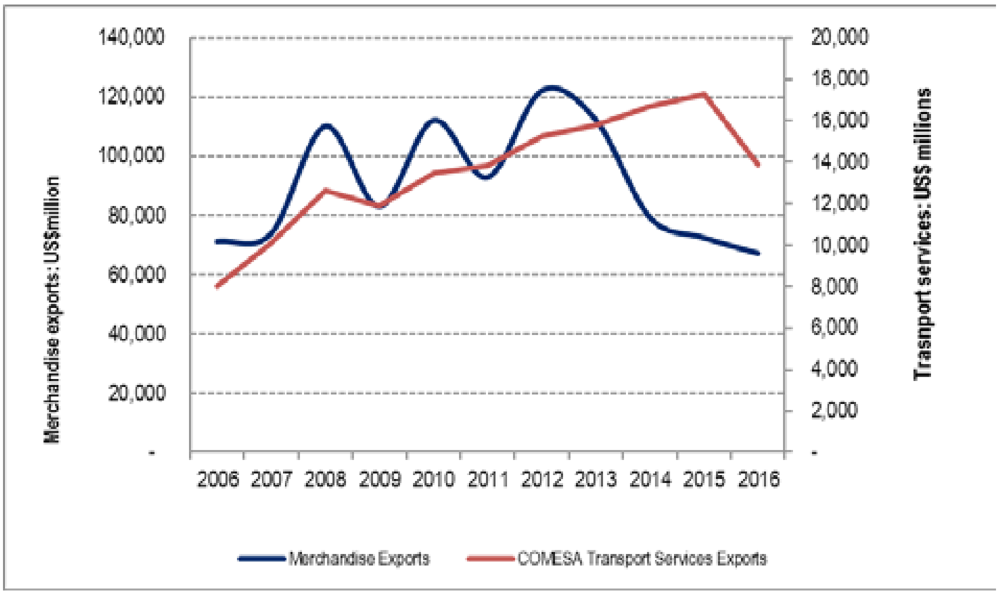


Source: COMSTAT Database

Exports of Transport Services unlike the previous year registered a 19.5% decline between 2015 and 2016. Seventeen Member States in COMESA recorded a decline in the overall exports of transport services in 2016 over the 2015 levels with Swaziland and Ethiopia both registering a drop of over 50%. Other Member States that registered a decline include: Burundi, Egypt, Democratic Republic of Congo, Kenya, Madagascar, Mauritius, Uganda, Sudan, Rwanda and Djibouti. Only Seychelles, Zambia and Malawi recorded positive growths of 4.5%, 2.7% and 0.27% respectively, in their export of transport services in 2016. Exports of transport services accounted for 52% of the total services exports in 2016 and 49% of the imports of total services in 2016.

Likewise, there was a 31% decline in the imports of commercial transport services from US$ 19.5 billion in 2015 to US$ 14.8 billion in 2016. Only Mauritius registered a positive growth rate of 4% in the imports of transport services in 2016 over the 2015 levels. The other 18 Member states registered declines.

Figure 13: COMESA Merchandise and Transport Services Exports 2006 - 2016



Source: COMSTAT Database

Over the period 2015 and 2016, exports of travel services declined by 33% from US$ 13.9 billion in 2015 to US$ 9.3 billion in 2016. Travel services accounted for 34% of the total services exports in 2016 and 22% of the total services imports in 2016.

Similarly, imports of travel services in COMESA registered a 31% decline in 2016 with Swaziland (46%), Kenya (44%) and Madagascar (28%) recording some of the highest declines. However, Ethiopia, Egypt, Rwanda, Zambia, Sudan and Mauritius recorded growths in their imports of travel services of 105%, 19%, 4.9%, 5.5%, 4.2% and 5% respectively. For more detailed COMESA trade in Services statistics please refer to the 2017 COMESA International Trade Statistics Bulletin which can be found at http://comstat.comesa.int in the Resource Centre.

2.3 Customs and Trade Facilitation

The COMESA Customs and Trade Facilitation work programme is underpinned by the Treaty provisions (Articles: 3 and 4) in which the Member States agreed to co-operate in creating an enabling environment for foreign, cross border and domestic investment to attain sustainable growth and development in the region. Articles 45 and 47 of the Treaty provide for the formation of a Customs Union and Common External Tariff in respect of all goods imported into the Member States from third countries.

In 2016, the focus was on continuing to build consensus of the Member States concerning outstanding Customs Union and trade facilitation instruments - during the Customs Union transition period - as well as facilitating the process of harmonisation and domestication of the CU instruments. In addition, there were efforts to ensure that industrial exemption regimes are harmonized.

The Third COMESA Heads of Customs Sub-Committee (CHCSC) held on 17 – 19 August 2016 considered the status of implementation on the Customs and Trade Facilitation Work programme as follows: harmonization of industrial rebate, finalization of working and processing for CTH Rule of Origin for Chapter 63, the Transposition of the COMESA CTN/CET to HS 2017 version, developing training Manual Modules on the Harmonised Commodity Classification and Coding System (HS) and Customs Valuation, Capacity Building activities on customs matters, gap analysis between the CTN/CET and national tariff books and progress on the findings of the Time Release Study.

Progress so far:

2.3.1 Customs Union Instruments

In preparation for the Customs Union, COMESA adopted the Common External Tariff (CET) at the Twenty Third Meeting of the Council in May 2007, the Common Tariff Nomenclature (CTN) at the Twenty Fifth Meeting of the Council in December 2008, and the Common Market Customs Management Regulations (CMR) as well as the Council Regulations Governing of the COMESA Customs Union (CRGCCU) at the Twenty Sixth Meeting of the Council in June 2009. The CRGCCU and the CMR were published in the COMESA Official Gazette Volumes 15 No. 1 and No. 2 on 9 June 2009 respectively.

The CRGCCU sets out key principles for the operation of the customs union such as the structure the CET in four bands: raw materials: 0%, capital goods: 0%, intermediate goods: 10%, and finished goods: 25%. The rates of the CET are subject to periodic reviews over time frames to be determined by Council and Member States are given the flexibility and policy space to enable them address national issues arising out of the implementation of the CET rates.

Further, Member States are also required to align their national customs laws with the regionally agreed customs union instruments namely, CMR, the CTN, the CET and to provide their List of Sensitive Products. With regard to the alignment to the Customs Union instruments: in the CMR, on average there is 98.33% of alignment between the national customs laws articles and the CMR. With regard alignment to the CTN so far eleven Member states have aligned their CTN by between 62% - 74% to the COMESA CTN; six countries aligned their tariffs by between 66.4% - 74% to the CET; and twelve Member States provided their provisional List of Sensitive Products.

Currently there is no deadline set for the completion of the transition period. However, tremendous work on domestication of Customs Union instruments by the Member States continued to be undertaken. Notably key achievements on the Customs Union include the following:

a) On CMR, 18 Member States aligned their customs laws in average of 98.33 % to the CMR (Table 2 below). The performance was as follows: Burundi (100%), Comoros (100%), Djibouti (91%), DR Congo (98%), Egypt (99%), Eritrea (96%), Ethiopia (100%), Kenya (100%), Madagascar (98%), Malawi (100%), Mauritius (95%), Rwanda (100%), Seychelles (100), Sudan (95%), Swaziland (99), Uganda (100%), Zambia (100%) and Zimbabwe (99%). Overall, all the 18 MS have aligned their CMR to over 90% while 9 have achieved 100%.

b) On CTN, 18 Member States aligned their tariff nomenclature to the COMESA CTN at an average of 69%. This is an improvement from 2015 when 11 Member States had aligned their nomenclature by 62%.

c) On the CET, 18 Member States aligned their tariff to CET by an average of 34%.

i. Industrial Rebates

The CRGCCU Article 26 on Exemption Regimes requires Member States to adopt a harmonized list on exemption regimes in respect of goods that are excluded from payment of import duties. Similarly, the CMR regulations 318 and 319 set out the conditions for drawback of duty and scope of drawback provision and regulation 320 provides the provision for rebates and duty exemptions. The Thirty Second meeting of the Council in February 2014 directed that industrial rebates should be discussed separately.

At present, Member States maintain different and varied export promotion and other industrial exemption schemes. In this regard, a stocktaking study of existing national industrial rebate schemes and revenue impact of other exemption regimes in the COMESA region was conducted and the findings were validated by experts on 02 – 03 August 2016. The Third CHCSC considered the recommendation of the findings of the study on Industrial rebate and agreed to implement them as appropriate.

ii. Working and processing, CTH Rule for Chapter 63

When the COMESA finalized Workings and Processings that confer origin under the detailed rules in 2011, Chapter 63 on Textiles was not considered during that time and remained outstanding. Member States recognize the need for flexible rules for chapters on textiles to facilitate intra-and extra regional investments in the sector, and that the prevailing rules of origin on textiles were based on single transformation process.

A meeting of the Working Group on Rules of Origin was held on 02 – 03 August 2016 which finalised outstanding CTH rules on the Workings and Processings for Chapter 63. The Thirty Sixth Council of Ministers held in October 2016 adopted the Workings and Processings CTH Rules for Chapter 63 in line with the working group recommendations.

iii. Preparation for Transposition of the COMESA CTN in to HS 2017

The Harmonized Commodity Description and Coding System (HS), managed by the World Customs Organisation (WCO), is revised every five years. The WCO has published the accepted amendments to the current HS 2012 that will enter into force on 1 January 2017. The changes comprise 233 sets of amendments in the following sectors: agricultural (85), chemical (45), wood (13), textile (15), base metal (6), machinery (25), transport (18) and other (26).

Since the COMESA CTN/CET was based on the HS 2012 version, it was necessary to undertake amendments for transposition of the COMESA CTN/CET onto the HS 2017 edition. In allocating rates for the expanded, restructured or new introduction of subheadings, the rates of the ex-subheadings or headings as appropriate are taken or used.

The Thirty Sixth Council adopted the COMESA HS 2017 CTN/CET which was cleared by Third CHCSC meeting in line with the WCO amendments to the HS 2012 that entered into force on 1 January 2017. As a result, Member States are now required to transpose their tariff books to the HS 2017, considering their migration to the COMESA CTN/CET.

iv. Training Manuals on the HS and Customs Valuation

The Treaty Article 63 provides that training is necessary for customs officials and economic operators. The COMESA Customs Programme, in particular the capacity building pillar covers areas such as harmonisation of customs training to ensure that the training programmes respond to rational and regional needs, both in terms of relevance and quality. These include provision of capacity building to regional customs administrations in all subjects related to customs and trade facilitation operations including Harmonised Commodity Description and Coding System (HS) and customs valuation (CV).

The Third CHCSC considered the draft training Manuals on the HS and on Customs Valuation, and then after the Third Sixth Council adopted the Training Manuals for use as training materials by trainers in the region. As a result, Member States and the Secretariat are using the training manuals on HS, Customs Valuation and Rules of Origin both at regional and national levels.

v. Findings of Gap Analysis between the CTN/CET and National Tariff Books

It is recalled that an overall analysis done by the Secretariat in 2014 - 2015 showed that so far eleven Member States have aligned their CTN to above 62% to the COMESA CTN. In 2016 the Secretariat undertook a Gap Analysis Exercise with the view to establish the level of alignment of the national tariff books for the remaining (six[1]) Member States to the COMESA CTN/CET and to achieve buy in of the outcome of the findings by Member States to ensure that they meet their commitments on implementing of the customs union instruments.

1 *Comoros, Djibouti, DR Congo, Egypt, Madagascar and Seychelles*

The national tariff book of Comoros has 5,691 tariff lines at HS 11-digit level. A total of 3,693 tariff lines are aligned to the COMESA CTN at HS 8-digit level. While the Djibouti's national tariff book has 6,908 tariff lines of which 6,577 are aligned to COMESA CTN in terms of code and description. Similarly, the national tariff book of DRC has a total of 5,900 tariff lines at HS 10 digits. It has a total of 4,353 tariff lines aligned to the COMESA CTN, in code and description.

The Egypt's national tariff book has 7,849 tariff lines at HS 10 digits. A total of its 6,056 tariff lines are aligned to the COMESA CTN, in terms of codes and descriptions only. The national tariff book of Madagascar of 2014 has a total of 6,512 tariff lines of which 4,170 are aligned to COMESA CTN in terms of codes and descriptions only. Finally, the Seychelles' national tariff book has about 5,556 tariff lines at HS 8 digit. It has 3,935 tariff lines aligned to the COMESA CTN in terms of code and description and the national tariff book of Swaziland has 7,413 tariff lines of which, 3,986 tariff lines are aligned to the COMESA CTN in terms of codes and description.

The table below provides a summary of the analytical work undertaken for each of the Member States outlining the status of alignment to the COMESA Customs Union Instruments. In respect to alignment to the COMESA CTN, the main findings in percentage show that thus far Member states have aligned their CTN above 62%.

Table 2: Status of alignment to COMESA Customs Union Instruments

COMESA Member States	% alignment to the CMR	% alignment to the CTN	% alignment to the CET
Burundi	100.0%	74.0%	74.0%
Comoros	100.0%	52.5%	2.7%
DR Congo	98.0%	61.8%	9.6%
Djibouti	91.0%	95.2%	0.0%
Egypt	99.0%	86.1%	16.1%
Eritrea	96.0%	63.5%	26.2%
Ethiopia	100.0%	74.7%	9.8%
Kenya	100.0%	74.0%	74.0%
Madagascar	98.0%	59.3%	10.2%
Malawi	100.0%	62.8%	68.7%
Mauritius	95.0%	64.5%	27.9%
Rwanda	100.0%	74.0%	74.0%
Seychelles	100.0%	55.9%	29.0%
Sudan	95.0%	77.0%	18.0%
Swaziland	99.0%	56.6%	24.7%
Uganda	100.0%	74.0%	74.0%
Zambia	100.0%	66.6%	66.4%
Zimbabwe	99.0%	70.7%	7.1%
Average	98.3%	69.1%	34.0%

Source: COMESA Staff

Through the exercise, the Third CHCSC Meeting noted the difficulty experienced by Member States in attaining alignment of 100% with the COMESA CTN/CET. The meeting therefore recommended that Member States be allowed to align by at least 75%. The 75% level of alignment considers Council Decisions that Member States have the policy space to have 20% sensitive products and 5% excluded products for implementing the COMESA CET. This would, in addition, allow Member States to meet their Regional Integration Support Mechanism (RISM) targets to be eligible for funding under the programme. It further takes into account the progress already made by a number of Member States in implementing the Customs Union Instruments.

vi. Assessment on the Implementation of Trade Facilitation and Customs Simplification

On accession to the Revised Kyoto Convention (RKC) on the Simplification and Harmonization of Customs Procedures, twelve Member States had so far signed the RKC, which is the mother document for drafting national customs laws, including for the CMR. Four Member States (Mauritius, Kenya, Uganda, and Swaziland) acceded to General Annex and Specific Annexes with reservations and three Member States (Madagascar, Zimbabwe and Zambia) acceded to General Annex and Specific Annexes without reservations. However, three Member States (Burundi, Comoros, and Djibouti) have no formal accession process started. One Member State (Ethiopia) is in the process of review for accession package, and Eritrea has officially requested the WCO in December 2016 for technical assistance with the view to creating awareness on developments brought by the RKC and on how to expedite the country's accession process to the RKC.

On the other hand, eighteen of the COMESA Member States are WCO Harmonized System (HS) Contracting Parties (except Seychelles). While the WCO recommended (1999) for the Use of World Wide Web sites by Customs administrations; as of April 2017, only fourteen Member States (Burundi, Egypt, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe) had websites in the COMESA region. Seychelles is in the process of accession to the RKC and to the HS Convention.

vii. Customs Automation, Publication and Availability of Information, Advance Rulings

All the member States, except DR Congo and Eritrea, have website (URL/Web references) for publication and availability of information purposes. Ten (10) Member States have implemented recognition of Authorized Economic Operators. Namely; Burundi, Djibouti, Ethiopia, Kenya, Mauritius, Rwanda, Sudan, Uganda, Zambia and Zimbabwe. Malawi is also at an advanced stage of implementing the AEO Programme.

Ethiopia, Kenya and Mauritius are implementing Advance rulings on Tariff information; while Mauritius and Kenya their publication, information and advance rulings are available on their revenue authorities' website.

COMESA Member States use automated customs clearance system and sixteen of them use similar ASYCUDA-EUROTRACE (ASYCUDA ++ or ASYCUDA World) and the remain Member States namely Egypt, Mauritius and Kenya use other types of customs management systems. Thirteen Member States (Burundi, DR Congo, Djibouti, Libya, Madagascar, Malawi, Rwanda, Seychelles, Sudan, Swaziland Uganda, Zambia and Zimbabwe) are migrating or have already migrated to ASYCUDA World which is a web based customs management system.

Electronic Single Window(eSW) is operational in 10 Member States (Burundi, Egypt, Kenya, Madagascar, Mauritius, Rwanda, Sudan, Uganda, Zambia and Zimbabwe). The remaining Member States are either at project level or planning stage to have the eSW.

On the Electronic Certificate of Origin (eCO) it is recalled that the Thirty Second Council of Ministers decided that Member States that are ready to accept and use the electronic certificate of origin in a bid to speed up the process of certification as well as facilitate trade in real time. In 2017 the Secretariat developed a business process and designed the COMESA e-CO web-based system to assist in keeping pace with the rapid worldwide shift to e-business, and many international Chambers of Commerce and Industry are now issuing COs electronically, complete with digital rubber stamp and signatures, to provide CO in a secured documentation environment. The prototype of the COMESA eCO system was presented to the Trade and Customs Committee meeting held on 12-15 September 2017, in Antananarivo, Madagascar and this is expected to be piloted and implemented in Member States in 2018.

viii. Status of One Stop Border Posts implementation

A significant number of countries have opted to establish OSBPs, involving closer cooperation between the border agencies operating at a border. There are eight operational OSBPs in the region, namely: Chirundu between Zambia and Zimbabwe; Malaba between Kenya and Uganda; Mutukua/Mutukula between Tanzania and Uganda; Ruhwa/Ruhwa between Burundi and Rwanda; Kobero/Kabanga between Burundi and Tanzania; and Kagitumba/Mirama Hills between Rwanda and Uganda; Rusumo between Rwanda and Tanzania; and La Corniche between Rwanda and DR Congo.

There are also six completed OSBPs namely: Nemba between Rwanda and Burundi; Ruhwa between Rwanda and Burundi; LungaLunga/Hororo between Kenya and Tanzania; Taveta between Kenya and Tanzania; Isebania/Sirari between Kenya and Tanzania and Busia/Busia between Kenya and Uganda. In addition, there are two 98% Completed OSBPs at Malaba/Malaba between Kenya and Uganda and at Namanga between Kenya and Tanzania.

Other OSBPs initiatives in the region are at different stages with some under construction: Nakonde-Tunduma between Zambia and Tanzania; Gatuna/Katuma between Rwanda and Uganda; Kasumulu/Songwe between Tanzania and Malawi (Inception Stage); Akanyaru Haut between Rwanda and Burundi and Rusizi 1 between Rwanda and DR Congo (Feasibility Studies Ongoing); Gasenyi Nemba between Burundi and Rwanda (Straddled OSBP); and Kanyaru/Kanyaru between Burundi; and Rwanda Juxtaposed OSBP. Mugina/Manyovu between Burundi and Tanzania (Not yet designed). Isiolo-Moyale border post between Ethiopia and Kenya is under final stage of construction and Galafi OSBP between Ethiopia and Djibouti is under starting stage. In addition, an agreement on establishing OSBPs between Ethiopia and Sudan is at final stage and priority has been given to start with the Galabat-Matama OSBP.

The status on implementation of OSBPs in COMESA is as set out in table below.

Table 3: OSBP Project Status

#	Name of Border Post	Neighbouring Partner States		Stage
	Kagitumba	Rwanda	Uganda	Completed
	Nemba	Rwanda	Burundi	Completed
	Ruhwa	Rwanda	Burundi	Completed
	Rusumo	Rwanda	Tanzania	Completed
	La Corniche	Rwanda	DR Congo	Ongoing
	Gatuna border post	Rwanda	Uganda	Construction
	Akanyaru Haut	Rwanda	Burundi	Feasibility Studies
	Rusizi 1	Rwanda	DR Congo	Feasibility Studies
	LungaLunga/Hororo	Kenya	Tanzania	Completed
	Taveta	Kenya	Tanzania	Completed
	Namanga	Kenya	Tanzania	98% Complete
	Isebania/Sirari	Kenya	Tanzania	Completed
	Busia/Busia	Kenya	Uganda	Completed
	Malaba/Malaba	Kenya	Uganda	98% Complete
	Tunduma/Nakonde	Tanzania	Zambia	Under Construction

#	Name of Border Post	Neighbouring Partner States		Stage
	Kasumulu/Songwe	Tanzania	Malawi	Inception Stage
	Mutukua/Mutukula	Tanzania	Uganda	Operational
	Chirundu	Zambia	Zimbabwe;	Operational
	Malaba	Kenya	Uganda	Operational
	Ruhwa/Ruhwa	Burundi	Rwanda	Operational
	Kagitumba/Mirama Hills	Rwanda	Uganda	Operational
	Kobero/ Kabanga	Burundi	Tanzania	Operational
	Gasenyi/ Nemba	Burundi	Rwanda	Straddled OSBP
	Kanyaru/ Kanyaru	Burundi	Rwanda	Juxtaposed OSBP
	Gatuna /Katuma	Rwanda	Uganda	Under Construction
	Galabat-Matama,	Ethiopia	Sudan	Planning stage
	Mugina /Manyovu	Burundi	Tanzania	Not yet designed
	Isiolo-Moyale	Ethiopia	Kenya	Under Construction
	Galafi	Ethiopia	Djibouti	Starting stage

ix. COMESA Time Release Study (Time Release Study) - 2016/2017

The 2nd CHCSC was informed of the proposed project on the COMESA Time Release Studies (Time Release Study), covering ten pilot Member States, namely, DR Congo, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Sudan, Uganda and Zambia. This is a joint project with the African Development Bank (AfDB) and funded by the Government of Japan. The Bank secured a grant in the sum of Nine Hundred and Forty-Eight Thousand United States Dollars (US$948,000) from the Policy and Human Resource Development Trust Fund of the Government of Japan to support implementation of the Time Release Study Project.

The implementation timelines for the study would spill over to the year 2017 and the expectations of the study upon its completion include: capacity to undertake Time Release Study built in all 10 Member States; project activities to be replicated by the COMESA Secretariat in other COMESA countries; and COMESA countries internalize and institutionalize Time Release Study; and begin to undertake Time Release Study periodically. The main output of the study is to contribute to the reduction of customs clearance times to the benefit of consumers, manufacturers, importers, transporters and governments.

The studies followed the WTO TFA and the WCO methodology during implementation with its three (3) Phases, Phase I being study preparation, Phase II being data collection and recording, and Phase III being data analysis and reporting.

The First Regional Training Workshop on the COMESA Time Release Study was held in Nairobi, Kenya on 21 - 25 November 2016. It was attended by participants from the 10 pilot countries. The study was designed to cover a total of 26 border sites, including two or three border sites in each of the 10 participating countries. The 26 border sites comprised three international airports, five seaports and 18 land borders. The workshop identified timelines for implementation of the study as well as the structures necessary at the national level.

Following further consultations with the Member States, the Time Release Study study covered a total of 34 border sites in the 10 Member States; comprising 15 land borders, 6 international airports, 9 seaports and 4 inland dry ports. These are Djibouti (Djibouti DCT and PK13), DR Congo (Kasumbalesa, Matadi and Kinshasa International Airport), Eritrea (Massawa and Asmara International Airport), Ethiopia (Galafi, Bole International Airport, Modjo and Kality), Kenya (Busia OSBP, Malaba OSBP, and Moyale), Madagascar

(Toamasina , Antsirana, Mahajanga, Toliary Ivato, Mamory Ivatoand Antanimena) Malawi (Mchinji, Dedza and Mwanza), Sudan (Port Sudan - 3 quays and Khartoum International Airport), Uganda (Busia OSBP, Malaba OSBP and Mpondwe), and Zambia (Chirundu OSBP, Kasumbalesa, and Katima Mulilo).

The average clearance times established by the study were as shown in the table below.

Table 4: Summary of Average Clearing Times for all 10 COMESA countries under the study

Country	Number & type of border post surveyed	Ave. clearing time (Imports)	Ave. clearing time (Exports)
DR Congo	3 (1 land, 1 sea, 1 air)	6d 20h 11m	7d 14h 3m
Djibouti	3 (1 land, 2 sea)	14h 27m	10h 41m
Eritrea	2 (1 air, 1 sea)	16d 6h 10m	2.d 1h 29m
Ethiopia	4 (1 air, 3 land)	N.A.	N.A.
Kenya	3 (all land)	4h 29m	39m
Madagascar	7 (1 land, 2 air, 4 sea)	14 d 19 h	4d 12 h
Malawi	3 (all land)	15h 1m	3h 54m
Uganda	3 (all land)	7h 42m	3h 25m
Sudan	2 (1 air, 1 sea)	5d 17h 29m	5d 5h 15m
Zambia	3 (all land)	1d 1h 36 min	1d 1h 29m
10 countries	33 border posts	5d 1h 14m	2d 6h

x. Findings and Recommendations – Action Plan

The study found that the main causes of the delay of clearance times are issues related to the harmonisation and simplification of customs procedures and customs automation, interconnectivity, national and cross border agencies coordination and cooperation, integrated border management, electricity and internet infrastructure, Road and bridge infrastructures, customs offices facilities and equipment, and capacity and know-how of customs staffs and stakeholders.

The Regional Dissemination Workshop of the COMESA Time Release Study was held at Intercontinental Hotel, Lusaka, Zambia on 24-25 May 2017. The workshop was attended by participants from sixteen (16) COMESA countries, namely Burundi, Comoros, Democratic Republic of the Congo, Egypt, Ethiopia, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Swaziland, Sudan, Uganda, Zambia, and Zimbabwe.

Other participants were from the African Development Bank (AfDB), while resource persons came from the World Customs Organisation (WCO) and Imani Development Limited, the firm commissioned to lead the implementation of the COMESA Time Release Study.

The COMESA Time Release Study (2016/2017) findings and recommendations as well as the inputs and outcomes of dissemination workshop were among the basis for the 2018-2020 COMESA Customs and Trade Facilitation Work programme.

xi. Customs and Trade - Institutional and Human Resource Capacity Building

Since the 3rd CHCSC meeting held in August 2016, The COMESA Secretariat undertook a number of capacity building activities in Member States namely Burundi, Comoros, DR Congo, Eritrea, Ethiopia, Sudan, and Swaziland based on demand driven on various customs and trade facilitation areas including the COMESA FTA and Rules of Origin, Customs Automation (ASYCUDA), Harmonised Goods Description and Coding System (HS), Valuation, Customs Transit, WTO TFA, and awareness creation and sharing of experiences implementing One Stop Border Posts.

The summary of customs capacity building assistance provided by the Secretariat to the Member States is explained in table 5.

Table 5: Summary of COMESA Customs and Trade Capacity Building Activities (2016/2017)

Country	Capacity Building Activity Area	Key Achievements
Seychelles	Provided training in Harmonised System at Seychelles Police Academy, in Victoria, Seychelles from 16 - 28 May 2016 for Seychelles Customs Officers	31 Customs officers (participants) drawn from 10 sections of the Seychelles Revenue Commission, benefitted from the training and have improved their knowledge and skills to better implement and administer the Harmonized System in accordance to the COMESA instruments and tools.
Burundi	Provided assistance through the regional integration support mechanism (RISM) to upgrade its ASYCUDA system	Overall project preparation for the implementation of the Advanced ASYCUDA World (AW) and E-Single Window (E-SW) and Time Release Study in 5 border posts is completed.
Comoros	Provided assistance through the regional integration support mechanism (RISM) to upgrade its ASYCUDA system through COMESA's technical and financial support,	Migrating from ASYCUDA ++ to ASYCUDA World is on-going.
DR Congo	Provided assistance on Rules of Origin with support from RISM	36 officials participated in the capacity building workshop and have now acquired the knowledge required to efficiently and effectively apply the COMESA Rules of Origin
Eritrea	Provided training on HS and Customs Valuation in Asmara, Eritrea on 08 - 19 May 2017 for officials from customs and relevant stakeholders public & private sectors	36 participants from the private and public sector benefitted from the training and now have improved knowledge and skills to better implement and administer the Harmonized System and Valuation in accordance to the COMESA instruments and tools.
	Provided national training workshop on COMESA Rules of Origin on 14 – 15 June 2017 and validation workshop on the study on the implications on Eritrean economy for fully joining the COMESA FTA on 16 June 2017 in Asmara, Eritrea for officials from customs and relevant public & private stakeholders.	33 officials participated in the capacity building workshop and have now acquired the knowledge required to efficiently and effectively apply the COMESA Rules of Origin and the FTA study is discussed and validated at national level.
Ethiopia	Provided training workshop on COMESA Rules of Origin on 05 – 07 December 2016 in Addis Ababa for officials from customs and relevant stakeholders public & private sectors.	33 participants in the capacity building workshop have now acquired the knowledge required to efficiently and effectively apply the COMESA Rules of Origin
	Provided Training Workshop on Transit, WTO TFA, Customs Valuation, and HS on 26 - 30 June 2017 in Addis Ababa for officials from customs and relevant stakeholders public & private sectors.	40 participants from the private and public sector benefitted from the training and have better knowledge and skills to better implement and administer the customs Transit, HS, and CV.

Sudan	Provided training workshop COMESA Rules of Origin on 08 - 10 November 2016 in Khartoum for officials from Customs, and Chamber of Commerce	35 participants in the capacity building workshop have acquired the knowledge required to efficiently and effectively apply the COMESA Rules of Origin
	Sharing Experience on OSBP and study Tour at Chirundu OSBP (Zambia and Zimbabwe) on 13-15 February 2017 for delegates from both Ethiopia and Sudan.	The delegates shared experiences from the Chirundu OSBP tour so that Ethiopia and Sudan can establish an OSBP along their border in accordance to the best practices to facilitate the intra-COMESA trade.
Swaziland	Provided supported through the regional integration support mechanism (RISM) to upgrade its ASYCUDA system	The implementation of the ASYCUDA World is at the final stage.

Source: Compiled by COMESA staff (2017)

xii. Observations from the capacity building activities

Various challenges and concerns were raised by most of the member states with regards to the capacity building and training activities, and these include:

a. Limited customs experts with adequate skills and knowledge in both technical and managerial matters in customs such as Origin, Tariff Classification, Valuation, Customs Automation, Post Clearance Audit, Risk Management that have influence on the performance of the customs administration and trade facilitation in the region;

b. Limited understanding, by the public and private sector, of the COMESA programmes in general, the benefits of the COMESA FTA, and technical know-how of COMESA instruments and tools such as the principles and application of the COMESA Rules of Origin protocol;

c. Frequent rotation of customs staff and assignment of new staff without adequate knowledge and skills;

d. Limited training facilities and infrastructure as well as human and financial resources.

xiii. Way forward

The 2018-2020 COMESA Customs and Trade Facilitation Work Programme was developed and adopted by the 37th Council of Ministers to address the above-mentioned challenges of capacity building considering the: 2016-2020 COMESA Medium Term Strategic Plan; the progress report of the Customs work Programme (2015-2017); and the COMESA Time Release Study (2016/2017) findings and recommendations.

The overall goal of the work program is to improve the customs cooperation and trade facilitation across the region that can help Member States to enhance intra-regional trade and attract investments into the region, accelerating the economic growth and development of the region and further progressively move towards an integrated customs union and common market.

2.4 Simplified Trade Regime (STR)

The STR specifically designed for Small Scale Cross-Border Traders (SCBT) allows the traders to benefit from the COMESA tariff preference regime for goods on a common list bilaterally agreed between two neighbouring States. These traders play a key role to the economic and social development of Member States by exploiting economic opportunities. This is by moving essential goods from one country to another either supplying goods directly to the public or essential goods to shops for subsequent sale to the public.

Instruments of the STR include; a simplified customs document, a simplified Certificate of Origin, the Common List of products and a threshold for the value of the consignment. For the following COMESA Member States: Malawi, Zambia and Zimbabwe, the Certificate of Origin is not required as goods on the common list are recognized as originating in the region. The lack of requirement of the certificate has further simplified trade for small scale traders.

Malawi and Zimbabwe apply an STR threshold of US $1000 per consignment per crossing by small scale cross-border traders while Zambia applies a threshold of US $2,000. In the northern corridor, Burundi, Kenya, Rwanda and Uganda apply a threshold of US $2000. Of the ten (10) pilot countries under the STR, DR Congo, Ethiopia and Sudan are yet to implement the trade arrangement with their neighbouring countries. However, the D R Congo on the one hand and Zambia, Rwanda, Burundi and Uganda on the other negotiated and agreed on common lists of products for the STR during 2015 and 2016. It is expected that the countries will proceed towards implementation of the STR. The common list of products that had been agreed between neighbouring countries at the commencement of the STR in 2009 require to be reviewed and revised considering current production dynamics and needs of the small-scale traders. During 2016, Zambia and Zimbabwe made proposals to include additional products on the Common List of Products to be traded under the STR. The National Working Groups of the concerned countries are expected to discuss and agree on additional products to the Common List.

The STR features prominently among the activities of the Great Lakes Trade Facilitation Project (GLTFP) financed by the World Bank. The main objective of the GLTFP is to facilitate cross-border trade by increasing the capacity for commerce and reducing the costs faced by traders, especially small-scale and women traders, at targeted borders in the region. The objectives of the project will be achieved through infrastructure investments, policy and procedural reforms, border management reforms, and project implementation support. The first phase of the project covers D R Congo, Rwanda and Uganda. The second phase, which is still under negotiation, will cover Burundi, Tanzania and Zambia. During 2016, a total of fourteen (14) Trade Information Desk Officers were recruited for D R Congo and Rwanda and in 2017 the TIDOs were provided with training on the STR and the Minimum Standards for the Treatment of Small Scale Cross Border Traders to assist them perform their functions.

2.5 Great Lakes Trade Facilitation Project

The COMESA Secretariat with the support of the World Bank embarked on the implementation of the Great Lakes Trade Facilitation Project targeting three Member States namely DR Congo, Rwanda and Uganda. The objective of the project is to facilitate cross-border trade by increasing the capacity for commerce and reducing the costs faced by traders, particularly small-scale traders, the majority of whom are women.

The Secretariat undertook an assessment of the ten borders selected by the project namely; Rabavu, Bukavu, Rusizi, Goma, Bunagana/DRC, Bunagana/Uganda, Kasindi, Mpondwe, Goli and Mahagi. The assessment brought to the fore several issues that require to be addressed to facilitate trade for small scale cross border traders. The recommendations of the assessment include construction of women friendly border facilities including washrooms, street lighting, storage facilities and advocacy for the implementation of the Charter on the Protection of Small Scale Cross Border Traders, STR, and policy and legal reform that positively govern cross border traders among others.

2.6 Non -Tariff Barriers (NTB’s) Reporting Mechanism and Resolution Activities

2.6.1 NTBs Reporting and Monitoring Mechanism

Within the context of the Tripartite Arrangement comprising of COMESA, EAC and SADC, an online system (accessible at: http://www.tradebarriers.org) for reporting, monitoring and eliminating NTBs was developed. The online systems allow for the systematic capture, storage monitoring and tracing of progress towards elimination of NTBs among the Tripartite countries.

Article 49 (1) of the COMESA Treaty calls on Member States to eliminate all existing NTBs and to refrain from imposing new ones. The provision allows for seamless flow of trade among the Member States as NTBs restrict trade.

Since the inception of the online NTBs reporting mechanism in 2008, a total of 204 NTBs have been reported among the COMESA Member States out which 182 have been resolved resulting in a success rate of 89.2%. In 2016, the longstanding NTB on Fridges and Freezers between Swaziland and Zimbabwe was resolved at the bilateral meeting on 19-21 January 2016 in Mbabane, Swaziland. In addition, at the 5th NTB Focal Points Meeting on 23-25 August 2016 in Nairobi, Kenya, and at the 32nd Trade and Customs Committee meeting on 29-31 August 2016, held in Lusaka, Zambia as well as at the Second Meeting of the Trade and Trade Facilitation Sub-Committee held on 22-24 June 2017, in Kampala, Uganda, the following NTBs were addressed:

(i) Between Egypt and Rwanda on wheat flour;

(ii) Lengthy and costly customs clearance procedure at the Malawi border;

(iii) Between Egypt and Mauritius on Egypt's wheat flour exports to Madagascar;

(iv) Between Madagascar and Mauritius on soap;

(v) Between Uganda and Swaziland on the high number of agencies issuing permits;

(vi) Between Malawi and Zambia on Import licensing on cement, refined cooking oil, laundry soaps and other products;

(vii) Between Malawi and Zambia on Denial of entry of Zambian trucks into Malawi due to lack of import licenses;

(viii) Between Malawi and Zambia on Additional taxes and other charges on the Malawi side of Mchinji border post;

(ix) Between Burundi and Uganda on Government policy and regulations in regard to lack of honouring of COMESA yellow card;

(x) Between Kenya and Mauritius on Issues related to Rules of origin on sugar under "V" criteria; and

(xi) Between D R Congo and Zambia on Prohibition of importation and transit of selected logs through Zambia.

In 2017, capacity building on NTBs was carried out in Comoros and Madagascar. It was intended to equip the stakeholders at a national level, with the requisite knowledge on the categories of NTBs, the Online NTB reporting mechanism as well as the NTB SMS reporting tool and the need to resolve reported NTBs to facilitate trade.

In addition, a comprehensive audit of NTBs in the COMESA region, covering all categories, their causes and costs was undertaken. The audit revealed that since the inception of the NTB online reporting mechanism, 204 NTBs had been reported of which 182 had been resolved. At the time of the audit, eleven NTBs were outstanding out of which six were resolved in the period leading to the Second Meeting of the Trade and Trade Facilitation Sub-committee leaving only five NTBs outstanding.

On a related note, the Tripartite Regional Economic Communities (T-RECs), with support from the African Development Bank funded Tripartite Capacity Building Programme (TCBP) undertook a capacity building programme for Tripartite Member/Partner States to develop software for managing Non-Tariff Measures (NTMs). The overall objective of this intervention was to enhance transparency and availability of information on NTMs to the stakeholders to raise their awareness of regulatory requirements for facilitation of trade in the Tripartite region. A specific intervention of the NTMs component of the TCBP Programme includes, installation of software for NTMs, development of national and regional NTMs databases as well as training for National Monitoring Committees (NMCs) members and Focal points in twelve (12) pilot Member/Partner States namely; Botswana, Egypt, Kenya, Malawi, Mauritius, Mozambique, Rwanda, South Africa, Tanzania, Uganda, Zambia and Zimbabwe.

The NTM databases will be anchored on the Tripartite NTBs Online Reporting, Monitoring and Elimination Mechanism. To this end, the Tripartite Task Force, in conjunction with the United Nations Conference on Trade and Development (UNCTAD) conducted an NTMs training workshop that was facilitated by experts from UNCTAD and the T-RECs. The training was followed by the deployment of consultants to the pilot Member/Partner States to collect data on the NTMs. The consultants also classified and coded the measures that affect imports and exports found in the regulations. The data will be validated by the stakeholders in the respective countries. During the course of 2016 and 2017, the NTMs data was validated in seven Tripartite countries, namely; Botswana, Malawi, Mauritius, South Africa, Tanzania, Uganda, Zimbabwe to ensure that the recorded data is accurate before being uploaded.

2.6.2 Non-Tariff Barriers (NTBs) Resolution Joint-investigation Activities

In 2016/2017, two key cases of joint-on-the-spot investigations were carried out to resolve the NTBs raised due to origin of goods traded between the Member States based on the procedures set out under the COMESA Protocol on Rules of Origin. The brief summary of the findings of the cases are as follows:

a) Joint - on- the- spot investigation for the Sugar Exported from Mauritius to Kenya

In March 2017, Kenya queried whether sugar exported from Mauritius to Kenya meets the 35% value addition origin criterion and requested the COMESA Secretariat and the Ministry of Foreign Affairs, Regional Integration and International Trade of Mauritius to organize a joint-on-the-spot investigation of sugar produced in Mauritius for the purpose of ascertaining whether the sugar exported to Kenya meets the origin criteria as set out under Rules 2(1) (b) (ii) of the COMESA Protocol of Rules of Origin.

A Joint-on-the-Spot Investigation was undertaken on 12 - 14 June 2017 in Mauritius, with the view to establish the originating status of sugar exported by Mauritius to Kenya and to facilitate the dispute settlement between the two Member States. Representatives from Kenya, Mauritius, and the COMESA Secretariat held meetings and visited the competent authorities and the sugar milling and refinery factories in Mauritius. The joint investigation mission found that the sugar exported from Mauritius to Kenya using the Certificates of Origin under investigation qualified under the origin criteria and were determined to be of Mauritian origin in accordance with the COMESA Protocol of Rules of Origin. Accordingly, the Member States reported that the case has been already resolved amicably.

b) Joint-on-the-spot investigation for cooking oil exported from Egypt to Mauritius

Mauritius expressed doubts on the authenticity and accuracy of 15 Certificates of Origin (from 8 Egyptian companies) from Egypt as well as the criteria used. Mauritius requested additional information which was subsequently submitted by Egypt. Despite the information provided, the doubts persisted as to the accuracy of information provided and therefore Mauritius requested a Joint-On-the-Spot investigation to get a clear picture on the processes incurred in the production or refining of cooking oil imported from Egypt.

Mauritius requested the Secretariat to participate in the investigation to facilitate the process. Accordingly, a joint Joint-on-the-spot investigation was carried out in Egypt from 10 – 14 December 2017 based on the procedures set out under the COMESA Protocol on Rules of Origin.

The joint verification mission therefore sought to establish whether the products met the criteria of rules of origin under which they were being declared for the fifteen queried Certificates of Origin. However, the verification was done for fourteen certificates since one company (El Asher) did not provide the requested information to facilitate the verification process.

The team used as basis the soya-bean oil (HS Code: 15:07) extracted by crushers in Egypt as wholly obtained products as per change of tariff heading criterion of the COMESA Rules of Origin and the value-added formula for calculating the value addition as follows:

Value added = (Ex-factory Cost- Total CIF value of materials)/ Ex-factory Cost * 100% i.e., Ex-Factory Cost = (X – Y) / X * 100 = V% and the currency used is Egyptian pound.

The joint on the spot investigation team recommended that the mentioned Egyptian cooking oil products qualify for preferential treatment under the COMESA wholly produced criterion or under the Value-Added Criterion – Rule 2 (1) (b) (ii) of the COMESA protocol since the value addition percentage (V%), were above the 35% threshold. Accordingly, the Member States reported that the case has been already resolved amicably.

2.7 COMESA-EAC-SADC Tripartite FTA

Negotiations of the Common Market for Eastern and Southern Africa (COMESA), East African community (EAC) and Southern African Development Community (SADC) Tripartite Free Trade Area (FTA) began in December 2011 following the launch of the negotiations on 12 June 2011 in Johannesburg, South Africa. The decision to establish the Tripartite FTA was taken on 22 October 2008 at the First Tripartite Summit of Heads of State and Government, held in Kampala, Uganda having realized the importance of a larger market to boost inter-regional trade and attract investments. The Second Tripartite Summit adopted a developmental approach to regional integration, anchored on three pillars, namely market integration, industrial and infrastructure development. These pillars were viewed as mutually supporting each other in achieving the desired sustainable socio-economic development in the Tripartite region and contribute to the realization of the African Economic Community.

Negotiations of the Market Integration Pillar are conducted in two phases. Phase I negotiations were launched in June 2011 focusing on trade in goods and a separate and parallel track on the Movement of Business Persons. It was envisaged that this phase of the negotiations would be concluded by June 2014, however the process faced a variety of challenges which delayed the conclusion of the Agreement within the timeframe adopted by the Second Tripartite Summit. The Third Tripartite Summit held in Sharm El Sheikh Egypt in June 2015 launched the TFTA and signed the Tripartite FTA Agreement on trade in goods.

The TFTA Agreement has 45 articles and ten (10) accompanying Annexes. Nine out of the ten Annexes have been finalized and subjected to legal review. Annex I on Elimination of Customs Duties will be finalized once bilateral negotiations on tariff exchanges between the EAC and SACU, EAC and Egypt, Egypt and SACU have been finalized. The Sixth Tripartite Sectoral Ministerial Committee meeting held 7 July 2017, directed that these be concluded by 31 October 2017. While Member States implementing a REC FTA have offered their respective SADC and COMESA acquis subject to reciprocity to those Tripartite Member/Partner States that are not participating in any REC FTA, these countries are Angola, Ethiopia and Eritrea. As of December 2017, twenty-one Tripartite Member/ Partner States had signed the TFTA Agreement whilst two had ratified. For the Agreement to come into force, fourteen ratifications are needed.

2.7.1 Negotiations

Negotiations of Phase II issues covering trade in services, cooperation in trade and development, competition policy, intellectual property rights and cross border investments were supposed to have commenced in 2016. However, Tripartite Member/Partner States resorted to first conclude the outstanding Phase I issues before they could move on to the next phase of the TFTA negotiations. Through technical assistance from UNCTAD, studies on Phase II issues were undertaken and will be considered by a high-level meeting before June 2018. The outcome of the meeting will provide guidance on how Tripartite Member/Partner States would deal with the Phase II negotiations.

With regard to the industrial development pillar, the Tripartite Framework of Cooperation on industrial development and a Work Programme/Roadmap were adopted by the Tripartite Council of Ministers in October 2016. The two documents were developed by the Tripartite Technical Committee on Industrial Development (TTCID). The objectives of the of the Framework of cooperation include enhancing productive capacity and addressing supply side constraints, promoting value addition and diversification of the industrial base, increasing intra and extra-regional trade, contributing to job creation and poverty reduction, strengthening of R&D, technology and innovation capabilities to support structural transformation of the industrial sector among other objectives.

2.7.2 The Work Programme

Implementation of some aspects of the Work Programme has begun with funding from the African Development Bank. Additional resources will be needed to carry out the work under this pillar.

The Tripartite Technical Committee on Movement of Business Persons developed a draft Agreement on the Movement of Business Persons. However, there are some outstanding issues in the draft Agreement that remain unresolved, in particular relating to the guiding principles such as 'variable geometry', 'reciprocity' and 'building on the acquis' which some Member/Partner States argue that they are not applicable to the Movement of Business Persons. Also contentious are issues of "granting visas on arrival" and "visa validity of up to 3 years" that other Member/Partner States considered not acceptable. A meeting of Chiefs of Immigration and Ministers responsible for Immigration to consider the outstanding issues under Article 5 on guiding principles, Article 7.2 on granting of visas on arrival and Article 12 on period of validity of multiple entry visa is to be convened by 31 March 2018.

The focus on infrastructure development is on improving the efficiency of the transport network (road, rail, water and air), ICT and energy infrastructure. The objective is to provide and improve interconnectivity between and among the Tripartite Member/Partner States to facilitate and reduce cost of trading and movements of factors of production. Infrastructure development in the Tripartite has adopted a corridor development approach where projects and activities are designed to cover gaps in smooth flow of traffic along defined corridors.

On 17th November 2017, the EAC Secretary General has handed over his chairmanship of the Tripartite Task force to the COMESA Secretary General who is the incoming chairperson of the Task Force since the 30th October 2017 up to October of the year 2018.

2.8 WTO Trade Negotiations- Post Nairobi MC10 and Outcome of MC11

The progress on WTO negotiations since the Tenth Ministerial Conference (MC10) held in December 2015 has been extremely subdued, partly due to the absence or delays in the selection of a new Chair of the Agriculture Committee and a hanging lack of consensus on both the Doha mandates and new issues. Further to that, the Nairobi Declaration did not contain a work programme, which in a sense reflected a lack of consensus on a range of issues, such as the continuation of the mandate of the Doha Development Round Negotiations.

Following the slow start of consultations and negotiations after MC10, some activity was initiated from mid-2016 in preparation for the 11th WTO Ministerial Conference (MC11). The discussions have focused mainly on the key areas on which MC10 made decisions, as follows:

a) Agriculture negotiations,

b) Rules Negotiations on Fisheries Subsidies,

c) Progress on WTO Development Issues and Negotiations,

d) Services Negotiations,

e) Electronic Commerce,

f) The TRIPS Agreement,

g) The Trade Facilitation Agreement (TFA).

The 11th WTO Ministerial Conference (MC11) was held on 10-13 December 2017. At the opening session, the conference was graced by a declaration signed by the Presidents of Argentina, Brazil, Paraguay and Uruguay as well as representatives of Colombia, Guyana, Mexico, Peru and Suriname, with a message in support of the work of the WTO. MC11 was concluded without a Ministerial Declaration, although the Chair, on her own responsibility, issued a summary statement of outcome at the closure of conference. Divergences among the membership of the WTO could not be sufficiently bridged during the conference, partly on account of recent dynamics in international trade since the beginning of the Doha Round multilateral trade negotiations in 2001. However, Ministers could reach agreement on some Ministerial decisions on Fisheries Subsidies, a Work Programme on Electronic Commerce, TRIPS non-violation and situation complaints, and the creation of a working party on accession for South Sudan.

Although mainly developing countries were disappointed that no results were reached at MC11 on substantive issues under current negotiations covering: Agriculture, Non Agricultural Market Access (NAMA), Services, TRIPS, Development, Trade and Environment, WTO Rules and Rules on Public Stock holding food security purposes, Ministers committed to move forward and undertake negotiations on all the outstanding issues including to advance work on the three pillars of agriculture (domestic support, market access and export competition) as well as non-agricultural market access, services, development, TRIPS, rules, and trade and environment.

2.9 ESA-EU EPA Negotiations

The Eastern and Southern African (ESA) Economic Partnership Agreement (EPA) Group comprising of 11 countries- all members of COMESA- entered and agreed to negotiate an EPA with European Union (EU) so that EPAs can support the region's economic performance and competitiveness, enhance value chains and lead to economic transformation and meaningful integration in individual countries and collectively into the global economy. The objectives of the EPA are to serve as a vehicle for sustainable development and to support the configuration's regional integration programme within COMESA. Furthermore, the instruments of the ESA-EU EPA are expected to be compatible with WTO rules, while taking into account the different needs and levels of development of ESA countries within the spirit of improving the Cotonou acquis.

Initial negotiations of the ESA-EU EPA began in 2005 and an interim ESA EPA was subsequently signed by 4 Member States in December 2007 following which engagement with the EU has basically followed two tracks- i) the implementation of Interim ESA-

EU EPA (iEPA) which was signed by 4 ESA countries (namely Madagascar, Mauritius, Seychelles and Zimbabwe) with the EU; and the continuation of a full and comprehensive ESA-EU EPA in a bid to address remaining outstanding issues. The focus of the interim EPA is to build productive and export competitiveness, and to resolve market access constraints so as to enable Members to take advantage of the interim EPA provisions. The progress on full and comprehensive ESA-EU EPA negotiations since 2008 has however been modest; and significant work remains to be undertaken to address outstanding issues under the interim EPA in respect to key elements of the agreement.

In both cases of the two tracks, there have been some critical challenges to progress of negotiations. Furthermore, without a full and comprehensive EPA that reflects the adopted negotiating mandate by the two parties, and an EPA which is compatible with full EPAs recently concluded with other African regions, the ESA interim EPA countries may become disadvantaged in the course of the implementation of several areas of the iEPA. Notwithstanding the slow pace of full and comprehensive ESA EU EPA negotiations, the ESA Group has continued with their preparatory work and consultations on a range of outstanding issues including the preparation of market access offers and the updating of national article by article EPA aid for trade development matrix, among others. In the meantime, the ESA EPA Council of Ministers, at its 24th Meeting held on 15th October 2016 in Antananarivo, Madagascar, made decisions and agreed on the necessity for a high-level contact to be made between the two parties to agree on how to move the ESA-EU EPA negotiations forward.

In summary, the ESA region remains fully committed to maintaining and building on the historical relationship with the EU through the proposed comprehensive ESA-EU EPA. The ESA-EPA Group remains committed to continue negotiations of a comprehensive, development oriented and inclusive EPA which supports regional integration using the variable geometry approach, with the full participation of all ESA-EPA Member States in line with the adopted mandate for negotiations as agreed to in 2004.

2.10 Free Movement of Persons

COMESA recognizes the importance of migration in the context of free trade. For regional integration to be fully realized, citizens of Member States must be allowed to move freely to provide and enhance services envisaged in the integration agenda under Article 164 of the COMESA Treaty (covering services, tourism, labour, cultural activities among others).

COMESA's Free Movement Agenda is in conformity with the African Union Commission Agenda 2063, particularly in its Aspirations 2 and 6, which respectively state that: "*An integrated continent, politically united based on the ideals of Pan Africanism and the vision of Africa's renaissance*"; and, *"An Africa whose development is people-driven, relying on the potential of African people, especially its women and youth, and caring for children".*

The COMESA Visa Protocol has been signed and ratified by all Member States and is under implementation with more Member States attaining the highest levels of implementation. The Republic of Kenya is the latest country to join other Member States in the full implementation of the Protocol by the relaxing visa requirements for all African Country. Kenya joins other COMESA Member States such as Mauritius, Rwanda and Seychelles. An awareness and sensitisation campaign through a pilot project for the full implementation of the VISA programme is underway at the Chirundu One Stop Border Post (OSBP) between Zambia and Zimbabwe.

2.10.1 Awareness Programmes

The programme which has an inbuild component of continuous and sustainable capacity building with a permanent mechanism of monitoring and evaluation aims at addressing existing challenges for full implementation. The launched awareness programmes also aim at mobilising signatures and ratifications for the entry into force of Free Movement Protocol has yet to receive the requisite number of signatories to enter into force. In addition to the foregoing, it is important to note that the programme has now been fully integrated in to the COMESA Trade Facilitation Programme for effective implementation.

To show commitment to implement the awareness and sensitisation programme, the two Member states piloting the programme with the support of the Secretariat and IOM have established Inter-Ministerial National Monitoring Committees (NMCs) to spearhead implementation of the pilot project and to build the capacity of these NMCs as one of the catalysts to expedite the implementation of the Free Movement Agenda. With support from IOM through the IOM Development Funds (IDF), COMESA will endeavour to build the capacity of the NMCs through training on the free movement agenda, which will support NMCs in fulfilling their role. After the pilot project, the tools that have been developed for the programme shall be rolled out to other Member States.

In addition to the pilot project under implementation, dialogue on promoting regular and safe migration that addresses security concerns of Member States as well as address cross border criminal activities such as human trafficking and smuggling in COMESA continues through the COMESA Regional Consultative process(RCP). COMESA also continues to coordinate its activities with other regional economic communities of shared membership within the Eastern and Southern Africa- Indian Ocean Region (ESA-IOC). These include EAC, IGAD, IOC and SADC as well as continental efforts under the umbrella of the Africa Union. Such coordinated effort aims at promoting regular South – South Migration for Development.

2.11 Statistical Development

Under the overarching policy framework provided by the COMESA Treaty (Articles 139 and 140), COMESA continues to strive in providing regular, timely and harmonized statistics for monitoring the *"efficient implementation of the objectives of the Common Market"*. Statistical development in COMESA is guided by the COMESA Statistical Strategy which, Council approved in February 2014 at its 32nd Meeting in Kinshasa DRC. Council further approved the new Statistics Strategy for the period 2017 – 2020 at its 37th Meeting in Lusaka Zambia. Council further approved a work programme that aims at continuing the consolidation of previous gains in different statistical clusters and the introduction of new interventions based on emerging recommendations of the COMESA Committee on Statistical Matters.

2.11.1 Programme Contribution in 2016/2017

US$1.5 Million was allocated and spent on statistical capacity building for COMESA Member States. Eighteen out of nineteen Member States benefited from at least one capacity building session. Specifically. 228 Member State statistics experts received training. The statistical work programme was financed by the AfDB, the EU, USAID and the ACBF. The AfDB's and EU's support continues a long-standing trend of the two partners' support to RECs and is targeted at long term technical assistance and capacity building. Under the AfDB's support, the Protocol of Agreement on the Multinational Capacity Building Programme was the framework of support. Under EU support, three frameworks were used namely, the Regional Integration Support Programme (RISP III), the Technical Cooperation Facility (TCF) and the Regional Integration Support Mechanism (RISM).

2.11.2 Catalysing Change in Statistical Processes

Critical to the development of statistics is the process of impacting national systems to conform to best practices. Table 6 summarizes gains made in 2016/2017 in interventions that are related to the adoption of new practices that entail notable change in the way national compilation of related statistics.

Table 6: Interventions Related to the Adoption of New Practices

Intervention	Baseline	2016/2017 progress
Introduction of the UN framework for development of environment statistics	Only one COMESA country implementing the FDES	Two additional countries were added to the list that have commenced implementation of the FDES
Compilation of a harmonized consumer price index	No HCPI compiled in the region	Two additional countries compiling the HCPI
Surveys on import and export price indices	Only one COMESA country compiling survey based XMPI	Five additional country surveys commenced

Below is a summary of activities undertaken in the 2016/2017 work programme

2.11.3 Environment Statistics:

Following the 2014 COMESA Environment Statistics Assessment and the subsequent regional capacity building workshop, the annual work plans have focused on national interventions aimed at national capacity building and initiation of national surveys on collection of statistics related to the Framework for Development of Environment Statistics (FDES). Building on the progress made in 2015, national workshops were held in Ethiopia and Egypt, in May and September 2016. The implementation of the FDES in Kenya, Uganda, Burundi and Rwanda is being funded by the United Nations Statistics Division under a Development Account Programme.

In February 2017, Seychelles was another member country that benefited with an initial in- country mission to support the country in implementing the FDES 2013. A capacity building workshop was carried out for national stakeholders. A new area of intervention was identified that includes supporting the Statistical Response to Regional Indicative Programme (RIP) for Eastern Africa, Southern Africa, and the Indian Ocean (EA-SA-IO), 2014-2020, EU Support for the EA-SA-IO under the Cross Regional Envelope, Priority Area 3: Regional Natural Resources Management. The Contribution of Sustainable Fisheries to the Blue Economy. A concept note was prepared for this intervention. Efforts are being made to collect some data from the countries that were supported by the interventions. This could be fed into the COMESA data portal.

2.11.4 International Merchandise Trade Statistics:

The Secretariat undertook the following interventions related to this cluster;

a) Support to the process of implementing surveys on export and import trade indices in Ethiopia, Seychelles, Malawi, Sudan, Swaziland, Zambia and Zimbabwe.

b) National technical capacity building workshops on implementation of the recommendations of the Manual of Statistics of International Trade in Services were undertaken in Rwanda and Seychelles.

c) Migration of national EUROTRACE trade statistical systems for Burundi, Ethiopia, Kenya, Rwanda and Uganda from MS Access platforms to SQL Server platforms.

d) Facilitation of a regional training workshop for International Merchandise Trade Statistics funded by USAID through the Regional Strategic Analysis and Knowledge Support System (ReSAKSS) in Nairobi, Kenya in September 2016. 36 statisticians from both National Statistics Offices (NSOs) and Customs administrations were trained.

e) Technical support and training on merchandise trade statistics for Djibouti, Congo DR Comoros and Malawi in February 2017, August 2016, November 2016 and December 2017 respectively. Activities for Congo DR and Comoros were supported by the RISM national projects in these two countries while the activities in Djibouti and Malawi were supported by USAID. Technical support was also provided to the Egypt Statistics Office on merchandise trade statistics under support from SCB in July 2017.

f) Technical support and training on conducting mirror exercises for trade statistics Djibouti and Ethiopia (February 2017), Kenya and Uganda (March 2017) and Malawi and Zambia (September 2017). These activities were supported under USAID's support to COMESA Statistics programme.

g) Support to the Pan African Statistical (PAS) Project at the African Union. This activity involved training of trainers in the EUROTRACE software.

h) Facilitation of a Regional Workshop on Harmonisation of Small Scale Cross Border Trade (SSCBT) Data Collection in Kigali Rwanda in July 2017. The workshop was organised and funded under the auspices of the Great Lakes Trade Facilitation Project (GLTFP) of the World Bank.

a) Harmonized Consumer Price Indices (HCPI)

A regional workshop on capacity building on harmonized consumer price indices was held in July 2016. Further in collaboration with the AfDB, the unit undertook capacity building on the HCPI for staff of the National Bureau of Statistics (NBS) in Seychelles and the Central Statistical Agency (CSA) in Ethiopia. Comoros and Djibouti were initially not included in the HCPI computation due to a number of capacity issues. In 2016, the Secretariat provided support to ensure that these two countries' national HCPI are computed and available for the regional computations.

In January 2017, Djibouti submitted HCPI data to COMESA bringing the number of participating countries to 16 altogether. In April 2017 a technical support mission to Ethiopia was undertaken to amplify on capacity building issues of HCPI and the newly launched 2017 International Comparison Program (ICP).

b) Industrial Statistics

Following the adoption of a roadmap on development of industrial statistics by the 33rd Council of Ministers, requests for technical assistance were received in 2016 from Uganda and Madagascar. Consequently, the Secretariat provided assistance in the compilation of the index of production for mining and quarrying in addition to utilities, and development of business profiles and business frame in Uganda. The assistance to Madagascar targeted updating of the business register for establishments under Industry sector, training of staff and advice on how to conduct the quarterly survey of establishments for the compilation of Index of Industrial Production (IIP).

c) Social Statistics

Through the AfDB's Statistical Capacity Building Programme, COMESA funded the Expert Group Meeting to Revise the Africa Addendum on the Principles and Recommendations of Population and Housing Censuses (P&R). Seven COMESA experts attended.

d) Knowledge Products

The Unit published the following knowledge products in 2016 and 2017; The 2016 and 2017 International Trade Statistics Bulletins, the 2016 and 2017 COMESA Investment Reports, the 2017 COMESA Gender Statistics Bulletin and the 2015 COMESA Agriculture Statistics Report.

e) Capacity Building for Secretariat Staff

Staff of the Statistics unit undertook the following capacity building courses in 2017 with support from USAID: -

- PHP and SQL training (January 2017 – Singapore)
- CSPro training (April 2017 - Nairobi Kenya)
- SDMX I and II trainings (May and July 2017 – Lusaka Zambia)
- STATA on-line training (March 2017 –present)

f) COMSTAT Data Portal

An upgrade of the *COMSTAT* data portal funded by the AfDB was finalized in 2016. The average number of monthly hits in 2016 was above the 1000 target.

2.12 The COMESA-ACBF Capacity Building Project

The key objective of the COMESA-ACBF Capacity Building Project is to provide institutional strengthening and enhance the capacity of the COMESA Secretariat in economic and trade policy research and analysis, as well as the capacity of Member States in trade negotiations. The project falls within ACBF's strategic objective, of enhancing the capacity of Africa's regional economic communities and institutions in respect to the implementation of regional cooperation and integration programmes and the management of regional public goods and services. The project was launched on 11-13 August 2014 in Nairobi, Kenya during which research areas were identified and partnerships and networks with leading policy research think tanks and training institutes were made.

A mid-term review of the project was undertaken and the report validated on 30th September 2016. The review found that the project had in some cases achieved over half of set targets and recommended an extension for a period of nine months. In addition, the review put forward consideration for a second phase of the project to facilitate continuity in implementation of outstanding high impact interventions, including the COMESA Research Forum and the proposed Virtual University of Regional Integration. The initial closing date of the Project of 31st March 2017 was extended to 30 September 2017. Total disbursement as at December 31, 2016 was USD$2, 055,268.00 representing 73% of the revised grant amount of USD2, 833,000.

An end term review of the project was done in September 2017. The approved annual budget for 2017 was US$774,327 and total project expenditure was US$ 762,283 resulting into absorption rate of 98.4% of the total annual budget. As at 30 September 2017, COMESA total expenditure in ACBF books amounted to US$ 2,870,108.05 representing 99.75% of the total restructured grant amount of USD2,877,432.35. The Project finances are prudently managed within the Project budget guidelines by a dedicated accountant who liaises closely with the Project coordinator.

In 2016 the project registered the following progress and achievements:

a) The second phase of the study on the intra-COMESA trade potential was undertaken. This involved a field study on the opportunities and challenges affecting intra-COMESA trade potential. The report has been published in the COMESA key Issues in Regional Integration Volume 4.

b) A field study was undertaken to ascertain the pattern of occurrence of NTBs in the selected Member States of Kenya, Uganda Seychelles, Swaziland, Zambia and Zimbabwe.

c) A short-term consultant was hired and capacity building training in Trade in Services Negotiations and Policy Formulation for Member States undertaken in collaboration with the World Trade Organization (WTO) on 15-18 November 2016.

d) The following studies have been finalized: Customs Union Industrial Rebate, Implication for Joining the COMESA FTA by Eritrea, Analysis of the Trans-Pacific Partnership Agreement and its Implication for the Trade of COMESA Countries under AGOA, and Analysis of Trade Outcome Indicators considering all COMESA Member States with a Focus on Intra COMESA Trade and Global Trade.

e) A Concept Note on Ease of Doing Business in COMESA and a preliminary analysis on COMESA Competitiveness were prepared.

f) The Second COMESA annual research Forum was held in Nairobi, Kenya, on 27th June-1st July 2016 under the theme "Trade in Services and Trade Facilitation for Inclusive and Sustainable Industrialisation in the COMESA Region". The following papers were presented:

    (i) The Role of Trade Facilitating Infrastructure in Promoting Manufacturing Exports in the COMESA Region

    (ii) The Effect of Trade Facilitation Reforms on Export Performance of COMESA Member States.

    (iii) Factors Influencing Informal Cross-Border Trade in Uganda

    (iv) Infrastructure as an Engine for Regional Integration in NCIP: "The Case of Ethiopia".

    (v) The Nexus between International Financial Integration and Trade in Financial Services in COMESA Region

    (vi) Trade in Services and Industrialization: "Implications for the Performance of the Manufacturing Sector in COMESA".

    (vii) Ethiopia's Transport Services Export: Opportunities, Challenges and Medium-Term Prospects

    (viii) The Movement of Persons in COMESA: "An Assessment of Convergence, Differences and Regional Contrasts".

The forum also brought together 22 regional universities to discuss modalities for establishing the Virtual University of Regional Integration. The universities constituted the Committee for Implementation of the programme which developed the structure for the Master's Degree Programme and financing mechanisms. Kenyatta University in Kenya was nominated to host the Masters' Programme in collaboration with the other 22 regional universities.

g) Developed the syllabus and learning modules for the Masters' Degree Programme.

h) COMESA signed an MoU with the host university while another MoU with the collaborating universities was under review by the Universities.

i) The Virtual University of Regional Integration was launched in October 2016 during the COMESA Heads of State Summit in Madagascar. The universities are expected to commence admission of students in the next academic year.

j) The project organised two capacity building trainings in implementing Council Decisions on Statistics for government officials in Egypt and Ethiopia. The trainings involved collection and analysis of environmental statistics.

k) A trade policy analysis training using Trade Sift software was organized in partnership with University of Sussex.

l) The project provided support to tripartite negotiations in preparing the draft schedule of tariff liberalisation, technical papers on tariff offers and bilateral negotiations, and tariff offers and negotiation positions in regard to tariff negotiations for Member States.

In 2017 the project registered the following achievements.

(a) The project provided technical support to the Tripartite Taskforce in preparing schedules of tariff offers for Tripartite Members/Partner States, prepared technical papers on the preference utilization of Member/Partner States to ascertain the most efficient trade regime with regards to Rules of Origin (RoO) to guide the development of the Tripartite FTA Rules of Origin.

(b) The project organized and facilitated the COMESA sixth trade in services committee meeting which among other things agreed on the guidelines for negotiations in the three additional services sectors; energy, business and construction and engineering related services. A road map for completion of the negotiation was also set.

(c) The project was involved in assessment of joining COMESA by the republic of Tunisia, South Sudan and Somalia.

(d) The Project undertook a study on Comprehensive audit of NTBs, their causes and costs in the COMESA region;

(e) The project reviewed teaching modules of the masters degree programme in regional integration. The syllabus for the programmes was approved by the Kenyatta University Senate on Friday, 23 June 2017 and forwarded to the Commission for University Education, under Ministry of Education, Kenya for approval before the program is launched.

(f) The project reviewed research papers presented during the 2nd and 3rd COMESA Annual Research Forum for publication in the 5th and 6th Editions of "Key Issues in Regional Integration."

(g) The project rolled out a call for research papers and held the 3rd COMESA annual research forum on 26-30 June 2017 in Kigali, Rwanda.The following 18 research papers were presented and reviewed by participants from academia, think tanks, research institutions and government ministries.

i. Trade Effects of Rollout Asycuda Customs IT Infrastructure and Authorized Economic Operator Accreditation in Uganda;

ii. The Impact of COMESA on Market Integration and Industrialization;

iii. Estimating Intra-COMESA Trade Potential in Extractives: A Stochastic Frontier Approach;

iv. Revenue Implications of Continental Free Trade Area: A Malawian Perspective;

v. Potential for intra- COMESA Trade on Processed food products;

vi. The Impact of Cost and Delays at Border Posts on COMESA Cross-Border Trade;

vii. Testing the level of Market Integration in COMESA and EAC and implications to TFTA;

viii. Why Can't COMESA Countries Trade More? The case of Institutions;

ix. Trade in Services in COMESA, Growth Potential for SMEs;

x. Telecommunication, Intra-Trade and Economic Growth within the Common Market for Eastern and Southern Africa Region;

xi. Boosting Intra-African Trade through Reducing Governance Related Trade & Transport Corridor Bottlenecks;

xii. Staggering Utility Reform: A More Targeted Approach to Sectoral Political Economy Analysis. Does this road go on forever? Modelling Sustainability of Infrastructure in Developing Countries;

xiii. Smart Industrialization in the COMESA: Resource-Based Industrialization for Enhancing Regional Value Chains and Boosting Intra-African Trade;

xiv. Regional Integration and Intra-COMESA Foreign Direct Investment;

xv. Towards the Establishment of the COMESA Shipping Line: A Seven-Step Roadmap;

xvi. Real Exchange Rate Misalignment: An Analysis of Kenya Export to COMESA Region-1998-2016;

xvii. Boosting Intra- African Trade Through RECS: The need for the 'Cabotage law' in Africa's Blue economy; and

xviii. Impact of Digital Economy on Market Integration in COMESA: Prospects and Challenges.

Through implementation of the Project strategies, the project has achieved the following outcomes:

i. COMESA Secretariat capacity in economic research and policy analysis has been enhanced thoroughly recruitment of Project staff and engagement of the consultants to undertake research;

ii. COMESA Secretariat and Member States ability to respond to and analyse economic and trade issues has been strengthened through training in economic and trade policy analysis;

iii. Partnership and networks with other research institutions have been created, especially with IDEP, Economic Commission for Africa, University of Sussex and other leading policy think tanks in COMESA;

iv. The first annual COMESA Research Forum was held and the Policy Organs recommended that it should be an annual activity bringing together all the stakeholders since then two annual research forums have been held.

v. The Project has been spearheading publication of key issues in regional integration. Four volumes of the flagship publication have been released while the 5th and 6th Editions are at the design stage.

vi. The system of harmonized National Accounts methodological guidelines was developed.

vii. COMESA masters' degree programme in regional integration has been initiated on virtual platform as the first step towards the establishment of COMESA University of Regional Integration.

2.13 The Hub and Spokes II

The Hub and Spokes II is a unique aid for trade programme funded by the European Union and administered by both the Commonwealth

Secretariat and the Organization Internationale de la Francophonie. The programme's overall objective is to contribute to sustainable economic development and poverty reduction in African, Caribbean and Pacific countries through closer regional integration and increased participation in international trade. The focus of Phase II of the programme is to enhance the capacity of stakeholders in ACP countries to contribute to: the formulation, negotiation and implementation of trade policies and agreements, and strengthen partnerships for better delivery of results and sustainability. Experienced trade experts have been deployed at regional economic communities and at national Governments levels. Phase I of the programme ran from 2004 to 2012, and Phase II was launched to run through the period July 2012 to December 2015. In 2015, Phase II was subsequently extended to December 2016. The programme is currently extended into a consolidation phase for the period January 2017 to 31 August 2018, following which the programme is expected to end.

In 2016 and 2017, the programme continued to provide support to the COMESA Secretariat through its core mechanism of delivery being the technical advisory services offered by the Regional Trade Adviser and Trade Adviser. The programme also provided co-funding for a well-received Training in TradeSift- an important tool for economic and trade policy analysis, as well as a dedicated Training and capacity building training activity for Customs Officials of the Seychelles. In addition, the programme advisers provided technical support to the ESA Group on the ESA-EU Economic Partnership Agreement (EPA) negotiations, the Tripartite Free Trade Area Negotiations as well as support for the implementation of COMESA Council Decisions and the COMESA work programme.

2.14 COMESA Aid for Trade

COMESA's Aid for Trade Strategy was developed as a response to the Aid for Trade (AfT) initiative that came into existence in 2005 to help developing countries build supply-side capacity and trade-related infrastructure to enhance the contribution of trade to development. The COMESA Adjustment Facility (CAF) is one of the key instruments for implementing COMESA's Aid for Trade Strategy. The CAF is one of two windows created under the COMESA Fund which was set up in 2002 based on Articles 60 and 150 of the COMESA Treaty. The CAF is funded by the RISM Programme funded by the EU under the 9th and 10th EDF providing over € 111 million in financial support. The objective of the adjustment facility is to improve the implementation of regional commitments and programmes at national level through financial support to Member States.

Activities for 2016 and 2017 focused on strengthening the frameworks for regional integration programmes and projects at the national level and ensuring effective disbursement or full commitment of approved RISM resources to Member States. Details of the progress made in implementing the work plans are highlighted in table 7 below.

Table 7: Implementation Progress of CAF

Intervention Area	Work Plan Expected Results	Action taken/ Status	Source of Funding
	Resources Effectively Mobilised	- Final draft CAF sustainability Strategy was prepared and presented to the 12th COMESA Fund Ministerial Committee in December 2016 who decided that the Strategy be finalised as part of the overall COMESA resource mobilisation strategy.	RISM
	Adjustment Support Provided to Member States in addition to own efforts by countries	- A total of € 16,886,777 was disbursed to Member States in 2016 and 2017 under the previous Calls for Submissions (3rd, 4th, 5th,6th and 7th) - Finalization and signature of three (3) projects for Comoros, Malawi, and Uganda under the 6th and 7th Calls for Submissions.	RISM
Aid for Trade	Regional Integration Implementation Programmes (RIIPs) and Projects Established and Implemented	- Approval of extension for implementation of 9th EDF projects from 31st December 2016 to 31st December 2017 which has been further extended to 30th June 2018. - Launched the 7th Call for Submissions - A total of 16 Progress Monitoring Reports were received by Secretariat in response to the 7th Call for Submissions. - The submissions were considered and approved by the 12th COMESA Fund Ministerial Committee in December 2016 with resource allocations amounting to € 5,672,820. - Launched the 8th and final Call for Submissions in July 2017 with the balance of funds from 2015 and 2016 amounting to €16,770,764. - All 16 eligible Member States responded to the 8th Call - The submissions were approved by the 13th COMESA Fund Ministerial Committee in December 2017 and full allocation to be finalised after June 2018.	RISM
	Regionally owned instruments continue to be used for aid delivery in line with Aid effectiveness principles	- RISM Grant Manual developed in 2016 and member States sensitized and trained through a regional workshop organised in Lusaka on 25-27 April 2017, and through frequent monitoring missions. - Draft templates for project monitoring plans were updated and in use by Member States	RISM

2.14.1 Support to Member States

The total resource envelop for RISM amounts to €111.4 million from the 9th and 10th European Development Fund. This includes adjustment support to member States amounting to €104m which is 94% of the resource envelop. By the end of 2017, € 88 million had been approved as adjustment support of which €77.7m (88%) has been disbursed. This is reflected in the Table below.

Table 8: Disbursements

Table							
Year	**Budget for Adjustment support**	**Total Approved**	**Total Disbursed**	**Balance**	**% Disbursed**	**%Balance on approved funds**	**Overall Balance (Bud-Appr)**
RISM Rider 9th EDF	73,403,843	73,403,842	70,704,873	2,698,969	96%	4%	1
RISM Consolidation 10th EDF	31,464,000	14,693,239	6,990,916	7,702,323	48%	52%	16,770,761
Total	104,867,843	88,097,081	77,695,789	10,401,292	88%	12%	16,770,762

At a country level, the allocations include about €35m under the revenue loss support for Burundi and Rwanda. The allocations under the PAF mechanism from 2012 onwards amount to about €52.8m giving a simple average country allocation of € 3.3m with support ranging from €700,000 to €9.4m. In 2016 and 2017, total disbursements amounted to € 16,886,777.

Table 9: Detailed Disbursement

COUNTRY	9TH EDF			10TH EDF			TOTAL		
	APPROVED FUNDS	DISBURSED FUNDS	BALANCE	APPROVED FUNDS	DISBURSED FUNDS	BALANCE	APPROVED FUNDS	DISBURSED FUNDS	BALANCE
BURUNDI	15,543,821	14,681,949	861,872	439,384	-	439,384	15,983,205	14,681,949	1,301,256
COMOROS	1,692,553	1,692,553	-	892,526	304,088	588,438	2,585,079	1,996,641	588,438
DJIBOUTI	692,557	621,216	71,341	-	-	-	692,557	621,216	71,341
D R CONGO	1,372,168	1,372,168	-	480,720	-	480,720	1,852,888	1,372,168	480,720
ETHIOPIA	1,144,090	1,144,090	-	1,166,519	1,166,519	-	2,310,609	2,310,609	-
KENYA	6,119,221	6,119,221	-	3,310,374	3,310,374	-	9,429,595	9,429,595	-
MADAGASCAR	1,002,981	1,002,981	-	373,953	-	373,953	1,376,934	1,002,981	373,953
MALAWI	1,498,200	1,484,366	13,834	487,342	-	487,342	1,985,542	1,484,366	501,176
MAURITIUS	2,875,633	2,875,633	-	1,203,506	1,203,506	-	4,079,139	4,079,139	-
RWANDA	25,443,821	25,443,821	-	439,384	439,384	-	25,883,205	25,883,205	-
SEYCHELLES	2,128,505	2,128,505	-	567,045	567,045	-	2,695,550	2,695,550	-
SUDAN	1,249,922	640,745	609,177	2,201,700	-	2,201,700	3,451,622	640,745	2,810,877
SWAZILAND	1,832,801	1,801,373	31,428	331,246	-	331,246	2,164,047	1,801,373	362,674
UGANDA	2,825,879	2,825,879	-	1,791,080	-	1,791,080	4,616,959	2,825,879	1,791,080
ZAMBIA	3,747,380	3,424,796	322,584	1,008,460	-	1,008,460	4,755,840	3,424,796	1,331,044
ZIMBABWE	4,234,308	3,545,575	688,733	-	-	-	4,234,308	3,545,575	688,733
TOTAL	73,403,842	70,804,873	2,598,969	14,693,239	6,990,916	7,702,323	88,097,081	77,795,789	10,301,292

There's is a 100% level of disbursement on budget support countries for both the 9th and 10th EDF envelopes. For project countries, the balance of resources is about €2.7million under the 9th EDF which is mainly for Burundi, Sudan, Zambia and Zimbabwe. Sudan's project is being extended to December 2018, while Burundi's project is to be implemented by June 2018. The rest of the projects are to be closed in the first half of 2018 with closure procedures having started for about three projects.

Under the 10th EDF, three projects have been signed for Comoros, Malawi and Uganda and implementation commenced in Comoros. Projects for Burundi, Comoros, DRC, Madagascar, Sudan, Swaziland and Zambia are expected to be finalized in the first quarter of 2018. The total approved project support under the 10th EDF amount to about €8m with only about € 347,000 disbursed for Comoros. The disbursements are expected to increase in the first quarter of 2018 when the signed agreements commence implementation and additional projects are finalized.

The project interventions have notably contributed to the achievement of the following results:

(i) Adoption of over 12 sector strategies;

(ii) Over 1000 private sector including women have been trained or supported in production, advocacy, market access or business linkages;

(iii) At least 8 TIDO's set up with at least 4 STR signed;

(iv) A minimum of 5 government institutions have been capacitated with equipment to assist in standardization, certification and quality assurance;

(v) Installed ASYCUDA World in two countries and trained over 800 public and private sectors in ASYCUDA World, improved border and weigh management systems;

(vi) Facilitated the design of border markets and trade hub for the private sector including women traders; and

(vii) Supported the development of regional value chains in Leather, cotton, handicrafts, edible oils across multiple countries such as Malawi, Sudan, Swaziland, Zambia and Zimbabwe.

In 2017, the last call for submissions was launched in July 2017 allowing for application by all 16-member States for the balance of resources amounting to €16,770,764. All countries submitted their requests and while some allocations where approved, the 13th COMESA Fund allowed for an extended period for submission of sources of verification to allow for 100% allocation of resources.

3

MONETARY PROGRAMME

3. MONETARY PROGRAMME

COMESA has a phased monetary co-operation programme which aims at establishing a common monetary area. This mandate is derived from Article 4(4) of the COMESA Treaty signed in Kampala, Uganda on 5th November 1993, which states that the COMESA Member States shall "in the field of monetary affairs and finance, co-operate in monetary and financial matters and gradually establish convertibility of their currencies and a payment union as a basis for the eventual establishment of a monetary union". This mandate is further reinforced in Articles 76-78 which respectively deal with the COMESA Monetary and Fiscal Policy Harmonization (MFPH), establishment of currency convertibility and formation of an exchange rate union. It is apparent that greater monetary stability will facilitate the economic integration efforts and provide for sustained economic development. The ultimate objective is to establish a monetary union, and thus enable the Common Market to attain the status of an Economic Community.

The programme enables Member States to create an enabling environment for price stability and economic growth that allow for natural development of financial market and a high degree of economic integration. It also enables the region's financial systems to grow into regional and ultimately global players in the financial market among others.

4

INVESTMENT, INDUSTRIALIZATION AND PRIVATE SECTOR DEVELOPMENT

4 INVESTMENT, INDUSTRIALIZATION AND PRIVATE SECTOR DEVELOPMENT

4.1 Status of Investment in the Region

According to the World Investment Report 2017, global flows of foreign direct investment fell by about 2 per cent, to $1.75 trillion during the year 2016 though there was considerable variation among the different regions. Africa as a region recorded a decline of 3.4 % in FDI inflows compared to 2015 causing as a consequence, a decline at the COMESA region of 0.4% in terms of FDI inflows. Although UNCTAD predicts a modest recovery of FDI flows in 2017–2018, they are expected to remain well below their 2007 peak.

Table 10: COMESA Inflows by Country, 2007 – 2016, Values in US$ million

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Growth rate (%) 2015/2016
Burundi	0.5	3.8	0.3	0.8	3.4	0.6	6.8	80.3	0.2	0.0	(100.0)
Comoros	7.7	4.6	13.8	3.9	6.8	17.0	9.5	14.0	5.1	8.0	55.7
Congo DR	1,808.0	1,726.8	243.2	2,742.3	1,686.9	3,312.1	2,098.2	1,843.2	1,673.5	1,204.7	(28.0)
Djibouti	195.4	228.9	99.6	36.3	78.7	100.0	286.0	153.0	124.0	160.0	29.0
Egypt	11,053.2	13,236.5	8,113.4	6,385.6	482.7	3,745.7	4,530.5	4,783.2	6,884.8	8,106.8	17.7
Eritrea	0.1	0.2	0.0	55.6	18.5	73.7	43.9	46.5	49.3	52.3	6.0
Ethiopia	215.2	107.0	226.9	285.7	619.0	970.4	953.0	1,200.0	2,167.6	3,196.4	47.5
Kenya	723.7	92.5	111.2	171.5	330.3	254.6	505.0	1,370.4	1,485.8	394.0	(73.5)
Libya	3,850.0	3,180.0	3,310.0	1,909.0	0.0		702.0	50.0	725.7	492.6	(32.1)
Madagascar	321.3	499.7	525.9	344.2	438.9	894.7	567.1	350.7	440.8	540.6	22.6
Malawi	124.4	195.4	49.1	97.0	128.8	129.5	119.5	598.8	510.5	328.3	(35.7)
Mauritius	337.1	372.5	240.5	415.4	263.2	346.8	258.6	418.4	201.3	349.4	73.6
Rwanda	82.3	103.4	118.7	42.3	106.2	159.8	257.6	314.7	223.3	254.5	13.9
Seychelles	126.5	129.8	118.4	159.8	144.7	114.0	133.9	110.1	105.9	86.4	(18.4)
Sudan	2,436.3	2,600.5	2,662.1	2,894.4	2,691.7	2,466.4	1,687.9	1,251.3	1,728.4	1,063.8	(38.5)
Swaziland	37.4	105.7	65.6	133.5	92.2	88.6	84.4	25.5	41.3	21.5	(47.8)
Uganda	792.3	728.9	841.6	543.9	894.3	1,721.2	1,096.0	1,058.6	538.5	686.7	27.5
Zambia	1,323.9	938.6	694.8	1,729.3	1,108.0	1,066.0	2,099.8	1,488.8	1,582.7	1,575.0	(0.5)
Zimbabwe	68.9	51.6	105.0	165.9	387.0	399.5	400.0	544.8	421.0	319.4	(24.1)
COMESA	**23,504**	**24,307**	**17,540**	**18,116**	**9,481**	**15,860**	**15,840**	**15,702**	**18,910**	**18,840**	(0.4)

Source: COMSTAT and UNCTAD

Table 11: Average Intra-COMESA FDI Inflows 2007 – 2016

Source Country/Region & Period Average FDI Inflows, US$ Million					
Destination Country	Period Covered	COMESA	EAC/SADC	South Africa	Rest of Africa
Burundi	2013	20.5	1.0	0.1	2.2
Egypt	2007-2016	25.8	202.0		3.1
Kenya	2007-2008	5.8	8.9	45.7	-0.2
Madagascar	2007-2014	147.8		0.5	12.0
Malawi	2010	19.7	10.0	20.0	
Mauritius	2007-2016			49.7	14.9
Rwanda	2010-2015	65.9	9.5	32.7	4.8
Swaziland	2007-2011			34.8	
Uganda	2000-2015	53.0		21.7	7.1
Zambia	2007-2015	24.5	5.2	132.8	11.9
Zimbabwe	2012-2015	8.5	4.1	8.1	6.8

Source: COMSTAT and UNCTAD

The average COMESA originating FDI inflows into Egypt over the period 2007-2016 was US$26 million. FDI inflows into Madagascar from COMESA averaged US$ 148 million for the period 2007 to 2014 and these were mainly from Mauritius. From the latest Mauritian Foreign Assets and Liabilities Survey, South Africa continued to be the most significant source of African originating inward FDI into Mauritius, and this amounted to an average of $50 million over the period 2007-2016. The average FDI inflows from Africa into Uganda for the period 2007-2015 amounted to US$53 million from COMESA and US$22 million from South Africa. In the case of Zambia an average of US$24 million worth of FDI between 2007 and 2015 was from COMESA countries. Over the period 2010-2015, Rwanda received US$66 Million as inward investment from the COMESA region.

Table 12: COMESA Inward FDI Stocks, 2007 - 2016 (US$ million)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Burundi	9	12	13	13	15	14	132	212	220	220
Comoros	33	37	51	60	83	93	97	102	107	115
DR Congo	4,038	5,765	6,429	9,368	11,055	14,367	16,465	18,309	19,982	21,187
Djibouti	518	752	852	878	956	1,066	1,352	1,505	1,629	1,789
Egypt	50,503	59,997	66,709	73,095	72,612	78,643	82,893	87,485	94,307	102,324
Eritrea	445	484	575	666	705	747	791	837	886	939
Ethiopia	3,588	3,697	3,918	4,206	4,833	5,111	6,455	8,310	10,503	13,700
Kenya	2,272	2,760	4,251	5,449	6,899	8,279	9,398	10,219	10,839	11,233
Libya	7,935	11,115	14,425	16,334	16,334	17,759	18,461	18,511	19,237	19,730
Madagascar	1,773	2,787	3,948	4,383	4,915	5,650	6,378	6,277	5,619	5,882
Malawi	780	977	1,029	1,150	1,165	1,167	971	1,181	1,061	1,153
Mauritius	1,249	1,632	3,016	4,658	2,999	3,218	4,345	3,497	4,275	4,606
Rwanda	170	274	392	422	495	716	838	1,152	1,402	2,237
Seychelles	1,136	1,319	1,490	1,701	1,908	2,168	2,339	2,567	2,762	2,917
Sudan	10,247	11,900	13,627	15,690	17,425	19,736	21,424	22,675	24,404	25,467
Swaziland	889	542	809	987	970	1,072	826	679	555	545
Uganda	3,461	4,190	5,031	5,575	6,470	7,675	8,771	9,829	10,368	10,909
Zambia	6,921	7,257	7,607	7,433	8,394	11,048	12,342	14,891	14,468	14,936
Zimbabwe	1,492	1,544	1,649	1,814	2,201	2,601	3,001	3,546	3,967	4,286
COMESA	97,461	117,040	135,820	153,883	160,434	181,131	197,280	211,786	226,591	244,175

Source: UNCTAD

COMESA overall inward FDI stocks posted a 7.7% increase in 2016 over the 2015 levels. Countries that saw significant increases in FDI stock levels were Ethiopia (30.4 %), Egypt (7.8%) and DR Congo (6%).

Table 13: Value of Announced Greenfield FDI Projects by COMESA Source/Destination Country (in millions of $)

	COMESA country as source				COMESA country as destination			
Source region/ economy	2013	2014	2015	2016	2013	2014	2015	2016
Burundi	11	-	-	11	65	372	288	280
Congo, DR	-	1	-	-	1 084	540	1 217	813
Comoros					11	11	11	-
Djibouti	-	600	-	-	225	284	540	235
Egypt	1 167	1 732	1 686	1 707	4 368	17 628	14 700	40 914
Eritrea	-	-	-	-	-	-	-	179
Ethiopia	70	-	-	306	4 929	2 699	1 751	6 751
Kenya	609	495	1 059	206	2 716	1 780	2 564	1 135
Libya	-	23	11	11	135	179	-	-
Madagascar	-	-	-	-	211	358	-	66
Malawi	-	-	-	14	559	29	11	6
Mauritius	2 816	1 523	2 611	155	51	510	88	358
Rwanda	-	-	-	-	435	505	1 197	939
Seychelles	-	-	3	-	156	48	-	22
Sudan	-	-	-	-	66	68	1 556	18
Uganda	7	-	59	389	951	415	659	128
Zambia	33	-	-	-	1 065	2 915	562	492
Zimbabwe	6	548	29	3	2 074	538	653	108
COMESA	4 720	4 922	5 458	2 802	19 100	28 879	25 795	52 442
Africa	18 576	13 558	13 192	11 739	68 333	89 729	67 047	94 073
World	826 620	721 320	772 866	827 670	826 620	721 320	772 866	827 670
COMESA as % of Africa	25.4	36.3	41.4	23.9	28.0	32.2	38.5	55.7
COMESA as % of the World	0.6	0.7	0.7	0.3	2.3	4.0	3.3	6.3

Source: UNCTAD

In 2016, the COMESA region recorded Greenfield FDI pledges amounting to $ 52.4 Billion initiated within its countries. This represents a significant percentage increase of 103.3 % compared to the previous year 2015. Additionally, the figures represent 55.7 % of the total Greenfield FDI projects channelled to African countries and 6.3 % of the Greenfield FDI projects worldwide.

4.2 Trends in Mergers and Acquisitions in COMESA

COMESA economies concluded 86 cross-border mergers and acquisitions (M&A) net sales deals in 2016. This represented 34% of total sales in Africa by selling economies. On M&A deals concluded by purchasing economy, 35 such deals were concluded by COMESA based ultimate acquiring companies, in the same period representing 22% of the overall deals in 2016 on the African continent.

Table 14: Trends in Mergers and acquisitions in COMESA

	M&A Deals by COMESA Selling Economy		M&A Deals by COMESA Purchasing Economy	
	2015	2016	2015	2016
Burundi	-	-		-
Comoros	-	-	-	-
Congo DR	3	6	-	-
Djibouti	-	-	-	-
Egypt	50	32	5	7
Eritrea	1	1	-	-
Ethiopia	3	4	1	1
Kenya	18	17	6	3
Libya	-	1	-	-
Madagascar	1	2	1	-
Malawi	2	-	1	-
Mauritius	7	8	17	19
Rwanda	2	3	1	-
Seychelles	1	2	7	2
Sudan	1	1	-	-
Swaziland	1	2	1	-
Uganda	5	2	-	-
Zambia	4	2	-	-
Zimbabwe	8	3	2	3
COMESA	107	86	42	35
Africa	315	255	149	162
World	10 799	10 725	10 799	10 725
COMESA as % of Africa	34%	34%	28%	22%

Source: UNCTAD

4.3 The COMESA Common Investment Area Agreement (CCIA)

Following the COMESA Authority Decision in 1998 to make the COMESA region a "Common Investment Area", the Agreement for the COMESA Common Investment Area was adopted by the Authority in May 2007 in Nairobi, Kenya.

After seven years, Member States recommended in 2014 that the agreement be reviewed taking into consideration the new emerging issues in international investment regimes and specific standards regarding investor protection, the rights and obligations of investors and the rights and obligations of the host countries. The Thirty Seventh Meeting of the COMESA Council adopted the revised CCIA agreement.

The major programmes to be implemented under revised the CCIA include among others; national treatment to be granted to COMESA investors, investment and investor's protection, opening of economic sectors to all investors, improvement of business environment, cooperation in investment promotion among MS, including cross border investment using inter alia, Double Taxation Avoidance Agreements (DTAA), legal and institutional reform and dispute settlement mechanisms.

The CCIA is a promotional tool to guide MS in various reforms and programmes aiming at facilitating private sector development.

There was a significant progress during the year 2017 towards a final CCIA Agreement. After a technical review in April 2017 by the Legal Drafting Committee, the later was discussed and endorsed by the meeting of Ministers of Justice and Attorney Generals held in Lusaka in September before being subsequently adopted by the Council of Ministers on November 2017 in Lusaka, Zambia.

4.4 The Ease of Doing Business Programme

The World Bank 2018 Doing Business Report, states that 2017 was a good year for most of African countries in terms of ease of doing business reforms. The Common Market cannot be successfully implemented without a conducive environment allowing competitiveness and full conditions making the region a real investment destination. Having observed some failures in the current context, the Secretariat, commenced a Roadmap Programme on ease of doing business in favour of some of its Member States. The programme consisted of a peer to peer review and learning mechanism. The latter allows some member States to learn from others that are performing well through exchanges and practical benchmarking process of best practices in the region. This includes among others, creating an enabling environment to support the private sector to influence suitable policy, legal and regulatory framework that provides an adequate infrastructure for increased cross border trade, trade competitiveness and partnerships across the COMESA region and with other economic blocks.

Countries were ranked as per the table below in the World Bank Doing Business Report:

Table 15: Ease of doing Business Ranking 2018 by COMESA Countries and status

	Ease of Doing Business World Ranking			
Economy	EDB 2017 rank	EDB2018 rank	Change in Rank	Status of rank
Mauritius	49	25	24	Improved
Rwanda	56	41	15	Improved
Kenya	92	80	12	Improved
Zambia	98	85	13	Improved
Seychelles	93	95	-2	Declined
Malawi	133	110	23	Improved
Swaziland	111	112	-1	Declined
Uganda	115	122	-7	Declined
Egypt	122	128	-6	Declined
Djibouti	171	154	17	Improved
Comoros	153	158	-5	Declined
Zimbabwe	161	159	2	Improved
Ethiopia	159	161	-2	Declined
Madagascar	167	162	5	Improved
Burundi	157	164	-7	Declined
Sudan	168	170	-2	Declined
Congo DR	184	182	2	Improved
Libya	188	185	3	Improved
Eritrea	189	189	0	No Change
COMESA	135	131	4	Improved

Source: www.doingbusiness.org

It emerges from the above table drawn from the report's rankings of the years 2017 and 2018 that significant reforms were engaged within the COMESA Member Countries. Among them 11 Member States improved their ranking status, eight countries have declined in ranking while there was no change in one Member State.

4.5 COMESA Industrial Policy and its Implementation strategy

In line with the Council of Ministers Decision adopted in March 2015, in Addis Ababa, Ethiopia which directed COMESA Secretariat to develop the Implementation Strategy of the COMESA Industrial Policy, the Secretariat crafted a Draft COMESA Industrial Implementation Strategy anchored on the following key intervention areas among others: promoting sustainable industrialization, diversifying the manufacturing base and product differentiation, promoting value addition and value chains, strengthening national and regional human and institutional capacities, transforming micro small and medium enterprises, strengthening science, technology and innovation capabilities, promoting labour intensive industrialization for job creation, mainstreaming gender and youth in manufacturing, enhancing regional trade in manufactured products and cooperating in combating illicit trade and counterfeiting. The implementation strategy also defines models and paths of industrialization based on experiences of other countries, key industrialization enablers, implementation modalities and the action plan.

During the year 2017, the Ministers in charge of industry met in Lusaka in September to adopt the COMESA Industrial strategy, following previously held discussions on it by the technical committee the same week. The later was adopted later in November by the COMESA Council of Ministers. The main components of the COMESA Industrial Strategy document include country and regional experiences, strategic focus, the situational analysis, Industrialization enablers, industrialization paths and implementation modalities as well as an Action Plan. It was agreed that all the Member States will share their respective experiences and lesson learnt in the past, that the new strategy interventions must build on.

4.5.1 Cross - Border Business Linkages and Investment

In line with Chapter 12 Article 99 of the COMESA Treaty "Co-operation in industrial development" the Secretariat facilitated private sector led business to business linkages in selected Member States namely: Swaziland, Zambia, Malawi and Ethiopia. The proposed joint ventures and/or partnerships cut across various sectors of the economy such as energy, construction, tourism, transport, science and technology, agriculture and agro-processing and manufacturing among others.

The projects are in various stages of processing and implementation in the selected Member States. The breakdown in the proposed joint ventures is as follows:

Table 16: Joint ventures

Member State	Sectors	Proposed Investment
Malawi	Energy, Construction, Tourism	USD 350 million
Swaziland	Transport	USD 50 million
Ethiopia	Manufacturing	USD 40 million
Zambia	Construction	USD 30 million

4.5.2 Mineral Beneficiation

With assistance from the Economic Commission for Africa (ECA), the Secretariat commissioned a study on the state of mineral beneficiation in the COMESA MS. The findings from the study were expected to be tabled in 2017 to pave the way of promoting mineral beneficiation in the region in line with the COMESA Industrial Policy.

5

INFRASTRUCTURE, ENERGY AND TELECOMMUNICATIONS

In order to attain the vision of becoming a fully integrated, internationally competitive regional economic community, COMESA accords infrastructure its rightful role in regional integration programming. The development of adequate and efficient infrastructure is underlined in the COMESA Treaty and reinforced through various decisions of the Authority.

Several studies have indicated that an increase in infrastructure assets and their quality increases the Domestic Growth Product (GDP). Unfortunately, the lack of quality and adequate infrastructure in Africa has been negative on its GDP. The high cost of doing business has thus been attributed in most cases to the poor infrastructure. As a result, Africa's competitive edge on the global market has been compromised. African's dreams of driving poverty out of the continent and improving the living conditions of its 1.2 billion citizens continues to suffer drawback due to its low quality and insufficient infrastructure. Therefore, bridging the economic infrastructure gap is not just a priority but a must to improve the lives of COMESA citizens and Africans in general.

COMESA's infrastructure pillar evolves around three areas: development of key priority physical infrastructure in transport network (road, rail, water and air), energy and ICT; policy and regulatory harmonization and facilitation. The following sections highlight key achievements in the three areas during the period under review.

Priority Physical Infrastructure Projects

The objective is to improve efficiency of the interconnectivity among countries to facilitate trade and movement of factors of production. The following priority infrastructure projects were coordinated for implementation under the Infrastructure Pillar:

5.1 Transport Projects

5.1.1 North – South Multimodal Transport Corridor (NSC)

To promote inter-Regional Economic Communities (RECs) coordination, in terms of: joint planning, resource mobilization and programme/project implementation, the Tripartite Arrangement between COMESA, EAC and SADC was launched in October 2008. The Tripartite agreement describes the vision and regional objectives of its Southern and East African Member Countries. One of the areas prioritised by the Tripartite was infrastructure. The flagship programme under the Infrastructure Sub-Committee was to roll-out the North South Corridor (NSC) Aid for Trade Programme for road and rail transport along this priority corridor.

The NSC corridor links the port of Dar-es-Salaam (Tanzania) to the Copperbelt sub-region (Southern DR Congo and Northern Zambia), and connects the Copperbelt to the southern port of South Africa, Durban. The corridor system services eight countries namely; Tanzania, DR Congo, Zambia, Malawi, Botswana, Zimbabwe, Mozambique and South Africa.

The NSC aide for trade programme aims to improve both the state of physical transport infrastructure (roads, rail, border-posts and ports) along the North-South Corridor and the regulatory environment for trade and transport (i.e. by simplifying and reducing cross-border clearing procedures, harmonising transit and transport regulations, and simplifying administrative requirements, etc.). It also supports regional energy sector projects within the corridor zone of influence, in particular electricity transmission interconnectors commonly termed the "North South Power Transmission Corridor".

In order to drive the aspirations of the Tripartite Infrastructure subcommittee, a study was conducted by Birmingham University in 2010, to assess the benefits of an efficient NSC corridor. It was in this study that the NSC was ranked as apriority corridor who's unlocking, would result in huge economic boost for the corridor states. However, to fully realise the potential of an efficient NSC, several projects were identified as perquisite to this realisation.

COMESA on behalf of the Tripartite applied for NEPAD IPPF funding to prepare some of the identified projects to bankability. Five (5) critical sections (roads) were identified along the corridor and a grant of USD 4,955,533 was provided for by NEPAD-IPPF. The IPPF grant financed the main consultancy services to produce the feasibility studies, detailed engineering design, drawings, and tender documents. Whilst contributions support activities related to the organisation of workshops to review reports and other outputs, as well as provision for contingency.

The implementation of these links had some challenged. One the partner RECs pulled out of the tripartite project preparation unit, when funding had just been availed. Two, DFID pulled its funding of the personnel seconded to the PPIU, who were responsible for coordination and managing the project preparation. This meant COMESA was at cross roads to manage the project preparation. However, the African Development Bank's funding of the PIDA CAP through NEPAD Agency and African Union came in to support the PPIU by providing an Infrastructure Expert and financing to cover support activities to see this PIDA project as well as the Presidential Champion Initiative project progress.

The following five links: 64km Pandamatenga – Nata and the 111km Palapye – Martins drift (border with South Africa) road sections in Botswana; the 205km Lilongwe (M1) – Jenda road section in Malawi, the 120km Bulawayo – Gwanda link and the 200km Gwanda - Beitbridge road section in Zimbabwe have now been fully prepared to bankability and awaits financial closure. The expected outcomes of the studies will be realised once construction has been completed. This means the cost of doing business and time to traverse through the corridor will be effectively reduced.

5.1.2 LAPSSET Corridor: Mombasa – Nairobi Standard Gauge Railway

The railway network will provide vital regional links between Kenya, Ethiopia and South Sudan, and promote industrial growth and socio-economic development. The LAPSSET Railway Project is a component of a broader spatial development initiative, covering Kenya, Ethiopia and South Sudan and championed by the Government of Kenya. The Project is expected to cost USD7.1 Billion. The 1,710km Standard Gauge Railway (SGR) line is a Greenfield project anchored on Lamu Port on Kenya's coastline to Isiolo where it branches to Ethiopia and South Sudan. The main objectives are to create economic zone between the three countries through trade promotion, transport linkage, alternative ways of accessing the sea and enhance the regional integration.

The first phase of the network which comprises of a single-track standard gauge railway between Mombasa and Nairobi with a route length of 472km and a total length of 609km of which 90% was funded by the China Exim Bank and 10% by the Kenyan Government. Construction of the Mombasa-Nairobi Section was completed and inaugurated on the 1st of June 2017 after which it became fully operational. China Road and Bridge Corporation constructed the railway line. During the construction phase the project created more than 35,000 jobs. The project was closely supervised by His Excellency Uhuru Kenyatta through quarterly stakeholder meetings.

The 25-tonne axle load railway line is expected to move 22 Million tonnes of cargo annually at speed ranging from 80-100km/hr. Passenger trains will have a maximum speed of 120km/hr.

5.1.3 Djibouti Corridor: Ethiopia – Djibouti Standard Gauge Railway

The Ethiopia-Djibouti Standard Gauge Railway Project was completed and is now operational. The 750km railway includes a 100km double line between Addis Ababa and Adama in Ethiopia. The railway was constructed at a cost of US$3.77 Billion. The line will eventually connect to Kenya, South Sudan and Sudan. Ethiopia and Djibouti have engaged in training of staff and a railway institute will be established in Ethiopia to cater for other African countries.

5.1.4 Ethiopia – Sudan

Ethiopia and Sudan have signed a bilateral agreement on the construction of a Standard Gauge Railway between the two countries. The feasibility study for the railway will be funded by the African Development Bank (AfDB).

5.1.5 Swaziland Rail Link

The 150km new railway line link to be constructed at an estimated cost of R 18 billion will connect Lothair Junction in Mpumalanga (South Africa) and Sidvokodvo Junction in Swaziland. It is a joint inter-railway strategic between Transnet Freight Rail and Swaziland Railway intended to create additional railway capacity between the two countries to support modal shift from road to rail, improve integration of over-border logistics between the two companies and promote economic development.

The project will be funded through Public Private Partnerships (PPP). The feasibility study for the project was completed with positive results. The project financiers gave the two railways the go ahead to undertake some of the early planning work. As at the end of 2016, the project was at the detailed planning phase and offers to purchase land, planning for the relocation of households and gravesites, and application for environmental permits were in progress underway.

5.2 Transport Transit Facilitation

5.2.1 Implementation of One Stop Border Posts (OSBPs)

Nakonde -Tunduma One Stop Border Post

The Nakonde/Tunduma Border Post between Tanzania and Zambia is a very important and busy border post providing access to and from the port of Dar es Salaam for Zambia, Congo DR and Zimbabwe under the North-South Corridor. In recognition of the importance of this border post, the AfDB provided US $587,000 funding for the Transport and Trade Facilitation Sub-Component under the Chinsali-Nakonde road upgrading loan facility to Zambia. This component includes development of a One Stop Border Post (OSBP) at Nakonde on the Zambian side. The Trade and Transport Facilitation activities will improve the corridor efficiencies and compliments well with the road infrastructure developments going on along the corridor.

5.2.2 Tripartite Transport and Transit Facilitation Programme (TTTFP)

The lack of an integrated and liberalised road transport market in the East and Southern African (EA-SA) region poses numerous obstacles to trade by causing severe delays and increased transport costs, as well as challenges to road safety and durability. The Tripartite RECs and Member States developed a comprehensive Tripartite Transport and Transit Facilitation Programme (TTTFP) which is being funded under the 11th EDF. This programme builds on previous interventions undertaken by Regional Economic Communities (RECs). It addresses these challenges through the implementation of harmonised road transport policies, laws, regulations, systems and standards that affect drivers, loads, vehicles and road infrastructure in the countries of the EA-SA region.

The overall strategic objective is to facilitate the development of a more competitive, integrated and liberalised regional road transport market in the EA-SA region. The expected results of the programme are to ensure implementation of EA-SA Vehicle Load Management Strategy; harmonization of EA-SA vehicle regulations and standards and efficiency improvement of regional transport corridors improved.

The project commenced in June 2017 following the appointment of consultants to implement the project. The Project Implementation Unit has been established at the SADC Secretariat who the lead REC on the project.

The EU in consultation with COMESA, EAC and SADC has signed a grant Agreement totalling €18 million to support the programme over a period of five years commencing in 2017. Each of the three RECs has been allocated a technical expert to facilitate and coordinate REC specific activities.

Under the TTTFP, Member States can apply for assistance to domesticate and implement the agreed harmonised regional road transport regulations, standards and systems in a coordinated and synchronised manner through the following strategies and interventions:

(i) Development of legal/policy framework/guidelines to improve Member States' implementation of REC obligations and support the domestication of regional agreement.

(ii) Capacity development at the level of the Member States through strengthening the member states' ministries responsible for transport and transport sector regulation,

(iii) Implementation of Vehicle Load Management Initiative, Vehicle Regulations and Standards, Cross Border Third Party Motor Vehicle Schemes, Strategic Regional Weighbridge Location Plan, TRIPS, MCBRTA.

(iv) Strengthen REC Secretariats to enhance Inter REC coordination and the management of the Tripartite Programme

5.3 COMESA Airspace Integration Project

The objective of the COMESA Airspace Integration Project is to assist the COMESA region in implementing a seamless upper airspace. The Project which is financed by the AfDB aims at deploying regional satellite-based air navigation technology in line with ICAO's requirements to migrate to satellite-based CNS/ATM systems which are beneficial over the long term. Hence, an appropriate legal, regulatory, and institutional framework must be in place before engaging in implementation and attracting financing from the private sector and multilateral finance institutions. In addition, before engaging in implementation, there is need to evaluate the technical, financial, economic and operational options available to inform decision making.

The specific objective of the project to establish a seamless upper airspace in the COMESA region in order to improve air transport performance in terms of safety, efficiency, cost effectiveness and environmental impact through deployment of modern equipment and infrastructure facilities in the COMESA region.

Three studies were initiated in 2016 as part of the feasibility study of the project as follows;

(i) Establishment of a Cooperative Legal and Institutional Regional Framework;

(ii) Establishment of a Regulatory Framework and Agency; and

(iii) Assessment of the Technical and Financial Feasibility.

The study on Cooperative Legal and Institutional Regional Framework undertaken by ALG of Spain was successfully completed in September 2016 as per contract. This was achieved under active participation and guidance of Member States and coordination by COMESA Secretariat through meetings and workshops. Under this study, regulations establishing the COMESA Seamless Upper Airspace were developed. These provide a collaborative framework under which the COMESA Member States will jointly manage the upper airspace.

COMESA Member States will thus benefit from a harmonized air transport industry approach which provides vast opportunities for standardization and interoperability, resource sharing, meeting of global standards and regional integration.

The study on the Establishment of a Regulatory Framework and Agency conducted by NTU of Denmark was successfully completed in October 2016 as per contract under the able guidance and supervision of Member States. The study provided the following outputs;

The regulations and guidelines for CNS/ATM project developed are;

(i) Regulations on the Establishment of the COMESA Seamless Upper Airspace

(ii) Agreement to Establish the COMESA Eastern and Southern Africa Airspace Agency

(iii) Civil-Military Interface Framework and Model MoU for the establishment of National Civil/Military Committees

(iv) Model Air Navigation Safety Regulations

(v) Framework for the Business and Strategic Plan of the Agency

(vi) Model Air Navigation Economic and Performance Regulations and Guidelines

Establishment of the COMESA Seamless Upper Airspace will result in;

(i) Improved safety through harmonization of safety policies and procedures, seamless service and total interoperability between Area Control Centers (ACCs)

(ii) Improved efficiency due to reduced fragmentation of services and routing inefficiencies

(iii) Cost effectiveness due to efficient and better organized Air Navigation Services (ANS)

(iv) Positive environmental impact through reduction in fuel consumption and emissions occasioned by route optimization and improved efficiency

(v) Improvements in resource and information sharing through regional data centers

(vi) Improved capacity and coordination through flexible use of the airspace by the civil and military

(vii) Improved services

On the overall, the project results will assist the COMESA region and individual Member States in meeting ICAO operational and safety requirements, improving coordination in the use of the airspace between Civil and Military, establishing the regional coordination framework through the setting up of the Agency. Model Economic Regulations provide best practice example which Member States can benchmark against when developing their own policies.

Implementation of the CNS/ATM project in the COMESA region will therefore improve air transport safety and security, cost effectiveness, efficiency and environmental impact through restructuring of the airspace, deployment of modern satellite based interoperable equipment, harmonization of procedures, information sharing and seamless upper airspace. This project therefore contributes to regional integration as it provides the platform for convergence of business approaches of Member States.

The project deliverables will assist the COMESA region and individual Member States in meeting ICAO operational and safety requirements, improving coordination in the use of the airspace between civil and military, establishing the regional coordination framework through setting up of the Agency.

The third study to assess the Technical and Financial Feasibility of the project was conducted by EGIS of France and completed in June 2017 as per contract. The study provides a detailed analysis of strategic technical and operational options for the provision of seamless upper airspace air navigation services using CNS/ATM systems and make recommendations for implementation modalities. A two-week technical training for experts from COMESA Member States was conducted in Cairo, Egypt in December 2016 as part of the study deliverables.

The COMESA Ministers of Infrastructure approved the study deliverables at their meeting of October 2017. All legal documents arising from the studies will be subjected to the COMESA Legal Drafting Committee before submission to Council and publication in the COMESA Gazette.

5.4 Navigational Line between Lake Victoria and the Mediterranean Sea (VICMED)

VICMED is a Presidential Infrastructure Champion Initiative (PICI) Project championed by the President of Egypt. It seeks to establish a development corridor anchored on the navigational route along the Nile River from Lake Victoria to the Mediterranean Sea. It involves nine COMESA Member States namely; Burundi, DR Congo, Ethiopia, Egypt, Kenya, Rwanda, South Sudan, Sudan, Uganda and Tanzania. Apart from deepening regional integration, the project will provide a relatively cheaper and environmentally friendly transport mode, shorter and direct transport route between Western Europe and, Eastern and Central Africa.

The VICMED Project is supported by the AfDB. Apart from supporting the Pre-feasibility Study completed in May 2015, the AfDB provided further funding amounting to $650,000 through a loan agreement with Egypt for capacity building for the footprint States, development of the project's institutional and legal framework and development of Terms of Reference (ToRs) for the detailed Feasibility Study. Consultants to develop the project's institutional and legal framework and Terms of Reference (ToRs) for the detailed Feasibility Study were recruited in 2016 through an international competitive tendering process in accordance with Procurement Rules and Procedures of the AfDB. The consultants submitted the Inception Report which was considered by the Steering Committee in December 2017.

Capacity building in footprint countries is one of the key components of the project and as such training needs assessment was carried out. A two-week training programme for project footprint countries on Inland Water Transport was conducted as well in Cairo in February 2017. The training programme will contribute to transfer of knowledge to the footprint countries to enable them to effectively participate during the development and implementation phases of the project and subsequent management of inland water transport.

COMESA is coordinating the project and leading in resource mobilisation. The feasibility study is estimated to cost a total of $17 Million distributed among three main study components; main study of the River Nile, $10m; Akagera River, $2 Million and, detailed technical and engineering designs, $5 Million. COMESA will approach a number of development partners to ensure that the full feasibility study is conducted and development of the project is funded.

5.5 Energy Projects

5.5.1 North-South Power Transmission Corridor - Zambia - Tanzania - Kenya (ZTK) Transmission Interconnector

Promoting power interconnection across the continent and facilitating the creation of a Pan African Power Market is one of the key objectives of the Programme for Infrastructure Development in Africa (PIDA). The project aims at promoting and stimulating the development of new power generation projects and electricity export potential.

The North-South Power Transmission Corridor spans 8,000-kilometre line stretching from Egypt through Sudan, South Sudan, Ethiopia, Kenya, Malawi, Mozambique, Zambia and Zimbabwe to South Africa to transport energy generated by the Great Millennium Renaissance Dam. The corridor will connect the East African and Southern African Power Pools (EAPP and SAPP).

The project is being developed in phases: Kenya and Tanzania have undertaken the final preparation of the 400 KV Kenya (Nairobi) – Tanzania (Arusha – Singida) Interconnection under the auspices of the Nile Basin Initiative/Nile Equatorial Lakes Subsidiary Action Programme (NBI/NELSAP); TANESCO is implementing the 400 KV Shinyanga – Iringa; Tanzania with NELSAP are also undertaking the preparation of the 400 KV Iringa – Mbeya power transmission line in Tanzania; Zambia is implementing the 330 KV Pensulo – Kasama in Zambia. The table below summarizes main achievement on this power transmission line.

Table 17: Achievement on this power transmission line

Title	Status	Countries
Zambia, Tanzania Kenya Power Interconnector (ZTK)	The project aims to interconnect the three countries but also will create a link between the Southern African Power Pool and the East African Power Pool, making it possible to transmit power from Cape Town to Cairo. A number of achievements have so far been made on the project namely: (a) In 2016, the complementary market study, reviewing the potential trading volumes and impact of the interconnection on the regional power systems was concluded. (b) The Feasibility study and Environment and Social Impact Assessment (ESIA) for the Mbeya (Tanzania) to Kabwe (Zambia) was completed in November 2017. (c) The Conceptual design for the line was completed in December 2017. (d) The section from Isinya in Kenya to Arusha in Tanzania is under implementation with the construction contract having been signed on 7th October 2016. (a) The 442km, 400 KV Singida – Iringa section was completed in December 2016 (b) Feasibility study for the Iringa-Mbeya, a 349 Km, 400kV line, was completed in 2012. (c) The first phase of the 330kV, 400km line from Pensulo to Kasama (Zambia) was commissioned in December 2015. (d) The Engineering Procurement and Construction (EPC) plus financing contract for the Kabwe - Pensulo section (300km 330KV single circuit) was signed in 2016. Discussions on financing were ongoing. (e) For the Kasama -Nakonde section, an EPC+ Financing contract was signed in 2016 Discussions on financing were ongoing (f) A financier's conference organised by the three countries with financing from EU through COMESA was held on 29 -30 November 2017 in Livingstone Zambia. The total financing requirement for missing sections in Tanzania was estimated at USD 425 Million. Discussions for securing of funding were ongoing with World Bank -IDA, 315mUSD and 120m USD from AFD). Zambia indicated that they were looking for 173mUSD. The World Bank, the European Union Delegation to Zambia	Zambia, Tanzania and Kenya
Ethiopia-Kenya Power Interconnection Project	This is a 500kv High Voltage Direct Current (HVDC), 1,045 km line, 612 on the Kenyan side and 433km on the Ethiopian side. Under Construction and expected to be completed in 2019	Ethiopia and Kenya

Ethiopia-Sudan Interconnection	This is a 3000MW rated capacity project estimated at cost of $436m USD. The feasibility study has been completed and the project itself is expected to be completed in 2021	Ethiopia and Sudan
Uganda-Kenya Interconnector (260km)	Under Construction, expected completion in 2017	Uganda and Kenya
Uganda-Rwanda, (172km)	completed in 2017	Uganda, Rwanda,
Rwanda –Burundi (143Km)	Under Engineering, Procurement and Construction contract (EPC)	Rwanda - Burundi
Rwanda-Burundi-DRC 371km	At various stages of implementation and expected to be completed in 2018. - Birembo-Shango-Gisenyi-Kibuye overhead transmission lines (OHTL) - 86% - Bujumbura-Kamanyola OHTL - Tender document. Preparation - Goma-Buhandahanda – Engineering, Procurement and Construction procurement	Burundi, DRC and Rwanda

5.1.1 Power Generation

Between 2012 and 2016, the COMESA region recorded a 36% increase in installed electricity generation capacity from 48,352 MW to 65,791 MW. The table below provides development of selected power plants in the region.

Table 18: Selected power plants in the region

Member Country	Name of Power Plant	Capacity (MW)	Cost	Status
Egypt	Beni Suef, Burullus and New Capital (Natural Gas)	14,400	Euro 8 billion	4,400 MW already Commissioned in 2016. Extension to 14,400 MW under construction
Ethiopia	Gibe III	1,870	$US 1.8 billion	Commissioned in 2016
Ethiopia	Great Millennium Renaissance Dam	6000	$US 8 billion	Under construction. Expected to be commissioned end 2020
Zambia	Itezhi-tezhi	120	$US420 million	Commissioned in 2016
Zambia	Maamba	300	US750million	150MW Commissioned in 2016
Zambia and Zimbabwe	Batoka Gorge	2400	$US 5 billion	On-going
Burundi, DRC, Rwanda	Ruzizi III Hydro	145	$US 450 million	On-going
Kenya	Coal Power Plant at Kwasasi, Lamu County	985	$US 2 billion	Ongoing
Zambia	Kafue Gorge Lower Hydro	750	$US 1.5 billion	Ongoing
DRC	Inga Hydro Phase 1	4200	$US 6 billion	Ongoing

5.2.1 Cooperation between COMESA and International Centre on Small Hydro Power (ICSHP)

On 15th December 2016, COMESA and the ICSHP signed a Memorandum of Understanding with the objective of promoting the development of small hydropower in Eastern and Southern Africa region and to enhance local capacity building

The ICSHP which was established in 1994, is a non-profit institution operating under auspices of United Nations Industrial Development Organization (UNIDO). Its mission is to promote small hydropower development worldwide. It is based in Hangzhou, China.

To facilitate Member States access to the services of the ICSHP, COMESA and ICSHP opened two Co-Offices, one at ICSHP Offices in China and the other at the COMESA Secretariat in Lusaka in April and May 2017 respectively.

To this end, COMESA and the ICSHP organized a one-week training workshop for Member States on development of small hydro power in Madagascar from the 24 -28 July 2017. Moreover, in 2017 COMESA also sent some officers from Member States to the ICSHP through the COMESA-ICSHP Co-Office for training on small hydro.

a. The COMESA Eastern Africa Power Pool (EAPP)

The Eastern Africa Power Pool (EAPP) was established on 24th February 2005 and adopted by the Heads of State and Government at the 11th Summit of COMESA in November, 2006 as a specialized institution for electrical power for Eastern Africa. The overall objective of EAPP is to facilitate regional integration and hence to realize sustainable growth and development.

The EAPP undertook the following activities in 2016:

a) A draft EAPP Strategic Plan covering the period 2016-2026 was developed.

b) The EAPP Interconnection Code Compliance Programme (EAPP ICCP) was approved during the Council of Ministers Meeting held in Addis Ababa, Ethiopia on 22nd January 2016. The programme is expected to be implemented within three years.

c) The EAPP in partnership with Power Africa has been working to develop the Load and Dynamic Model for the East African Region.

d) The EAPP has been facilitating the development of the Transmission Wheeling Agreement and Tariff for the Ethiopia-Kenya-Tanzania Transaction. This activity aims at developing standard wheeling agreements including the tariff for use in the long-term wheeling agreements in the region.

e) The EAPP-SAPP Interconnection Impact Study: EAPP and SAPP regions are in the process of studying the impact of connecting the two power pools.

f) The following MoUs aimed at assisting the implementation of EAPP were signed:

i) EAPP and DONFANG Electric International Corporation of China MOU on cooperation of power infrastructure development in the EAPP region;

ii) EAPP- State Grid of China (SGCC) and Global Energy Interconnection (GEIDO) MOU on general cooperation of improving EAPP region Power Sector.

5.6 ICT Projects

Information and Communication Technology (ICT) is an elementary ingredient for long-term sustainable economic development. Though the region has seen increased growth in access to basic telephone service through mobile technology, access to the internet service has been slower, this is mainly due to high access costs and inadequate infrastructure.

Considerable international internet connectivity has been installed in terms of submarine cables around Africa and mobile operators in many countries have rolled out 3G and 4G networks. However, the realization of cost effective internet service has been slowed by inadequate inland national and intra-regional fibre backbone network. Thus, increasing access to the internet service through inland infrastructure development at national and regional level is a priority for COMESA. The benefits are also being neutralised by threats on cyber security, business interests, regulatory uncertainty, and limited competition across digital platforms could lead to undesirable concentration in many sectors and high cost of services.

The following projects have been planned to address some challenges mentioned.

5.6.1 COMTEL Project

COMTEL project scope requires the establishment of a terrestrial telecommunications network linking Telecoms Operators in the COMESA region and beyond. The original concept was based on Carrier Operator (CO) model that is building an overlay core and transmission network on the existing infrastructure where available but in most cases, new transmission routes employing a mix of buried fibre-optic cable and overhead infrastructure will be constructed;

The primary purpose of the network is to provide a reliable and cost-effective multimedia connectivity among telecommunications users within the region and beyond; and

Though, carrier business is still profitable recent and future trends in which networks, technology is moving towards fixed-mobile convergence and telecom business are moving towards consolidations, coupled with existing developments in inland fibre networks there is a need to review the COMTEL business model.

Thus, COMESA is currently reviewing the COMTEL project and associated business model taking into consideration consider the emerging industrial trends. The results of the review shall help in coming up with the best technical and business options going forward.

5.6.2 Missing Links and Infrastructure Sharing Study

To enable Cross-Border Investments in Broadband Communications Infrastructure and Services in the Tripartite (COMESA/EAC/SADC) region, COMESA in conjunction with SADC and EAC are carrying out a study to identify the infrastructure gaps on ICT interconnectivity among the Tripartite Member States. The study also includes and assessment of the enabling environment for investment in backbone infrastructure, define an optimal ICT network infrastructure, and develop model policies and regulations to facilitate the establishment and operation of competitive and efficient backbone networks.

The objectives of the study for the tripartite region are:

i. To define an optimal ICT optic fibre network architecture to realize full interconnectivity among Tripartite Member States and the rest of the world.

ii. To identify existing alternative fibre infrastructure currently deployed and its usage by telecom operators in the Tripartite Region (i.e. Power grids, roads, railways, sewage, oil and gas pipelines).

iii. To identify the existing cross-border interconnections, constraints, missing links (intra-inter) and inadequate capacities among Tripartite Member States based on the optimal network.

iv. To determine the cost of investment to realize the optimal network.

v. To develop model policy and regulatory guidelines for use of alternative fibre infrastructure on an open access principle.

vi. To assess existing regional and national regulatory frameworks that would facilitate investments into regional ICT infrastructure and develop a harmonized framework for the Tripartite Region.

The concept Note and terms of reference to hire the consultants has been development and a timeline for commencement of study is approximately six months. The study is expected to commence in mid-2018.

5.7 Policy and Regulatory Harmonization

5.7.1 Transport Policies and Regulations

a. 11 EDF Air Transport Programme

COMESA coordinated the development of the Tripartite Air Transport Programme to be funded under EDF11. The programme recognizes the stable growth of economies and the air transport sector in the Eastern Africa, Southern Africa and Indian Ocean (EASA-IO). The air transport sector has shown potential to grow and enhance economic development in the region. However, lack of an integrated, safe and liberalised air transport market in EA-SA-IO region is retarding development and growth of the air transport services in region and resulting in higher transport costs and long travel times. Aviation safety is the top priority in the international aviation community.

The overall objective of the programme is to contribute to the promotion of regional integration and equitable economic growth in EA-SA-IO region through the development of the air transport sector. The project has three specific objectives;

(i) To enhance the civil aviation policy, legal, institutional frameworks and business environment in EA-SA-IO region.

(ii) To facilitate the improvement of aviation safety and air navigation efficiency.

(iii) Strengthen the governance and management capacity in the aviation sector.

The European Union will fund the programme to the tune of €10million.

To achieve the programme objectives the following main programme activities will be undertaken;

(i) Undertaking a baseline study to assess the status of the air transport including policies, regulations, technology and infrastructure.

(ii) Developing regional policies and regulations.

(iii) Develop regional institutional frameworks to further the implementation of YD on aspects such as competition regulation

(iv) Facilitate the development and implementation of the safety, security, CNS/ATM instruments to comply with international standards in the ESA-IO region.

(v) Carrying out a feasibility study on the regulation, certification and safety management system of small operators (aircraft/airfield operators) based on objective based safety regulation.

(vi) Developing an integrated Search and Rescue (SAR) and Aircraft Incident and Accident (AIG) for regional cooperation;

(vii) Complement AVSEC Security training equipment;

(viii) Support establishment a regional institutional framework for and the development and deployment of the regional CNS/ATM systems

(ix) Identifying and bridging the training needs;

b. Review of Sudan Legislation

COMESA funded a consultant (legal expert) who assisted Sudan to review its Draft One Stop Border Point (OSBP)Legislation and aligning it with existing national legislation based on best practices. This review was successfully done during the same period. In addition, a National Stakeholders Workshop on OSBPs and COMESA Transit Transport Facilitation instruments was held in October 2016.

c. Zambia National Transport Policy

Zambia engaged a consultant to review its National Transport Policy. COMESA participated in the review workshops for the national transport policy and provided guidance based on best practices and international trends.

5.7.2 Energy Policies and Regulations

In 2016, the Enhancement of Sustainable Regional Energy Market in the ESA Sub-Region Project financed under the EDF11 was approved by the European Union and the delegation agreement was signed on 30th May 2017. This is a €7million project jointly developed by COMESA, EAC, IGAD, IOC and SADC. The project is being coordinated by COMESA/Regional Association of Energy Regulators in Eastern and Southern Africa (RAERESA). It covers the Eastern Africa-Southern Africa-Indian Ocean (EA-SA-IO) energy markets and will specifically support actions to:

(i) Develop regulatory frameworks to nurture a regional energy market that is efficient, sustainable, harmonised and able to attract investments as well as promote universal access;

(ii) Develop frameworks that enhance efficient energy management from the supply and demand side;

(iii) Develop model frameworks that enhance the integration of gender perspectives in energy policy and regulation;

(iv) Enhance the capacity of national regulators and regional energy association in providing and enforcing regulations that enhance the regional market;

The first meeting of the Technical Programme Steering Committee comprising the five RECs and their specialised energy institutions was held on 16-17 August 2017 which adopted the first year workplan.

To reduce barriers for renewable energy development and spur policy and regulatory harmonization in the region, COMESA/RAERESA, through the support of USAID-East Africa, developed two guidelines in 2016 to assist member countries to facilitate private sector players in developing renewable energy projects in their respective countries. These two guidelines are:

(v) Guidelines for developing the necessary regulatory framework on off-grid electrification and;

(vi) Best regulatory practices for renewable energy development.

The two guidelines combined with those previously adopted by COMESA Council of Ministers are expected to encourage private sector investment in renewable energy.

In this regard, COMESA in conjunction with RAERESA organised a sensitization workshop for Member States on the Renewable Energy Guidelines in August 2017 which was highly attended by stakeholders.

The workshop was intended to work with member countries to ensure domestication of the approved COMESA guidelines in the respective countries.

5.7.3 ICT Policies and Regulations

COMESA has developed Model ICT policies and bills for adoption by Member States. The model policy and regulative frameworks address areas of common interest in the sector including, competition promotion, sharing and access to passive infrastructure, quality of service, consumer protection, licensing and authorization, access and interconnection, net neutrality, Internet governance and cybersecurity. In collaboration with the Association of Regulators of Information and Communications Technology for Eastern and Southern Africa (ARICEA), COMESA is facilitating the implementation of the policies and regulatory instruments in respective Member States through workshops and trainings.

5.8 Regional Cybersecurity Centre

In addition, COMESA is in a process of establishing a regional cybersecurity centre. The Centre will be a resource centre for capacity building and exchange of information to enhance capacity, capability, readiness, skill and knowledge in the region. Three countries have offered to host the Cybersecurity centre.

After an elaborate transparent process Rwanda had been selected to host the ARICEA secretariat and the regional cybersecurity centre.

The main objectives of the Centre are to:

i. Facilitate the reviewing and updating of national laws based on the COMESA model laws;
ii. Assist in establishing the National Computer Response Teams (CIRT) and Public Key infrastructure (PKI);
iii. Coordinate the Certificate of Authorities (CAs) in the region towards the creation of regional authority;
iv. Ensuring private sector involvement,
v. Provide emergency classified briefings, and real-time threat level reporting.
vi. Convene an annual Cyber Security Congress to bring together the CIRT and critical infrastructure community for networking, learning and addressing issues of concern to the relevant stakeholders; and

vii. Provide users with accurate, actionable, and relevant information
viii. Act as a depository for statistical information that can be shared among all COMESA member countries.
ix. Carryout training and capacity building initiatives in member states

5.8.1 EDF 11 ICT Program; Enhancement of ICT Governance and Enabling Environment in the East and Southern Africa and Indian Ocean Region

The EDF 11 ICT Support Programme for Eastern Africa, Southern Africa and Indian Ocean (EA-SA-IO) region will help strengthen the governance and enabling environment to facilitate the development and improvement of regional connectivity and access to secure and reliable ICT services in a harmonised manner. The program approved budget is 8.4 million Euros. In particular, the programme will support the achievement of the following:

i. Strengthening regional and national policy, legislation and regulatory frameworks to create an enabling environment that promotes fair competition, ensures reliable and secure networks, addresses cybercrime, enables electronic commerce and creation of regional governance mechanism to ensure that efforts are not duplicated and resources are optimally utilised.
ii. Strengthening capacity to respond effectively to cybersecurity and cybercrime issues and increased cybersecurity awareness in the region.

The programme is anchored on the premises that national ICT policies, laws and regulations implemented in a well-coordinated and harmonised manner across the region will provide a platform on which ICTs can contribute substantially to sustainable development. It promotes the realisation of an enabling environment which will enable improved regional ICT governance, cost effectiveness and secure regional connectivity and access which will reduce the costs of trade and investment and thereby stimulate economic growth in the region.

The program identification process has been tentatively being approved by the meeting of all stakeholders held in Dare Salam which included representatives from COMESA, SADC, EAC, IO and IGAD and EU representatives from Brussels. The next stage will be a formulation process which shall be done in consultation with all stakeholders within the first and second quarter of 2018. Final approval and signing of agreement is expected by the last quarter of 2018.

5.9 Institutional and Human Resource Capacity Building

Table 31 below outlines activities undertaken in support of institutional and human resource capacity building to support the implementation of interventions at Member State and Regional Levels.

Table 19: Capacity building activities

Title	Description	Participating Countries	Target Group	Source of Funding
Corridor Stakeholders Workshop	COMESA facilitated training of key staff on One Stop Border Posts for Djibouti Corridor Member States. The first workshop was held in Lusaka, Zambia in March 2016. The workshop was complemented by a field tour of Chirundu One Stop Border Post for participants to appreciate the practical side of the concepts and processes.	Djibouti, Ethiopia, South Sudan and Sudan	Policy Makers	JICA

National Stakeholder Workshops	COMESA facilitated separate workshops in Djibouti in April 2016, Ethiopia and Sudan in October 2016 and provided consultants for the training.	Djibouti, Ethiopia and Sudan	The National Stakeholders Workshops were attended by senior and middle managers from all border agencies in each country	
Review of Legislation	COMESA funded a consultant (legal expert) who assisted Sudan to review its Draft OSBP Legislation and aligning it with other national legislation based on best practices. This review was done during the same period as for the National Stakeholders Workshop.	Sudan	Legal experts and border agencies stakeholders	COMESA
Djibouti Corridor Agreement	The national stakeholders Consultative Workshop was held in Djibouti in April 2016. The workshop contributed towards appreciation and better understanding of the draft Djibouti Corridor Agreement and buy-in by key stakeholders.	Djibouti	Corridor stakeholder Ministries representatives	COMESA
Road Fund	COMESA facilitated a national stakeholder's workshop on the establishment and role of national road funds for Sudan. The objective of the workshop was to assist Sudan to establish a national Road Fund to ensure sustainability of road infrastructure maintenance.	Sudan	Ministries of Transport and Finance	COMESA
Cybersecurity Training workshop	- Development of policies, strategies, laws and regulation - Law Enforcements - Computer response Teams(CIRTs) - International Cooperation - Technical Standards	Zimbabwe	Senior Government officials. Regulator security and Industry	EU
Cybersecurity Training workshop	- Development of policies, strategies, laws and regulation - Law Enforcements - Computer response Teams(CIRTs) - International Cooperation - Technical Standards	Burundi	Senior Government officials. Regulator security and Industry	EU
Study Tour to EU Cybersecurity institutions	- Tour to cybersecurity institution in Brussels and The Hague (CIRT EU, Europol)	Burundi, Uganda	Senior Officials from the Regulator	COMESA and respective member states
Support to set-up Computer Response Teams (CIRT)	- CIRT setup and operations - International cooperation - Cooperation with law enforcement	Seychelles	Senior Technical people at Ministry responsible for ICT	EU

6

AGRICULTURE AND CLIMATE CHANGE

6.1 Comprehensive Africa Agriculture Development Programme (CAADP)

Implementation of the Comprehensive Africa Agriculture Development Programme (CAADP) in COMESA. CAADP was endorsed by the Assembly of Heads of State and Government of the African Union at Maputo, Mozambique, in 2003. In 2016, COMESA mobilised technical, financial and organizational support to assist Member States in enhancing country level CAADP implementation with the following results:

(i) Swaziland, Sudan and Djibouti hosted their High-Level Business Meeting (HLBM). The High-Level Business Meeting serves as a resource mobilization platform and signal of implementation readiness of the National Agriculture Investment Plans (NAIPs). To-date 14 countries have formulated their National Agricultural Investment Plans (NAIPs) and twelve have hosted their HLBMs and began implementation. Zimbabwe is scheduled to host their HLBM next.

(ii) Several countries advanced in drafting their second generation NAIPs in 2016. These include: Uganda, Malawi and Ethiopia. Rwanda began planning their third generation NAIP in 2016. Rwanda's case is instructive in the harmonization of regional and national programmes and addressing the fundamental needs of citizens and the economy. During Rwanda's first NAIP, poverty was reduced by 12%, lifting one million people out of poverty. 60% of the poverty reduction was attributable to agricultural development[2].

(iii) In conjunction with the African Union Commission and the NEPAD Planning and coordinating agency, Malawi conducted a 'Malabo Domestication' exercise to ensure alignment of the second generation NAIP to the goals and targets of the Malabo Declaration. This domestication was also a peer learning exercise in clarifying the components of a 'Malabo-compliant' NAIP.

(iv) Through the support of COMESA, Zimbabwe successfully established the SAKSS node platform as a knowledge management system. The idea is to improve the statistics, data and monitoring and evaluation of agriculture in Zimbabwe. The first activity was to have a capacity needs assessment completed. The needs assessment identified several critical areas in the field of monitoring and evaluation. These included but were not limited to: survey methodologies; other data collection techniques and computing and profiling indicators. For purposes of sustainability and ownership, the Platform is housed in the Ministry of Agriculture, Department of Economics and Markets.

Following the signature of its Regional Compact in November 2014, COMESA, in 2015 embarked on a process of designing a Regional Investment Programme in Agriculture under the Priority Area 2 of the COMESA Regional Compact (RIPA II): "Removing Barriers to Agricultural Trade and Linking Farmers to Markets with a Focus on Corridors (Corridor Development)". This exercise was completed in 2016 and will serve as 'early action' for the upcoming Regional Agriculture Investment Plan.

Further, in 2016, COMESA signed a Technical Cooperation Partnership Agreement with the Food and Agriculture Organization for technical and logistical support in drafting a fully bankable, transformative and investment friendly Regional Agriculture Investment Plan.

Despite the notable achievements, continued slow implementation pace at national level and lack of resources, continue to hamper implementation progress. Domestic resources are the first port of call for CAADP/Malabo implementation and will require to be increased if the objectives of the programme are to be achieved by 2025.

6.2 Reinforcing Veterinary Governance (Vet-Gov) Programme

The Reinforcing Veterinary Governance (VET-GOV) is a five-year partnership programme funded by the European Commission (EC), with a contribution of the African Union Commission (AUC). The Program is being executed by AU-IBAR in collaboration with the World Organization for Animal Health (OIE), the Food and Agriculture Organization of the United Nations (FAO) and the Regional Economic Communities (RECs). The specific objective of the programme is to improve the institutional environment at national and regional levels to provide effective and efficient animal health services in Africa.

In support of the expected result aimed at **enhancing knowledge and awareness for institutional change**, the following activities

2 *Ministry of Agriculture and Animal Resources, Rwanda (2014)*

were undertaken;

(i) Collation of relevant information on livestock and related policies and strategies at the MS and regional level was completed and published titled, "The livestock policy landscaping in Africa.

(ii) To bridge the livestock policy gaps, the VET-GOV programme engaged in capacity development of stakeholders in policy formulation and implementation through Livestock Policy hubs in the Member States. The report can be downloaded from http://www.au-ibar.org/vet-gov-resources/vet-gov-studies

(iii) Provided support for development of Livestock Policy and update of Veterinary Legislation and specific studies and trainings as indicated below

i. **Mauritius** was supported to complete their Livestock Policy and Veterinary Legislation development. The developed livestock policy is currently being implemented.

ii. **Zambia** was supported to complete the development of their Livestock Policy, Animal Health, Ruminant livestock, Poultry, Apiculture and Swine Regulations. All documents were thoroughly discussed and validated. It has been sent to Cabinet to be approved.

iii. **Comoros,** was supported to develop Veterinary Legislation and Livestock Development Policy. In addition, they were supported in the formulation of Animal Health Strategy. All the documents were thoroughly discussed and validated.

iv. **Malawi**, was supported to complete Comprehensive Livestock Development Policy. The Veterinary Legislation was also updated. In addition, the program sponsored study on the Contribution of livestock to National Growth Domestic Product (GDP), Manual for Livestock Identification and traceability Developed. All were validated and are being implemented.

v. **Madagascar** was supported in the development of Comprehensive Livestock Development Policy and update of Veterinary Legislation. A comprehensive study on Livestock Value Chain including Dairy, Large and Small Ruminant, Poultry, Pig and Apiculture, Silk worm were also completed and are being utilized. The documents were validated and are being used. Training was given on Animal Resource Information System

vi. **Seychelles** was supported in the development of Comprehensive Livestock Development Policy and Bio-security Legislation. Capacity building Training was given on Animal Resource Information System

vii. **DRC** was supported in the development of Comprehensive Livestock Development Policy and update of Veterinary Legislation. Training of trainer on Quarantine use and management was also delivered. Training was given on Animal Resource Information System

The programme undertook the following support pilot activities in selected countries:

(i) Evaluation of Basic Veterinary Care in Mauritius. The overall aim was to improve the quality and efficiency of basic veterinary care to increase the productivity of farmers in the country. An in-depth analysis of the veterinary system (including legislation and regulatory functions) was undertaken. The factors influencing the level of basic veterinary care were identified and solutions proposed for implementation.

(ii) Surveillance of tick and tick-borne diseases in Comoros

As part of the COMESA CAADP Regional Agricultural Investment Programme (RAIP), the COMESA Secretariat SPS and VET-GOV Programme, with assistance from the European Centre for Development Policy Management (ECDPM), established the Dairy Platform for Eastern and Southern African Countries. The platform aimed at promoting an investment programme to enhance regional agro-food trade and access to markets for farmers and improve safety standards of dairy products.

To facilitate consultation and provide guidance for harmonization of policy and regulatory frameworks in support of a key expected result of the programme supporting institutional capacity for livestock policy formulation, COMESA developed and disseminated the Livestock Policy Framework with involvement of all member states. In addition, work commenced on the preparation of strategies to control and eradicate small ruminant disease known as Peste des Petits Ruminants (PPR) as well as the updating of veterinary legislation among other activities in the Member States.

To enhance institutional capacity of Member States for the implementation of strategies, policies and enforcement of regulations, the following capacity building training workshops were held at regional and continental levels:

(i) The Directors of Veterinary Services (DVS) and Animal Production (DAP), the National Livestock Policy Focal Persons (NL-PFP) and communications experts from all Member States were trained on policy formulation and implementation including advocacy and communication

(ii) DVS, DLP/D and NL-PFP were trained on the use of policy analysis tools and guidelines including EXTRAPOLATE (EX-ante Tool for Ranking Policy Alternatives) and the LSIPT (Livestock Sector Investment and Policy Toolkit).

(iii) To assess the compliance of veterinary services with World Organization for Animal Health (OIE) standards, Member States were supported to undergo Performance of Veterinary Services (PVS) Evaluation, PVS Gap Analysis and Veterinary Legislation mission by OIE. With the support of OIE training was given on compliance to International standards and SPS measures.

(iv) Member States except DRC and Madagascar were trained on the use and operation of the Animal Resources Information System (ARIS), and are using the system for data recording management and transmission to AU-IBAR.

6.3 Sanitary and Phytosanitary Measures/Technical Barriers to Trade (SPS/TBT)

Sanitary and Phytosanitary (SPS) policy and regulatory measures are necessary for the protection of plant, human and animal health. But if they are inefficiently implemented or lack a scientific basis, they can constitute technical barriers to trade. As countries gradually eliminate tariff barriers, efforts to reduce non-tariff barriers are increasing. Poorly implemented or unnecessary SPS measures undermine regional trade and the gains that would be achieved through deeper integration. Thus, a number of initiatives are underway to harmonize SPS measures, and improve their implementation and effectiveness in the COMESA Free Trade Area (FTA), in order to facilitate trade while safeguarding human, animal and plant health.

in 2016, the Secretariat reinforced partnerships with Member States and development partners, particularly USAID, the African Development Bank (AfDB) and the European Union. Additionally, partnerships were strengthened with technical agencies such as the Standards and Trade Development Facility, Australian biosecurity agencies, CABI, FAO, International Institute of Tropical Agriculture (IITA) and the private sector through the COMESA Business Council (CBC). Through these partnerships nearly USD 8 Million was mobilized for capacity development programmes. Priority activities have been undertaken contributing to the four result areas of the 2016-2020 SPS Strategy and the parallel TBT areas as follows:

(i) Public and private sector capacity development needs prioritised and addressed

(ii) Regional leadership, coordination and collaboration on SPS issues

(iii) Reduced trading costs associated with SPS measures

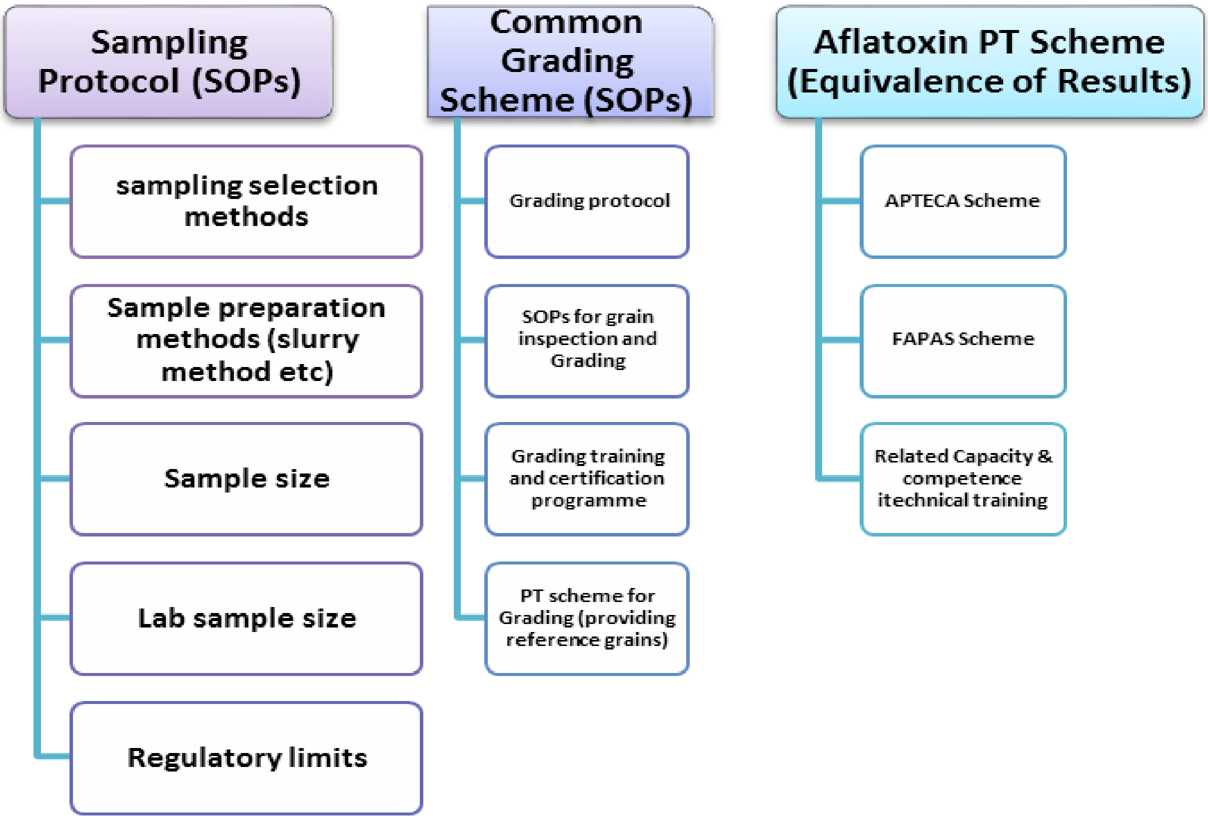
(iv) Priority SPS risks managed

6.3.1 Aflatoxin mitigation and maize trade facilitation

One of the priority risks is aflatoxins, associated with stunting in children and liver cancer in humans, and often found contaminating maize, groundnuts and other food staples in the field and during post-harvest handling. The COMESA aflatoxin mitigation strategy was developed as a guide on regional priorities and actions to reduce aflatoxin contamination to safe levels.

Subsequently, Kenya, Uganda, Malawi, Rwanda, Zambia and Zimbabwe entered into mutual recognition arrangements to enhance risk based approaches and eliminate conformity assessment checks, with significant reduction in overall trading costs, estimated to be about 15%. While the health impact is not easily quantified, it is anticipated that increased monitoring will reduce aflatoxin exposure and cause a positive health outcome. By adopting risk based sampling, one-time testing is now possible in all six Member States. Thus, this represents a "win-win"; not only is the risk more effectively managed but trade is facilitated.

Figure 14: Mutual recognition of Conformity Assessment Procedures to Facilitate Maize Trade



6.3.2 Balancing trade facilitation and health protection

Despite the reduction of tariffs over the last few years and the entry into force of trade facilitation agreements in pursuit of regional integration, trade in Africa remains constrained by the relatively high costs and administrative difficulties experienced at the borders. Border processes including technical measures can be the most problematic links in supply chains, particularly in poor countries. This not only increases trading costs but also undermines the competitiveness of goods produced in the region, and contributes to increased food imports from outside the region.

The challenge for most governments is how to balance trade facilitation and health protection policy goals. SPS/TBT regulatory measures for human, animal and plant health protection may incur relatively high costs for traders, and often result in the ineffective management of risks. This renders initiatives such as OSBPs and the STR ineffective and undermines gains from the FTAs in the long term. Faced with this challenge, Tripartite States namely Botswana, Kenya, Rwanda, Tanzania, South Africa, Uganda, Zambia and Zimbabwe embarked on an initiative to assess costs of SPS/TBT measures associated with selected commodities traded across borders to identify opportunities to improve the measures and/or the administrative procedures. Evidence showed that increasing transparency and introducing risk based approaches in border management could enhance efficiency and improve the regulatory and business environment in a significant way. Through this initiative, the EAC, COMESA and SADC are sharing lessons on SPS/TBT best practices, including; (i) peer assessments on market surveillance and SPS/TBT inspections applied in the EAC to address challenges related to cumbersome inspections and administrative procedures, (ii) the concept of approved economic operators applied by COMESA to pre-authorize customs clearance, which could be applied in fast tracking the SPS/TBT clearance of low risk commodities and consistently compliant exporters/traders.

6.3.3 Leveraging Australia expertise to improve plant biosecurity risk management

The Australia-Africa Plant Biosecurity Partnership (AAPBP) aims at strengthening the skills of professionals in plant biosecurity agencies or National Plant Protection Organizations (NPPOs); the national institutions responsible for plant health, to address critical plant pest and diseases that constrain trade and undermine regional food and nutrition security. Through the Plant Biosecurity Cooperative Research Centre (PBCRC), the initiative is leveraging the world-class strength, experience and comparative advantage of Australian biosecurity agencies to strengthen the technical competence of NPPOs. The Tripartite States participating in the initiative are Burundi, Ethiopia, Kenya, Malawi, Mozambique, Rwanda, Uganda, Tanzania, Zambia and Zimbabwe.

6.3.4 Integrating biosecurity measures in supply chains

To integrate effective biosecurity measures in regional supply chains, regulatory authorities worked with the respective private sector entities, including the Uganda Flower Exporters Association, Flamingo Horticulture in Kenya, the Association of Horticulturists in Burundi, the Association of Mango Growers in Tanzania, and Fruitsol of Mozambique to improve biosecurity management and connect supply chains beyond domestic borders. Through the initiative, National Plant Protection Organizations (NPPOs) have established a network of plant health professionals in the public and private sector, allowing biosecurity issues such as the fruit fly, the banana panama disease and maize lethal necrosis, and the Fall Army Worm (FAW) to be addressed more effectively and coherently. Subsequently, improved capacity for negotiation of phytosanitary risk management measures is enhancing market access agreements within and outside the region, as well as facilitating industry to easily source materials from across borders.

6.3.5 Enhancing market access

In order to enhance market access opportunities in regional and global markets, the Secretariat supported various initiatives aimed at mitigating Bactrocera spp. or fruit flies, which are not only regulated in export markets, but also cause postharvest losses that could be as high as 40% in some countries undermining regional food and nutrition security. By supporting the establishment of the national fruit fly surveillance programme in Zimbabwe, exports of stone fruit and citrus were reinstated subsequent to a temporary ban imposed by South Africa, and this increased horticulture exports to 265 tonnes in 2015, while in Europe interceptions of harmful organisms dropped from 16 in 2014 to only 1 in 2016.This has improved Zimbabwe's reputation and reduced the frequency of inspections at EU borders, with an anticipated 10% reduction in overall trading costs. In Madagascar, the same efforts have secured a bilateral agreement on litchi imports into South Africa, providing an alternative market to Madagascar litchis that are traditionally exported to the EU. These efforts are estimated to contribute 10% annual growth in Litchi intra-regional exports in the long term. In Comoros, the Secretariat supported development of a monitoring system for hazards in fish and fishery products with the aim of boosting fish exports to the EU, while in Djibouti, the upgrading of the national quality infrastructure is expected to enhance the quality and competitiveness of locally produced products in regional and global markets.

6.4 Climate Change

COMESA, EAC and SADC jointly implemented a Programme on climate change adaptation and mitigation in the Tripartite region. The Programme received distinct financial support in form of grant agreements from the European Union Commission, the Norwegian Ministry of Foreign Affairs and the United Kingdom Department for International Development towards overall objectives. EU funding ended on 31st December 2014 while DfID and Norway support ended on 31st October 2016.

The key achievements of the Programme were as follows:

(i) Nine Climate Smart Agriculture pilot projects were implemented in 9 countries namely; Botswana, Lesotho, Madagascar, Namibia, Seychelles, Swaziland, Uganda, Zambia and Zimbabwe. There was some replication of the pilot projects by others who learnt from those supported by the Programme.

(ii) Eight Member States were supported to design their National Climate Change Response Strategies and Policies namely; Botswana, Burundi, Comoros, DR Congo, Kenya, Sudan, Swaziland and Zimbabwe. This led to the creation and strengthening of institutional structures and budgetary allocation to support adaptation and mitigation activities in the countries.

(iii) Nine Member States were supported to design their Climate Smart Agriculture Investment Frameworks namely; Burundi, Lesotho, Madagascar, Malawi, Rwanda, Seychelles, Swaziland, Uganda, Zambia and Zimbabwe. The countries are now mobilising resources and implementing some of their priority projects.

(iv) A total of 152 African Negotiators were trained with the support of the Programme. Other support interventions included production of negotiation position papers, facilitation of the African Group of Negotiators and increased Member States participation in the negotiations at the United Nations Framework Convention on Climate Change. As a result, the Paris Agreement incorporated key African concerns particularly on resources, technology transfer and agriculture.

(v) Household surveys conducted on smallholder farmers in Malawi, Zambia and Zimbabwe confirmed that the adoption of CA has immense benefits on food, nutrition and income security for households.

(vi) The Programme supported the planting of 1,5 million trees across the region;

(vii) Eighty primary schools were supported to improve their CSA practices (30 in Uganda and 50 in Zimbabwe) with 11,000 pupils participating.

(viii) Eight Member States namely Burundi, DR Congo, Kenya, Ethiopia, Madagascar, Rwanda, Sudan, and Zambia were supported to update their climate change adaptation and mitigation measures and action plans in respect to REDD+, NAMAS and INDCs.

The following observations of programme impact were made:

(i) The Programme realised impact on the negotiations as the key aspects of the African position developed with Programme support were reflected in the Paris Agreement

(ii) The major impact of the CSA pilot projects has been attitudinal change of farmers, pupils, school teachers and extension workers towards CSA. Many farmers are continuing their own as the crop yields increased 3 to 6- fold.

(iii) Innovative approaches have been applied to up scaling CSA, for example, working with school children, who have transferred the knowledge to their parents, many of whom have become CSA adopters.

(iv) Impact is also observed in the ownership of National Climate Change Policies, Strategies and Action Plans and their inclusion in National Development Plans and government budgetary allocation to climate change actions. The development of the requisite institutional structures is also testament to this.

The programme observed the following lessons learnt:

(i) The CSA pilot in Madagascar showed that research is important for scaling up CSA. New varieties of rice, use of the nitrogen fixing tree were also very effective.

(ii) The use of in country sub-grantees was useful as it broadens the expertise pool, strengthens partnerships at the regional, country and community levels.

(iii) COMESA, EAC and SADC are best positioned to provide knowledge transfer through exchanges, documentation and videos. For example, the CSA pilot in Uganda was initiated because of exchange visits organised by the programme.

(iv) Most Member State processes on developing climate change strategies, policies and action plans were fast tracked due to the support rendered by the programme, hence the need for the continued support by COMESA to member States especially on accessing climate finance and project implementation at the national level.

7

GENDER AND SOCIAL AFFAIRS

Regional integration and improvement in standards of living of COMESA citizens cannot be achieved without inclusive, non-discriminatory and affirmative action to address specific social and economic needs of women, men and the youth. The Secretariat promotes gender equality and women empowerment, cooperation on health and, social and cultural matters including youth empowerment to achieve sustainable socio-economic development in the region. The work is anchored on the COMESA Treaty Articles 154 on Gender Mainstreaming; 155 on Women's Economic Empowerment; and 110 on Health matters; and 143 on Social and Cultural Development. In addition, the work on gender and social affairs is aligned to the African Union Agenda 2063, Goal 17 on Gender Equality and Empowerment of Women and Goal 18 on Youth Empowerment; and the UN Agenda 2030 for Sustainable Development Goal 5 on Gender Equality.

Policy development, awareness and sensitization, advocacy, capacity building, networking, sharing and adaptation of best practices, undertaking research and documentation for evidence based programming are some of the methods used in the implementation of the gender, youth and social development programmes.

Below are the activities and achievements under Gender Equality, Women and Youth Empowerment and Social Development Programme for the period 2016 and 2017.

7.1 50 Million African Women Speak Project

In 2016, a project championed by the COMESA Secretariat and supported by the African Development Bank (AfDB), called 50 Million African Women Speak (50MAWS) was established in partnership with EAC and ECOWAS. The three-year project will be implemented from 2017 to 2020 at a cost of 8.82 Million AfDB Unit of Account, approximately USD12 million. The goal of the project is to contribute to the economic empowerment of women through the provision of a networking platform to enable women to access financial and non-financial information services including sharing of good practices and experiences, mentorship, access to markets among others. The project is expected to reach 50 million African women in business through the information and networking platform. This will contribute to the realisation of the aims of the COMESA Gender Policy, the Africa Union Agenda 2063 and the UN Agenda 2030 for sustainable development on women's economic empowerment.

The project will establish Country Teams in 36 Member States (15 in COMESA[3], 6 in EAC and 15 in ECOWAS) to facilitate implementation of the project through content management. The Country Teams will be led by the Ministries responsible for Gender and Women's Affairs, with active participation of Ministries of Trade, FEMCOM National Chapters, other women's groups and stakeholders.

In 2017, the project implementation units (PIUs) in all the three regional economic communities (RECs) were set-up, and the joint launch of the project was undertaken to orient the three PIUs on the project.

7.1.2 COMESA Women Economic Empowerment Fund (WEEF)

Access to affordable finance continues to be a challenge for women in business, hence the establishment of the COMESA WEEF. To accelerate the operationalisation of the WEEF, the Council of Ministers recommended that the Trade and Development Bank (TDB) the former PTA Bank manages the WEEF. Secretariat engaged the TDB to initiate the process towards the operationalization of the WEEF. All background assessment reports and reports on similar initiatives in the region were shared with the TDB. In addition, FEMCOM embarked on the development of a regional database for women in business to support the operationalization of the COMESA WEEF. The WEEF will be linked to other initiatives including the 50 Million African Women Speak (50MAWS) Project, and related African Development Bank initiatives such as the Affirmative Finance Action for Women in Africa (AFAWA).

7.1.3 COMESA Gender Policy and Guidelines for Gender Mainstreaming in CAADP

To strengthen gender mainstreaming in policy, programmes and systems at Secretariat, COMESA Institutions and Member State, Secretariat completed the revision of the COMESA Gender Policy, and developed the Gender Mainstreaming Guidelines for CAADP with support from USAID. Gender experts from member States as well as other stakeholders participated in meetings held in May 2016 in Lusaka and August 2016 in Livingstone on the review of the policy and development of the guidelines. The policy and the

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3 *The COMESA Member States covered by EAC are not included, hence the number 15, not 19 which includes EAC member States that are also COMESA member States.*

gender mainstreaming guidelines for CAADP were approved by the Council of Ministers during the 36th Meeting held in Antananarivo, Madagascar in October 2016. In 2017, Secretariat disseminated the Gender Policy to member States for implementation. The Policy has 24 specific objectives on specific thematic areas including trade, agriculture, industry, governance, transport, communication, among others. Each of the policy objectives has measures that implementers at various levels should consider in addressing gender concerns and issues that limit the effective participation of women in socio-economic development.

7.1.4 Training of Professionals on Gender Mainstreaming in Policy and Programmes

Taking gender equality into account in Trade policies, programs, projects and strategies, monitoring and evaluation strengthens regional and national competitiveness and assists in obtaining inclusive and sustainable outcomes. In COMESA, gender is not adequately addressed in trade policy, programs, projects, strategies and reporting at Secretariat, COMESA Institutions and Member States. To be able to address gender in policy and programmes, it is critical to understand gender dimensions of sectors such as trade, transport, agriculture, industry, private sector development, governance, energy, communication, statistics and knowledge management, finance, environment and others.

7.2 COMESA Module and On-line Course on Trade and Gender

In 2016, Secretariat partnered with the United Nations Conference for Trade and Development (UNCTAD) to develop a COMESA module on Trade and Gender, and to conduct an eight weeks on-line training for policy makers, researchers, academicians and other relevant professionals in the region. The Module uses data from COMESA Member States to highlight trade and gender issues to enlighten and strengthen skills of policy makers, academicians, researchers and other professionals on gender mainstreaming in trade policy and programming. In 2017, the COMESA on-line course on trade and gender was conducted. 73 professionals, (47 from Member States, Burundi, Egypt, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Sudan, Swaziland, Uganda, Zambia and Zimbabwe; 23 from COMESA Secretariat and 3 from UNCTAD and FAO) were selected for the course from 150 applicants. The 73 course participants were drawn from different sectors including trade, industry, investment, finance, bureau of standards, gender, women in business, and academia. Fifty of the trainees successfully completed the course and were awarded with certificates. Due to high demand for the course, the second edition of the course will be conducted in 2018.

Furthermore, in 2017, Secretariat with the support of USAID trained 30 professionals from Secretariat and six Member States (Comoros, Djibouti, D. R. Congo, Eritrea, Malawi and Madagascar) on gender mainstreaming in policy and programmes. The participants were drawn from various sectors including planning, gender, agriculture, transport, trade, and finance. The training took place in April 2017 at Chita Hotel in Kafue, Zambia. The training was the third and last one to be undertaken with support of the USAID Implementation Letter II resources. The first two trainings were undertaken in 2015.

7.2.1 COMESA Social Charter

The COMESA Social Charter was adopted by the Council of Ministers in March 2015 in Addis Ababa, Ethiopia. The Council of Ministers urged Member States to sign and ratify the Charter to enable its implementation. Secretariat disseminated the Social Charter to all Member States for their signature and ratification. Since 2015, the Secretariat has undertaken sensitisation missions to eleven Member States namely; Comoros, DR Congo, Djibouti, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Swaziland and Zambia. Three Member States Mauritius, Malawi and Madagascar have since signed the Charter. In 2016, the Council of Ministers decided that the Signing of the Social Charter should be one of the Agenda Items of the Summit of Heads of State and Government to encourage Member States to sign the Charter. According to Article XIX of the COMESA Social Charter on Adoption and Entry into Force, the Charter shall enter into force when signed by or on behalf of the high contracting parties and ratified by at least eleven signatory States.

7.2.2 COMESA Health Framework and HIV and AIDS Policy

The Secretariat completed the development of the COMESA Regional Health Framework and the HIV and AIDS Policy with support from USAID. Experts from Member States as well as other stakeholders participated in meetings held in May 2016 in Lusaka and August 2016 in Livingstone on the Health and HIV and AIDS Policy Development. The documents were endorsed by the Council of

Ministers during the 36th Meeting Held in Antananarivo, Madagascar in October 2016. In 2017, Secretariat disseminated the Health Framework and the HIV and AIDS Policy to all member States for implementation.

7.2.3 COMESA First Ladies Meetings

The COMESA First Ladies play a critical role in advancing gender equality and social development in the region. In 2016, two meetings of the COMESA First Ladies were held with the support of the COMESA Secretariat.

The First Lady of Ethiopia Her Excellency Madam Roman Tesfaye hosted an advocacy meeting for the COMESA First Ladies on Cervical, Breast and Prostate Cancer. The theme of the meeting was *"Economic Empowerment of Women: A Pathway to Child and Maternal Health and Prevention and Management of Cervical, Breast and Prostate Cancer in Africa"***.** The meeting was held on 24 June 2016, in Addis Ababa, Ethiopia. The aim of the conference was to advocate for availability of cancer prevention and treatment services in COMESA Member States and enable the public to access the services at no cost. The First Lady of Ethiopia was the Chairperson of the COMESA First Ladies for the period March 2015 – October 2016.

In October 2016, the First Lady of the Republic of Madagascar, Her Excellency Madam Voahangy Rajaonarimampianina became the Chairperson of the COMESA First Ladies and hosted the 9th COMESA First Ladies Roundtable during the 19th Summit of the COMESA Heads of State and Government held in Antananarivo on 18 – 19 October 2016. The theme of the meeting was *"Promoting the Processing of Local Products through Women's Know-how for the Development of Inter-Regional Trade".* The meeting advocated for economic empowerment of women through capacity building and strengthening access to regional and international markets for local products.

7.2.4 Youth Empowerment

The Secretariat engaged the private sector, civil society organizations and other organisations on possible partnership for the implementation of the COMESA Youth Programme. New partnerships were established with the United Nations Volunteers (UNV) Programme to develop a COMESA Youth Internship and Volunteer Programme, and Child and Youth Finance International (CYFI) to implement youth entrepreneurship activities. In addition, the MoU with Global Peace Foundation on the implementation of the Youth Programme was renewed for continued partnership on promotion of youth empowerment in the region. In November 2017, Secretariat in partnership with UN Women and Asia Agriculture and Rural Development Organization (AARDO) held a regional meeting on Youth Empowerment in Lusaka, Zambia. During the meeting Secretariat disseminated the COMESA Youth Programme while member States (Egypt, Ethiopia, Malawi, Mauritius, Sudan and Zambia) reported on national initiatives on youth empowerment.

7.2.5 Advocacy: Communication Strategy for the Gender and Social Affairs

The Secretariat with the support of USAID developed a Communication Strategy on Gender and Social Affairs. The purpose of the strategy is to increase awareness and visibility of COMESA work on gender and social affairs, and to strengthen advocacy on gender, youth and social development in the region. Additionally, the Strategy will assist in the documentation of the work of Secretariat, Member States, partner organizations, and other organizations on gender, youth and social development. In the period under review, the first and second edition of the COMESA Gender and Social Affairs Newsletter were published. In addition, Secretariat identified a number of civil society organizations in member States to assist in the dissemination and monitoring of the implementation of COMESA gender and social affairs policy frameworks.

7.2.6 Reporting Guidelines and Gender Statistics for Monitoring Progress for Gender Equality and Social Development

The Secretariat developed the Gender and Social Development Reporting Guidelines for Member States. The guidelines were endorsed by the Council of Ministers at the 36th Meeting held in Antananarivo, Madagascar in October 2016. The guidelines include targets and indicators that will show progress on gender equality, women empowerment and social development. Member States will be expected to submit reports by 15 December annually using the guidelines. In 2017, D.R Congo, Egypt, Ethiopia, Madagascar, Malawi, Mauritius, Seychelles, Sudan, Swaziland and Zambia submitted their reports to the Secretariat.

7.2.7 Gender Statistics

Limited-availability of gender disaggregated data continues to be a challenge in the COMESA region. Without gender disaggregated data, planning and monitoring of progress towards the achievement of gender equality and women empowerment becomes a daunting task. To address this challenge and ensure strengthened availability of gender disaggregated data at Member States level in different sectors, in 2016, the Council of Ministers directed the Secretariat to promote gender statistics in all sectors. In 2017, Secretariat published the first ever Gender Statistics Bulletin. The Bulletin highlights gender statistics on in-country situations on the following:

a) Country Populations by Area and Sex;

b) Empowerment of Women and Youth;

c) Maternal, Child and Adolescent Health, and HIV and AIDS;

d) Education Training, Science and Technology;

e) Human Rights; and

f) Leadership, Politics and Decision-Making.

8

INFORMATION & TECHNOLOGY

In 2016-2017, the Information & Technology division made the following achievements:

a. Set up a seamless working environment for COMESA Secretariat staff by providing increased efficiency through access to services such as emails and data storage online from any location via the Internet through implementation of cloud computing;
b. Established an environment where no paper is used for COMESA conferencing making it efficient and timely;
c. Upgraded the Local Area Network and Wireless Network of the Secretariat to provide an efficient uninterrupted and a seamless environment;
d. COMESA secretariat staff are now able to communicate/conduct online meetings efficiently and cost effectively with individuals or groups of users using Skype for Business;
e. Established workflows and operation manuals for HR through automation;
f. Established an M&E system to facilitate reporting mechanisms through automation;
g. Established an Intranet for COMESA Secretariat to facilitate e-services including booking of conference rooms online, requesting for paperless conferences online and access to online resource pools such as e-publications and reports.

9

RESOURCE MOBILISATION AND INTERNATIONAL COOPERATION

The Resource Mobilization and International Cooperation (RMIC) Unit, under the Secretary General's Office is responsible for overall coordination of resource mobilisation and international cooperation. This entails maintaining good working relations with regional, continental and international organizations in support of regional integration. Guided by the 2016-2020 COMESA Medium Term Strategic Plan (MTSP), the Unit continues to mobilize funding and promote cooperation for various COMESA programmes.

9.1 Financial Agreements

In 2016, COMESA Secretariat commenced consultations/negotiations with both existing and new development partners with the aim of concluding financial and technical support. Notable Financial Agreements that were concluded in the period under consideration included the World Bank $5 Million Grant for the financing of the Great Lakes and Trade Facilitation Project (GLTFP). The five-year project will be implemented in three COMESA Member States namely; DRC, Rwanda and Uganda. The Unit continues to engage with the World Bank on the development and financing of the second phase that will cover additional COMESA member countries.

- Cooperation with USA.

The United States Agency for International Development (USAID) has been working in partnership with COMESA since 1998. There have been numerous Agreements and Programmes that have been implemented through this partnership; the most recent one being the Integrated Partnership Assistance Agreement (IPAA) signed 30th September 2009 and expires September 2018. The core function of the IPAA is to increase regional economic growth, integration and stability in the COMESA region, focusing on activities in trade and investment, infrastructure, agriculture, food security, environment, conflict mitigation and reconciliation and capacity building. The main source of funding under the IPAA comes from different offices of the USAID East Africa.

On the other hand, COMESA Secretariat provides in kind contributions such as provision of office space for USAID funded programmes staffs and other services like electricity, internet, and salaries for selected staff and office maintenance. This arrangement ensures that there is commitment from both parties to implement the IPAA. To further improve on the existing partnership, USAID and COMESA initiated discussion to raise the classification of COMESA by the US Government to a high level and has since been agreed that COMESA can now be given the status of Public International Organization (PIO). This process has been initiated under the new agreement Regional Development Objective Grant Agreement (RDOAG); which concluded and signed during the 19th COMESA Summit, held in Madagascar in 2016. Through this agreement, USAID committed to contribute approximately $77million to strengthen the collaborative partnership between the two organizations and implement regional trade, investment, and agriculture development programs that contribute to their common goals.

9.2 Negotiations for grants

The Unit concluded negotiations for a grant of approximately $10 Million to support the implementation of the 50Million African Women Speak Networking Platform Project championed by COMESA's Gender Equality, Women and Youth Empowerment and Social Development Programme.

- Cooperation with the European Union

The EU has supported COMESA to addresses cross-regional issues on the basis of three thematic priorities: peace and security, regional economic integration and regional management of natural resources. A strong emphasis is also put on supporting the development of regional infrastructure for road transport, sustainable energy, information and communications technology and water. Support from the EU to COMESA has come under the 9th EDF which was from 2000 to 2007 and under the 10th EDF which was from 2008 to 2013 and currently EU supporting COMESA under the 11th EDF to a tune of EURO85M and this support will run from 2014 – 2020. The Unit, with support of the RISP Project continued to engage with the EU on the preparations of projects and programmes to be financed under the 11th EDF. During the period under review, negotiations were concluded. A € 1,525,000 technical support and capacity building grant was signed - *The COMESA-EU Technical Cooperation Facility* under the 11th EDF.

The overall objective of the action is to contribute to the effective implementation of the EA-SA-IO Regional Indicative Programme. Specifically, the support aimed at ensuring high-quality and inclusive design and implementation of the 11th EDF COMESA sub-envelope as well as to improve overall coordination, dialogue, monitoring and communication/visibility of EU-funded COMESA programmes. With the support of the TCF, the COMESA Secretariat engaged consultants to support the respective divisions in the identification, formulation and implementation of the 11th EDF COMESA Sub Envelope. Additionally, the support aims to enhance coordination between the EU and the Duly Mandated Regional Organizations (DMRO) and among the DMROs to facilitate policy dialogue and participation in trade negotiations.

9.3 Accreditations

Two Permanent Representatives from Sudanese and Ugandan embassies respectively were accredited to COMESA Secretariat. In addition, two new special representatives in Lusaka namely the Japanese Ambassador and the German Ambassador were accredited.

9.4 Summits

To enhance cooperation and collaboration with other similar organisations, the Unit participated in the EAC Summit, the ISDB Summit, and the IOF Summit among others. As a result of the participation, it was possible to integrate and where appropriate harmonize COMESA activities of common interests.

9.5 Partners Consultative Forum

The inaugural Joint COMESA and Development Partners Consultative Forum bringing together COMESA Senior Officials and its Development Partners to a roundtable was held to discuss issues of future collaboration. The Forum addressed the current challenges as well as the emerging issues as articulated by the new COMESA 2016-2020 MTSP in order to chat the way forward for effective implementation of the programmes highlighted in the plan.

- Implementation of the COMESA-US TIFA

To further strengthen cooperation in trade and investment between COMESA and the USA, officials from COMESA Secretariat and COMESA Member States held a U.S-COMESA TIFA Council Meeting on February 8, 2016 in Lusaka, Zambia. The purpose of the meeting was to review strategic objectives and identify additional objectives and activities to enhance the U.S.-COMESA trade and investment relationship. The TIFA Council Meeting addressed the U.S.-COMESA trade and investment relationship under the African Growth and Opportunity Act (AGOA) trade preferences, the U.S.-COMESA trade and investment relationship beyond AGOA, U.S.-COMESA cooperation and trade, and the business climate and investment policies in COMESA.

The meeting noted the importance of developing national and regional AGOA strategies to better utilize AGOA in light of its 10-year extension through 2025. It was also agreed that COMESA and US Trade Representation (USTR) will develop a mechanism of follow up through the development of an Action Plan which will be updated every 3 months. Suggestion was made on including MSMEs development as one of the main activities in the Action Plan.

9.6 Projects Management Committee

The COMESA Projects Management Committee (PMC) was set up and operationalized to oversee project implementation and coordination of the various projects/programmes within the COMESA Secretariat. The overall responsibility for the PMC is to provide policy guidance on the development of new projects, initial project approval for inclusion in the COMESA annual work plans and budgets as well as ensuring that the programme approach is adhered to by all divisions/units in the development and implementation of respective projects/programmes. In addition, the committee ensures that all Authority and Council Decisions are taken into account in the development and implementation of COMESA projects/programmes, promotion of synergies and elimination of duplications. Further, the PMC provides mechanisms for the broader supervision and monitoring of implementation in line with project objectives, strategies and policy requirements.

9.7 Memoranda of Understanding

Table 20: MoU's Signed by COMESA with International Cooperating Partners in 2016

Signing parties	Date of Signing	Summary of Agreed Activities
COMESA, Corporate Council for Africa (CCA) & COMESA Business Council	4 February 2016	The parties agreed to work together in enhancing regional integration and to cooperate in the areas of trade promotion and private sector development.
COMESA & the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women)	4 April 2016	The MoU serves as a framework to accelerate progress to achieve the goals of the AU Agenda 2063, the common Africa position on the post 2015 Development Agenda and other international and regional instruments, standards and resolutions that support, address and contribute to gender equality and the empowerment and the advancement of women
COMESA & The African Agriculture Technology Foundation (AATF)	23 May 2016	The MoU will contribute to development and dissemination of information on agricultural technologies including biotechnology; to facilitate targeted and innovative information sharing programmes and activities. Biotechnology aspects include; enhancement in biotechnology and biosafety communication to support knowledge and enhancement in biotechnology and biosafety communication.
Memorandum of Understanding between the United Nations Volunteers Programme and COMESA	26 August 2016	a) Promoting youth volunteerism in the COMESA Member States through development of programmes, management systems and procedures; b) Promoting recognition, documentation and knowledge sharing on youth engagement through volunteerism**.**
Letter of Agreement between UNCTAD and COMESA in Trade and Gender	16 December 2016	Framework for cooperation between UNCTAD and COMESA on the implementation of an online course on trade and gender for professionals in COMESA to enhance understanding, and application of gender in policy development, research and programming
COMESA-DEIK (Turkey) MOU	28 April 2017	The implementation of this MOU is expected to strengthen relationship between COMESA and Turkey on the basis of cooperation and mutual benefits and will encourage industrial and technical cooperation through joint production, joint ventures, common exploitation, and the transfer of technology, contacts and activities to promote exchanges between the business communities of the two parties
COMESA-UMA (Union of Maghreb Arab)	19 December 2017	The Parties agreed to explore and develop methodologies of economic and technical co-operation in several areas of mutual interest, including in particular: a) Industry, Agriculture and agro-industries: including SPS and agricultural products exchanges; b) Information, Communication and Technology: c) 50million Africa Women Speak Platform/Project: d) Infrastructure: e) Gender mainstreaming in institutional programmes and activities (including E-training); f) Legal Affairs: justice, conflict management, treaty interpretation and Intellectual Property Rights; g) Trade: E-Trade platform; and h) Statistical development and cooperation

10

BRUSSELS LIAISON OFFICE

The COMESA Brussels Liaison Office (BLO) has the mandate to develop and maintain constructive and productive institutional relationships between the COMESA Secretariat, the European Union Institutions, the ACP Secretariat and other international institutions represented in Brussels. The relationships are important in supporting regional integration with the objectives of enhancing development in the COMESA region as well as to promote common views within the Group of African Ambassadors and ACP committee of Ambassadors and other various forums in Brussels. Additionally, BLO follows up on trade multilateral issues in Geneva with WTO and ITC.

During the period under review, the COMESA BLO focused its efforts on three areas namely; resource mobilisation, support to development cooperation and regional integration and multilateral trade issues. The BLO continued to play a supportive role to the COMESA Secretariat in its relations with the European Union/European Commission in terms of cooperation, resource mobilisation both under 11th EDF regional envelope and Intra-ACP funds, multilateral trade issues, monitoring of projects and programmes financed by the EU funds.

As participants in 11th EDF programming, the Liaison Office contributed in the drafting of documentation for the Projects Identification and Action Documents. In addition, the Office provided a link with the EU HQ (DEVCO and EEAS) in view of following up on the discussions and providing complementary information. Concerning projects under EU funding, the BLO made appropriate follow-up on the EU decision making process for 11th EDF and on the implementation of the ESA-IO [COMESA-EAC-IGAD-IOC] 10th EDF remaining projects.

Key achievements

The BLO contributed to the identification and mobilization of resources for the following projects/programmes:

- COMESA-REACH Project for the COMESA LLPI;
- the COMESA SQAM – Standardisation, Quality Assurance and Metrology;
- Four trade projects under implementation with support of TradeCom II

A total of € 800,000 was mobilised for these projects through intra-ACP resources. Fifteen COMESA projects related to Trade and gender, and four CBC projects on private sector development were identified and are under consideration by TradeCom II while two other projects were submitted to the ACP-EU TBT Programme. Six of the projects related to trade under consideration by TradeCom II were approved on 7th September 2016 for implementation from which four were implemented during year 2017: (i) support to implementation of the COMESA Trade in Service Programme, (ii) Review of COMESA Rules of Origin, (iii) Study on COMESA Member States to benefit from the emerging economies, and (iv) Gender mainstreaming in regional trade integration.

The projects submitted to the ACP-EU TBT Programme, namely; COMESA-REACH Compliance – footwear tanners and SMEs, and COMESA SQAM action plan are already under implementation. In its role of Regional Focal Point for the ACP East Africa Region which comprises some COMESA-EAC-IGAD and IOC Member States, COMESA, with a very active role of the BLO, has identified five priority areas where the regional projects to support the regional private sector development are under identification. As soon as the ACP Light Structure for PSD will be operational beginning of 2018, the Action Documents will be finalized and submitted for funding from that intra-ACP programme.

The BLO continued its support to the ESA-EPA regional negotiating team in the on-going negotiations. Further, it supported the implementation process of the ESA-iEPA in concerned Member States by following up with the EU and the ESA-EPA region on the contentious issues. In addition, the Liaison Office updates Ambassadors of COMESA Member States in Brussels negotiating under the ESA-EPA umbrella on the state of play of the negotiations.

a) Cooperation with ACP committee of Ambassadors, Africa Group of Ambassadors and other RECs Represented in Brussels

Within the ACP Committee of Ambassadors, the COMESA representative to EU and the ACP is playing a key role in: (i) following up the ongoing preparations of the forthcoming negotiations for the Future agreement which will govern the ACP-EU relations after 2020, (ii) following up the issues related to multilateral trade between the ACP Countries and the EU as well as with other multilateral trade partners based in Europe.

In collaboration with the Permanent Mission of the African Union Commission in Brussels, various consultative meetings are organized with other RECs represented in Brussels such as ECOWAS and UEMOA to consult on matters of common interest at different meetings held at ambassadorial level with the EU and the ACP Group of States. Matters of common interest included development cooperation, trade, infrastructure development, peace and security, the ACP-EU Future relations beyond 2020, as well as on the implementation of the Joint EU-Africa Strategy.

11

MEDIUM TERM STRATEGIC PLANS

The COMESA Medium Term Strategic Plan (2016-2020) anchors the Region's policy thrust and responds to the COMESA Treaty provisions to foster economic development through regional integration. COMESA has adopted a developmental approach to regional integration, which covers market integration, industrialization and infrastructure development. This approach is designed to achieve our public policy objectives of creating jobs, raising incomes, and achieving economic transformation towards improved livelihoods and well-being of our people.

In 2016 /2017, COMESA adopted its medium Term Strategic Plan for the period 2016-2020. In addition, Strategic Plans that were also adopted include;

- COMESA Statistics Strategy,
- COMESA Industrialisation Strategy,
- COMESA Court of Justice Strategy,
- COMESA Competition Commission Strategy,
- ZEP-Re Strategic Plan,
- East Africa Power Pool (EAPP),
- Regional Association of Energy Regulators for Eastern and Southern Africa (RAERESA),
- Draft COMESA Communication Strategy

Before adoption, Council received the report of Member States that met in Lusaka to review and finalise the draft 2016-2020 MTSP. The meeting in Lusaka aimed to develop an inclusive and sustainable successor strategy that will enable the region to build on its success and override its challenges. The strategy formulation process undertaken to facilitate the development of the new strategy used a wide consultative approach with internal and external key stakeholders.

Implementation of the Strategy necessitated technical, financial and organizational support to Member States; facilitation of negotiations, implementation and domestication of Council Decisions and harnessing strategic partnerships from a number of development and cooperating partners among others. Implementation also required Member States to fulfil their roles and responsibilities to speed up the attainment of the regional integration agenda by domesticating the Strategic Plan through alignment with National Development Plans (NDPs) and enhanced ownership of the implementation process including funding of programmes.

Under the theme "*In pursuit of Regional Economic Transformation and Development*", nine Strategic Objectives to drive the regional integration agenda for the period 2016-2020 were identified. These are: Strengthen Market Integration, Attract Increased Investments, Strengthen the Blue/Ocean Economy, Harness the Benefits of Strategic Partnerships, Strengthen Development of Economic Infrastructure, Industrialization, Foster Gender Equality and Social Development, Ensure Regional and Secretariat Readiness and Strengthen Regional Knowledge and Skills Capacity. The Council was informed that Member States analysed the strategic objectives, initiatives and associated risks. In addition, the consolidated log frame to guide the implementation of the strategy was reviewed. Further, Council was informed that the meeting of Member States reviewed the proposed implementation framework of the strategy.

COMESA Statistics Strategy

- a statistical response to the MTSP 2016-2020

Embedded and clearly highlighted in the MTSP 2016-2020 is the need for policy responsive statistics that will underpin evidence based decision making. The MTSP 2016-2020 and its strategic objectives are heavily statistics dependent. As such this has necessitated a statistical response to the MTSP 2016-2020 which this tier 2 Statistics Strategy aims to achieve.

The Statistics Strategy builds on the 2014-2017 Strategy in which a number of laudable successes were registered, among them greater development of human capital in our Member states, robust statistical leadership and coordination in the COMESA Statistical System, development of harmonization methods and statistical guidelines, increased knowledge generation and improved data management and dissemination.

The Strategy aims to learn from challenges faced in the implementation of the predecessor strategy. Through an independent review of the performance of the 2014-2017 Strategy a number of key recommendations have been incorporated. In this context, the focus of the Strategy will not only be the serve as a statistical response to the MTSP 2016-2020 but also to build on lessons learnt in the implementation of the previous Strategy. Special emphasis will be made on Strengthen use of technology to enhance production, transmission and dissemination of regional statistics, enhancement of technical skills, competencies, literacy and structures, consolidation of gains on harmonization of statistics in the COMESA region, strengthening strategic partnerships for support of the MTSP 2016-2020 in addition to supporting the MTSP's Strategic objectives.

The Strategy also recognizes the role of the COMESA Statistical System in the global Statistical Architecture and places significant emphasis on it developing recognizable synergies with global partners.

Under the able leadership of the COMESA Committee on Statistical Matters (CCSM), it is envisaged that the Strategy will provide a basis for monitoring and review, resource mobilization and statistical advocacy.

As a result of the implementation of this Strategy the role of statistics in evidence based regional policy making will be enhanced, a result that is consonant with the COMESA Treat provisions for development of a relevant regional statistical system.

12

CORPORATE COMMUNICATIONS

Corporate Communications Unit is core in regional integration activities through sharing of information and knowledge to create mutual understanding between the organization and its publics. By raising public awareness on regional integration, the Secretariat aimed at galvanizing broad support for the realization of the vision of the Common Market. The Corporate Communications Unit thus utilized a wide range of communication channels, tools and techniques to achieve the communication imperatives. These included media relations, publishing, public relations, online communications, audio visual productions, community relations, advertising and exhibitions among others.

12.1 Media Relations

The Unit maintained cordial relations with the local, regional and global media through strategic partnerships, social engagements, and media facilitation among others. Some of the highlights include:

a) Hosting a media cocktail for 50 local journalists in Lusaka, December 2016 and a workshop in 2017 to sensitize and update them on regional integration programmes.

b) Facilitated eight journalists from international news agencies (e.g. CCTV, BBC, Reuters) to cover COMESA Summit

c) Established strategic partnership with Leading Edge Publishers in the production of a special report on Member States. This included the Madagascar Report produced during the 19th COMESA Summit. Other partnerships forged were with global media such as Leaders League, Africa Policy Review and Hamburg G20 which published Q & A articles on COMESA.

d) Hosted 11 Press Conferences in 2016 and 13 in 2017

12.2 COMESA Media Network

During the period under review (2016 -2017) a Media network of business writers was maintained representing Burundi, Kenya, Uganda, DR Congo, Mauritius, Swaziland, Malawi, Zambia, Zimbabwe, Seychelles, Ethiopia, Rwanda, Eritrea, Egypt and Sudan. Journalists in the network served as the focal points for coverage in the Member States and maintained consistent communication with the Unit for generation of news and dissemination. One hundred ninety-six journalists are now in the COMESA media database.

12.3 Production of COMESA News

The Unit compiled a total of 315 news articles in 2016 and 2017 on regional integration. These were disseminated through various channels including the COMESA website and social media, digital weekly newsletter (e-Comesa), press releases sent to the media, quarterly newsletters and bulletins among others. The articles provided journalists with content that was re-published in local, regional and global news platforms.

12.4 COMESA in the Press

In 2016, COMESA was mentioned 7,039 times in the online news sources monitored. These included major news outlets, trade publications, local and regional journals, weekly newspapers, influential blogs, as well as TV and radio transcripts. Kenya maintained the top position in coverage of COMESA news while Madagascar leaped to second position owing to publicity generated by hosting the Nineteenth Summit of the COMESA Heads of State and Government. Strong online news sources in Kenya and Egypt contributed to higher coverage of COMESA news. Zambia's strong performance is attributable to hosting the COMESA Secretariat and therefore having its media covering most of the news events at the Secretariat. South African media however led in the African continent in terms of the number of mentions that COMESA received.

Among the leading news sources in the COMESA region were;

1.	Daily Nation	Kenya
2.	Daily Mail	Zambia
3.	The Herald	Zimbabwe
4.	The Standard	Kenya
5.	Moov	Madagascar

6.	L'express	Mauritius
7.	Business Daily	Kenya
8.	Daily Monitor	Uganda
9.	The New Times	Rwanda
10.	Al-Ahram	Egypt
11.	The EastAfrican	Kenya
12.	New Vision	Uganda
13.	Times of Zambia	Zambia
14.	The Observer	Swaziland
15.	The Nation	Seychelles

Globally, the USA media led in COMESA coverage followed by China France and UK. It is notable that coverage of COMESA in China rose significantly to take second position held by France in 2015. In Africa, the **All Africa.com** media agency republished most of the COMESA news. Other major COMESA news sources included the Xinhua, Bloomberg, Naver, and Pan African News Wire.

12.5 COMESA Media Awards

The objective of the annual COMESA Media Awards is to promote reporting of COMESA regional integration activities and recognize journalists whose works contribute to the integration agenda. In 2015, a total of 29 entries were received from nine countries including Burundi, Egypt, Ethiopia, Kenya, Malawi, Madagascar, Rwanda, Zambia and Zimbabwe. In 2016, a total of 26 entries were received from 11 countries. Out of these, 21 entries were in print or online articles while four were TV programs. A lone entry in the radio format came from Burundi. In 2017, the entries for the awards soared to 99 as a result of publicity and increased awareness among journalists in the region.

Winners of the 2016 COMESA Media Awards
L-R. Mr. Francis Lungu, Mr. Pawlos Belete and Mr. Leonidas Ninteretse

Table 21:The following were selected in 2015 and rewarded during the 19th COMESA Summit in Madagascar in 2016

Winner	Country	Media	Topic
Mr. Leonidas Ninteretse	Burundi	Radio Television Nationale du Burundi (RTNB)	Impact de la zone de libre echange tripartite COMESA-EAC-SADC. (*How Tripartite agreement can foster free trade in the COMESA-EAC-SADC.*)
Mr. Pawlos Belete	Ethiopia	Ethiopian Business Review magazine	How Ethiopia is making structural changes to its agrarian-based economy to reap maximum profits from intra-COMESA trade.
Mr. Francis Lungu	Zambia	The Post	The need for uniformity of regulations affecting Cross Border Traders in the COMESA region

For 2016, the following were selected and will be rewarded during the 20th COMESA Summit in Burundi

Winner	Country	Media	Topic
Ms Hersha Lutchman	Mauritius	Bizweek	**The political economy side to the story has to be told** The article addressed the challenges that face regional trade despite the existence of frameworks such as the tripartite free trade
Peterson Tumwebaze	Rwanda	New Times	**COMESA moves to enhance competitiveness of local SMEs** The article focused on the COMESA local sourcing project which was being piloted by the COMESA Business Council in six Member States

For 2017, the following were selected and will rewarded during the 20th COMESA Summit in Burundi

Winners	Country	Media	Topic & Synopsis
Mona Sewilam	Egypt	ON Live - Television	**Benefits of COMESA and African integration** The success stories of different stakeholders from COMESA member states, namely Egypt, Kenya, Uganda and Rwanda who benefit from COMESA and its work in promoting African integration.
Sarah Natoolo	Uganda	Uganda Broadcasting Corporation - Radio	**Ugandan farmers are now reaping high from COMESA smart Agriculture Project** A case study of the impact of COMESA Smart Agriculture programme on farmers in Uganda.
Prosper Ndhlovu	Zimbabwe	Chronicle - Newspaper	**COMESA Must Establish Robust Industrial Base** The urgent need for COMESA member states to stop overreliance on raw commodity exports and diversify, through robust value addition and industrialisation programmes.
Esther Mseteka	Zambia	Daily Mail - Newspaper	**Abolishment of Mobile Charges Good for Africa** The significance of affordable mobile roaming charges in the region and its importance on the way of doing business to strengthen regional trade integration.

12.6 Publicity Seminars

In collaboration with the COMESA Court of Justice, the Unit jointly organized publicity seminars in Madagascar, Sudan, Zambia and Seychelles. The seminars targeted the judicial staff, legal practitioners, Business community and the media. Further, the Unit collaborated with the COMESA Competition Commission in publicity workshops for Business Writers and the Diplomatic Conference in 2016 and 2017.

12.7 Publishing

The Unit carried out all graphic designs and publishing works for COMESA publications. In 2016 a total of 34 editions of the weekly digital Newsletter e-Comesa were published and 36 editions in 2017 (No. 472 – 540). These were disseminated through the online platforms i.e. the website, the social media and subscriptions. In addition, quarterly newsletters were printed and disseminated to stakeholders. Special Bulletins were also published in digital and hard copies for selected high-level events such as the Summit and the visit by the chair of the COMESA Authority to the Secretariat in 2017.

Other publications and booklets done were: The Medium Term Strategic Plan, Simplified Trade Regime handbooks, Energy Tariffs booklets, Rules of Procedure for the COMESA Court of Justice, COMESA Treaty in Arabic, The Charter on Minimum Standards for Treatment of Small Scale Traders, The Trade Information Desk brochure among others.

12.8 Calendars and Diaries

The Unit designed and produced 1,500 calendars and 1,000 diaries for the year 2017 and 2,000 calendars and 1500 diaries for 2018 that were shared with stakeholders in all Member States.

12.9 Community Relations

As a corporate citizen of Zambia, COMESA nurtures cordial relations with the local community to attract goodwill and support. In this effort, the Corporate Communication Unit conducted the following activities;

a) A total of 190 students from Zambia were hosted by the Secretariat for a lecture on regional integration. They came from the Mulungushi University, David Kaunda Secondary school and St. Marys Secondary school. Another group of 40 students from DAPP Chilangoma Teacher Training College Blantyre, Malawi, was also hosted at the Secretariat for the same purpose in August 2016.

b) In 2016, COMESA jointly sponsored of the 14th MISA Zambia Annual Media Awards Ceremony where local journalists that had excelled in various fields were recognized.

c) The Secretariat sponsored football kit to Airport Warriors Football Club in Zambia for both visibility and community support.

12.10 Video documentaries

The Unit produced nine video documentaries and 21 videos news clips. These included;

1. Building Livelihoods: Facilitating Small-scale Cross Border Trade
2. Empowerment Through COMESA Adjustment Facility
3. Kisumu Textile Cluster- A Regional Success Story
4. The 19th Summit Documentary
5. ACTESA Seed Harmonisation
6. The FUTRAN transport technology
7. Trade in Progress (RISM support)
8. Mini Documentary on the COMESA Court of Justice

The documentaries were disseminated through television stations in Member States such as the Zambia National Broadcasting Corporation, Kenya Broadcasting Corporation as well as YouTube, COMESA website and social media. In addition, the documentaries were run on digital screens during high level COMESA meetings and conferences.

13

PEACE AND SECURITY

13.0 Political activities

2016 witnessed impressive political maturity in the process of consolidating democracy as was evidenced from the conduct of elections in the region. Presidential elections were held in the following Member States;

(i) Republic of Uganda in February 2016

(ii) The Union of Comoros in February and April 2016

(iii) Republic of Djibouti in April 2016

(iv) Republic of Zambia, which held a General Election and a Referendum in August 2016

(v) The Republic of Seychelles held parliamentary elections in September 2016.

(vi) The Republic of Rwanda in August 2017

(vii) The Republic of Kenya in August 2017

The increasing political maturity in the region notwithstanding a few challenges in some parts was noted by the 15th Meeting of the Ministers of Foreign Affairs which particularly commended the Union of Comoros for the constitutionally led peaceful resolution of disputed election results and peaceful transition.

13.1 Culture of Dialogue

Another positive trend in the region was the evidence of entrenching a culture of dialogue to address internal conflicts. It was reported that forms of national dialogue bringing together a wide range of stakeholders were engaged to seek solutions for specific internal conflicts. The national dialogues sought to find lasting solutions by addressing root factors. The inclusive nature of the talks was intended to enhance ownership of the outcomes by the general population and hence reduce the chances of resurgence of violence. Outlines below are cases of national dialogues to address internal conflicts:

(i) In DR Congo, President Kabila called for inclusive dialogues to resolve a standoff that had given rise to violence due to the delay of elections that were initially scheduled to begin in October 2015. The national dialogues resulted in the signing of an Agreement on 18th October 2016 that detailed steps towards the Presidential Elections including the creation of a Transitional Unity Government among others.

(ii) In Sudan, President Bashir inaugurated the National Dialogues that continued through most of 2016 bringing together representatives from over seventy political parties, civil society organisations and over thirty armed groups under the Chief Mediator, Thabo Mbeki. It resulted in an outcome document in October 2016 incorporating consensus recommendations. It is intended that the recommendations will be incorporated in a permanent constitution for the Sudan with the aim of creating a strong state.

(iii) In Libya, the UN Mediated Libyan Political Dialogues that brought together key political actors resulted in the establishment of the Government of National Accord (GNA) as the sole legitimate government effectively ending the two parallel governments system operational since July 2014. Although challenges in implementation have continued since its establishment, it was an essential step to end the crisis in the country.

(iv) In Burundi, various rounds of inclusive Inter-Burundian Dialogues became a main tool to resolve the political crisis that broke out in May 2015. The talks were initially facilitated by the UN and later by the EAC.

(v) Leading up to the 2016 Elections in Somalia, participatory national consultations were held across the country culminating in a National Consultative Forum. As a result, a Bicameral Federal Parliament was established as well as agreements on the modalities of the elections. The elections were successfully held in October 2016 and although the country did not attain the expected universal suffrage, broad based electoral colleges elected the lower house as opposed to selection by clan elders as was the case in the past.

Despite gains made in the entrenchment of democracy and peacebuilding during the year, there were continued concerns over a range of cross-regional issues including the following;

(i) Presence of negative forces in the Great Lakes Region

(ii) Regarding terrorism, the entry of ISIS contributed to the intensity of the terrorist's attacks in the region specifically in Libya, Egypt and Somalia

(iii) Drought experienced by Southern African Nations as a result of the El Nino phenomenon.

13.2 Implementation of Council Decisions

During the year, the Secretariat made efforts to implement the decisions of the Ministers of Foreign Affairs through programmes in conflict prevention, conflict management, post conflict reconstruction and security.

- Conflict prevention

With respect to conflict prevention, as directed by the Fifteenth Meeting of the Ministers of Foreign Affairs, the Secretariat held national consultative forums in Member States to discuss and disseminate the SVA Country Specific Reports and to identify the necessary response strategies. It is intended that Member States will use the SVAs to establish response structures that can help in the reduction of vulnerabilities.

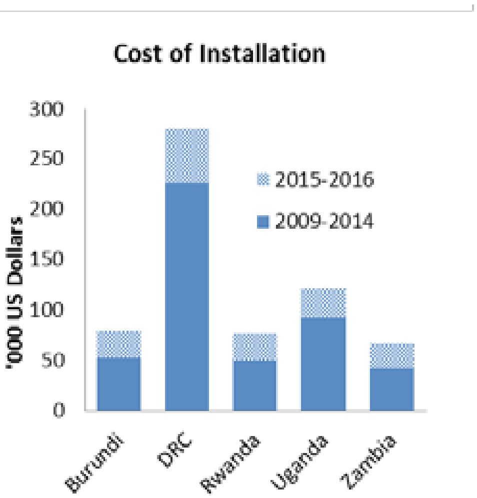
- Post conflict reconstruction

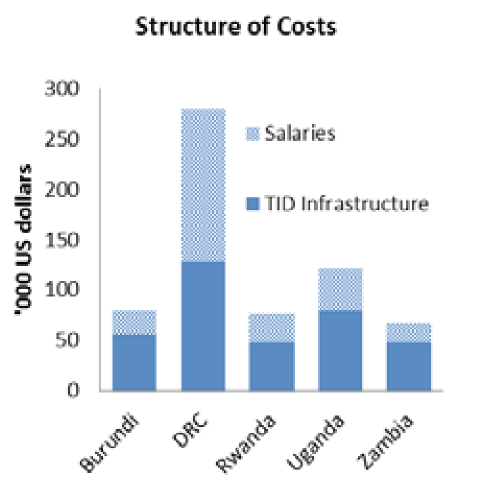
With respect to post conflict peace building initiatives, COMESA through its Trading for Peace Programme continued to implement programmes that utilize trade as a mechanism for peace building in the Great Lakes Region. In 2016 the programme installed two TIDs bringing the total number of TIDs to sixteen at a total cost of over US$600,000.

The installation of solar panels at the TID at the Ishasha border in Uganda

Table 22: Establishment of Trade Information Desks

Date of Installation	Country	Border post	Province
2009	DRC	Kasumbalesa	Katanga
2010	DRC	Goma	North Kivu
2010	Rwanda	Rubavu	Rubavu
2011	Zambia	Kasumbalesa	Chiliambombwe
2011	Burundi	Gatumba	Bujumbura rural
2011	DRC	Kavimvira	South Kivu
2011	DRC	Bunagana	North Kivu
2011	Uganda	Bunagana	Kisoro
2012	DRC	Kasindi	North Kivu
2012	Uganda	Mpondwe	Kasese
2015	Uganda	Ishasha	Kanungu
2015	DRC	Ishasha	North Kivu
2015	Zambia	Mukambo	Copperbelt
2015	DRC	Mukambo	Katanga
2016	Burundi	Ruhwa	Chitoke
2016	Rwanda	Ruhwa	Bugarama





Additionally, the programme enhanced selected TIDs by installing sanitation facilities. Further, support was given towards the implementation of the COMESA STR by convening a bi-lateral meeting between DR Congo and Burundi. The meeting, which was held in February 2016, resulted in the drafting of a common list of products for trade within the STR as well as commitment by both countries regarding gazetting of the common list.

13.3 Regional Maritime Security Programme

The Regional Maritime Security Programme is implemented in partnership with IGAD, EAC and IOC. COMESA's component addresses financial aspects. During the year under review, COMESA worked towards building the capacity of ESA Member States to combat money laundering that is linked with piracy and other transnational crimes. COMESA commenced implementation of the programme by assessing the status of ten countries in the Eastern and Southern Africa that border the Indian Ocean as well as neighbours of Somalia. The assessment was done using recommendations of the Financial Action Task Force (FAFT) as the standard. At the end of 2016, the programme had completed various capacity building programmes in the following areas;

(i) Initiatives to enhance the effectiveness of Financial Intelligence Units (FIUs) included the sensitisation of reporting entities in nine out of the ten countries with the aim of increasing the volume and quality of suspicious transactions transmitted to FIUs and training of analysts on basic and strategic analysis techniques among others.

(ii) Initiatives to strengthen inter-agency cooperation and information sharing included the finalisation of an assessment on the state of play in Member States with regard to existence and effectiveness of AML/CFT committees to identify areas of capacity strengthening and commencement of discussions with three FIUs that have not yet attained membership to the Egmont Group on the role COMESA can play to support their admission and thus gain access to secured communications platform for information sharing among others.

(iii) Initiatives to ensure compliance on AML/CFT laws included the assistance of countries upon request to review their AML/CFT laws against the standards as set by the FATF among others.

(iv) Initiatives to strengthen capacity of law enforcement on investigation, prosecution and asset recovery included training of a wide range of law enforcement agencies, including FIUs, police, magistrates, prosecutors, anti-corruption authorities and customs authorities on investigation of financial crimes and assessment of the capacity of law enforcement on investigation in several Member States as well as provided customised training by INTERPOL among others.

Figure 16: Capacity building initiatives in respective countries

CAPACITY BUILDING INITIATIVES IN RESPECTIVE COUNTRIES TO END OF 2017											
	COMESA MASE Support	**Como**	**Djib**	**Erit**	**Ethi**	**Keny**	**Mada**	**Maur**	**Seyc**	**Soma**	**Tanz**
Result 1: Initiatives to enhance effectiveness of FIUs	Sensitzation to reporting entities	■	■	■	■	■	■	■	■	■	■
	Training on basic and strategic analysis FIUs	■		■	■	■	■	■	■	■	■
	Attachments /exhange visits			■			■				
	Sponsor to trainings and international fora	■					■		■		
	Assesment of IT capacity needs	■	■				■				
	ICT infrastructure / software installation						■				
Result 2: Strengthen cooperation and information sharing	Survey on state of play on inter-agency cooperation	■	■		■	■	■	■	■		■
	Discussions/ ommencement of support of FIU to join Egmont				■	■	■				
	Acquisition of UNODC GoTrace software	■				■	■				
Result3: Initiatives to ensure compliance	Alignment of AML/CFT laws to FATF standards			■			■				
	Efforts to assist country to join a FAFT Stlye regional body (FSRB)	■		■			■				
	Country joining FSRB through COMESA MASE support						■				
	Efforts to assist countres to conduct Mutual Evaluations (Mes)	■		■			■		■		
	Country conducing MEs through COMESA MASE support						■		■		
Result 4: Strengthening law enforcement capacities	Training for LEAs on AML/CFT investigation	■	■	■	■	■	■	■	■	■	■
	Customised training for LEAs by INTERPOL		■			■		■	■		■
	Awarenss raising to LEAs on ML/TF	■			■		■			■	

14

OPERATIONS OF COMESA INSTITUTIONS

African Trade Insurance Agency **(ATI)**

14.1 African Trade Insurance Agency (ATI)

a. Introduction

The African Trade Insurance Agency (ATI) - an institution established as a COMESA initiative - brings over 15 years of experience in providing credit and political risk insurance in Africa and particularly in its Member States. Through its various products and services, ATI has been able to increase the availability of financial resources for trade, investment and other productive activities and reduce the cost of doing business in Africa by mitigating the associated political (investment), and credit risks.

ATI's financial instruments, insurance products and services, have made a difference in assisting African countries to build new infrastructure such as road and telecommunication networks, power generation both in urban and rural communities, water and sanitation, hospitals and support the growth of small and medium-sized enterprises.

The growth momentum that started after its legal and capital restructuring has stayed on course with positive outcomes seen in all performance indicators.

b. Business Performance

As at 31 December 2016, ATI had supported over US$25 billion in trade transactions and investment projects across Africa in sectors such as agribusiness, energy, exports, housing, infrastructure, manufacturing, mining and telecommunications. By December 2017, this figure rose to US$27 billion.

During the period under review, ATI posted positive records in key performance areas and made significant improvement in its operational processes, while concluding new strategic partnerships.

c. ATI Gross and Net Exposures

ATI's Gross Exposure amounted to US$1.9 billion compared to US$1.7 billion as at 31 December 2016, a 15% increase. Net Exposure grew from US$744 million in FY2015 to US$870 million in FY2016.

The following table shows the evolution of ATI's gross and net exposures over the last five years.

Table 23: Gross and net exposures

Year	2012	2013	2014	2015	2016
Gross Exposure (in US$ millions)	705,984	871,568	1,252,250	1,690,910	1,945,681
Net Exposure (in US$ millions)	373,385	477,128	593,369	744,268	870,485

d. Gross and Net Earned Premiums

ATI is financially sound since it continued to deliver a comfortable net written premium in FY2016 compared to prior years as indicated in the table below. ATI generated a Gross Written Premium[4] of US$29.5 million compared to US$23.2 million in FY2015. This represents an increase of 27%.

4 *The gross amount of insurance underwritten*

Table 24: Gross and Net Earned Premiums

Year	2012	2013	2014	2015	2016
Gross Written Premium (in US$ millions)	13,106	12,112	17,131	23,256	29,545
Net Written Premium (in US$ millions)	7,803	5,702	7,929	10,162	12,779

Profitability

ATI's FY2016 financial results show a net profit and a five-year growth trend.

Table 25: Net profit

Year	2012	2013	2014	2015	2016
Profits (in US$ millions)	0.6	1.5	3.4	4.7	6.4

e. New Underwriting Risk Management Framework

During the period under review, ATI with the financial assistance of the European Investment Bank (EIB), reviewed its existing credit risk limits, adopted a new underwriting risk framework aimed at enhancing its underwriting capacity and better managed its risks enabling ATI to make better use of its equity capital. The revised underwriting risk limits are anchored on following pillars: (i) Global Rule, (ii) Country Limit, (iii) Product Limit, (iv) Sector Limit, (v) Buyer Limit and, (vi) Transaction Limit.

f. Increase in ATI's equity capital

ATI has seen a constant increase in its capital stock which stands at US$222 million as 30 June 2017. It is expected that as new countries acquire membership, the Agency's capacity to support business in Africa will be similarly improved. With new membership commitments backed by funding from the African Development Fund of the AfDB Group, the ATI's s equity capital is expected to grow by 25% in the coming year.

g. ATI Investment and Credit Rating

For the last nine (9) consecutive years, the African Trade Insurance Agency has been assigned by Standard & Poor's 'A' rating for both its Counterparty and Insurer Financial Strength Ratings. During the year under review, Standard & Poor's Ratings Services re-affirmed its 'A' rating for both Counterparty Credit Rating and Financial Strength Rating.

This makes ATI the second highest rated institution in Africa and it is a confirmation that ATI's capital base and business model remain robust. There is no doubt that the rating will encourage more utilization of ATI products and services by banks, importers, exporters and investors worldwide.

i. Membership Expansion

Country Membership expansion within and outside the African Region remains a key priority for ATI's growth and development strategy. ATI's growth strategy, which is aimed at expanding the institution's reach, places ATI in an ideal position to achieve even greater results in the years to come.

In this regard, ATI welcomed the following fully-fledged new members: Côte d'Ivoire, Ethiopia, Zimbabwe and United Kingdom Export Finance (UKEF). The said Member States received financial support either from the African Development Bank and/ or PTA Bank.

ATI also received and approved applications for membership from Burkina Faso, Cameroon, Mali and Sudan.

Mobilisation of funding is a prerequisite for membership expansion. It is indeed important for prospective member countries to access to predictable resources.

It is in this context that the recent approval by the African Development Bank to provide financial support to new member states is well appreciated as it paves the way for other all eligible African States to benefit from it.

j) Conclusion

ATI stands on a solid ground and tremendously increased its capacity to support the economic growth of its Member States. A number of countries faced macroeconomic and fiscal challenges exacerbated by difficulties associated with the end of the commodity super-cycle. While this gave rise to sovereign claims following payment defaults, ATI will continue to refine its business model and provide tailored risk mitigation solutions to enable investors, lenders, contractors, suppliers, importers and exporters implement their investment projects and commercial transactions.

Trade and Development Bank **(TDB)**

14.2 Trade and Development Bank (TDB)

a. *Introduction*

The Eastern and Southern African Trade and Development Bank commonly known as TDB (formerly PTA Bank) (the "Bank") was established as an autonomous specialized institution by the PTA Bank Charter on 6 November 1985, pursuant to the provisions of Chapter 9 of the Treaty establishing the Preferential Trade Area (the "PTA") for Eastern and Southern African States. The Bank's broad objectives are to provide financial and technical assistance and promote social and economic development and trade among Member States, in accordance with the provisions of the COMESA Treaty.

The Bank currently has 31 shareholders: 19 African sovereigns from COMESA, EAC and SADC, 10 institutional investors, namely the African Development Bank, ZEP/COMESA Reinsurance Company, Africa-Re, the National Pension Fund of Mauritius, Mauritian Eagle Insurance Company, Seychelles Pension Fund, Rwanda Social Security Board (RSSB) Banco Nacional de Investemento (BNI), National Social Security Fund Uganda and Sacos Group Limited and 2 other non-regional members, namely China and Paritetbank (Belarus).

Figure 17: Country/Institutional shareholders

Country / Institutional Shareholders			
Member States		Uganda	4.94%
Burundi	1.71%	Zambia	6.40%
Comoros	0.10%	Zimbabwe	7.72%
Djibouti	0.43%	**Institutional Shareholders**	
DRC	3.29%	AfDB	8.24%
Egypt	7.44%	African Re.	0.92%
Eritrea	0.17%	PTA Re.	1.02%
Ethiopia	7.44%	National Pension Fund	2.11%
Kenya	7.44%	Mauritian Eagle Insurance Co.	0.33%
Malawi	1.84%	Seychelles Pension Fund	1.25%
Mauritius	3.53%	Rwanda Social Security Board	2.50%
Mozambique	0.54%	Banco Nacionale De Investment	1.05%
Rwanda	1.98%	NSSF - Uganda	3.45%
Seychelles	0.38%	Sacos Group Limited	0.15%
Somalia	0.22%	**Non-Regional Members**	
Sudan	6.43%	China	8.94%
Tanzania	7.20%	Belarus	0.83%

b. *2013-2017 Corporate Plan*

In December 2012, the Board of Governors and the Board of Directors approved the Bank's 5th Corporate Plan covering the period 2013 to 2017, together with some refinements and amendments of the Charter. The plan is being implemented and has the following five key thrusts:

- Deepening and broadening trade and development financing in the region
- Innovation and activation of provisions for allied development banking services
- Mobilisation of resources in support of increased volumes of trade and project financing
- Organisational development and capacity building
- Consolidation of the Bank's geographic scope of eastern and southern Africa

The Bank is in the process of preparing the next five years Strategic Plan (2018-2022) after completing and recording a successful result after of the implementation of its fifth corporate plan (2013-2017). Notwithstanding, the Bank's interventions going forward will continue to be impacted by headwinds in both global as well as regional macroeconomic environment

c. *Overview of the Bank's Recent Performance*

As at December 31, 2016, the bank's balance sheet rose annually by 4% to $4.26 Billion, reflecting an increase in the volume of financing to Member States, spread across various sectors and countries. This was done on commercial principles in line with the Bank's Charter, and as such, the Bank's profitability has continued, strengthening the financial position of the Bank and its capacity to attract greater funding in support of expanded financing activities further, as reflected in the table below.

Table 26: Audited financials from 2012 to December 2016

TDB Financial Highlights	2012	2013	2014	2015	2016
Operating Income	89,149	101,184	121,722	151,882	161,983
Profit for the Year	51,229	66,630	76,978	94,720	101,456
Total Assets	1,831,363	2,498,590	3,543,847	4,094,560	4,261,252
Total Liabilities	1,487,111	2,021,611	2,921,925	3,358,292	3,404,767
Total Equity	344,252	476,979	621,922	736,269	856,485
Debt/Equity (%)	371	381	445.2	414.7	369.4
Capital Adequacy Ratio (%)	35	34.7	33.7	39.1	37.0
Earnings Per Share	892	1,232	1,254	1,271	1,220

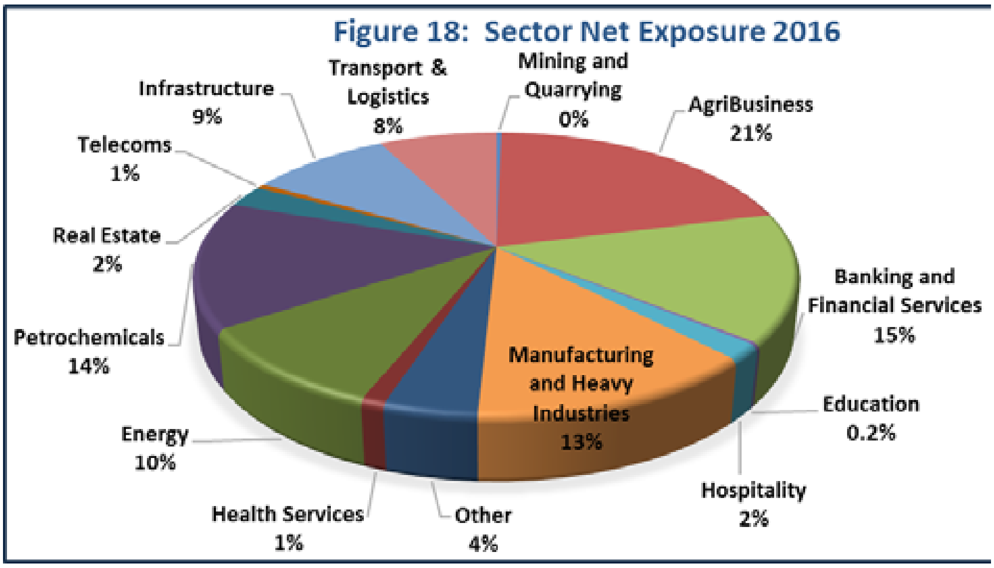
The balance sheet and profits of the Bank have risen strongly over the current corporate plan period, with the assets of the Bank estimated to have risen to an all-time high of 5.2 billion on 31st December 2017, from 1.3 billion in January 2012, when the current cycle began. An important element of the Bank's strong performance is the improved quality of its assets, which is evident in the continued reduction of non-performing loans, which has declined from over 5% at the end of 2012, to 2.85% as at December 2016.

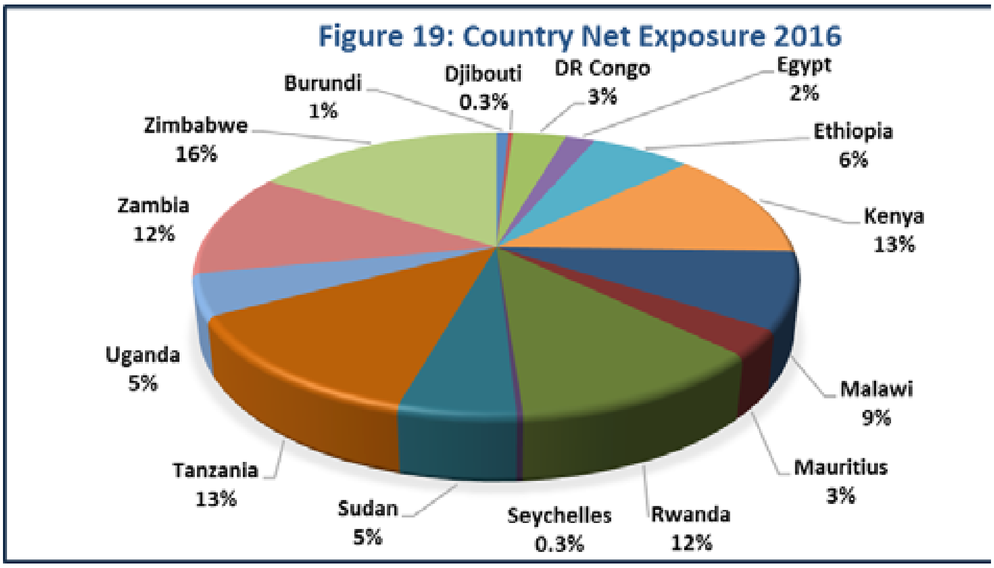
Over the past few years, the Bank's credit ratings have been upgraded by several ratings agencies, most notably in 2017 by Moody's and GCR when for the 1st time in its history, the Bank got upgraded to the coveted investment grade status, as will be discussed further below. The Bank is now rated virtually on par with the highest rated banks in the region, including the largest dominant banks in South Africa. Also, in November, the African Association of Development Finance Institutions (AADFI) announced TDB as the best performing development finance institution in the continent, with a total score of 96% out of 100%, from an assessment of its governance, operational and financial performance. AADFI was set up by the African Development Bank as the main industry body for DFIs in the continent.

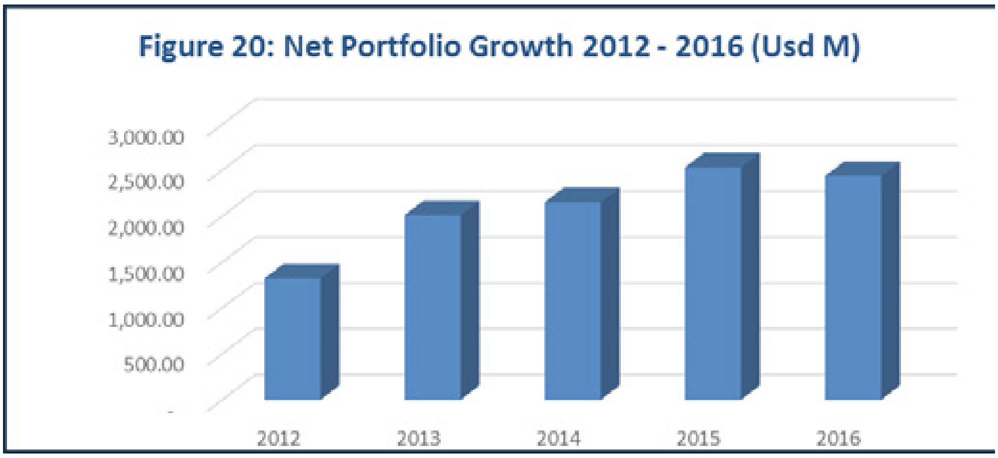
With higher ratings and improved fundamentals, the Bank issued its first 500 million USD Eurobond in 2017, which was over 4 times oversubscribed. The pricing was the lowest ever, and the bond is now listed in the JP Morgan Global Index of Emerging Market Bonds. The Bank has also managed to attract its first OECD-based shareholder, OFID of OPEC, which became an institutional shareholder in 2017, as well as a long-term funder. The Bank also managed to raise its 1st Middle East Syndicated Loan, including an Islamic Finance component, raising over USD 200 million.

Guided by the Bank's mandate to strengthen trade and drive economic development in the region, The Bank's exposure was distributed across public and private sector entities, with the exposure to Government and quasi-Government projects significant at 47%, largely driven by the deliberate focus on agribusiness, infrastructure and petrochemical sectors. These sectors are targeted mainly because they are strategic priorities and reflect essential commodities for energy security and critical inputs for agricultural development.

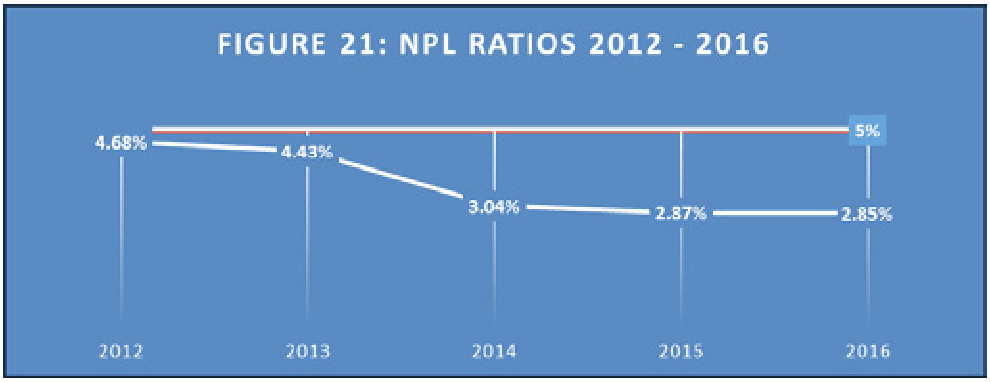
The loan portfolio mix by country and sector at the end of 2016 is shown in the figure below.







The Bank has grown its total net loan portfolio by 84% from 2012 to 2016 to reach US$ 2.4 billion, by diversifying its portfolio by sectors and by country.



The quality of the portfolio as measured by the NPL ratio remained acceptable and improving. The metrics reflect the Bank's continued emphasis on quality at origination, prudent risk assessment and proactive portfolio management. Additionally, the Bank continued to undertake portfolio stress testing and apply various risk mitigation measures and where necessary, pursue cost-effective exit strategies.

As a result of these efforts, the Bank's non-performing assets ratio further improved as at December 2016 to 2.85% from to 4.68%% achieved in 2012. The graph above illustrates the NPL ratio trend for the past five years to 31st December 2016.

d. *Resource Mobilisation*

Set out in 2012, the Bank continued to pursue its funding diversification strategy in 2016, whilst addressing the funding requirements for the year. As such, several funding initiatives were launched to raise long term funding for Project and Infrastructure business, with a focus on negotiating new lines of credit from Export Credit Agencies (ECAs). Other bilateral long-term facilities were also explored with several Organisations for Economic Co-operation and Development (OECD) members and other partners.

To foster trade and development in the region, the Bank also signed a series of agreements, with its regional and global counterparties. As such, diversifying geographical markets in 2016 saw TDB being the first ever African Development Financial Institution (DFI), to issue a China focussed syndicated loan which was over-subscribed at USD 340M, thereby creating awareness of the Bank's credit profile in that market. In the same line, the Bank was able to refinance its maturing two-year syndicated loan of 2016 through a two-year and three-year dual tranche syndicated loan, which was recognised at the 'Best Syndicated Loan' offering by an African DFI. Other notable transactions for the year were funding received from CDC Group of USD 50M, and a USAID guarantee-backed funding of USD 50M.

To further consolidate the Japan-Afric link, SMBC and Mizuho Bank Limited signed with the Bank to cooperate in the Project and Infrastructure funding space. Other agreements with International Islamic Trade Finance Corporation (ITFC), and Islamic Corporation for the Development of the Private Sector (ICD), were signed to foster trade between the Middle East and our region, as well as bring Islamic Finance products to the region.

With a view to supporting Trade Finance business, the Bank originated close to USD 1.8B in short term borrowing instruments in 2016, over and above maintaining its existing limits with established correspondent banks.

The Bank's funding base was diversified with new counterparties on Trade Finance like the United States Agency for International Development (USAID), Mizuho Bank, National Bank of Abu Dhabi, Industrial Commercial Bank of China (ICBC), and First Gulf Bank.

Looking forward, the Bank expects a more volatile environment characterised by geopolitical events, volatile commodity prices, and outflow of capital from Emerging Markets amongst others. In this context, TDB will seek to skew the weight of its funding mix towards medium and long-term funding options, whilst continuously seeking to diversify in terms of markets, products, and counterparties. The Bank looks forward to issuing a Euro Medium Term Note programme in 2017, as well as source funding from DFIs like African Development Bank (AfDB), Exim Bank of China and Agence Francaise de Development (AFD) amongst its various initiatives.

Resource mobilisation through equity was also targeted in 2016. In a demonstration of their support and confidence in the Bank, existing Class A shareholders increased their capital by making capital injections into the Bank in 2016 amounting to USD 7.7M. The Bank's newest Class A shareholder, Mozambique, paid USD 2.0M, while Mauritius contributed USD 2.5M and Democratic Republic of Congo, Uganda and Belarus put in USD 1.0M each. Dividends totalling USD 16M were applied as share capital payments, growing class A share capital in 2016 by a total of USD 23.7M.

TDB's Class B shares introduced in 2012, continue to attract investors, with amount raised so far, including share premium amounting to USD 113.3M. In 2016, SACOS Group, a new investor, joined the Bank with capital subscription of USD 1.0M. An existing investor, Uganda Social Security Fund, brought in a new investment of USD 14.4M. Other investors brought in USD 1.4M. Total Class B capital injection in 2016, including share premium was USD 16.8M.

In total therefore, USD 40.5M capital was received in 2016. The success at fundraising and attractiveness of the Bank for investment and membership has been bolstered by the Bank's impressive growth and profitability, as well as the tireless effort of Management and Staff in fundraising initiatives.

The Bank will continue negotiations and fund-raising efforts with existing and potential shareholders across the region and beyond.

e. International Credit Rating

In 2012, Fitch Ratings revised the Bank's outlook from stable to positive and, in 2013, upgraded the international long-term rating from BB- to BB with a stable outlook. The upgrade by Fitch ratings was preceded by GCR's upgrade in 2012 from BB to BB+.

In 2016, Fitch Ratings and Moody's, the international rating agencies issued positive rating reports on the Bank. Despite the challenging economic environment, Fitch Ratings revised TDB's outlook from Negative to Stable and affirmed the Long-Term Issuer Default Rating at 'BB'. Meanwhile, the Bank has maintained its international rating with Moody's (Ba1 rating with a Stable Outlook). Global Rating Company (GCR), a regional rating company has also affirmed PTA Bank's international scale foreign currency (FC) rating of 'BB+' with Outlook revised from Stable to Positive.

The good ratings reports reflect the Banks improvement in the following areas: remarkable improvement in loan asset quality, significant improvement in liquidity and leverage metrics, accelerated resource mobilization, improvement in corporate governance and strengthened risk oversight function. Focus for 2017 will be to further improve and pursue investment grade ratings for the Bank.

- *Update on the Bank's Credit Ratings*

The Bank attained investment grade in 2017 which coincided with the completion of the 2013-2017 Corporate Plan. Moody's upgraded the Bank's rating to Baa3 from Ba1, outlook stable. Fitch revised TDB's Outlook to positive from Stable and affirmed the Long-Term Issuer Default Rating (IDR) at BB while the short – term IDR has been affirmed at 'B'. Finally, GCR affirmed TDB's rating of AAA with a stable outlook.

The investment grade milestone was the result of governance reforms and internal management changes, strengthened risk oversight as well as various innovative policies. These include: measures and systems including insurance of the Bank's callable capital; improved asset quality performance, accelerated resource mobilization and strengthened capital position as evidenced by the declining ratio of non-performing loans (NPL). The improvement of the NPL ratio reflects (i) the Bank's enhanced risk management framework that has helped to contain growth in NPLs over the recent years despite the very rapid expansion of the loan portfolio, in line with the Bank's development mandate; and (ii) improved loan origination processes. The enhancements in asset quality reflect in part the Bank's strengthened risk oversight function through the implementation of management policies and practices.

The growing confidence in the Bank by rating agencies was also due in part to the Bank attracting new investors which has helped leverage its resources to raise much larger volumes of funding at increasingly lower cost. The Bank's robust resource mobilization strategy has resulted in record levels of fundraising from various sources including existing and new shareholders, strategic long-term funding partners, commercial funding partners and capital markets. The Bank aims to be an agent of regional integration and a partner of choice when mobilizing key stakeholders, regional and global partners.

Moreover, the decision of the Bank's Board of Governors, in line with the provisions of the Charter, to upgrade the Bank's existing office in Mauritius into a second principal office as part of a new *dual domicilium* to enhance the risk profile of the Bank with regard to fundraising and operational risk was well received by the credit rating agencies. It is envisaged that the Bank's solidified financial base and improved credit position will revive other opportunities particularly in the reduction of its cost of funding, increase the tenor of its liabilities and access to wider and less costly sources of capital on more favourable terms and conditions.

Bank's Intervention In COMESA Region

f. Project and Infrastructure Financing

Project and Infrastructure financing plays a catalytic role in promoting economic development and poverty reduction. In line with the Bank's five-year Corporate Plan, Project and Infrastructure Finance remains key priority sector for the Bank. The Bank intervenes through both direct interventions in core infrastructure projects as well as indirect intermediation through supportive industries such as cement manufacturing.

The Bank finances infrastructure transactions with minimum capital borrowing requirements of USD3 million while the upper limit is determined based on an exposure not exceeding a maximum of 10% of the Bank's balance sheet size. However, for infrastructure and strategic, sovereign backed investments, the Bank's exposure to any one project is limited to 25% of the balance sheet size.

The Bank aims to identify and implement viable projects that help to harness resources from various long-term financing partners including export credit agencies.

- **Project and Infrastructure Approvals**

During the year 2016, the Bank's portfolio of long-term assets grew to USD 896.1 million. While this represented 18% y-o-y growth against USD 762.3 million in FY2015, it is in line with the Bank's strategic plan both in terms of growth rate (on average 15% p.a.) and ongoing strategic thrust on project and infrastructure finance.

Figure 22: Project and Infrastructure Approvals by Country – 2016

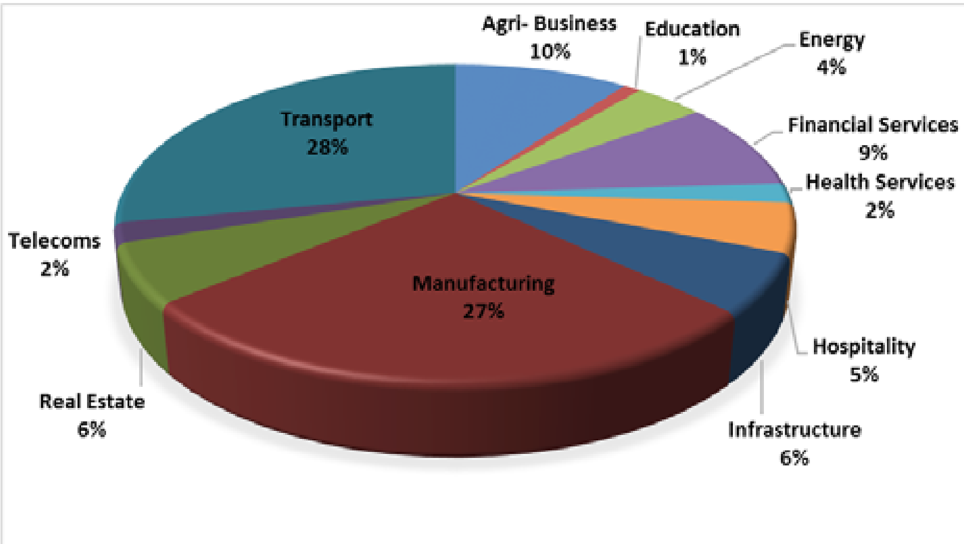


Figure 23: Project and Infrastructure Approvals by Country – 2016

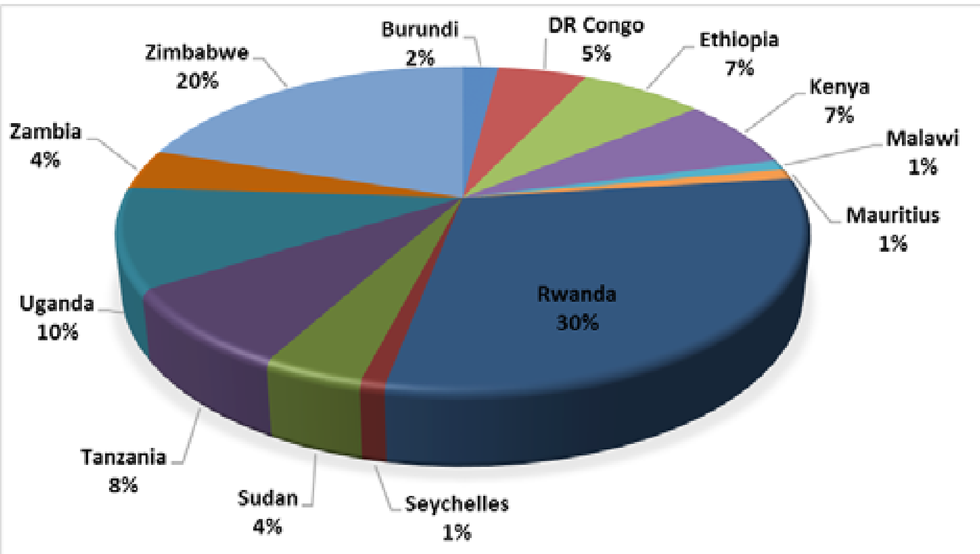


Table 27: Approvals by Sector 2012-2016

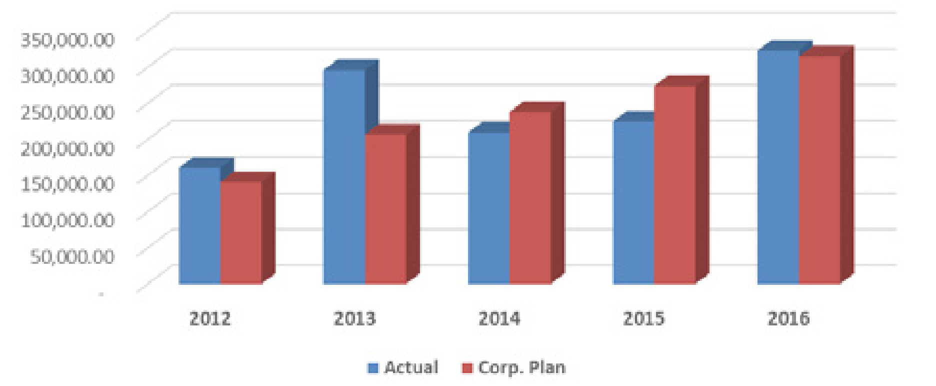
Approvals by Sector (USD)	2013	No	2014	No	2015	No	2016	No	Total
Agribusiness	6,000,000	1	3,000,000	1					9,000,000
Banking & Financial Services	11,808,970	2	900,000	1	8,516,572	5	19,500,000	2	40,725,542
Energy	107,100,000	4	25,000,000	1	176,675,000	6	104,472,000	4	413,247,000
Health Services	-		30,500,000	1	6,100,000	1	2,835,000	1	39,435,000
Hospitality, Tourism and Hotels	22,500,000	2	-	0			15,000,000	1	37,500,000
ICT	13,267,058	1	-	0					13,267,058
Infrastructure	10,000,000	1	40,000,000	2	15,000,000	1			65,000,000
Manufacturing & Heavy Industries	25,700,000	2	209,700,000	3	114,300,000	3	11,500,000	1	361,200,000
Real Estate	40,000,000	1	-	0	30,000,000	1		1	70,000,000
Transport & Logistics	53,000,000	2	-	0	6,000,000	1	55,000,000		114,000,000
Totals	289,376,028	16	309,100,000	9	356,591,572	18	208,307,000	10	1,163,374,600

Commitments by Sector (USD)	2013	No	2014	No	2015	No	2016	No	Total
Agribusiness	69,500,000	4	6,000,000	1	-	0	-		75,500,000
Banking & Financial Services	10,552,260	2	900,000	1	8,516,572	5	17,000,000	1	36,968,832
Energy	45,000,000	2	26,000,000	1	67,950,000	3	122,435,000	4	261,385,000
Health Services	17,000,000	1		0	-	0	2,835,000	1	19,835,000
Hospitality, Tourism and Hotels	-	0	7,500,000	1	-	0	-		7,500,000
ICT	13,267,058	1	-	0	-	0	-		13,267,058
Infrastructure	15,000,000	1	10,000,000	1	-	0	-		25,000,000
Manufacturing & Heavy Industries	25,700,000	2	159,200,000	2	117,300,000	4	-		302,200,000
Real Estate	37,000,000	2	-	0	25,000,000	1	-		62,000,000
Transport & Logistics	63,000,000	3	-	0	6,000,000	1	181,000,000	1	250,000,000
Totals	296,019,318	18	209,600,000	7	224,766,572	14	323,270,000	7	1,053,655,890

g. *Project and Infrastructure Disbursement (2013-2016)*

Project and Infrastructure Disbursement (2013-2016) During the same period, the Bank disbursed a total of $ 1,053 million with 44% y.o.y increase from USD 225 million to USD 323 million disbursed in 2016 across various sectors and countries.

FIGURE 24: DISBURSEMENTS (USD '000')



g. *Trade Services in the Region*

Trade Finance Operations and Activities continued to be guided by the 2013 – 2017 Corporate Plan. The operations and activities were also to some extent influenced by the events shaping the operating environment.

The Bank's diversification strategy continued to balance between sustaining support towards the foundation accounts and sectors, and pivoting towards new market opportunities to reduce concentration risks. Trade Finance continued to focus on market development while benefiting from existing and new relationships to drive the diversification strategy and portfolio growth beyond traditional markets and into new frontier markets both in terms of product and sector.

Guided by the 2013-17 strategic corporate plan, the Bank succeeded in both geographic and product diversification by expanding its intervention efforts in underserved markets such as Uganda, Djibouti, Ethiopia, Rwanda, and the Democratic Republic of Congo. The Bank's interventions in these markets comprised of sovereign support to benefit public and private enterprises. Further, the Bank's refocus in new markets such as Djibouti, Mozambique, Mauritius, Egypt, Uganda, and Kenya have already yielded actionable and achievable pipeline, resulting in in projected growth of over USD 800 million by end of 2017.

1. *Strategy Execution*

2016 marked the fourth year of implementation of the 2013 - 2017 Corporate Plan. The strategic thrust for trade finance was aimed at moderating downside risks to economic challenges while supporting the efforts of Member States to alleviate economic head winds. The diversification strategy continued to balance between sustaining support towards the foundation accounts and sectors, and pivoting towards new market opportunities to dilute concentration risks.

2. *Performance Review*

In 2016, Trade Finance activities maintained a positive trend of good performance despite the somewhat mixed economic headwinds and slower growth across the region. This is partially a reflection of solid portfolio and business relationship that the Bank managed to grow over the last two years.

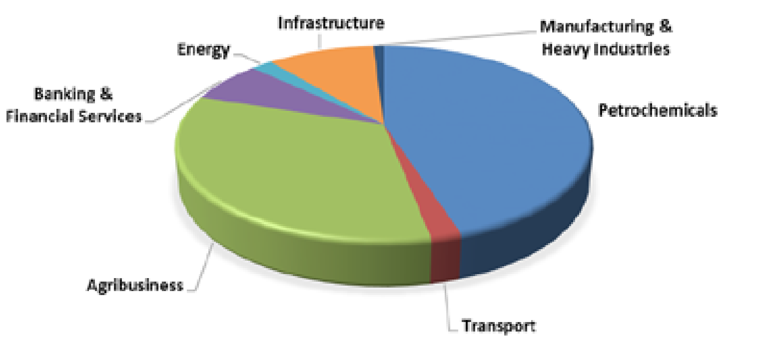
3. *Loan Approvals*

During the period under review, approvals totalled around USD 3.03 Billion representing 8% decrease year on year from USD 3.3 billion achieved in 2015. The decline reflects the Bank's deliberate strategy of managing asset growth.

The trade landscape in the Bank's member states remains highly slanted towards imports and this is reflected in the Trade Finance Portfolio where imports for strategic commodities such as petrochemicals and agricultural soft commodities is very high. Petroleum products, important to economic activities of Member States, are a key input into mechanized agriculture and manufacturing industries over and above utilization in the transport and the distribution sectors. The high demand for petroleum is also due to inadequate power generation in the region to cater for quasi-commercial industries.

Diversification of the Trade Finance portfolio remains guided by each Member State's absorptive capacity and market opportunities; as well as credit parameters. The Bank continued rolling out its portfolio diversification strategy during the year. This is demonstrated by Agribusiness transactions accounting for 33%, Banking & Financial Services transactions accounting for 7% and Transport & Logistics transactions accounting for 9% of total approvals.

FIGURE 25: APPROVALS BY SECTOR



During the period in review the Bank has been assisting member country governments to alleviate the pressure they face with limited foreign exchange reserves by funding self-liquidating transactions off the fiscal resource envelope.

Trade Finance embarked on a strong strategy Financial Institution aimed at providing lines of credit to Central Banks and Commercial Banks in Member states. Trade Finance concluded a USD250M bilateral loan to the Central Bank of DRC 100% cash collateralized facility, as well as a USD 200M bilateral loan in favour of the Ministry of Financial Planning and Economic Development of the Government of Uganda.

With increased funding requirements for sovereigns in the region Trade Finance completed several syndicated loan transactions, with a strategy of originating to distribute of new assets to ensure efficient utilization of the balance sheet. Trade Finance negotiated mandates with sovereigns and large corporates.

Trade Finance continues to deepen a presence across the region to promote intra-regional trade and diversification of regional exports. The Trade Finance Portfolio has promoted the trade in import/export products in member countries such as Malawi and Egypt; Ethiopia and Democratic Republic of Congo; Mauritius and Kenya. Further product driven diversification includes Factoring & Forfaiting, and Export Credit Agency Finance deals which have shown positive results in Ethiopia, Uganda, Zimbabwe, and Rwanda.

h. Capacity Building Activities

The increased business level during the fourth year of the Bank's current five-year corporate plan necessitated the Bank to continue the drive in attracting best talent, developing and retaining its human capital and establishing an attractive culture of professionalism and motivated work force. Accordingly, 21 new and existing positions were filled mainly in Project and Infrastructure Finance, Compliance and Risk Management, Trade Finance, Corporate Affairs & Investor Relations and Human Resources and Administration departments, through a competitive selection process. Through the on-going Young Professionals Programme (YPP), in 2016, four young professionals were recruited. The program supports the Bank's human capital development initiatives and promotes diversity in the workforce.

i. Rebranding

Since its establishment, the Bank has operated under its legal name 'Eastern and Southern African Trade & Development Bank' as well as two trading names in English and in French: PTA Bank / Banque de la ZEP. At its 32nd Annual Meeting in May 2016, the Bank's Board of Governors approved the rebranding of the Bank whereby it would progressively be trading under one trade name as the Trade and Development Bank (TDB), with a new logo and a new tagline. The Bank's legal name 'Eastern and Southern African Trade & Development Bank' remains unchanged. To this end, the new brand was launched in Nairobi in November 2016, with others planned for 2017 to cover Member States hosting Bank Offices.

A full rebranding project was conducted to modernize the corporate identity of the Bank to feature its dynamism and progressiveness. The rebranding follows several years of capital growth, improved asset quality, healthy profitability, membership expansion, and innovation, on the back of a series of institutional reforms aimed at strengthening corporate governance and talent while overall modernizing the Bank. The rebranding illustrates the intention to transform the Regional Development Finance Institution, which has been in operation since 1985, into a world class African DFI ready to take on more and bigger projects that will significantly impact the region's economies.

TDB will continue to play a leading role in promoting trade, economic development and regional integration at a crucial time when the regions are looking to grow and transform their economies.

j. Corporate Social Responsibility (CSR) Policy

Corporate Social Responsibility (CSR) is an integral part of the Bank's mandate and operations. In 2016, the Bank appointed a consultant to develop the CSR policy and strategy which is expected to be delivered by Q2, 2017. The Banks' CSR strategy will augment the Bank's mandate to enhance and preserve long term sustainability in all its dimensions of triple bottom line thinking - Planet, People and Profit, to become socially responsible company and engendering social, environmental and economic impact in its Member economies.

So far, the Bank has funded initiatives in the Micro and SME sector addressing women empowerment programmes, market access for traders, supporting community based rehabilitation programmes, as well as to fight against environmental challenges that was facing the region such as the Ebola virus pandemic.

k. Conclusion

Despite the numerous challenges in the operating environment, 2016 was yet another successful year for the Bank. In line with the strategic objectives set out in its 5th Corporate Plan 2013-2017, targets were met, and in most instances, the Bank's performance exceeded expectations set out in the plan.

COMESA Competition Commission **(CCC)**

14.3 COMESA Competition Commission

The COMESA Competition Commission (CCC) is established under Article 6 of the COMESA Competition Regulations (the Regulations). The Regulations were promulgated by the COMESA Council of Ministers in 2004 and were established through Article 55 of the COMESA Treaty. Pursuant to Article 2 of the Regulations, the purpose of the Regulations is to promote and encourage competition by preventing restrictive business practices and other restrictions that deter the efficient operations of markets, thereby enhancing the welfare of the consumers in the Common Market, and to protect consumers against offensive conduct by market actors.

In the year 2016, the Commission devised its work programme to cover the following key Strategic thematic areas:

- Determination of Conduct Harmful to Competition in the Common Market;
- Strengthening Enforcement;
- Advocacy and Strategic Collaboration; and
- Institutional Strengthening.

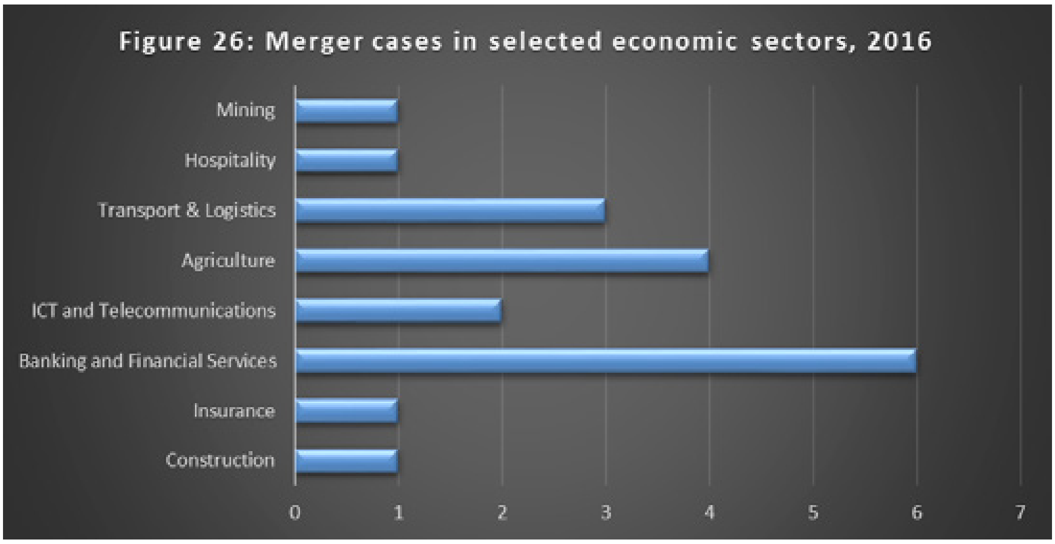
The following are the major achievements of the Commission under the four thematic strategic areas for the year in focus:

14.3.1 Determination of Conduct Harmful to Competition in the Common Market

Determination of conduct harmful to competition in the Common Market involves the assessment of mergers and other forms of acquisitions and investigations of anti-competitive business practices.

a. ***Mergers***

In the year 2016, the Commission received more than 30 notifications of mergers and acquisitions transactions, covering a range of economic sectors including agriculture, banking and financial services, and logistics, as illustrated in Figure 26 below.



In order for the merger to be considered notified to the Commission, the merging parties are required to pay a merger notification fee accompanied by a Merger Notification Form 12 (Form 12). In the period under review, the Commission collected more than US$ 4.3 Million in merger notification fees, half of which was shared with the affected Member States in accordance with the COMESA Rules on Revenue Sharing of Merger Filing Fees. Among the Member States, Kenya and Zambia remain the top two Member States most affected by cross-border mergers, followed by Mauritius, DR Congo, Uganda, Rwanda and Zimbabwe, as seen in Figure 27 below. Table 28 depicts the distribution of the revenue among the Member States derived from the merger notification fees during the year.

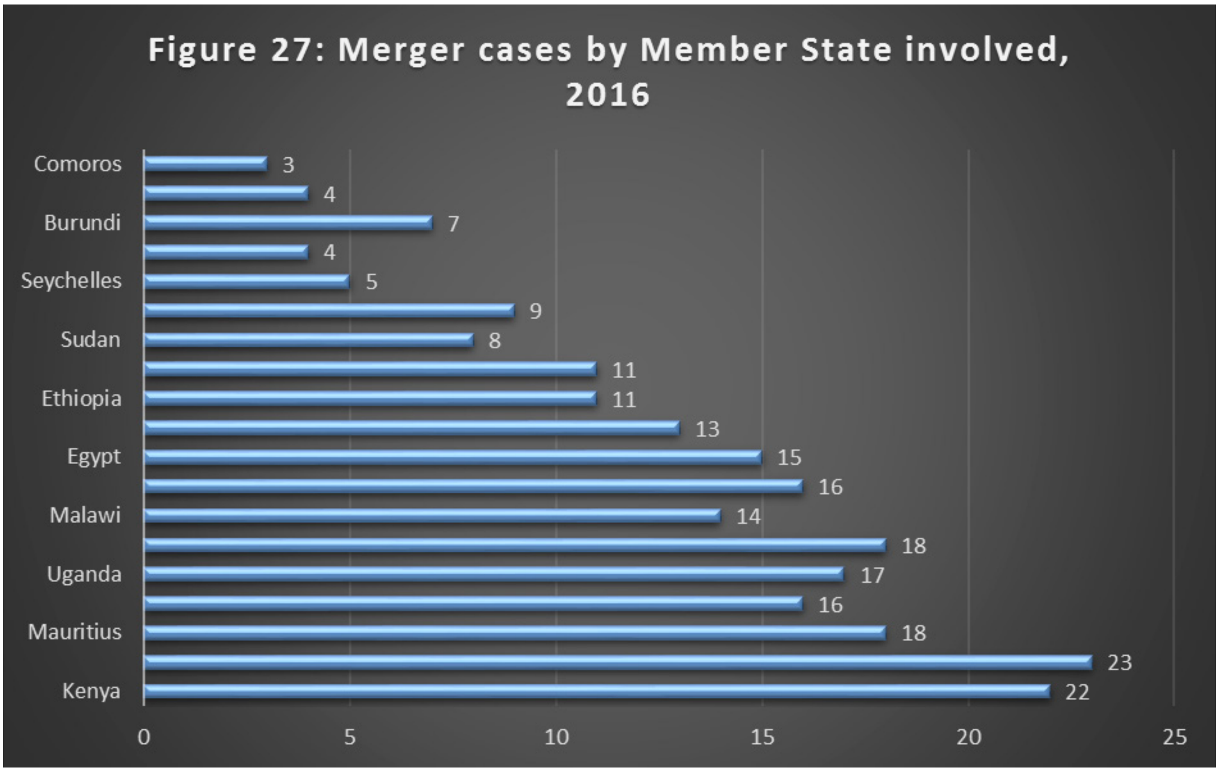


Table 28: Revenue Sharing of Notification Fees with Member States in 2016

Member State	Share of Member States with respect revenue collected in merger fees in 2016 (USD)
Burundi	10,712.21
Comoros	1,155.22
Democratic Republic of Congo	584,260.17
Djibouti	15,593.63
Egypt	1,437,001.30
Eritrea	104,088.25
Ethiopia	432,292.92
Kenya	1,755,497.23
Libya	148,131.00
Madagascar	85,653.92
Malawi	563,550.56
Mauritius	321,331.65
Rwanda	207,872.73
Seychelles	36,560.27
Sudan	195,362.40
Swaziland	370,836.51
Uganda	640,476.84
Zambia	1,464,769.06
Zimbabwe	1,055,992.29
TOTAL	**9,431,138.16**

b. Restrictive Business Practices

When the Commission commenced operations in 2013, it was cognisant of the fact that some Undertakings were engaged in restrictive business practices. However, the Commission did not impose sanctions on such Undertakings. The Commission issued a notice to the public requesting Undertakings that were engaged in restrictive business practices which were operational before the Commission commenced operations and continued thereafter, to notify them in accordance with Article 20 of the Regulations. Thereafter, the Commission has received a lot of inquiries on the need to notify these types of Agreements. The notification of the Agreements enables the Commission to determine if the Agreements have as their object or effect the prevention, restriction or distortion of competition in the Common Market and that may affect trade between Member States. Where such concerns are established the Commission may order the termination or nullification of such Agreements. In addition, the Commission may order payment of compensation to persons affected by the Agreements and impose fines on the Undertakings concerned for breach of the Regulations.

Consequently, the Commission conducted advocacy activities to bring to the attention of stakeholders the need to notify the agreements under Article 20 of the Regulations. To this end, four Agreements involving Eveready East Africa and various manufactures of different products among them automotive batteries and bleaching agents were notified to the Commission and assessed for their compatibility with the Regulations. Specifically, the Agreements contained restrictions related to exclusive distribution, single branding and territorial restrictions. The Member States affected by these Agreements included the Democratic Republic of Congo, Egypt, Ethiopia, Kenya, Mauritius, Rwanda, Uganda, Sudan and Zambia. After assessment the Commission determined that the markets where the products under the consideration were supplied were characterized by several players supplying competing and substitutable products, thereby giving the consumer a wide choice. Therefore, the Commission determined that the restrictive clauses in the Agreements did not have the effect of substantial prevention or lessening of competition in the Common Market and did not have an effect on trade between Member States. The Commission therefore authorized the Agreements.

14.3.2 Strengthening Enforcement

a. Memorandum of Understanding

The Commission has enhanced the effective competition enforcement at Member States level by entering in bilateral Enforcement Cooperation Agreements with Member States. During the year under review, the Commission signed Memorandum of Understanding (MoUs) with six National Competition Authorities of Member States namely: Competition Authority of Kenya, The Fair-Trade Commission of Seychelles, Swaziland Competition Commission, Egyptian Competition Authority, Madagascar Competition Council, and the Competition and Consumer Protection Commission of Zambia. The MoUs seek to ensure effective cooperation in competition law enforcement between the Commission and Member States.

b. Legislative Reforms

As a means of enhancing enforcement of the Regulations, the Commission has continued to engage Member States in developing the necessary enforcement instruments and encouraging compliance with its decisions by Member States. To this end the Commission undertook the following -:

- engaged a consultant to draft rules on the procedures for appeals against the decisions of the committee responsible for initial determination and the Board. The draft Appeals Procedure Rules were presented to the Commission's Board for consideration and were recommended for submission to the COMESA Council of Ministers for approval through the relevant Policy Organs.

- developed Guidelines for enforcement of Part 3 of the Regulations which deals with restrictive business practices. In August 2016 the Commission, in conjunction with the Egyptian Competition Authority, organised a regional consultative workshop whose objectives among others was to discuss the said draft Guidelines in order to get the Member States comments and input.

c. Technical Assistance and Capacity Building to Member States

Technical assistance to Member States involved developing appropriate instruments to allow for effective operation of National Competition Authorities and implementation of National Competition Legislations. At the same time, there has been on-going capacity building activities aimed at building human and technical enforcement capacities of the competition authorities of Member

States. In 2016, the Commission undertook the following technical assistance programmes -:

i. organised a stakeholders' consultative workshop in Djibouti on 28 February 2016 aimed at facilitating the review of the competition law and its effective implementation. Following the workshop, the Commission arranged for an official from the Djibouti Ministry of Commerce to be attached with the Competition and Consumer Protection Commission of Zambia from 5 August- 5 September 2016;

ii. hosted consultative meetings with key stakeholders in Sudan on 16 March 2016 with the objective to advocate for the implementation of the National Competition Law. Subsequently, the Commission arranged a study tour for officials of Competition Council of Sudan to the Egyptian Competition Authority for a one week in November 2016;

iii. in collaboration with the Fair-Trade Commission of Seychelles, the Commission engaged a consultant to formulate the national Consumer Policy of Seychelles. The draft Policy was finalised in April 2016;

iv. following the successful national sensitization workshop and consultative meeting that were held in Madagascar in September 2015, the Commission arranged for the attachment of four members of the Madagascar Competition Council to the Competition Commission of Mauritius from 19-23 September 2016 to familiarize them with the institutional structure and operating procedures of a competition authority; and

v. assisted the Ministry of Industry and Trade of Uganda in printing brochures on the COMESA Treaty for distribution to Members of Parliament to facilitate the legislative process of the COMESA Implementation Bill which would bring into effect the domestication of the COMESA Treaty and its Regulations in Uganda. The Bill was scheduled to be presented in Parliament.

d. Advocacy and Strategic Collaboration

In 2016 the Commission conducted various advocacy and awareness campaigns to promote the understanding of the COMESA Competition Regulations and establish working relationship between the Commission and National Competition Agencies. The Commission undertook the following missions -:

a) National workshop on the need to domesticate the COMESA Competition Regulations which was held on 2 – 3 March 2016 in Swaziland;

b) Bilateral discussion with the Ministry of Foreign Affairs, Ministry of Justice and the Competition and Consumer Protection Commission of Zambia on the progress made on the domestication of the COMESA Treaty and Regulations on 21 – 22 April 2016;

c) First Diplomatic Conference on 19-20 May 2016 in Livingstone, Zambia under the theme "Enhancing Competition in the Common Market" and with the objective of increasing the understanding of participants on the vital importance of domesticating the COMESA Treaty and other subsidiary instruments.

d) Sensitization meeting for lawyers in Kigali, Rwanda on 7 – 8 July 2016. The objective of the meeting was to advocate for the better understanding and implementation of the Regulations;

e) Third Regional Business Reporters Workshop which was held on 28 – 29 July 2016 in Livingstone, Zambia. The objective was to increase awareness of the Regulations and operations of the Commission by the business reporters and enhance coverage of competition matters at national and regional level;

f) Regional training workshop on the Abuse of Dominance and Restrictive Business Practices which was held on 10-11 August 2016 in Cairo, Egypt. Its main objective was to discuss the draft Guidelines on Restrictive Business Practices and share international best practices on the enforcement of restrictive business practices; and

g) Regional Workshop on Enforcement of COMESA Competition Law was held on 25 - 26 August 2016 for judges in Malawi and other COMESA Member States. Its objective was to increase understanding of participants of the COMESA Competition Regime and its interaction with national laws and institutions.

e. Institutional Strengthening

To strengthen the enforcement of the Regulations, the Commission increased its staff compliment by recruiting four economists from Malawi, Mauritius, Rwanda and Swaziland. Further, to ensure good corporate governance, the Commission drafted Financial and Procurement Rules which were presented to the COMESA Administrative and Budgetary Matters Meeting held on 14-16 September 2016 in Lusaka, Zambia. In addition, the Commission conducted four Board Meetings and 8 Meetings for the Committee Responsible for Initial Determination of the cases before the Commission.

COMESA Clearing House

(CCH)

14.4 COMESA Clearing House

The objective of the COMESA Clearing House is to facilitate the settlement of trade and services payments amongst Member States. The Clearing House introduced the Regional Payment and Settlement System, (REPSS) which allows Member States to transfer funds more easily within COMESA. REPSS is built on open standards and is also accessible to Non-Member States.

The COMESA Authority of Heads of State and Government at its Eighteenth Summit held in Addis Ababa, Ethiopia from 30 to 31 March 2015, continued to urge Member States and their respective Central Banks to sensitise their shareholders on the utilisation of the Regional Payment and Settlement System for the benefit of the entire region. Pursuant to Article 73 of the COMESA Treaty, it further urged Member States to use the COMESA Clearing House to generate resources for the COMESA Fund which will be used to leverage funding from cooperating partners for sustainable funding of COMESA programmes.

The Authority reaffirmed its commitment towards REPSS at its Nineteenth Summit held on 18-19 October 2016 in Antananarivo, Madagascar by welcoming the "COMESA Regional Payment and Settlement Scheme as a mechanism for effecting payments within the COMESA region."

REPSS is a Multilateral Netting System with End-of-Day Settlement in a single currency (US$ or Euro), with the system allowing for settlement in a multicurrency environment (US$, Euro or any other specified currency). The main aim of the system is to stimulate economic growth through an increase in intra-regional trade by enabling importers and exporters to pay and receive payment for goods and services through an efficient and cost-effective platform. Local banks access the payment system through their Central Banks. Any participating bank is, therefore, able to make payments to, and receive payments from, any other participating bank. The linkages through Central Banks avoid the complex payment chains that may sometimes occur in correspondent bank arrangements. The system operates through member countries Central Banks and their corresponding banking systems.

REPSS guarantees prompt payment for exports as well as other transfers. It further eliminates mistrust among traders as there is Central Bank involvement. This in turn increases trade within the region. The REPSS platform allows reduction in costs with the resulting savings channelled to other economically beneficial projects within COMESA.

REPSS further enables the building of trust and confidence amongst traders and commercial banks of the region and facilitates the transacting under documentary collections (ICC Publication no. 522) and ultimately on open accounts where the opening of Letters of Credit would no longer be required. Once the region moves to trading under open account, savings could reach US $3850 million under documentary collections/open account trading. Further, such trust will in future promote trade among countries in the region, thus increasing trade significantly.

Table 29: The status of implementation of REPSS:

PARTICIPANT	STATUS AS AT DECEMBER 2017	ACTION REQUIRED
Banque Centrale du Congo	Live on REPSS	More transactions needed
Central Bank of Egypt	Live on REPSS	More transactions needed
Central Bank of Kenya	Live and transacting on REPSS, well received by commercial banks	More commercial banks needed on board
Reserve Bank of Malawi	Live on REPSS No transaction yet since going live	Start sending transactions
Bank of Mauritius	Live and transacting on REPSS	More transactions needed
National Bank of Rwanda	Live on REPSS	More transactions needed

Central Bank of Swaziland	Live on REPSS	Start sending transactions
Bank of Uganda	Live on REPSS	More commercial banks needed on board
Bank of Zambia	Live on REPSS	Start sending transactions
Banque de la République du Burundi	Internal preparations are underway	Complete preliminary tests
Central Bank of Sudan	Internal preparations in progress	Finalise arrangements for correspondent banking
Banque Centrale du Djibouti	Staff trained	Start preparations for sensitisation and testing
Banque Centrale de Madagascar	Preliminary tests already carried out	Sensitisation of stakeholders and internal preparations needed
Bank of Tanzania	Preliminary tests already carried out	Further tests needed Sensitisation of stakeholders
Reserve Bank of Zimbabwe	Re-engagement for sensitisation & further tests in progress. Account pre-funded	Finalise testing and sensitisation to enable preparations for going live
Central Bank of Libya	2 staff members trained before political landscape changed	Start preparations for REPSS once the Central Bank is ready
Central Bank of Seychelles	Yet to start REPSS preparations	Start preparations for REPSS in parallel with RTGS
Banque Centrale des Comores, Bank of Eritrea, National Bank of Ethiopia	Yet to start REPSS preparations	Start preparations for REPSS through engagement with CCH

The system is operational in 9 Member States, namely at the Central Banks of DRC, Egypt, Kenya, Malawi, Mauritius, Rwanda, Swaziland, Uganda and Zambia. It is hoped that the rest of the COMESA countries will join the system in due course, in line with COMESA's variable geometry approach to implementation of its programmes.

Inclusion of the Chinese Yuan and the Indian Rupee

The COMESA Committee of Governors of Central Banks approved the inclusion of the Chinese Yuan and the Indian Rupee as Settlement Currencies of REPSS. REPSS is currently transacting and settling in USD and Euro with provisions for the Japanese Yen, British Pound and the Swiss Franc. The addition of RMB and INR as the sixth and seventh settlement currencies would make REPSS more robust and meet the growing needs of payments and settlements in the fast-changing financial world. It would greatly assist COMESA and Non-COMESA Member States in reducing their USD requirements for payments for trade with China and India and for Intra-COMESA and regional trade.

The Clearing House will be exploring other services that would add value to REPSS, particularly the blockchain platform and trade finance facilities in conjunction with regional financial institutions.

COMESA Regional Investment Agency **(RIA)**

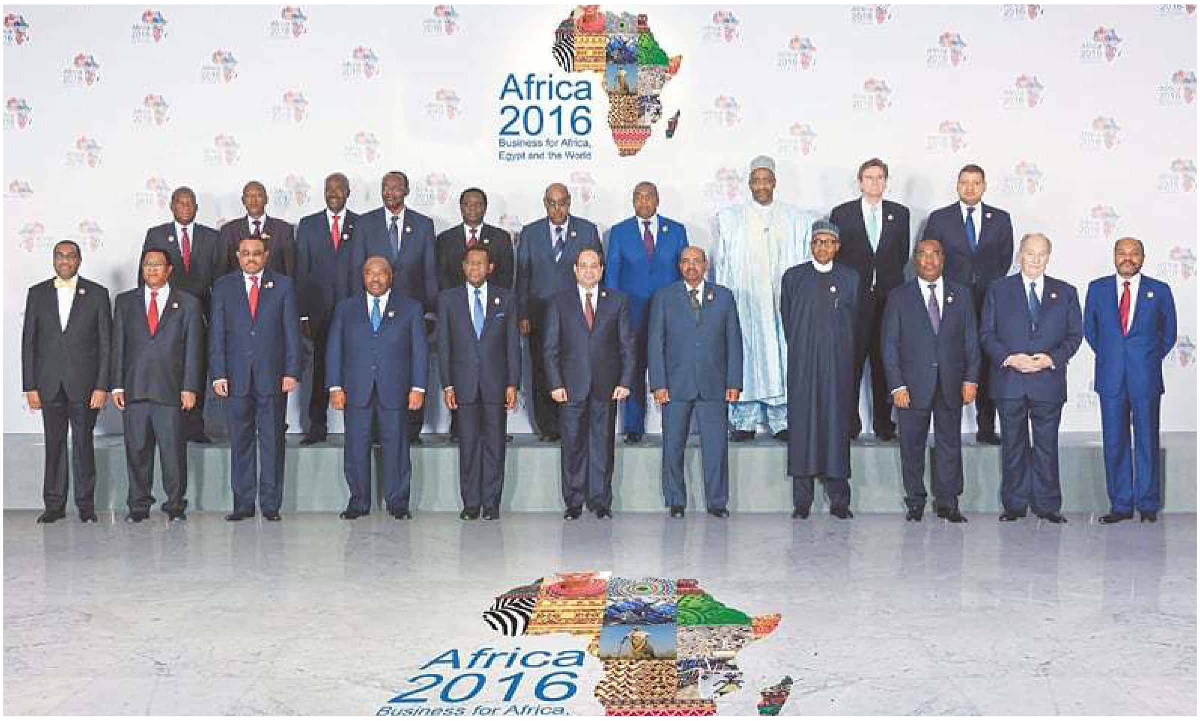
14.5 COMESA Regional Investment Agency

The Regional Investment Agency (RIA) was launched in Cairo, Egypt, in 2006. The key goals of RIA are to make COMESA one of the major destinations for regional and international investors while simultaneously enhancing national investment and carry out additional activities in investment promotion, facilitation and advocacy in conformity with the COMESA Treaty.

The following activities were undertaken by RIA in line with the goal aimed at establishing the COMESA region as an attractive investment destination:

a) *Africa 2016: Business for Africa, Egypt and the World*

RIA spearheaded the organisation of the Africa 2016 Forum: Business for Africa, Egypt and the World, in Sharm El Sheikh, Egypt, on 20 – 21 February 2016. Africa 2016 forum was organized under the patronage of H.E. Abdel Fattah El Sisi, President of the Arab Republic of Egypt, in collaboration with the Government of Egypt. The Forum was attended by six Heads of State and Government, 1,200 public and private delegates, 45 Ministers and dignitaries, 19 African Investment Promotion Agencies (IPAs) including 13 from COMESA Member States. During the Forum, over 300 B2B/G2B meetings were organized, and seven agreements/MoUs signed between respective governments and the private sector in the areas of energy, infrastructure, healthcare, and waste management. While an average of 63 leads per IPA was obtained, an average of 20 serious leads per IPA were expected to be followed up by a country visit to explore investment opportunities in various sectors.



b) *The Global African Investment Summit – COMESA & Government of Rwanda*

RIA partnered with the Government of Rwanda and DMG Events in organizing The Global African Investment Summit – COMESA & Government of Rwanda, on 5 – 6 September 2016, under the patronage of His Excellency Paul Kagame, President of Rwanda. The Summit highlighted the important role of the private sector in realizing the aspirations of TFTA through enhancing the region's physical infrastructure and developing laws and regulations that foster harmonization. The Summit hosted 2 Heads of States, 1 Deputy Prime Minister, 6 ministers, 750 local, regional and international delegates, and 9 IPAs.

c) *Africa 2017: Business for Africa and the World*

Upon the success of the inaugural Africa 2016 forum, COMESA RIA spearheaded the organization of the second edition Africa 2017: Business for Africa and the World, in Sharm El Sheikh, Egypt on 7 – 9 December 2017, under the patronage of H. E. Abdel Fattah Al Sisi, President of the Arab Republic of Egypt. The second Africa-to-Africa forum was attended by four Heads of State and Government, two Vice Presidents, two Prime Ministers, three Deputy Prime Ministers, 48 Ministers, in addition to 2000 participants representing 75 countries (49 African countries) and 600 companies from the regional and international public and private sectors, 23 African Investment Promotion Agencies (IPAs) including 16 from COMESA Member States. Africa 2017 programme was enhanced by:

a. *Young Entrepreneurs Day (YED)*

A full day dedicated to connecting some of Africa's most promising entrepreneurs with regional and international financial institutions, incubators and accelerators, venture capital and private equity firms, investment banks, and the continent's business leaders to discuss future cooperation opportunities scale up their businesses.

In addition to two exclusive presidential roundtables with participating African leaders and CEOs.

Table 30: Africa 2017 forum outcomes

Awareness	Greater awareness about COMESA region and the rest of the continent through the implementation of a comprehensive media campaign in partnership with international media houses such as CNN, BBC, CNBC and Bloomberg featuring the continent's business and investment opportunities, important African investors and policy makers to highlight the Africa opportunity.
B2B/B2G meetings	- 234 meetings were held between participating IPAs and potential investors, where 139 of investors expressed interest in implementing a follow up country visit to further explore business and investment opportunities.
Young Entrepreneurs Day – Deal Room	- 27 meetings were held between investment banking, venture capital companies and African entrepreneurs to discuss potential business partnerships and funding.
Country and site visits	- 2 follow up country visits to explore opportunities in transportation, natural resources, and pharmaceutical sectors.
MoUs and agreements	- 8 MoUs and agreements were signed between international and regional organizations, governments and private sector in the areas of regional integration, SME development, energy and water treatment.

Table 31: Additional promotional activities are outlined in the table below:

Activity	Impact
Co-organization of the Trade and Development Bank (TDB) Investment Forum in Egypt, in Cairo, Egypt, 28 October 2016	Through the forum, TDB presented its products and services and engaged with 150 public and private sector delegates to explore opportunities for future collaboration.
Supported the organization of the Africa Trade Week, in Addis Ababa, Ethiopia, 1-2 December 2016	The event provided an inclusive platform for speakers from the COMESA region to interact and discuss various policy-level initiatives aiming at overcoming challenges hindering increased intra-regional trade and investment flows in the pharmaceutical sector.
- Promotion of the following activities among others: - Malawi Investment Forum (MIP 2016); - The Annual Uganda Investment Week 2016; - Swaziland International Trade Fair (SITF 2016); - Africa Hotel Investment Forum (Rwanda); - Mauritius Asia-Africa Air Corridor - 49th Edition of the Swaziland International Trade Fair, Swaziland, 1 – 11 September 2017 - 41st Annual World Tourism Conference, Kigali, Rwanda, 28 – 31 August 2017 - Consultative and Investment Conference, Uganda, 21 June 2017 - Nor-Shipping 2017, Oslo, Norway, 30 May – 2 June 2017. - Uganda-China Economic and Trade Cooperation Forum 2017, Kampala, Uganda, 5 May 2017 - The first African-Nordic Business Conference in 2017, Helsinki, Finland, 4 May 2017 - Zimbabwe International Trade Fair 2017, Bulawayo, Zimbabwe, 25 – 29 April 2017 - Annual Investment Meeting (AIM 2017), Dubai, UAE, 2 – 4 April 2017 - African Economic Platform, Mauritius, 20 – 22 March 2017	Through the promotion of Member States' events and initiatives, RIA supported their efforts aiming at enhancing the visibility of COMESA Member States, and increasing awareness on the investment climate and opportunities in the COMESA region.
Connecting several inquirers/potential investors with COMESA Member States' IPAs regarding specific business (trade and investment) opportunities	RIA provide an opportunity for COMESA IPAs to interact with a wide base of potential regional and international investors. In coordination with COMESA IPAs, RIA organised 3 country visits to Kenya and Swaziland (energy and consumer goods) in addition to 15+ general inquiries about specific investment opportunities and doing business in COMESA Member States.

In line with the goal aimed at establishing an information hub for investors and FDI stakeholders for the COMESA region, RIA in collaboration with Member States' IPAs identified more than 350 investment opportunities in tourism, agriculture and food industries, manufacturing and industry, infrastructure, services, real estate, and logistics sectors among others. Most of the projects had sufficient project documentation including feasibility studies, pre-feasibility and project concept papers. To enhance visibility and awareness, the projects were availed to investors and FDI stakeholders through the RIA database and network using RIA's online portal, newsletters, promotional events and forums, in addition to a printed publication.

The following publications were produced by RIA:

I. COMESA Investment Teaser 2016 and COMESA Investment Teaser 2017

This publication was produced to ensure the availability of sufficient information on investment opportunities and projects in the pipeline in COMESA Member States.

II. COMESA Investment Teaser 2017 (AR)

An Arabic publication that includes a carefully selected number of projects (100) targeting investors and business community from the Kingdom of Saudi Arabic to support COMESA investment mission to KSA, April 2017.

III. COMESA Investment Handbook 2016:

The publication provides information on the COMESA Treaty, Member States, COMESA Institutions, and benefits of investing in the COMESA region. The comprehensive handbook aims at helping investors to understand the business and investment related indicators in the region.

IV. Additional publications produced by COMESA RIA are in table 32 below

Table 32: Additional Publications

Activity	Impact
COMESA Success Stories	The online publication promoted the COMESA region through the presentation of successfully implemented FDI projects in Member States
An Insight of Egyptian-African Business	The publication provided a concrete example on regional integration through highlighting latest information on business and investment relations between Egypt and other African countries
Investor guide to doing business in (Zimbabwe), (Madagascar), (Sudan) and (Egypt)	The four guides are written to give an overview of each country's investment and business climate that is important for investors to recognise during their investment decision making process
Egypt: Moving Investment Forward	The publication includes detailed information on Egypt's comprehensive economic reform programme and its direct and expected impact on FDI landscape in the country. In addition to highlighting Egypt's mega investment opportunities.
Frequently Asked Questions (FAQ)	A booklet that is developed to inform investors and important stakeholders about COMESA region, COMESA RIA's mandate and services, in addition to high-level information about doing business and investment trends in the region.
Promotion through Social Media Channels and Online Portal	COMESA RIA disseminated investment, business news and information on regulatory frameworks, incentives, procedures, and investment opportunities in the COMESA region. During the period under review, the COMESA RIA website received seven hundred fifty thousand visits and around eleven million hits. In addition to distributing eight versions of the COMESA RIA's electronic newsletter to its network, the Institution published two 'End of Year Editions' highlighting 2016 and 2017 achievements and most significant business news.

V. Capacity building activity for IPAs and others:

In collaboration with UNCTAD, RIA provided a one-day training session for young Egyptian diplomats on investment promotion in Cairo, Egypt on 7th December 2016. The aim of the session was to provide practical examples on the role of foreign diplomats in investment promotion and how the private sector can work with governments and international organizations.

The organization of three regional workshops in December 2017 on the side lines of Africa 2017 forum. The workshops aimed at building the capacities of participating IPAs and Doing Business Units' officials including representatives from COMESA Member States in investor aftercare services, cluster-based FDI promotion and Doing Business reform mechanisms. The workshops were attended by 50 officials representing 23 African countries including 16 COMESA Member States.

COMESA RIA signed an MoU with Islamic Development Bank Group Business Forum (THIQAH) during the 42nd IDB annual meeting which was held in Jeddah, KSA, 14 – 18 May 2017. The MoU aims at implementing joint promotional activities with the aim of increasing inward and outward investments and trade flows in their common member countries.

COMESA Leather and Leather Product Institute **(COMESA/LLPI)**

14.6 COMESA Leather and Leather Product Institute (COMESA/LLPI)

The Leather and Leather Products Institute is a Chartered, autonomous institution of COMESA established on 23rd November 1990 in Mbabane, Swaziland. The Institution's main mandate is to facilitate the development of the leather sector in the COMESA Region.

Guided by its Strategy 2016 – 2025, notable achievements were realized in empowering COMESA SMEs in the leather sector in different countries and at the Headquarters level as indicated in the table below:.

a. ***The rebranding of COMESA-Leather and Leather Products Institute (COMESA/LLPI) as Africa Leather and Leather Products Institute (ALLPI)***

COMESA- Leather and Leather Products Institute was re-branded as Africa Leather and Leather Products Institute (ALLPI). The rebranding was influenced by the current dynamics on the African continent regarding to market integration as manifested with the signing of the COMESA-EAC-SADC Tripartite Agreement, and the movement towards the Continental Free Trade Area. The rebranding will enable ALLPI to support activities towards strengthening of the leather value chain across the continent in a seamless and cost-effective manner. The rebranding initiative was recommended by the Board of Directors during its 32nd Board meeting held in in Kampala Uganda 17-18 July 2017 and was fully endorsed by the 37th meeting of the COMESA Council of Ministers in Lusaka, Zambia, 3-4th November 2017.

b. ***Upgradation of ALLPI's ISO QMS and EMS Certification***

ALLPI's ISO QMS and EMS Certification is now upgraded from QMS ISO 9001:2008 and EMS ISO 14001:2004 to QMS ISO 9001:2015 and EMS 14001:2015 since December 2017. This was achieved after the certification /Surveillance Auditors intensive assessment of the institute's operation against the new standards, that confirmed its validity for the new certification. The certification will enable the institute to facilitate its operations in a better way at its headquarters as well as at member states levels.

c. ***Technology Transfer***

ALLPI has brokered relationship with global companies in machinery and chemical manufacturing including BASF. In 2018, they will undertake training for member states as ALLPI pursues the industrialization pillar through a push towards finishing.

ALLPI is also supporting its member States in effluent management. To this effect, under ALLPI's full sponsorship, two projects final reports were submitted. They encompass guidance on choice of technology on both effluent treatment and effluent disposal and detailed designs, drawings and cost estimations for the construction of a common effluent treatment plant for tannery park at Bugesera Industrial Park, Rwanda and Leather City-Khartoum, Sudan. Similar studies for Eritrea and Uganda will start soon and others will continue with more availability of funds.

ALLPI is starting to develop business plans to all satellite design studios that have started operations. These include the TPCSI in Kenya, Kerari Vocational Training Centre-Sudan, and Training and Common Facilities Centre Trust, Uganda.

ALLPI is also harmonizing more than 25 curricula to reflect the needs of member states with implementation geared in the year 2018 towards 2019 to support the SMEs.

d. ***ALLPI's Annual Regional Consultative Forum***

ALLPI held its annual regional consultative forum from on 13 to 14 December 2017 in Livingstone, Zambia. The theme of the Forum was "Hastening Technology Transfer & Trade promotion with a focus of Transforming from Commodity to Product Dependence." It brought together 66 participants drawn from national, regional and international partners in the leather sector from 14 Eastern and Southern African countries (Burundi, Democratic Republic of Congo, Eritrea, Ethiopia, Kenya, Malawi, Mauritius, Rwanda, Sudan, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe) and partner organizations representatives from ITC, India, Italy, Turkey and UK. An evaluation condcued at the closong of the meeting showed that 97% of the respondents ranked ALLPI's interventions towards leather sector development as 'very good' and 'excellent'.

Table 33: Specific Activities Conducted for Leather Sector Development in COMESA/LLPI Member States

Country	Collaborating Institutions	Activities and Outputs	Recorded and Expected Impact
Burundi	▪ Ministry of Trade, Industry, Post and Tourism; ▪ Department of Vocational Training; ▪ National Association of SMEs; ▪ Afritan	▪ COMESA/LLPI Experts Team conducted Service/Incubation Centres' Assessment for the Leather Industry; ▪ A Leather Value Chain Strategy formulated and launched with the participation of Government, Private Sector and Academia; ▪ 53 artisans were trained in footwear making, out of which 25 have been employed by a new footwear factory. The other half are operating as a loose Cluster in Kamenge; ▪ A curriculum for levels 1 to 3 and Diploma level, was designed, which responds to the needs of the industry and meets the minimum requirements as set by Government; ▪ Commenced procurement process for the purchase of equipment and tools at a total value of US$ 56,823 under the BADEA financial support, for the SMEs Incubation Centre in Bujumbura; ▪ Representatives from public, private sectors and academia were sponsored to participate in the following: ○ The 9th Regional Leather Sector Core Team Meeting (RLSCT) held in Harare, Zimbabwe; ○ Stakeholders Consultative Meeting held in Ethiopia; ○ Regional Design Studio Launch and Training Workshop held in Mombasa, Kenya. ▪ Representative form leather and leather products Enterprises sponsored to attend the All Africa Leather Fair, Addis Ababa, Ethiopia in March 2017 ▪ A funding project proposal was developed and submitted to RISM under, an EU funded program ▪ COMESA/LLPI is currently implementing East African Hub Project entitled "Structured Design Training for Regional Leather and Leather Products SMEs in Leather Products Design, Craftsmanship, and Export readiness" that runs from June 2017 to May 2018 in Burundi, Rwanda, Uganda and Tanzania As part of this project, Representatives from Government, and Private Sectors from Burundi participated:	▪ Improved collaboration and networking between Government and the Value Chain Actors, which was not in existence prior to the intervention by COMESA/LLLPI; ▪ Enforcement of raw hides and skins export restriction has improved supplies of raw hides and skins in the domestic market, consequently pushing up tanning capacities to around 80% from 40%; ▪ Regulatory policy reforms and enforcement have led to two new foreign investors currently constructing a tannery; ▪ A full-fledged footwear manufacturing company was officially opened; targeting to attain 1000 pairs per day; ▪ Burundi exports of raw goat skins to the COMESA Region grew from US$ 0 to US$ 113,000; ▪ Individual SMEs trained to improve on their shoe production and increasing their market orientation at national and regional levels; ▪ 25 out of those trained provided with working opportunities in the new footwear factory;

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Country	Collaborating Institutions	Activities and Outputs	Recorded and Expected Impact
		○ Focal point Capacity Building Workshop held from 19th – 21st July 2017 in Kampala, Uganda ○ Regional Workshop in Leather Products Design, Craftsmanship and Export Readiness held in Kampala on 22nd to 23rd September ○ Regional SMEs Training in Leather Products Design, Craftsmanship and Export Readiness held from 23rd to 29th September in Kampala ▪ Representatives from Government and Private sector attended COMESA/LLPI's 11th Consultative Forum organized in Livingstone, Zambia from 12 to 15 December 2017. ▪ As part of Procurement process for the purchase of Equipment and Tools for a total value of 56,823.00USD a re-advertised bid ▪ As part of Procurement process for the purchase of Equipment and Tools for a total value of 56,823.00USD a re-advertised bid process, is underway, under the BADEA financial support, for the SMEs Incubation Centre in Bujumbura.	▪ Potential linkage of SMEs with the operating footwear factory built to adapt to cluster approach; ▪ New footwear design, which is 98% handmade, revealed in Burundi. Innovation at its best; ▪ Enhanced value addition; ▪ Improved quality and productivity; and ▪ Strengthened market access.
Eritrea	▪ Ministry of Trade and Industry ▪ Eritrea Leather Industries Association ▪ University of Asmara ▪ Eritrea Bureau of Standards	▪ A Leather Value Chain Strategy formulated and launched with the participation of Government, Private Sector and Academia. This created a solid platform for collaboration among the three pillars. ▪ Government and private sector representatives were sponsored to participate in the following: ○ The 9th Regional Leather Sector Core Team (RLSCT) Meeting held in Harare, and; ○ Stakeholders Consultative Workshop on the Establishment of Regional Design Studio for leather footwear and other leather goods held in Kigali; ○ Regional Design Studio launch and training workshop in creative and technical design held in Mombasa, Kenya. ▪ SME representative sponsored to participate in the Zambia International Trade Fair held in Ndola, Zambia; ▪ Commenced procurement process for the purchase of equipment and tools at a total value of US$ 56,823 under the BADEA financial support, for the SMEs Incubation Centre in Asmara; ▪ Curriculum for various levels of training programmes in Leather Technology is under development. ▪ COMESA/LLPI is currently implementing East African Hub Project entitled "Structured Design Training for Regional Leather and Leather Products SMEs in Leather Products Design, Craftsmanship, and Export readiness" that runs from June 2017 to May 2018 in Burundi, Rwanda, Uganda and Tanzania as part of this project, Representatives from Government, and Private Sectors from Eritrea participated: ○ Focal point Capacity Building Workshop held from 19th – 21st July 2017 in Kampala; ▪ Representatives from Government and Private sector attended COMESA/LLPI's 11th Consultative Forum organized in Livingstone, Zambia from 14 to 15 December 2017; ▪ As part of Procurement process for the purchase of Equipment and Tools, under the BADEA financial support of 60,000.00USD a re-advertised bid process, is underway, for the SMEs Incubation Centre in Asmara	▪ Improved collaboration between LLPI and the Eritrean Government, which is a positive development with the potential to contribute to growth of the sector; ▪ A South African company, through the facilitation of LLPI, is in discussions to set up a tannery off cuts collection centre, which would assist in cleaning the environment of physical waste and generate additional income to tanneries. The hides and skins off-cuts would be exported to South Africa and would be used in the production of gelatin, cosmetics etc. ▪ Eritrean exports of leather and leather products to the COMESA region is expected to grow considerably

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Country	Collaborating Institutions	Activities and Outputs	Recorded and Expected Impact
Ethiopia	▪ Ministry of Trade; ▪ Ministry of Industry ▪ EIFCCOS ▪ Ethiopian Leather Industries Association (ELIA) ▪ Ethiopia Leather	▪ Baseline survey conducted to determine the Performance of Cluster and Non-cluster based SMEs manufacturing Leather Footwear in Addis Ababa; ▪ A Leather Footwear Strategy was formulated and launched through a participatory process for EIFCCO Cluster, which has a Membership of 1200 and, employing approximately 3000 people; ▪ 98 artisans were trained in entrepreneurial skills: record keeping, costing and pricing; ▪ Commenced procurement of machinery for strengthening of SMEs Footwear Cluster at a total value of US$ 25,000 through TDB support; ▪ Medium Term Leather Value Chain Strategy formulation at country level and for the Ethiopian Leather Industry Association; ▪ COMESA/LLPI Experts conducted a base line survey to Assess Effect of Export Regime Policies on the Performance of the Leather Value Chain with FAO financial support; ▪ SME representatives sponsored to participate in the Zambia International Trade Fair held in Ndola, Zambia; ▪ Representatives from government and private sector were sponsored to participate in the following: ○ The 9th Regional Leather Sector Core Team Meeting (Harare); ○ Regional Design Studio Establishment Workshop of Member States representatives held in Addis Ababa; ○ Regional Design Studio Establishment Workshop for the Private Sector held in Kigali; and ○ Stakeholders Consultative Meeting held in Ethiopia. ▪ Representatives from Private Sector were sponsored to participate in Reach Compliance Among COMESA Footwear and Tanners: Training of Trainers course held in Ethiopia in January 2017 ▪ In collaboration with LIDI a funding project proposal was developed and submitted to Brussels in March 2017, to support Ethiopia Leather Sector under Switch Africa Green, an EU funded program ▪ COMESA/LLPI is currently implementing East African Hub Project entitled "Structured Design Training for Regional Leather and Leather Products SMEs in Leather Products Design, Craftsmanship, and Export readiness" that runs from June 2017 to May 2018 in Burundi, Rwanda, Uganda and Tanzania as part of this project, Representatives from Government, and Private Sectors from Ethiopia participated: ○ Focal point Capacity Building Workshop held from 19th – 21st July 2017 in Kampala; ○ Regional Workshop in Leather Products Design, Craftsmanship and Export Readiness held in Kampala on 22nd to 23rd September;	▪ The Cluster clinched orders to export 60,000 pairs per month to Kenya through LLPI facilitation, ▪ Improved business management would enhance the performance of the enterprises about profitability and volume growth; ▪ COMESA/LLPI recognized and received a certificate of appreciation from the EFFICOS Cluster Board of Directors; ▪ UNCTAD has invited COMESA/LLPI as an important partner to collaborate in supporting the Ethiopian Government to formulate agro-processing value chains; ▪ Exports of leather and leather products from Ethiopia to the COMESA region grew from US$ 672,000 to US$ 6,758,000; ▪ Ethiopia imports of leather and leather products from the COMESA region grew from US$ 95,000 to US$ 210,000. ▪ Ethiopia Regional exports of leather and leather products expected to be further grown from earlier recorded 3.5% share.

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Country	Collaborating Institutions	Activities and Outputs	Recorded and Expected Impact
		○ Regional SMEs Training in Leather Products Design, Craftsmanship and Export Readiness held from 23rd to 29th September in Kampala. ▪ As part of strengthening Ethio International Footwear Cluster Cooperative Society a project proposal developed and submitted to CFC (Common Fund for Commodities); ▪ An MoU is signed with Bahrdar University – Ethiopian Institute of Textile and Fashion Technology in furtherance of mutual interests in technology transfer, training and research; ▪ Ethiopia is serving as member of the COMESA/LLPI Board of Directors; ▪ Promotion of Ethiopian leather industry by facilitating private sector and government institution representative mission from Sudan, Kenya, DRC, and Zimbabwe to Ethiopia; ▪ Short term Training requests from Member countries are facilitated in LIDI; ▪ Trade Linkages were facilitated for finished leather procurement from Ethiopia by DR Congo enterprises; ▪ Networking activities have been conducted with JICA for export market expansion project regarding branding of High Land sheep skin activity; ▪ Sponsored Leather SMEs from seven-member States participation in All Africa Leather Fair (AALF) 9th edition; ▪ Co-sponsored the organization of AALF; ▪ Launched, unpacked and collaborated in the implementation of the Ethiopian Leather Value Chain Strategy; ▪ Representatives from Government, Academia and Private sectors attended COMESA/LLPI's 11th Consultative Forum organized in Livingstone, Zambia from 12 to 15 December 2017. ▪	

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Country	Collaborating Institutions	Activities and Outputs	Recorded and Expected Impact
Kenya	▪ Ministry of Trade and	▪ COMESA/LLPI Experts Team conducted Service/Incubation Centres Assessment for the Leather Industry; ▪ A Leather Value Chain Strategy was formulated with the participation of government, private sector and academia; ▪ An MoU was signed with Dedan Kimathi University aimed at strengthening the University's support to enterprise development; ▪ Commenced curriculum development for Dedan Kimathi which responds to the needs of both the SMEs and large enterprises; ▪ LLPI assistance in the development of a National Leather Development Policy under the Ministry of Trade and Industrialisation for purposes of mainstreaming the leather sector alongside other agro-based commodities; ▪ Kenya Leather Development Council provided both national and regional presence in aspects of participation in Core Team, SME and specific trade related symposiums; ▪ Established collaboration with 'Landolakes' to address issues related to pastoral communities in enhancing quality of raw hides and skins production; ▪ Commenced implementation of ITC- SITA Project; ▪ Commenced greening of SMEs Leather Clusters and Leather Tanning Industries in Kenya Project at a total budget of US$ 250,000; ▪ The COMESA/LLPI facilitated discussion and agreement on a US$ 300,000 revolving fund scheme for SMEs, between the TDB and the Ministry of Trade and Industrialization; ▪ COMESA/LLPI Experts conducted a base line survey to assess Effect of Export Regime Policies on the Performance of the Leather Value Chain with FAO financial support; ▪ COMESA/LLPI-KLDC Implemented Project Launch Workshop on Greening SMEs Leather Clusters and Leather Tanning Industry held in Kenya; ▪ Commenced procurement process for the purchase of equipment and tools at a total value of US$ 67,410 under the BADEA financial support for the SMEs Incubation Centre in Thika-Kenya; ▪ Representatives from government and private sector were sponsored to participate in the following: ○ The 9th Regional Leather Sector Core Team Meeting held in Harare; ○ Regional Design Studio Establishment Workshop of Member States representatives held in Addis Ababa;	▪ Government of Kenya allocated US$ 25 Million to develop the leather sector in response to initial success of the Cluster initiative; ▪ Capacity utilization of firms producing security boots increased from 55% to 80% due to Government procurement; ▪ Owing to LLPI facilitation Kenya Footwear Manufactures received financial support from UNIDO in the form of a project; ▪ Earlier efforts in SME training has provided new direction in the footwear design in Thika, Nairobi and Eldoret; ▪ Kenya exports of leather and leather products to the *COMESA* region grew from US$27 Million to US$ 50 Million; ▪ Kenya's imports of leather and leather products from the COMESA region grew from US$9.5 Million to US$ 13.3 Million.

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Country	Collaborating Institutions	Activities and Outputs	Recorded and Expected Impact
		○ Regional Design Studio Establishment Workshop for the Private Sector held in Kigali; ○ Stakeholders consultative meeting held in Ethiopia; ○ Regional Design Studio project launch and training workshop on technical and creative design held in Mombasa, Kenya. ▪ The Institute facilitated the visit of Hon. Minister Adan Mohammed and his Team to COMESA/LLPI on 3rd February 2016. ▪ Representative form leather and leather products Enterprises sponsored to attend the All Africa Leather Fair, (AALF 2017, 9th Edition), Addis Ababa, Ethiopia in March 2017; ▪ A funding project proposal was developed and submitted to Brussels in March 2017, to support Kenyan SMEs in the Leather Sector under Switch Africa Green II, an EU funded program ▪ A Representative from Kenya participated in a meeting that was conducted in April 2017 for course outline preparation and curriculum Design for 2017 Training Program of LLPI ▪ Government and Private Sector representatives from Kenya participated in the First India Commonwealth Trade Submit held in New Delhi, India, as part of COMESA/LLPI Team; ▪ COMESA/LLPI is currently implementing East African Hub Project entitled "Structured Design Training for Regional Leather and Leather Products SMEs in Leather Products Design, Craftsmanship, and Export readiness" that runs from June 2017 to May 2018 in Burundi, Rwanda, Uganda and Tanzania. As part of this project, Representatives from Government, Academia and Private Sectors from Uganda participated: ○ Focal point Capacity Building Workshop held from 19th – 21st July 2017 in Kampala; ○ Representatives from Government, Academia and Private will attend COMESA/LLPI's 11th Consultative Forum organized to be held in Livingstone, Zambia from 12th to 15th December 2017. ▪ In collaboration with Dedan Kimathi University, LLPI is working on a research project entitled "Identifying the Determinants of the Leather Technology Adoption in Artisan/SMEs Involved in the Leather Footwear and Leather Goods Manufacturing in Kenya"; ▪ Re-Advertisement for purchase of Equipment and Tools for a total value of 66,323.00USD, is underway, under the BADEA financial support, for the SMEs Incubation Centre in Nairobi, Kenya; ▪ Kenya Footwear Manufacturers Association(KFMA) Strategy was formulated, validated and launched; ▪ Facilitated the visiting of Kenyan Team composed of Government and Private Sector Representatives to Ethiopia for Benchmarking; ▪ Greening SMEs Leather Clusters and Leather Tanning Industries in Kenya Project underway with a total budget of USD 250,000;	

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Country	Collaborating Institutions	Activities and Outputs	Recorded and Expected Impact
Malawi	▪ Ministry of Trade and Industry; ▪ Malawi Chamber of Commerce; ▪ Leather Association of Malawi; ▪ Small and Medium Enterprise	▪ A leather value chain strategy was formulated and launched with the participation of government, private sector and academia; ▪ A total of 40 SMEs were trained in Footwear Making in Lilongwe and Blantyre; ▪ Initiated the setting up of the SMEs Association; ▪ SME representative sponsored to participate in the All African Leather Fair; ▪ COMESA/LLPI Experts conducted a base line survey to assess Effect of Export Regime Policies on the Performance of the Leather Value Chain, with FAO financial support; ▪ MoU signed with Small and Medium Enterprises Development Institute (SMEDI) Malawi; ▪ Representatives from private and public sector were sponsored to participate in the following: ○ The 9th Regional Leather Sector Core Team Meeting held in Harare, Zimbabwe and; ○ Regional Design Studio project launch and training workshop on technical and creative design held in Mombasa, Kenya. ▪ COMESA/LLPI facilitated the visit to the Institute by the Malawi Ambassador to Ethiopia, Mr. Chimango E. Chirwa on 14th April 2016; ▪ With LLPI support Malawi benefitted from RISM fund totalling US$. 200,000 ▪ Representative from Malawi participated in a meeting that was conducted in April 2017 for course outline preparation and curriculum Design for 2017 Training Program of LLPI; ▪ Malawi is represented in the LLPI Board of Directors Meeting; ▪ Pre-feasibility study report for setting-up of a tannery in Malawi was conducted and report submitted; ▪ Capacity Building Workshop on Clustering and Incubation Conducted for selected participants from Government and Private Sector Representatives; ▪ COMESA/LLPI is currently implementing East African Hub Project entitled "Structured Design Training for Regional Leather and Leather Products SMEs in Leather Products Design, Craftsmanship, and Export readiness" that runs from June 2017 to May 2018 in Burundi, Rwanda, Uganda and Tanzania. As part of this project, Representatives from Government, and Private Sectors from Malawi participated in; ○ Focal point Capacity Building Workshop held from 19th – 21st July 2017 in Kampala; ▪ Representatives from Government and Private sectors attended COMESA/LLPI's 11th Consultative Forum organized in Livingstone, Zambia from 12th to 15th December 2017. ▪ Investment Profile of the Malawi Leather Sector was designed in Collaboration with ITC and submitted.	▪ Improved collaboration and networking between Government and the Value Chain Stakeholders, which was not in existence prior to the intervention by COMESA/LLLPI; ▪ Government commenced security boots procurement from local enterprises; ▪ Establishment of Leather Footwear Association after training of SMEs; ▪ Malawi exports of leather and leather products to the COMESA region grew from US$ 274,000 to US$ 495,000; ▪ Malawi imports of leather and leather products from the COMESA region stands at US$ 1.1 million; ▪ Establishment of Leather Industries Association of Malawi (LIAM).

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Country	Collaborating Institutions	Activities and Outputs	Recorded and Expected Impact
Rwanda	▪ Ministry of Trade and Industry; ▪ Masaka Incubation Centre; ▪ Association of SMEs; ▪ Rwanda	▪ COMESA/LLPI Experts Team conducted Service/Incubation Centres Assessment for the Leather Industry; ▪ A Leather Value Chain strategy has been formulated and launched with the participation of government, private sector and academia; ▪ 52 artisans were trained at Masaka Incubation Centre and Kigali; (21 in Footwear Making and 31 in Cluster Management); ▪ Commenced procurement process for the purchase of equipment and tools at a total value of US$ 66,323 under the BADEA financial support for the SMEs Incubation Centre in Kigali, Rwanda; ▪ A draft feasibility study for setting up a footwear manufacturing company prepared; ▪ A project proposal for possible resource mobilization for the leather sector developed and submitted; ▪ Joint meeting between COMESA/LLPI experts, MINICOM and key public institutions involved in the development of the leather sector was held to define tasks, responsibilities and needed resources for the implementation of prioritized three intervention areas for COMESA/LLPI technical assistance in Rwanda; ▪ Commenced curriculum development for different levels of training programmes in Leather Technology; ▪ LLPI commenced the facilitation and financing of the design and completion of the necessary drawings for the construction of a Common Effluent Treatment Plant for the Leather Industrial Park in Bugesera, Rwanda; ▪ Representatives from government and private sector were sponsored to participate in the following: ○ Regional Design Studio Establishment Workshop for the Private Sector held in Kigali; ○ Regional Design Studio project launch and training workshop on technical and creative design held in Mombasa, Kenya. ▪ Representative from Public and Private Sector were sponsored to participate in Reach Compliance Among COMESA Footwear and Tanners: Training of Trainers course held in Ethiopia in January 2017;	▪ Improved collaboration and networking between Government and the Value Chain Stakeholders, which was not in existence prior to the intervention by COMESA/LLLPI; ▪ Strategic linkages with Ethiopian exporters of finished leather and Kenyan upper shoe manufacturers of Kariokor and Rwandese SMEs facilitated; ▪ Facilitation by LLPI in hosting various stakeholder groups to explore the Ethiopian Market at their request has developed closer trade integration amongst players in both countries; ▪ A new tannery started operating and produces wetblue. ▪ Rwanda imports of leather and leather products imports from the COMESA region grew from US$ 6,000,000 to US$ 6,500,000; ▪ Raw hides and skins exports from Rwanda to the COMESA region has grown from US$ 3,660,000 to US$ 4,329,000.

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Country	Collaborating Institutions	Activities and Outputs	Recorded and Expected Impact
		▪ Representative form leather and leather products Enterprises sponsored to attend the All Africa Leather Fair, AALF 2017, 9th Edition, Addis Ababa, Ethiopia in March 2017; ▪ SMEs representatives from Rwanda participated in the First India Commonwealth Trade Submit held in New Delhi, India, as part of COMESA/LLPI Team; ▪ COMESA/LLPI is currently implementing East African Hub Project entitled "Structured Design Training for Regional Leather and Leather Products SMEs in Leather Products Design, Craftsmanship, and Export readiness" that runs from June 2017 to May 2018 in Burundi, Rwanda, Uganda and Tanzania. As part of this project, Representatives from Government, and Private Sectors from Rwanda participated in: ○ Rwanda SMEs survey for the current status of SMEs and production performance conducted; ○ Focal point Capacity Building Workshop held from 19th – 21st July 2017 in Kampala; ○ Regional Workshop in Leather Products Design, Craftsmanship and Export Readiness held in Kampala on 22nd to 23rd September; ○ Regional SMEs Training in Leather Products Design, Craftsmanship and Export Readiness held from 23rd to 29 September in Kampala. ▪ Meeting was held with WDA technical team in Tailor making earlier submitted vocational and Diploma curricula; ▪ CETP project is towards finalization and the final document will be submitted before December 2017; ▪ Trained 101 SMEs at Masaka Business Incubation Centre in Footwear and other Leather Goods Design and Finishing; ▪ Representatives from Government, and Private sector attended COMESA/LLPI's 11th Consultative Forum organized in Livingstone, Zambia from 14 to 15 December 2017; ▪ Procurement process for the purchase of Equipment and Tools, under the BADEA financial support, for the SMEs incubation centre in Rwanda is underway; ▪ Rwanda is serving as member of the COMESA/LLPI Board of Directors.	

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Country	Collaborating Institutions	Activities and Outputs	Recorded and Expected Impact
Sudan	▪ Federal Ministry of Trade; ▪ Federal Ministry of Industry; ▪ Khartoum State Ministry of Human Resource	▪ A Curriculum which responds to the needs of the leather industry and meets the requirements of Government was designed and launched; ▪ A Leather Value Chain Strategy was formulated and launched with the participation of Government, Private Sector and Academia; ▪ 20 artisans were trained in Footwear Manufacturing by LLPI; ▪ Commencement of procurement of machinery for strengthening SMEs Footwear Cluster at a total value of US$ 25,000 with the support of TDB; ▪ One SME representative sponsored to participate in the Zambia International Trade Fair held in Ndola, Zambia ▪ Representatives from government and private sector were sponsored to participate in the following: ○ The 9th Regional Leather Sector Core Team Meeting in Harare; ○ Regional Design Studio Establishment Workshop of Member States representatives held in Addis Ababa; ○ Regional Design Studio Establishment Workshop for the Private Sector held in Kigali and; ○ Regional Design Studio project launch and training workshop on technical and creative design held in Mombasa, Kenya. ▪ COMESA/LLPI facilitated the visit of H.E. Eng. Abdalla Hamad, Minister of Investment and Industry of Sudan's Khartoum State and his team to the Institute on 12th April 2016. ▪ More than 20 participants from different government institutions were trained in Cluster and Incubation Management Training Workshop held on 22nd – 23rd August 2017; ▪ Support the establishment of Cluster Development Secretariat; ▪ COMESA/LLPI and Ministry of Human Development and Labour Signed MoU with the objective of cooperation in the areas of training, technology transfer, incubation consultancy, development of SMEs, and other programs in the leather sector; ▪ Supported the organization of Khartoum Leather Trade Fair; ▪ A paper presentation on the "Leather sector Global scenarios, Africa's Renaissance, selected /regional communities' insights, Re-strategizing the LLPI towards Africa leather sector" has been presented to Sudan University of Science and Technology (SUST); ▪ COMESA/LLPI signed MoU with Bahru University as part of furtherance of mutual interests in technology transfer, training and research;	▪ Improved collaboration and networking between Government and the Value Chain Actors, which was not in existence prior to the intervention by COMESA/LLLPI; ▪ Export restrictions on the export of raw hides to West Africa for human consumption is now in force; it is reported that this has led to a reduction in the price of raw bovine hides and availability; thus re-channelling 60% of the US$ 43 Million worth of hides back into the leather value chain; ▪ The University of Science and Technology of Sudan has endorsed its partnership with LLPI to fast track innovation, capacity building and SME support to revitalize the leather Sector; ▪ Out of 20 participants trained in footwear, 10 are in the pipeline of receiving funding support from the State of Khartoum, while the remaining 10 are engaging in footwear manufacturing at individual level after direct discussion with the Governor and State Ministers of Khartoum; ▪ The Public Sector has agreed to establish a Fund to support the improvement in the production of quality raw hides and skins; ▪ Sudan imports of leather and leather products from the COMESA region grew from US$ 1.0 Million to US$ 1.4 Million. ▪ A project under EU-TBT programme to support selected Tanneries and SMEs of Sudan in their compliance with EU REACH Directive is underway.

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Country	Collaborating Institutions	Activities and Outputs	Recorded and Expected Impact
		▪ Signing of MoU with Sudan University of Science and Technology (SUST) to collaborate for the development of leather sector in the Sudan through Teaching, Research, and providing incubator service to Artisans/SMEs working in footwear and leather goods; ▪ Representative from Private Sector was sponsored to participate in Reach Compliance Among COMESA Footwear and Tanners: Training of Trainers course held in Ethiopia in January 2017; ▪ Representatives from public and private leather and leather products Enterprises sponsored to attend the All Africa Leather Fair, AALF 2017, 9th Edition, Addis Ababa, Ethiopia in March 2017; ▪ Academia representative from Sudan participated in a meeting that was conducted in April 2017 for course outline preparation and curriculum Design for 2017 Training Program of LLPI; ▪ COMESA/LLPI sponsored Central Effluent Treatment Plant (CETP) Design is being finalized; ▪ Collaborate in the implementation of the Sudan Leather Value Chain Strategy implementation; ▪ Facilitate the procurement process for the purchase of Equipments and Tools, under the EU -RISM Funding for the SMEs incubation centre in Sudan (Sudan University of Science and Technology and Kerari TVET) is underway; ▪ ▪ COMESA/LLPI facilitated potential investor (Gruppo BioKimica from Italy) to meet and discuss with Ministry of Industry and Investment (MoII) of the Khartoum State, Sudan officialsa including with the Hnorable Minister H.E. H.E. Eng. Abdalla Ahmed Ahmad; ▪ Representatives from Government, Academia and Private sector attended COMESA/LLPI's 11th Consultative Forum organized in Livingstone, Zambia from 1th to 15th December 2017.	

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Country	Collaborating Institutions	Activities and Outputs	Recorded and Expected Impact
Uganda	▪ Ministry of Trade, Industry and	▪ COMESA/LLPI Experts Team conducted Service/Incubation Centres Assessment for the Leather Industry; ▪ A Leather Value Chain Strategy was formulated and launched with the participation of Government, Private Sector and Academia; ▪ 20 SMEs were trained in footwear making; ▪ Initiated a capacity building programme with the Makerere Business School; ▪ COMESA/LLPI Experts conducted a base line survey to assess Effect of Export Regime Policies on the Performance of the Leather Value Chain with FAO financial support; ▪ Commenced implementation of ITC- SITA Project; ▪ Commenced procurement of machinery for strengthening of SMEs Footwear Cluster valued at US$ 25,000 through TDB support; ▪ Commenced procurement process for the purchase of equipment and tools valued at US$ 56,823.00 under the BADEA financial support for the SMEs Incubation Centre in Kampala-Uganda; ▪ Representatives from government and private sector were sponsored to participate in the following: o The 9th Regional Leather Sector Core Team Meeting in Harare; o Regional Design Studio Establishment Workshop of Member States representatives held in Addis Ababa; o Regional Design Studio Establishment Workshop for the Private Sector held in Kigali; and o Regional Design Studio Project Launch and Training Workshop on Technical and Creative Design held in Mombasa, Kenya. ▪ Representative from Private Sector was sponsored to participate in Reach Compliance Among COMESA Footwear and Tanners: Training of Trainers course held in Ethiopia in January 2017 ▪ Representative form leather and leather products Enterprises sponsored to attend the All Africa Leather Fair, AALF 2017, 9th Edition, Addis Ababa, Ethiopia in March 2017 ▪ A funding project proposal was developed and submitted to Brussels in March 2017, to support Ugandan SMEs in the Leather Sector under Switch Africa Green, an EU funded program ▪ Academia representative from Makerere University participated in a meeting that was conducted in April 2017 for course outline preparation and curriculum Design for 2017 Training Program of LLPI	▪ Improved collaboration and networking between Government and value chain actors resulting in the formation of the Uganda Leather Development Council (ULDC), which will spearhead implementation of the Strategy; ▪ Tannery and abattoir waste reduction, recycling and reuse in place toward gelatin production through the private sector; ▪ Intervening by LLPI for the SMEs has resulted in the government providing a building, -free of charge, to the association. This will provide accommodation, strengthen its administrative and capacity building capability; ▪ Makerere University has initiated work related to entrepreneurship in conjunction with LLPI targeted towards the SMEs; ▪ Uganda imports of leather and leather products from the COMESA region has grown from US$ 7,656,000 to US$ 10,675,000; ▪ Uganda exports of leather and leather products grew from US$ 6.9 million to US$ 7.2 million.

Africa Leather and Leather Product Insititute (LLPI)

Country	Collaborating Institutions	Activities and Outputs	Recorded and Expected Impact
		▪ Uganda hosted the 32nd Meeting of the Board of Directors of COMESA/LLPI held at African Hotel in July 2017 ▪ Three SMEs representatives from Uganda participated in the First India Commonwealth Trade Submit held in New Delhi, India, as part of COMESA/LLPI Team ▪ COMESA/LLPI is currently implementing East African Hub Project entitled "Structured Design Training for Regional Leather and Leather Products SMEs in Leather Products Design, Craftsmanship, and Export readiness" that runs from June 2017 to May 2018 in Burundi, Rwanda, Uganda and Tanzania. As part of this project, Representatives from Government, Academia and Private Sectors from Uganda participated: ○ Focal point Capacity Building Workshop held from 19th – 21st July 2017 in Kampala ○ Regional Workshop in Leather Products Design, Craftsmanship and Export Readiness held in Kampala on 22nd to 23rd September ○ Regional SMEs Training in Leather Products Design, Craftsmanship and Export Readiness held from 23rd to 29 September in Kampala ▪ Representatives from Government, Academia and Private attended COMESA/LLPI's 11th Consultative Forum organized in Livingstone, Zambia from 12 to 15 December 2017; ▪ As part of Procurement process for the purchase of Equipment and tools under BADEA financial support, for the SMEs Incubation Centre in Kampala, a re-advertised tender process, is underway, ▪ LLPI is working on a research project entitled "The Supply and Demand Implications on the Restriction on Exports of Hides and Skins and Potential Impact on Imports of Second Hand Footwear Ban in East Africa"; ▪ Uganda is serving as member of the COMESA/LLPI Board of Directors; ▪ In collaboration with ITC investment profile of Uganda is developed and submitted; ▪ A joint research project entitled "The restriction on exports of hides and skins and potential impact on imports of second hand footwear banning east Africa is underway in collaboration with MUBS.	

Africa Leather and Leather Product Insititute (LLPI)

Country	Collaborating Institutions	Activities and Outputs	Recorded and Expected Impact
Zambia	▪ Ministry of Trade and Industry; ▪ Zambia	▪ A cluster of SMEs nurtured under the Copperbelt University; ▪ LLPI working towards cluster formation and product development for national and regional markets; ▪ COMESA/LLPI Experts conducted a base line survey to assess Effect of Export Regime Policies on the Performance of the Leather Value Chain with FAO financial support; ▪ To facilitate the development of SMEs Footwear Clusters in Zambia, a Contract Agreement was signed between the Ministry of Trade and Industry of the Government of Zambia and COMESA/LLPI. ▪ Commencement of procurement of machinery and tools for the SMEs Incubation Centre valued at US$ 66,323 under the auspices of BADEA; ▪ Representatives from Government and Private Sector were sponsored to participate in the following: ○ The 9th Regional Leather Sector Core Team Meeting in Harare; ○ Regional Design Studio Establishment Workshop of Member States representatives held in Addis Ababa; ○ Regional Design Studio Establishment Workshop for the Private Sector held in Kigali; and ▪ A Leather Value Chain Strategy was formulated and launched with the participation of government, private sector and academia; ▪ Two SME representatives sponsored to participate in the Zambia International Trade Fair held in Ndola, Zambia; ▪ With LLPI support, Zambia benefitted from the RISM fund through the disbursement of US$ 200,000. ▪ Sponsored 6 SMEs to participate in the 53rd Zambia International Trade Fair that was held from June 28, 2017 to July 4, 2017 in NDOLA, Zambia; ▪ The SME's were linked to Finished leather producers; ▪ The Chingola and Kitwe Leather SMEs Cluster visited; ▪ Discussion were held with a number of Government department on how they assist the operations of the Leather SMEs; ▪ One institution that has the potential to support SMEs is the National Technology Business Centre, under the Technology Business Development Fund (TBDF) ready for networking;	▪ A new private sector association has been reconstituted and registered in Kitwe; ▪ Through LLPI and ITC, ZamBeef established an agreement for their leather to be certified by CLRI India (during benchmarking tour) which provided market entries globally that were not previously available; ▪ The Leather Association in Zambia has been re-launched; ▪ Zambia imports of leather and leather products from COMESA grew from US$ 1,819,000 to US$ 2,753,000; ▪ Zambia exports of leather and leather products to COMESA grew by US$ 1,705,000 to US$ 2,462,000.

Africa Leather and Leather Product Insititute (LLPI)

Country	Collaborating Institutions	Activities and Outputs	Recorded and Expected Impact
		▪ Working relationship has been created between LLPI and KCM (Konkola copper mining) during the visiting of the cluster Premises through an agreement (MoU) to strategize the intervention on SMEs; ▪ A meeting was also held with Copperbelt University with regard to the services, the university is planning to extend to SMEs and also on curriculum development and provision of academic staff to offer courses on leather technology; ▪ Zambia Investment incentives are summarized and sent to the Chinese interested investor; ▪ Investment and input linkage collaboration activities are conducted between Zambia Leather product producers and Zimbabwe finished leather producers for a long-term linkage; ▪ Vocational training curriculum has been developed and validated ▪ ▪ COMESA/LLPI is currently implementing East African Hub Project entitled "Structured Design Training for Regional Leather and Leather Products SMEs in Leather Products Design, Craftsmanship, and Export readiness" that runs from June 2017 to May 2018 in Burundi, Rwanda, Uganda and Tanzania. As part of this project, representatives from Government, Academia and Private Sectors from Zambia participated; ▪ Focal point Capacity Building Workshop held from 19th – 21st July 2017 in Kampala; ▪ Representatives from Government, Academia and Private attended COMESA/LLPI's 11th Consultative Forum organized in Livingstone, Zambia from 12 to 15 December 2017.	

Africa Leather and Leather Product Insititute (LLPI)

Country	Collaborating Institutions	Activities and Outputs	Recorded and Expected Impact
	▪ Leather Institute of Zimbabwe; ▪ Zimbabwe Leather	▪ COMESA/LLPI Experts Team conducted Service/Incubation Centres Assessment for the Leather Industry; ▪ A total of 45 SMEs representatives were trained in footwear making; ▪ COMESA/LLPI Experts conducted a base line survey to assess Effect of Export Regime Policies on the Performance of the Leather Value Chain with FAO financial support; ▪ A Leather Development Council has been established which brings together government, private and academia sectors in line with the Strategy Document; ▪ Support of SMEs capacity and logistics; ▪ LLPI pursued strengthening leather trade by working closely with ZIMTRADE; ▪ MoU signed with NUST-Zimbabwe to support the development of the leather sector; ▪ Selected SMEs from the region were exposed to the market in Zimbabwe. Results were encouraging providing leather footwear market ranging from US$ 30 to 80 per pair higher than markets in Europe and Asia; ▪ Sponsored the participation of both the private and public sectors in the following: ○ The 9th Regional Leather Sector Core Team Meeting held in Harare; ○ The Regional Workshops on the Establishment of Regional Design Studio held in Addis Ababa and Kigali); and ○ Regional Design Studio Project Launch and Training Workshop on Technical and Creative Design held in Mombasa, Kenya. ▪ The Institute facilitated the visit of a Zimbabwean delegation of experts/officials to COMESA/LLPI on 6th April 2016; ▪ Representative form leather and leather products Enterprises partially sponsored to attend the All Africa Leather Fair, AALF 2017, 9th Edition, Addis Ababa, Ethiopia in March 2017; ▪ Facilitated Cluster and benchmarking visit to Ethiopia;	▪ The Zimbabwe Leather Development Council was established; it will spearhead the implementation of the Strategy in partnership with Government; ▪ Support provided by LLPI in training of SMEs in partnership with the Zimbabwe Leather Institute has had very positive results. The formal grouping of the SMEs in Bulawayo is heading towards self-sustenance through the management of a fund generated and administered by the group; ▪ Strengthened through the Ministry of Industry and Trade, the governance of the Zimbabwe Leather Institute is supporting efforts of SMEs; ▪ Local Zimbabweans are in the process of acquiring a tannery to commence leather processing in efforts towards indigenization of the sector; ▪ Zimbabwe exports of leather and leather products to the COMESA region grew from US$ 661,000 to US$ 1,384,000; ▪ Zimbabwe imports of leather and leather products from the COMESA region grew from US$ 1,544,000 to US$ 2,250,000.

Africa Leather and Leather Product Insititute (LLPI)

Country	Collaborating Institutions	Activities and Outputs	Recorded and Expected Impact
		▪ COMESA/LLPI is currently implementing East African Hub Project entitled "Structured Design Training for Regional Leather and Leather Products SMEs in Leather Products Design, Craftsmanship, and Export readiness" that runs from June 2017 to May 2018 in Burundi, Rwanda, Uganda and Tanzania. As part of this project, representatives from Government, Academia and Private Sectors from Uganda participated: ○ Focal point Capacity Building Workshop held from 19th – 21st July 2017 in Kampala; ▪ In collaboration with National University of Science and Technology (NUST), LLPI is working on a research project "Leather Products and their Accessories – Formation of a Business Incubation Centre at National University of Science and Technology"; ▪ Facilitated Trade and Investment Linkages Between Zimbabwe Tanners and Zambia Leather SMEs; ▪ Representatives from Government, Academia and Private attended COMESA/LLPI's 11th Consultative Forum organized in Livingstone, Zambia from 12th to 15th December 2017.	

Table 34: Selected Activities Conducted for Leather Sector Development in non-COMESA/LLPI Member States

Country	Collaborating Institutions	Activities and Outputs	Recorded and Expected Impact
DR Congo	▪ Ministry of Small and Medium Enterprises; ▪ The Middle-Class Office for the Promotion of Congolese Small and Medium Enterprises; ▪ Ministry of Foreign Affairs, ▪ Prime Minister Office, ▪ Ministry of SMEs; ▪ EU; ▪ MSMEs.	▪ Provided consultancy services to facilitate design of the Leather Value Chain Strategy, feasibility study for setting up incubation facilities for SMEs and cluster management development training. ▪ Developed curricula for artisanal and diploma level ▪ A leather value chain strategy was formulated, with the participation of government, private sector and academia; ▪ The Strategy was validated and launched; ▪ Feasibility study for proposed footwear incubation centre in Kinshasa Democratic republic of Congo was prepared and validated; ▪ Developed a business plan that will guide the operations of the leather SMEs Incubation centre ▪ COMESA/LLPI assisted in the procurement process for the purchase of Equipment and Tools for the incubation centre; ▪ Capacity building training on Clustering frameworks and Business Incubation Design and Implementation 10th – 17th September 2017; ▪ Representative form leather and leather products Enterprise attended the All Africa Leather Fair, AALF 2017, 9th Edition, Addis Ababa, Ethiopia in March 2017 ▪ Representatives from Government attend COMESA/LLPI's 11th Consultative Forum organized to be held in Livingstone, Zambia from 14th to 15th December 2017; ▪ MoU signed with OPEC to serve as umbrella agreement for collaborative activities	▪ Improved collaboration and networking between Government and the value chain actors, which was not in existence prior to the intervention by COMESA/LLLPI ▪ Enhanced value addition; ▪ Improved quality and productivity; and ▪ Strengthened market access

Country	Collaborating Institutions	Activities and Outputs	Recorded and Expected Impact
Swaziland	▪ Ministry of Trade and Industry; ▪ Investment Authority of Swaziland; ▪ Standards Board of Swaziland; ▪ Prison and Correctional Services of Swaziland; ▪ Ministry of Agriculture and NGOs; ▪ SMEs Cluster; ▪ Abattoirs; ▪ Wildlife Association; ▪ Sweet Micro Finance.	▪ Provided consultancy services to facilitate design of the Leather Value Chain Strategy, feasibility study for setting up incubation facilities for SMEs and cluster management development training. ▪ Developed curricula for artisanal and diploma level. ▪ Cluster development and Training for Transformation Workshop ▪ Representatives from public, private sectors and academia were sponsored to participate in the following: ○ The 9th Regional Leather Sector Core Team Meeting (RLSCT) held in Harare, Zimbabwe; ○ Stakeholders Consultative Meeting held in Ethiopia; ○ Regional Design Studio Launch and Training Workshop held in Mombasa, Kenya. ▪ Representatives from Government from participated in the First India Commonwealth Trade Submit held in New Delhi, India, as part of COMESA/LLPI Team; ▪ Representatives from Government, will attend COMESA/ LLPI's 11th Consultative Forum organized to be held in Livingstone, Zambia from 12 to 15 December 2017.	▪ Improved collaboration and networking between Government and the value chain actors, which was not in existence prior to the intervention by COMESA/LLLPI. ▪ Enhanced awareness on the importance of the leather sector ▪ Enhanced value addition; ▪ Improved quality and productivity; and ▪ Strengthened market access

Country	Collaborating Institutions	Activities and Outputs	Recorded and Expected Impact
Djibouti	▪ Ministry of Trade, SMEs, Crafts, Tourism and Formalization ▪ SME association	▪ The COMESA-Leather and Leather Products Institute's Experts Team, led by the Institute's Executive Director, conducted Mission to Djibouti from18 to 23 December 2016 ▪ Visit to different SMEs were made and discussions were held with SME Association members with specific objectives of: o Designing of strategies of diversifying the Djibouti industrial sector; o Undertaking a feasibility of supporting the development of SMEs Clusters; o Assessing the feasibility of setting up a tannery o Enhancing the awareness of Djibouti policy makers and stakeholders about the leather sector dynamics in other COMESA countries ▪ COMESA/LLPI attended the Djibouti 4th edition of the Artisanal Innovation Day, on January 5, 2017 organized by the Ministry of Trade, SMEs, Crafts, Tourism and Formalization, in which more than 200 participants, including large number of artisans took. ▪ COMESA/LLPI shared the experience of SMEs and artisans from the COMESA region to the participants, by distributing brochures and printouts, and by displaying leather products made by the artisans and banners with pictures of leather products from different countries ▪ COMESA/LLPI Expert Team Conducts Training Course in Basic Footwear and Leather Goods Making from August 13 to 20 2017 for a total of 23 SMEs drawn from all over the country ▪ COMESA/LLPI Expert Team Conducted Training Course in in Artisans Tanning Capacity Development, September 18 to 22, 2017 for a total of 25 SMEs drawn from all over the country	Improved collaboration and networking between Government and the value chain actors, which was not in existence prior to the intervention by COMESA/LLLPI Enhanced awareness on the importance of the leather sector, Enhanced value addition; Improved quality and productivity; and Strengthened market access

Country	Collaborating Institutions	Activities and Outputs	Recorded and Expected Impact
Madagascar	▪ Ministère du Commerce et de la Consommation ▪ Ministere de l'Industry et du development du Secteur Prive ▪ Ministre auprès de la Présidence chargé de l'agriculture et de l'élevage ▪ Ministere de la Culture, de la Promotion de l'Artisanat et de la Sauvgards du Partimoine ▪ Centre National de l'Artisnat Malagasy	▪ During the COMESA Summit the Executive Director of COMESA/LLPI after visiting Leather sector SMEs cluster and discussing with concerned government officials, initiated the activity for possible establishment of linkages and collaborations between COMESA/LLPI and the C.A.A Cluster, as well as other leather sector players in Madagascar ▪ COMESA/LLPI Expert Team mounted mission to Madagascar from March 26 to April1, 2017, to conduct a baseline survey for gathering information that will serve as input for formulation of projects that will be supporting and strengthening the Madagascar's Leather Value Chain towards enhanced value addition, increased productivity and improvement in quality and market access; ▪ The Experts Team based on consultative meetings held with government higher officials in different Ministries, Private sector players, training Institution, as well as visits conducted to different enterprises along the leather value chain, prepared and submitted a complete report on the leather sector situational analysis and possible interventions; ▪ The Report outlined 6 major constraints low performance status of the Madagascar leather sector enterprises, proposed 6 specific objectives with corresponding expected outputs and a total of 14 key activities	▪ Improved collaboration and networking between Government and the value chain actors, ▪ Benchmarking of the Madagascar leather sector against some other COMESA Countries; ▪ Enhance the awareness of Madagascar policy makers and stakeholders about the leather sector dynamics in other COMESA countries. ▪ Enhanced value addition; ▪ Improved quality and productivity; and ▪ Strengthened market access
Mauritius	▪ Ministry of Industry, Commerce and Consumer protection ▪ Small & Medium Enterprises Development Authority (SMEDA) ▪ Ministry of Business, Enterprise and Cooperatives ▪ Mauritius Institute of Training and Development ▪ Luxor Tannery	▪ COMESA/LLPI Expert Team mounted mission to Mauritius from October 1 to 7 ,2017 to undertake situational analysis of the leather sector: ▪ A post orientation report that tried to identify and analyze problems in the leather sector along the value chain, suggest possible interventions with expected outputs and key activities was prepared and submitted to the concerned Ministry (Ministry of Industry, Commerce and Consumer protection) ▪ Representative from Government, attend COMESA/LLPI's 11th Consultative Forum organized Livingstone, Zambia from 12 to 15 December 2017;	▪ Enhanced value addition; ▪ Improved quality and productivity; and ▪ Strengthened market access

Country	Collaborating Institutions	Activities and Outputs	Recorded and Expected Impact
Nigeria	Federal Ministry of Industry, Trade and Investment	▪ ALLPI made robust contribution towards the development of Nigeria National Policy on Leather and Leather Products that was validated on January 23, 2018.	A harmonized sector specific policy in leather and leather products will contribute to the development of the industry to unlock its huge potential in foreign exchange earnings as well as domestic job and wealth creation

COMESA Court of Justice **(CCJ)**

14.7 COMESA Court of Justice

ACTIVITY	2016	2017
COURT SESSIONS • There has been a steady increase in matters filed before the Court • For the first time since the Court's inception, several arbitral matters have been filed	5 court sessions held	13 court sessions held
PUBLICITY SEMINARS • These were carried out in conjunction with the respective Coordinating Ministries and the Corporate Communications Division, COMESA Secretariat	In June, the Court held a publicity seminar Madagascar	The Court held 3 publicity seminars in Sudan, Zambia and Seychelles in February, April and July respectively
CAPACITY BUILDING/ CONFERENCES	• 3 capacity building sessions conducted for Judges on Trade Law and Regional Integration by the Trade Law Centre (Tralac) • Tralac Annual Conference attended • The Diplomatic Conference on Competition & Trade organised by the COMESA Competition Commission • The Capacity Building Workshop on Regional Competition Regulations and Consumer Protection in COMESA and the East African Community organised by the Competition Authority of Kenya • Judicial Dialogues Conference organised by the African Court on Human and People's Rights	• Tralac Annual Conference attended where the CCJ made a presentation on Dispute Settlement in COMESA • Training on Arbitration with Chartered Institute of Arbitrators, Kenya Branch • Judicial Dialogues Conference organised by the African Court on Human and People's Rights • Participated in the Strathmore University Law School Kenya Annual Conference whose focus was on Dispute Resolution under the TFTA
INSTITUTIONAL STRENGTHENING	• Principal Judge appointed • New First Instance Division Judge appointed • Positions of Assistant Registrar and Internal Auditor filled • New Rules of Court (2016) adopted • IT Officer position advertised	• Position of Clerk of Court re-opened • IT Officer interviews conducted • Vacant General Service Category positions advertised • Review of the Court's Arbitrations Rules (2003) commenced

Federation of National Associations of Women in Business **(FEMCOM)**

14.7 Federation of National Associations of Women in Business (FEMCOM)

The Federation of National Associations of Women in Business (FEMCOM) is an Institution of COMESA established in 1993 in Harare-Zimbabwe at a COMESA Summit of the Heads of State and Government Summit. FEMCOM 's mandate is enshrined under Article 155 of the COMESA Treaty. FEMCOM has been implementing its 2016-2020 Strategic Plan which focuses on strengthening its institutional and financial capacity; programmes development; access to credit and capital and advocacy, public awareness and branding.

In 2016, FEMCOM Secretariat focused on mobilization of financial and technical resources for the construction of its state of the art office complex in Lilongwe. The Chinese construction company, CGCOS Group which constructed the African Union Offices in Addis Ababa expressed interest in partnering with FEMCOM in accessing some resources from China for the construction of the office complex. Working with COMESA Secretariat, FEMCOM have developed a concept note on the FEMCOM Complex and the two have obtained the requirements of what should be fulfilled before and during the construction the office complex from the Government of Malawi. High level discussions between. FEMCOM and COMESA Secretariat on one hand and the CGCOS Group took place on 23rd March 2017 in Addis Ababa.

i. Women Owned Business

To ensure that the region has viable and robust women owned enterprises which contribute to economic development, FEMCOM has focused in strengthening of the Women Owned Business enterprises. Building on the success of the Cassava /Textiles/ Garments Cluster project, Uganda Chapter held an exhibition for its members and is in the process of setting up a business incubator. Furthermore, FEMCOM Secretariat supported the Zambia FEMCOM Chapter in developing a cassava cluster project which will produce starch for the market.

In line with the COMESA Programme approach, various FEMCOM Chapters have benefited directly from the COMESA programmes including the MSME and RISM projects of COMESA.

ii. Strengthening of FEMCOM Chapters Institutional capacity.

FEMCOM Secretariat continued to lobby COMESA Member Governments to support and strengthen National FEMCOM Chapters with office facilities and land to build up their own Offices. Sudan Government had already provided land for the Construction of office for its FEMCOM Chapter. Uganda provided FEMCOM Chapter with three acres of land for the development of a Business Incubators. The Secretariat has encouraged and supported the development of joint initiatives between and among FEMCOM Chapters. To this end, the national Association of Business women in Malawi (NABW) and Entrepredre Au Feminin Ocean Indien Madagascar (IFOI), jointly mobilised funds from the FK Norway for the development of a bankable proposal on capacity building of the FEMCOM Chapters. Lack of access to credit has hindered a number of women owned enterprises from expanding their activities. FEMCOM Secretariat has supported convening of consultative meetings of the FEMCOM Chapter members in Malawi on establishing a micro finance facility modelled on the success of the PTA Bank-supported Women's Initiative for Self-empowerment (WISE) program in Burundi which has resulted in the establishment of women owned bank.

Trainings of the women entrepreneurs have been conducted in Malawi aimed at the establishment of Women Investment Cooperative that will become Women Investment Bank in the next 2 years.

iii. Business Incubator for African Women Entrepreneurs and 50 Million African Women Speak Platform Project

FEMCOM has completed the design of the COMESA component of the Business Incubator for African Women Entrepreneurs (BIAWE) whose main objective is to establish and upgrade a network of business incubators in the COMESA region that will contribute to the increased survival and growth of women enterprises. BIAWE will set up 4 business incubators in Burundi, Kenya, Sudan and Swaziland as well as establish a regional credit guarantee scheme for women owned business enterprises. The project is focusing on provision training, follow up assessment and business support provision and credit guarantee to assist women to access credit to finance their enterprises, which will focus on providing business incubation services including mentorship in the areas of handcrafts, agro-processing and ICT.

The Secretary General of COMESA and Chief Executive Officer of NEPAD have signed an agreement for the implementation of BIAWE project. Subsequently, FEMCOM facilitated the signing of Grant Agreement by COMESA with the four incubation centres and implementation of activities commenced.

In line with the COMESA programmatic approach, FEMCOM is collaborating with the Division of Gender at COMESA Secretariat in the implementation of the *50 Million African Women Speak Platform Project.* This Project is aimed at targeting 50 million Women entrepreneurs in COMESA, EAC and ECOWAS member Countries and will contribute to the economic empowerment of women across Africa through provision of a networking platform to access information and financial services. Additionally, the Project seeks to improve the ability of women entrepreneurs to network and access financial and non-financial services for business growth. The project implementation commenced in 2017.

iv. Resource Mobilization for the Development of the FEMCOM Complex

In the Reporting Year, FEMCOM Secretariat, through the superintendence of the Secretary General of COMESA and the CEO, FEMCOM focused on the mobilization of financial and technical resources towards the construction of its ultra-modern complex in Lilongwe. Following the expression of interest from the Chinese construction company, CGCOS Group which constructed the African Union offices in Addis Ababa, Ethiopia, on partnering with FEMCOM in accessing some resources from China for the construction of the office complex, the Secretariat has formulated and developed a concept note on the FEMCOM Complex.

FEMCOM and COMESA Secretariats have obtained a check list of requirements from the Government of Malawi, through its Commissioner of Lands, with which they must comply before and during the intended construction of the Complex. Efforts in fulfilment of these requirements are already in place.

FEMCOM Secretariat held high-level discussions with the Chinese Embassy related to the mobilization of funds for the r the construction of the FEMCOM Complex In addition, a concept paper was developed and submitted to Saudi Arabia for their consideration. COMESA Secretariat mounted a high-level mission to Saudi Arabia led by the Secretary General of COMESA.

v. Strategic partnerships

FEMCOM has continued to identify and forge strategic partnerships for strengthening women in Business in the COMESA region. The Chinese women in Business have been engaged and FEMCOM is in a process of formalizing this partnership through signing of a Memorandum of Understanding (MoU) Other prospective partners include Christian Aid, Netherlands, Norwegian, GTZ and the UN family and International and Business Women's Club.

ZEP- RE **(PTA Reinsurance Company)**

14.9 ZEP- RE (PTA Reinsurance Company)

ZEP-RE (PTA Reinsurance Company) is an institution of the Common Market for Eastern and Southern Africa (COMESA), established by an Agreement signed by Heads of States and Governments on 23rd November 1990 in Mbabane, Swaziland. The signatory Member States to the Agreement establishing the Company include; Angola, Burundi, Comoros, Djibouti, D.R. Congo, Ethiopia, Eritrea, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Rwanda, Somali, Sudan, Tanzania, Uganda, Zambia and Zimbabwe.

ZEP-RE was officially launched on 1st September 1992 with its headquarters in Nairobi, Kenya and commenced reinsurance business on 1st January 1993. The Company operates three regional hubs namely the Southern Africa Hub based in Harare, Zimbabwe, the Eastern and Central Africa Hub based in Nairobi, Kenya and the Western Africa Hub based in Abidjan, Cameroon. The hubs are supported by five country offices in Douala-Cameroon, Addis Ababa – Ethiopia, Kampala – Uganda, Lusaka-Zambia and Khartoum-Sudan (which also acts as a Retakaful Window for sharia related business)

ZEP-RE's key mandate if to promote and develop the insurance industry of the region. The key objectives of the Company include; fostering the development of the insurance and reinsurance industry in the COMESA Sub-Region; promoting the growth of national, sub-regional and regional underwriting and retention capacity; and supporting sub-regional economic development.

ZEP-RE currently has 37 shareholders comprising; 6 governments, 12 government owned insurance and reinsurance companies, 16 private companies, 2 COMESA institutions (the COMESA Secretariat and the PTA Bank) and 2 development finance institutions.

a. *Vision and strategic focus*

ZEP-RE's vision is to become a world-class leading reinsurer in Africa. To achieve this objective the Company has been focusing on various key strategic business objectives under its current strategy plan including; identifying, developing and maintaining a sustainable business growth model that emphasizes on profitability; enhanced shareholder value; best risk management and governance practices and improving the Company's image and brand. The long-term aim is to make ZEP-RE a reinsurance of reference and one of the largest underwriters on the African continent.

b. *Performance*

For the year 2017 ZEP-RE estimates to underwrite US$ 150 million in premiums compared to US$128 million underwritten in 2016. The movement between 2016 and 2017 represents an 18% growth in business, a positive turnaround from previous lower than projected business growth experienced in 2016.

In 2017, the Company's estimates to post an underwriting profit of US$ 14.0 million compared to the underwriting profit of US$ 12 million in 2016 while overall profit expected to be realized in 2017 is expected to be in the range of US$ 23 million compared to US$ 19 million in 2016.

Table 37: Movement in key performance areas between the years 2015 and 201

Gross Premium	150,000,000	128,698,286	138,755,947
Net Premium	118,900,000	105,097,261	116,235,351
Net Claims Incurred	58,784,912	62,574,237	59,786,689
Underwriting Profit	14,025,680	12,006,939	8,952,610
Total Assets	361,500,300	329,985,009	310,496,459
Shareholders' Funds	225,779,000	199,930,967	169,683,104
Net Profit	22,741,316	19,297,040	19,960,945
Combined Ratio	87.7%	89.9%	91.9%

c. ***Territorial spread of business***

The COMESA region still forms the core market of ZEP-RE. The table below shows that as at 31st December 2016, business from the COMESA region represented 72.8% of the business underwritten by ZEP-RE.

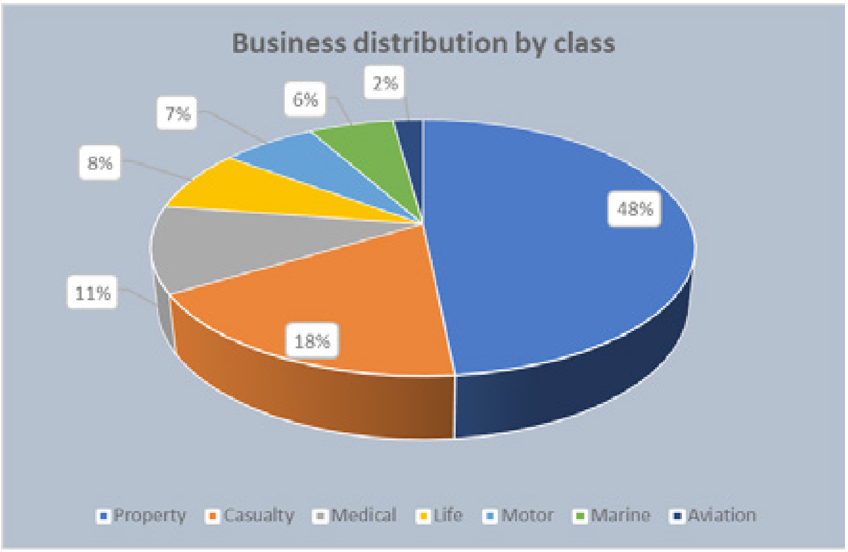
Table 36:

Region	2017		2016	
	Gross premium USD	%	Gross premium USD	%
COMESA	112,500,000	75	93,755,509	73
Non – COMESA (Africa)	16,500,000	11	15,803,544	12
Other regions	21,000,000	14	19,139,233	15
Total	150,000,000		128,698,286	

d. ***Business spread***

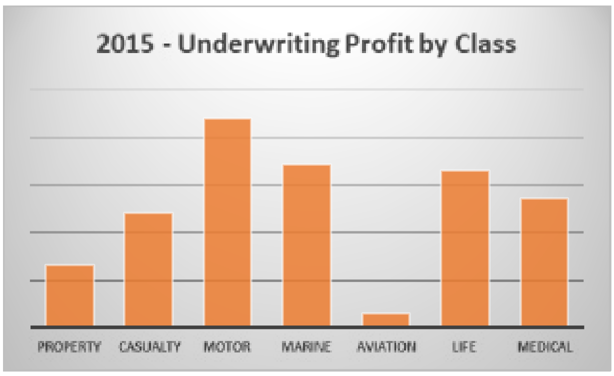
A spread of business underwritten by ZEP-RE in 2017 is shown in the chart below. Property was the largest class of business underwritten followed by casualty, medical and life. These classes accounted for 85% of the business underwritten by the Company in 2017.

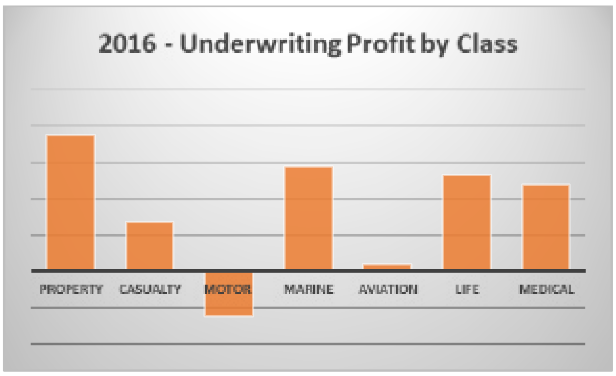
Figure 28:



The table below shows how each class of business has performed during the last two years. This general profitable trend is expected to be sustained in 2017.

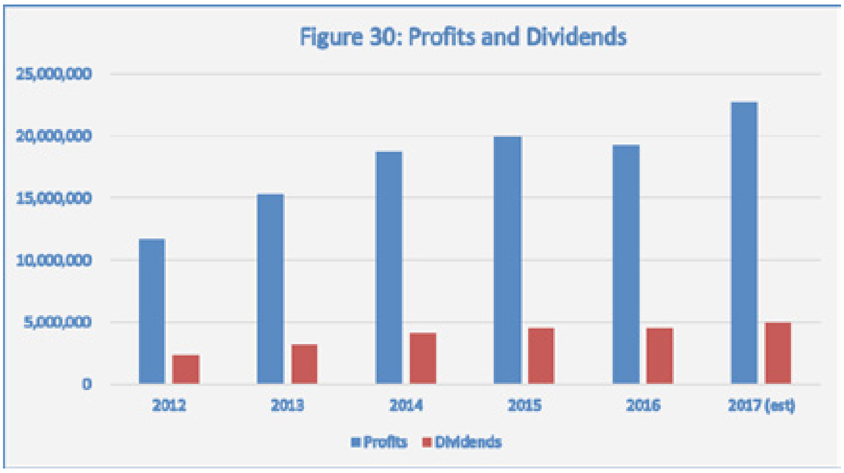
Figure 29



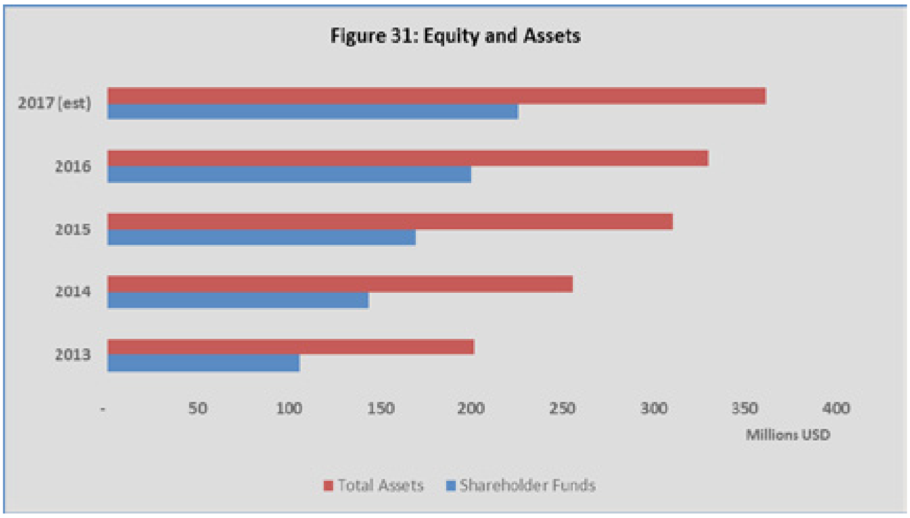


e. ***Profit and Dividends***

Increased business and profitability by ZEP-RE translates into returns for shareholders, growth in equity and an increase in the assets of the Company. The tables below show dividends paid out against profit and movement in equity and assets of the Company during the last five years and estimates for 2017.



f. ***Assets and Shareholder Funds***



g. ***Rating***

- **AM Best Rating**

In 2017 ZEP-RE retained its AM Best financial strength rating of **"B++"** and an issuer credit rating of "**bbb**". The good rating was mainly due to ZEP-RE's excellent risk-adjusted capitalization, resilient underwriting profitability and an improved regional competitive position. In addition, positive developments in the company's enterprise risk management capability and financial flexibility provided by supportive shareholders was a major contributive factor.

This rating places the Company among a select number of companies in Africa with very good internationally recognised investment grade ratings.

- GCR Rating

The Company also maintained its claim paying ability rating of AA+ from Global Credit Rating (GCR) agency of South Africa.

h. Focus going forward

- **Strategic Focus**

  Last year the Company's started the implementation of a new long-term strategy aimed at ensuring the Company becomes a leading reinsurance service provider on the African continent. To achieve this goal the Company has set itself an ambitious goal of becoming a USD 1 billion premium company by 2026. The Company intends to achieve this goal through business leadership in our markets and expansion into new business frontiers with a view to building a solid base.

- **Business consolidation and growth**

  ZEP-RE's business focus is to consolidate its position in the key traditional markets and diversify into non-traditional growth markets that offer good profitable business. This strategy is being effect through three key hubs based in Abidjan (serving the western Africa business), Harare (serving the southern Africa business) and Nairobi (serving the eastern and central Africa and international business).

- **Country offices**

  The Company continues to bring its services closer to the region by establishing additional physical presence in a number of COMESA Member States. This activity will be done on a need basis and when resources permit. In 2017 the Company established offices in Ethiopia and Uganda and intends to open offices in D.R. Congo and Tanzania in 2018.

i. *Member States support and participation*

The Company intends to also continue with its strategy of involving and interesting participating and non-participating COMESA member states respectively in its activities. The Company recognizes that the good will and active participation of member states of the region have been key in assisting ZEP-RE achieve the goals so far realized.

- **Accession**

  - The Federal Democratic Republic of Ethiopia acceded to the Agreement establishing the Company in February 2016.
  - The Democratic Republic of Congo acceded to the Agreement establishing the Company in June 2017.
  - The Company is now following up accession with Seychelles and Tunisia.

- **Hosting Agreements**

  - The Federal Democratic Republic of Ethiopia signed a hosting agreement with the Company in January 2017. The Company has since opened up its country office in Addis Ababa.
  - The Democratic Republic of Congo signed a hosting agreement with the Company in December 2017. The Company plans to open an office in Kinshasa before close of the year.

j. *ZEP-RE Academy*

As part of enhancing the training mandate under its charter, ZEP-RE established a training Academy with a view to improving and formalizing the training of insurance personnel in the region and creating a certification process for insurance training across the region. The Academy is being run in partnership with the College of Insurance in Kenya with ZEP-RE providing the training while the College of Insurance oversees the examination and certification process.

The curriculum and training material development was undertaken in early 2016 and the Academy was officially launched on 15th August 2016. In 2017 the Academy undertook and certified over 100 insurance personnel in the region with trainings held in Kenya and Tanzania. The next training phase covering region has started for 2018.

The COMESA Monetary Institute **(CMI)**

14.10 The COMESA Monetary Institute (CMI)

The COMESA Monetary Institute (CMI) was established in 2011 to undertake all technical activities which are needed to enhance the COMESA Monetary Cooperation Programme and achieve the set policy issues. Since its establishment, the institute continues to undertake capacity building and research activities that are related to improving macroeconomic management and financial stability in the region with the aim of enhancing the COMESA Monetary Integration Programme. More specifically, the institute focuses on the implementation of the following policy issues;

(001) The COMESA Multilateral Fiscal Surveillance Framework. The main emphasis of this intervention is to ensure the viability and sustainability of the COMESA monetary integration agenda and make the region zone of macroeconomic stability.

(002) The COMESA Financial System Development and Stability Plan. The main objective of this intervention is to achieve Regional Financial Integration (RFI). RFI facilitates financing of larger real transaction among member countries of the region. This will help COMESA's long-term objective of creating a single market in financial services in support of regional integration. It should be noted that trade integration would be facilitated and accelerated if the financial sectors of member countries are well developed and integrated.

CMI undertook the following capacity building and research activities in 2016 and 2017:

Table 37: Activities undertaken by CMI in 2016.

Activity	Impact on macroeconomic management in Member Countries.
Workshop on "Enhancing Financial Inclusion in COMESA Region - through Enhancement of the Regulatory and Supervisory Framework" in collaboration with the African Development Bank (AfDB) and Alliance Forum Foundation of Japan (24 February – 1 March 2016)	Produced a regulatory and supervision framework which balances financial inclusion and financial stability. The framework details performance benchmarks for financial inclusion; a wider basket of products and services for financially excluded and possible delivery channels of the identified services.
Training on "Practical Application of Modelling and Forecasting Volatility in Financial Markets Within a Multivariate Framework" (14 - 18 March 2016 in Nairobi, Kenya)	Equipped the participants with appropriate analytical skills and rigor to adequately measure and forecast volatility in prices of financial market assets.
Training on "Liquidity, Interest Rate and Exchange Rate Risk Management" in collaboration with Central Bank of Egypt conducted (4 - 14 April 2016 in Cairo, Egypt).	Enhanced participants' skills to prudently manage liquidity, interest rates, and market and foreign exchange risks; and deepened their understanding of hedging tools and instruments that could serve as protection from unwanted volatility of macro variables and external shocks.

Advanced Training on "Macroeconomic Modeling and Forecasting" in collaboration with Centre for Central Banking Studies of Bank of England (25 - 29 April 2016 in Nairobi, Kenya).	The training provided the following among others: (i) A reference tool, that can be applied in developing small macroeconomic models and specific models of inflation, exchange rate, consumption, investment, monetary transmission mechanisms, fiscal deficit management; etc. (ii) Enhanced the understanding of the practical interface between theory and real economic situation; and (iii) Strengthened CMI's efforts to impart knowledge in modeling and forecasting in the region as an integral component of COMESA Monetary Integration Programme.
Training on "Econometrics for Bank Supervisors and Financial Stability Practitioners with Particular Emphasis on Early Warning Models" (16 - 20 May 2016 in Nairobi, Kenya)	The training provided participants with quantitative early warning techniques for assessing the robustness of the financial sector, its exposure to risks and its vulnerabilities to shocks.
Training on "Advanced Panel Data Analysis with special application on (a) Channels of monetary transmission mechanism; (b) Interest rate spread". (30 May - 3 June 2016 in Nairobi, Kenya)	The training: (i) Enhanced the understanding of the practical interface between theory and real economic situation; and, (ii) Assisted technical staff in the regional central banks to appreciate panel econometrics tools and how they are used to provide empirical findings which support evidence based policy decisions.
Training on Basel III and Macroprudential Surveillance (11-15, July 2016, Nairobi, Kenya)	The training equipped participants with skills on computation of Basel I, II and III minimum capital requirements, credit risk weighted assets; capital charges for operational and market risks; liquidity coverage (LCR) and Net Stable Funding Ratio (NSFR). The participants also discussed the challenges of implementing Basel II and III and proposed policies for the way forward.
Training on "Application of Stress Testing in the Financial System" (18 – 21 July 2016, Nairobi, Kenya)	The participants were exposed to stress testing tools and they gained hands on skills and theoretical exposition on traditional microprudential perspective of stress testing as a supervisory risk management tool, as a well as the system-wide macroprudential perspective stress testing.

Research activities on the following: (i) Country Specific Study on the Impact of External Shocks (ii) Effectiveness of Monetary Policy; (iii) Knowledge product on "The Effects of Fiscal Policy on the Conduct and Transmission Mechanism of Monetary Policy in selected COMESA Member countries; (iv) Estimating and forecasting volatility in short-term exchange rate using the GARCH models; (v) Analysis of direct and spill-over effects of exchange rate (vi) volatility on inflation using GARCH models; and, (vii) Training on corporate governance for Central Banks	After validation, the studies were uploaded to CMI website and are serving as knowledge products. They will be published by CMI in 2017 and will serve as reference material for member Central banks to assist in policy making.

Activities Undertaken by CMI in 2017

Activity	Impact on Macroeconomic Management in Member Country
Validation Workshop for a Manual on: Application of Modelling and Forecasting Volatility in Financial Markets within Multivariate Framework (24-28 April 2017, Nairobi, Kenya)	i. The manual equipped researchers in Central Bank in the COMESA Region with appropriate analytical skills necessary to adequately model, measure and forecast volatility of financial markets ii. The manual is expected to be used by member Central Banks as a reference material and also for training their staff.
Validation Workshop for a Manual on: Advance Panel Data Analysis with Special application to the impact of financial Infrastructure on Monetary Transmission Mechanism (8-12 May 2017 Nairobi, Kenya)	i. The Manual equipped users to undertake analysis of all aspects of panel data analysis. The manual demonstrates all steps from data organization to results interpretation applying bank level data using the Eviews software. ii. The manual is expected to be used by member Central Banks as a reference material and for training their staff.
Validation Workshop for a Manual on: Non-linear binary and multinomial models used to predict banks with an early stage of capital distress and banking sector rating downgrades (2-6th October 2017. Nairobi, Kenya).	i. The manual enables supervisors –using the Logit and Probit binary regression models-to early identify financial institutions at risk, e.g. predict banks with an early stage of capital distress or the probability of failure. This will help to ensure financial stability in the region. ii. The manual is expected to be used by member Central Banks as a reference material and for training their staff.

Validation Workshop for a Manual on: Liquidity, Interest rate and exchange rate risks management, in collaboration with Central Bank of Egypt (16-20 July 2017. Nairobi Kenya).	i. The manual equipped the users with skills on how to prudently manage liquidity, interest rates, market and foreign exchange risks, and deepened their understanding of hedging tools and instruments that could serve as protection from unwanted volatility of macroeconomic variables and external shocks. ii. The manual is expected to be used by member Central Banks as a reference material and for training their staff.
2. Validation Workshop for a Manual on: Systematic Risk Assessment Tools (9-13 October 2017, Nairobi, Kenya).	i. The Manual equipped the users with practical tools for systemic risk assessment. ii. The manual is expected to be used by member Central Banks as a reference material and for training their staff.
Training on Basel II/ Basel III in collaboration with AFRITAC South and East. (21-25 August 2017. Mauritius)	The training provided participants with a deeper understanding of the underlying concepts of the Basel Accords requirements and equipped them with the tools and techniques for conducting supervision of banks/ financial institutions under the revised framework in the most effective way.
Research activities on the following: Validation workshops for the following studies which were undertaken by experts from member Central Banks: i. Modelling and forecasting inflation dynamics in member countries ii. Assessing using panel data analysis, the Bank Lending Channel of Monetary Transmission Mechanism"; and iii. Modelling the Spill over Effects of Volatility in International Commodity Prices on Financial stability".	After validation, the studies were uploaded to CMI website and are serving as knowledge products. They will be published by CMI in 2018 and will serve as reference material for member Central banks to assist in policy making.
The institute organized two meetings namely: i. Meeting of the Monetary and Exchange Rates Policies Sub-Committee (19-21 October 2017, Nairobi Kenya) and; ii. Meeting of the Financial System Development and Stability Sub-Committee (14th October 2017 in Nairobi, Kenya)	The Sub-Committees reviewed the activities that were undertaken by COMESA Monetary Institute in 2017 and prepared a work plan for 2018

Alliance for Commodity Trade in Eastern and Southern Africa **(ACTESA)**

14.11 Alliance for Commodity Trade in Eastern and Southern Africa (ACTESA)

The Alliance for Commodity Trade in Eastern and Southern Africa (ACTESA) was established in June 2009 by the COMESA Heads of State and Government as a specialised agency to integrate small farmers into national, regional and international markets. Key areas of focus assigned to ACTESA include; the development of regional agricultural policies; promotion of investments in agriculture, promotion of trade in agro commodity products and development of production and marketing structures, development of the agricultural, livestock, pastoral and fisheries sector and consultation with the private sector and civil society organisations on agricultural development matters particularly agro commodities trade.

a) *COMESA Seed Programme*

During the year under review, the COMESA Seed Programme was implemented within the framework of the COMESA Seed Harmonisation Implementation Plan (COMSHIP). Five COMESA Member States namely; Burundi, Kenya, Rwanda, Uganda and Zimbabwe aligned their National Seed Regulations to the COMESA Seed Trade Harmonisation Regulations (CSTHR) while four MS namely; DR Congo, Ethiopia, Malawi and Zambia finalised drafting of aligned seed regulations. The COMSHIP has therefore been launched in 17 COMESA Member States, namely Burundi, Comoros, Djibouti, DR Congo, Egypt, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe.

To communicate programme information, over 13,500 CSTHR and 3,000 brochures/folders were printed and distributed in the 17 Member States. In addition, translation of the Regulations into local languages was completed in the seven targeted MS; Burundi (Kirundi), Kenya (Swahili), Malawi (Tumbuka and Chichewa), Rwanda (Kinyarwanda), Uganda (Luganda), Zambia (Tonga, Lozi, Bemba & Nyanja) and Zimbabwe (Shona and Ndebele). Further, the COMESA Variety Catalogue has been uploaded online with 41 varieties of maize, soybeans, wheat, sorghum, common beans, groundnuts and Irish potatoes with the potential to be traded in the Member States. The varieties have been released by HZPC, Seed-co, MRI/Syngenta, Pannar Seed, Pioneer Dupont, Monsanto and East African Seed Company. This will contribute significantly to increased COMESA intra-seed trade estimated at USD $800million to USD$3 billion (3.5% of the global seed trade) in the next three years.

On COMSHIP capacity building, 270 delegates (23% women) were trained on the COMESA Seed System as of 2017.

Table 38: Status of Domestication of the COMESA Seed Trade Harmonisation Regulations

Country	Collaborating Institution	National Consultative Meetings	2016 Status of Alignment to the COMESA Seed Trade Harmonisation Regulations
Burundi	National Authority for Seed Control and Certification (ONCCS)	Launch of COMSHIP in February 2015 and National Consultative Meetings in November, 2015	Gazetted
DR Congo	National Seed Department (SENASEM)	Launch of COMSHIP in November 2014	Consultations on the Draft aligned National Seed Regulations awaiting Parliament endorsement
Ethiopia	Variety Release, Protection and Seed Quality Control Directorate	Launch of COMSHIP in November 2014 National Consultative Meetings in April, 2016	Consultations on the Draft aligned National Seed Regulations awaiting National Council of Ministers endorsement
Kenya	Kenyan Plant Health and Inspectorate Service (KEPHIS)	Launch of COMSHIP in February 2015 National Consultative Meetings in December 2015.	Gazetted

Country	Collaborating Institution	National Consultative Meetings	2016 Status of Alignment to the COMESA Seed Trade Harmonisation Regulations
Malawi	Seed Certification and Quality Control Services	Launch of COMSHIP in February 2015 National Consultative Meetings in September 2015.	Draft aligned National Seed Regulations under the Ministry of Justice and Constitutional Affairs awaiting gazette
Rwanda	Rwanda Agriculture Board (RAB)	Launch of COMSHIP in February 2015 National Consultative Meetings in November 2015.	Gazetted
Swaziland	Seed Quality Control Services	Launch of COMSHIP in November, 2014	Roadmap for alignment agreed/ developed
Uganda	Department of Plant Protection, National Seed Certification Service	Launch of COMSHIP in March 2015 National Consultative Meetings in October, 2015	Gazetted
Zambia	Seed Control and Certification Institute (SCCI)	Launch of COMSHIP in February 2015 National Consultative Meetings in October 2015.	Draft aligned National Seed Regulations are at Ministry of Justice awaiting, Minister of Agriculture endorsement
Zimbabwe	Seed Services Institute	Launch of COMSHIP in February 2015, National Consultative Meetings in September 2015.	Gazetted

In view of the status of alignment to the CSTHR shown in Table 38, current access to quality improved seed is at 23% in the Member States. Table 39 below outlines the number of small holder farmers accessing improved seed and average yields in selected Member States.

Table 39: Number of Small Holder Farmers Accessing Improved Seed and Average Yields in the Selected COMESA Countries.

Country	GDP Growth (Annual % in 2015)	Economically Active population in Agriculture (2015)	Number of farmers accessing improved seed (23% of total) (2015)	Cereal Yields (Mt per ha (2015)	Cereal cropland (% of land area (2013)	Arable land (ha per person (2015)
Burundi	4.0	7,435,000	1,710,050	1.12	9.7	0.10
Kenya	4.6	14,512,000	3,337,760	1.66	4.7	0.13
Malawi	1.9	5,527,000	1,271,210	2.087	19.9	0.23
Rwanda	7.3	4,947,000	1,137,810	2.16	17.8	0.11
Uganda	-	12,542,000	2,884,660	2.02	10.1	0.19
Zambia	7.3	3,642,000	837,660	2.6	1.6	0.25
Ethiopia	-	37,026,000	8,515,980	1.7	10.1	0.16
Madagascar	-	8,345,000	1,919,350		3.8	-
Swaziland	-	137,000	31,510			-
Zimbabwe	5.3	3,571,000	821,330	0.855	5.0	0.31

b) Biotechnology and Biosafety Programme

COMESA is the first REC to develop a Biotechnology and Biosafety Policy taking into account the sovereign rights of the Member States. In addition, a Policy Implementation Plan (COMBIP) was developed and validated. The Plan covers three strategic objectives areas as follows: enhancing communication and awareness, building regulatory capacity of Member States, and establishing a regional level biosafety risk-assessment management. The adopted regional approach has been necessitated as more products are being considered for testing and release in the region.

Currently, Sudan is the single Member State to have commercialized insect-resistant bt-cotton. Malawi, Kenya, Ethiopia, Swaziland and Uganda are at product testing stages that include cotton, maize, banana, cowpea and cassava. COMESA's support to Member States and key stakeholders has included study-tours within and outside the region specifically Sudan and Malawi & India and South Africa. Additional activities have included sensitisation workshops for parliamentarians for informed policy decision, biosafety training sessions on risk-assessment and management, and supporting regional and national biotechnology/biosafety platforms.

Table 40 below outlines specific biotechnology and biosafety activities undertaken in selected Member States. COMESA's efforts in partnership with regional and national actors have led to policy reviews and increased biotechnology product testing. For example, Malawi, Kenya, Ethiopia and Swaziland have moved to multi-location performance tests of insect resistant Bt-cotton;

Table 40: Specific Activities Conducted for Biotechnology and Biosafety in COMESA Member States

Country	Collaborating Institutions	Activities and Outputs	Recorded and Expected Impact
Ethiopia	▪ House of Peoples Representatives (Parliament) ▪ Ministry of Agriculture and Natural Resources ▪ Ethiopian Biotechnology Institute ▪ Ethiopian Cotton Growers and Ginners Association ▪ Ethiopian Institute of Agricultural Research	▪ 10 delegates supported to participate in the visit to India Bt-cotton for research, regulation and commercial production ▪ A Biosafety Lawyer's Regional Workshop was organized in Addis Ababa with 8 participants from Ethiopia ▪ Review Meeting on Agricultural Biotechnology and Biosafety in Ethiopia ▪ 1 Biosafety Officer participated in the 1st Africa Biosafety Leadership Summit in Nairobi	▪ High-level policy support for biotech adoption was consolidated ▪ Researchers gained more confidence and knowledge in biotech crop research and production ▪ Ethiopia commenced trials on Bt-cotton varieties from India ▪ Lawyers sensitized on possible up-coming legal issues in the process of adopting agri-biotech products ▪ Further actions on biosafety and biotechnology development agreed upon ▪ The Biosafety Leadership Summit emphasized the need for a regional approach on biotechnology and biosafety.
Kenya	▪ Ministry of Higher Education, Science and Technology ▪ National Biosafety Authority	▪ 1st Africa Biosafety Leadership Summit was organized. ▪ 5th Conference of the National Biosafety Authority of Kenya was supported ▪ 3 lawyers participated in the Biosafety Lawyer's Regional Workshop in Addis Ababa ▪ 2 delegates supported to participate in the visit to India Bt-cotton for research, regulation and commercial production.	▪ The Biosafety Leadership Summit emphasized the need for a regional approach on biotechnology and biosafety. ▪ It is unlikely that Kenya will lift the GMO importation ban ▪ Lawyers sensitized on possible up-coming legal issues in the process of adopting agri-biotech products ▪ High-level policy support for biotech adoption was consolidated

Specific Activities Conducted for Biotechnology and Biosafety in COMESA Member States

Country	Collaborating Institutions	Activities and Outputs	Recorded and Expected Impact
Malawi	Ministry of Environment	▪ 1 lawyer participated in the Biosafety Lawyer's Regional Workshop in Addis Ababa ▪ 1 biosafety officer participated in the 1st Africa Biosafety Leadership Summit in Nairobi ▪ 2 delegates supported to participate in the visit to India Bt-cotton research, regulation and commercial production.	▪ Lawyers sensitized on possible up-coming legal issues in the process of adopting agri-biotech products ▪ The Biosafety Leadership Summit emphasized the need for a regional approach on biotechnology and biosafety. ▪ High-level policy support for biotech adoption was consolidated
Sudan	National Biosafety Council	1 lawyer participated in the Biosafety Lawyer's Regional Workshop in Addis Ababa	Lawyers sensitized on possible up-coming legal issues in the process of adopting agri-biotech products
Swaziland	▪ Parliament of Swaziland ▪ Ministry of Tourism and Environment ▪ Swaziland Environment Authority ▪ Swaziland Cotton Board	▪ 16 Members of Parliament (Agriculture and Environment Portfolio Committees), 2 regulators, 1 private sector, and 2 journalists were sensitized in a workshop and visited Biotech Crop Production in South Africa. ▪ 3 Members of Parliament and 2 journalists were supported to participate in a visit to India Bt-cotton research, regulation and commercial production ▪ Supported a national workshop for the review of the Swaziland Biosafety Act 2012. ▪ 2 lawyers participated in the Biosafety Lawyer's Regional Workshop in Addis Ababa ▪ 1 biosafety officer participated in the 1st Africa Biosafety Leadership Summit in Nairobi ▪ 5 delegates supported to participate in the visit to India Bt-cotton for research, regulation and commercial production.	▪ Parliamentarians were sensitised on safety procedures and benefits of biotech products enabling the review of the Biosafety Act of 2012 to support the private sector. ▪ Biosafety Act of 2012 revised. Most notably, the "liability and redress clause" was revised. ▪ Lawyers sensitized on possible up-coming legal issues in the process of adopting agri-biotech products ▪ Swaziland Cotton Board resumed confined field trials on Indian cotton varieties. ▪ The Biosafety Leadership Summit emphasized the need for a regional approach on biotechnology and biosafety ▪ High-level policy support for biotech adoption was consolidated

Specific Activities Conducted for Biotechnology and Biosafety in COMESA Member States

Country	Collaborating Institutions	Activities and Outputs	Recorded and Expected Impact
Uganda	▪ Ministry of Trade, Industry and Cooperatives;	▪ 1 lawyer participated in the Biosafety Lawyer's Regional Workshop in Addis Ababa ▪ 1 biosafety officer participated in the 1st Africa Biosafety Leadership Summit in Nairobi	▪ Lawyers sensitized on possible up-coming legal issues in the process of adopting agri-biotech products. ▪ The Biosafety Leadership Summit emphasized the need for a regional approach on biotechnology and biosafety.
Zambia	▪ Ministry of Higher Education ▪ National Biosafety Authority ▪ Cotton Board of Zambia ▪ Cotton Development Trust ▪ Cotton Association of Zambia ▪ Mulungushi University ▪ Indaba Agricultural Policy Research Institute (IAPRI)	▪ Support to consultative meeting on how to undertake Bt-cotton trials. ▪ 2 lawyers participated in the Biosafety Lawyer's Regional Workshop in Addis Ababa ▪ 1 biosafety officer participated in the 1st Africa Biosafety Leadership Summit in Nairobi. ▪ 3 delegates supported to participate in the visit to India Bt-for cotton research, regulation and commercial production	▪ NBA Secretariat up and running ▪ Roadmap to start Bt-cotton Trial I Zambia was developed. First steps include work towards change in policy. ▪ Lawyers sensitized on possible up-coming legal issues in the process of adopting agri-biotech products. ▪ High-level policy support for biotech adoption was consolidated

COMESA Business Council **(CBC)**

12.12 COMESA Business Council

COMESA Business Council (CBC) is established by the Treaty of the Common Market for Eastern and Southern Africa (COMESA), as a consultative committee for the business community at the policy organs level. CBC represents the Consultative Committee of the Business Community and other interested parties as authorized by the Treaty.

CBC is the recognized leading voice of the private sector in the region, bringing together a diverse group of businesses from the region, within a more common platform to influence the regional agenda on the regulatory and practical approaches on creating a more flexible business environment. It seeks to respond to the diversity of challenges and opportunities that come with such a large market such as COMESA, through our unique business model that is anchored on the pillars of *Business and Policy Advocacy, Business Facilitation Services and Membership Development*. Through this, it has a more inclusive, participatory approach towards harmonizing the agendas of business and articulating them to the highest positions of decision making in the region.

Its implementation mechanism is through 13 key workgroups; namely;

1. Trade Facilitation and Non-Tariff Barriers (Cross Cutting) - 2011
2. Tourism - 2012
3. SM-Enterprises and SM-Industries - 2013
4. Financial Services - 2013
5. Manufacturers Workgroup - 2014
6. Transporters and Logistics Services Industries - 2015
7. ICT and Digital Services - 2016
8. Agro-Industry – 2016
9. Tobacco Industry Workgroup- 2015
10. Seed and Grains Workgroup 2017
11. Horticulture Workgroup 2017
12. Tripartite Private Sector Platform - 2013
13. Coalition of Services Industries – 2015

The following activities were undertaken in 2016 and 2017;

a. *Business Policy and Advocacy*

Business policy and advocacy plays a central role and is a key strategic pillar as CBC's seeks to provide a platform for engaging the Private Sector in regional process in terms of policy advocacy to ensure an environment that improves business competitiveness in COMESA. Through such technical workgroups highlighted above, we adopt strategic approaches to ensure private sector development and competitiveness in the region. This included public private engagement through dialogues, and participation in various COMESA technical committee and ministerial committees.

ACTIVITY
Position Papers Adopted - Positions on the Tripartite Rules of Origin 2016. - Positions on the Tripartite Movement of Business Persons 2016. - Positions on the ICT Business Services Industry 2016. - Project Instrument - COMESA Business Visa Scheme 2016. - 11th Business Forum Declaration- Position Paper on Agro-Industry 2016. - Mauritius Business Dialogue Position Report 2017. - Zambia Business Dialogue Position Report 2017. - Professional services in regional markets: private sector challenges in the liberalization of accounting, engineering and legal services in COMESA, 2017. - Agro Industry Dialogue Position Report, 2017.

SECTORAL DIALOGUES	RESULTS
ICT Business Services	The CBC ICT Business Workgroup was formed during the 1st COMESA ICT Services Industries Public- Private Dialogue held under the theme: *It's an ICT world:* Access – Innovation- Policy for Business Competitiveness, on 20-21 April 2016 in Nairobi, Kenya. The Dialogue focused on harmonizing common positions of the businesses and regulators in the ICT services industry, in an effort to provide strategic direction to governments on public-private sector solutions to advance ICT for business competitiveness in the region. The Public- Private Dialogue brought together the ICT Regulators together with private sector Associations, leading Corporates, Multinational Companies, Start-ups, and Innovation Hubs from the ICT industry. The recommendations were subsequently streamlined into the Trade and Customs Committee and the CBC Report to the COMESA Intergovernmental Committee and Council of Ministers for 2016.

Tripartite Private Sector Platform	The Tripartite Private Sector Platform is composed of the COMESA Business Council (CBC), East African Business Council (EABC) and Association of SADC Chambers of Commerce and Industry (ASCCI) and is tasked to represent and ensure the inclusiveness of the private sector in the TFTA negotiations and policy making processes. The platform has carried out a number of activities with TCBP support; including carrying out studies and coordinating harmonised private sector positions on Rules of Origins and the Movement of Business persons through workgroup meetings. REC Business Councils have participated in some TFTA Technical Workgroup meetings to present the above positions. For instance, the platform has developed a private sector position on the Movement of Business Persons which will be used to advocate a more business facilitative Annex on the Movement of Business Persons. Meetings convened and subsequent position papers developed; - 1st Tripartite Private Sector Regional Dialogue on 28-29 January 2016 in Kigali, Rwanda. The Dialogue was held under the theme: "Harmonizing and developing a private sector position on TFTA Rules of Origin for Increased Market Access". - The Tripartite Private Sector Regional Dialogue on the Movement of Business Persons from the 29th -30th September 2016. - Presented the Movement of Business Persons Position Report at the 6th Tripartite Technical Committee on the Movement of Business Persons from the 12th to the 14th of May 2017.
COMESA Business Visa, 2016	The COMESA Policy organs endorsed the decision for the development of the COMESA Business Visa as an interim measure towards the development of the COMESA passport. CBC recruited a consultant to carry out a Study and a proposal for an instrument that can be adopted for the COMESA Business Visa. Following which, a COMESA Consultative Meeting on the COMESA Business Visa was also held from the 27th -28th of September 2016, and considered the instrument for the COMESA Business Visa. The Public Private Dialogue adopted a proposed instrument for the COMESA Business Visa that provides a separate framework, multi entry and longer stay visa for the business persons in COMESA. This has been streamlined into COMESA policy organs processes for subsequent adoption and implementation. The Report and the instrument was presented to the Chiefs of Immigration - COMESA Task Forces on Capacity Building and Roadmap, December 2016.

1st CBC - Mauritius Business Dialogue.	CBC has convened a national business dialogues in Mauritius and Zambia to strengthen the national platforms for engagement between the public and private sectors to ensure a conducive business environment, and the effective implementation of COMESA regional instruments and protocols at the National level; thereby facilitating trade and regional integration. The Dialogues also presented various businesses with the potential trade and opportunities that exists within the COMESA region.
2nd CBC- Zambia Public Private Dialogue held on the 5th of April 2017.	The Dialogue in Mauritius was convened in partnership with the Mauritius Chamber of Commerce and Industry on the 17th of March 2017 in Port Louis Mauritius. The Dialogue was held under the theme; "Exploring the COMESA market–Bringing Business to the Table", and had the participation of over 50 business delegates from Mauritius. The Dialogue in Zambia was convened under the theme, "Bringing Business to the Table - Collaboration for Growth" on the 5th of April 2017 in Lusaka, Zambia under the umbrella of the Zambia Private Sector Alliance with the support of the COMESA Business Council (CBC). ZAPSA members- Zambia Chamber of Commerce and Industry, Zambia Association of Manufactures, Bankers Association of Zambia, Zambia Export Growers Association, Tourism Council of Zambia and the ICT Association. The meeting was officially opened by the Minister of Trade and Industry, Hon. Mrs. Mwanakatwe and had the participation of 80 public and private sector stakeholders. The advocacy positions from the meetings form part of the CBC's advocacy positions that are being presented in the various technical committee and policy organs meetings. Key positions of the meeting included recommendations on the strengthening public private dialogue and creating platforms for continuous structured dialogue and consultation with the private sector at national level to ensure consistency, compliance and a business/investor friendly environment. Furthermore, on to strengthening the enforcement regulation around sales and marketing fake seeds. And promoting the movement of business persons and professionals in the COMESA region.
Launch of the COMESA IP Hub	On April 24, on the margins of the World Intellectual Property Day, COMESA Business Council worked with the COMESA Secretariat and Microsoft 4Africa on the launch of the COMESA Intellectual Property (I.P) Hub. The COMESA I.P Hub is designed to meet the following objectives; Increase awareness on the utilization and protection of intellectual property, increase registration and provide a platform for easier registration of intellectual property and Coordinate regional efforts on intellectual property protection.

2nd COMESA Agro Industry Dialogue held on the 17th - 18th of May 2017.	The COMESA Business Council convened the 2nd COMESA Agro Industry Dialogue to engage stakeholders in the sectors of – horticulture, dairy and seed to come up with policy recommendations and strategies that support the development of sustainable agro industry supply chain networks in the region. The meeting was convened under the theme "Promoting Agro Industry Supply Chains in COMESA" with participation of more than 90 delegates; from the commodity sectors of Dairy and horticulture, other business communities, regional and national standard bodies, line ministries. The meeting was convened in partnership with the African Regional Standards Organization (ARSO), Pan African Quality Infrastructure (PAQI), United States Agency for International Development (USAID), European Centre for Development and Policy Management (ECDPM). Key recommendations focused on the control of fake seeds in the region, the removal of export bans that are barriers to business, the need to put in place proactive mitigation measures towards drought in the region, the pricing control mechanisms in the dairy industry , structuring competitive, fair and inclusive business models for dairy supply chains, addressing standard requirements within supply chains of the three sectors, harmonisation of regional standards for the three sectors , addressing contract farming to support competitiveness in the horticulture sector amongst others. The recommendations have been streamlined into an advocacy position to be relayed to the various COMESA policy organs meetings.
Development of the position on trade in professional services March- May 2017.	As part of the activities for the development of the Coalition of Services Industries, CBC is working towards the establishment of the Business services Workgroup with a focus on Professional services to feed into the COMESA Trade in Services negotiations. CBC has completed a study that considers the policy framework for Professional services, explore opportunities for increased trade and identify mechanisms that can facilitate the progressive liberalization of trade in professional services within the COMESA region. The Report has been finalized and will be submitted for validation at the upcoming CBC Annual General Meeting. Some of the key recommendations of the Report include; the need to build skills capacities, implement Mutual Recognition Arrangements and include professional bodies in the negotiations.
ANNUAL PUBLIC PRIVATE DIALOGUES- BUSINESS FORUMS	
Annual Public Private Dialogues	11th COMESA Business Forum held on the margins of the 19th COMESA Summit and Policy Organs Meeting, in Antananarivo, Madagascar from 12th - 13th October 2016. The Forum was held under the theme, "QUALITY AFRICA- Sampling the Tripartite Market." Over 200 businesses from the region participated in the Forum. The dialogue proposed strategic responses and actions that directly address issues for technical capacity, market access and SME competitiveness. - LSP Recognition Awards given to nine companies from the region - Positions of industry presented and adopted by the Heads of State Summit.

DIRECT ADVOCACY	
Direct Advocacy –Participation and Presentation in COMESA Policy Organs Meetings	The above highlighted position reports were presented to various COMESA Policy organs meetings in 2016 and 2017 as follows; - Ninth Joint Meeting of the COMESA Committees and Council of Ministers on Transport and Communications, Information Technology and Energy, February 2016, - Thirty Second Meeting of the Trade and Customs Committee, August 2016, - 36th Intergovernmental Committee Meeting, October 2016, - 36th COMESA Council of Ministers, October 2016, - Nineteenth Summit of the COMESA Heads of State and Government, October 2016, - Meeting of the Chiefs of Immigration - The COMESA Task Forces on Capacity Building and Roadmap, December 2016, - Presentation of CBC Positions at the Trade and Trade Facilitation committee policy organs- June 2017, - 37th Intergovernmental Committee Meeting, October 2017, - 37th COMESA Council of Ministers, October 2017.

b. ***Business Facilitation Services***

Business Services seek to enhance member competitiveness through the provision of demand driven, value added fee-based services. This includes Business intelligence services, business linkages and business development services. This aims at building business linkages and partnerships to increase the visibility of the trade and investment potential of the COMESA region in regional and global markets. The following activities were undertaken under this pillar;

ACTIVITY	RESULTS
CBC BIZNET- YOUR MARKET HUB	CBC developed an online business and market intelligence platform that will support services such as linkages, sourcing, business or trade flow analysis for regional and international companies looking for working partnerships within the region. The online portals known as CBC BIZNET provides buyers with access to credible information on suppliers in the region and also give them a platform to inform suppliers on their purchasing requirements including specific products, quantities, documentation/records, quality and standards-certifications required. The database and e-platform is used as a source of information for business linkages and business intelligence to promote partnerships and trade in the COMESA region with a focus on creating supplier networks and partnerships. It consists of about 2000 companies from about 6 COMESA countries but is being up scaled to cover the rest of the COMESA countries. It is available on the CBC website at http://comesabusinesscouncil.org/Account/Login . The two aspects of the portal are: **i.** *Business Linkages Portal.* Online portal with features to facilitate suppliers and buyers to buy, sell, market, feature products, get quotations and company profiles, network, chat etc. in real time. **ii.** *Enterprise Intelligence Database- MADE IN COMESA link.* This will accommodate exhaustive details on trade flow trends within the COMESA markets useful for the provision of credible information on buyers and sellers to facilitate market linkage.
International Partnerships; CBC and Corporate Council on Africa-CCA	In May 2016, CBC signed an MoU with the Corporate Council on Africa in Ethiopia. The MoU aims at enhancing cooperation with US businesses on various issues including business partnerships and investment promotion.
International Partnerships; CBC and US Chamber of Commerce	CBC engaged the US Chamber to harmonize their mutual activities in the areas of trade facilitation, Agro Industry and Digital transformation.
Mission to Microsoft HQ	Developed additional synergies in industry led projects. In September 2016, CBC visited the Executive Briefing Centre (EBC) at the Microsoft Redmond Campus in the USA. The meetings assessed the areas of collaboration and provided an opportunity for COMESA and CBC to build relationships with the Microsoft community on industry trends, business opportunities, and Microsoft's technology direction which provides guidance on issues of ICT development for the region.
Market Linkages Meetings	A total of 13 market linkages meetings were held in 2016 in the following COMESA countries; Rwanda, Uganda, Kenya, Zambia, Malawi, Ethiopia and Madagascar.

Corridor Supply Chains Study,2017	In September 2016, CBC signed a grant agreement with the African Development Bank -Korea Trust Fund Grant to carry out a Project on Corridor Supply Chains to the amount of one hundred and fifty United States dollars. The study focuses on promoting private sector participation in infrastructure specifically by financing a study to develop a mapping and assessment paper on the potential Agri-business and other Industry partnerships between suppliers and potential buyers along the transport corridors of Eastern and Southern Africa. The key outputs of the project will be an assessment report and a Business Guide to facilitate sustainable business partnerships between the potential buyers and existing supplier enterprises operating along the targeted corridors. A consultant was recruited to undertake the study ad develop a Report on the above. The Consultant Report was presented at the 1st CBC Consultative Meeting on the Agro -Industry Corridor Supply Chain, held from 6th to the 7th of December 2017, in Nairobi, Kenya. The consultative meeting was held under the theme, "Towards fostering business and trade within the supply chain networks along the transport corridors in COMESA: an agro and industry corridor project". A Business Guide is under preparation and will be presented and validated in 2018.
Distribution Channel Meeting between US company and Business in Zambia, March 2017	In March 2017, CBC worked with a US company seeking to distribute its products into the Zambian market and facilitate the company to meet various public and private sector stakeholders. Furthermore, also held a distributor meeting where ten distributors of the products came to the meeting to discuss partnerships and collaboration with respect to the distribution of the products. The US company is working on the licensing requirements and has engaged some of the distributors to distribute their products once the licensing requirements have been completed. • Corporate company engaged to become CBC member and investing in the region • 10 Zambia distributor companies linked with US company for distribution agreement
MOU with the US Chamber of Commerce, June 2017	CBC signed an MOU with the US Chamber of Commerce in June 2017 on the margins of the US Africa Business Summit. The MOU sets out several parameters for collaboration between CBC and the US Chamber of Commerce on improving the business environment, promoting trade and investment through business partnerships and cooperation between the COMESA Member States and the United States for the next three years.
Sweden Middle East Africa Summit September 2017	CBC participated and presented at the Sweden Middle East Africa Summit which was held on the 26th and the 27th of September 2017, in Stockholm, Sweden. The MEA Summit is Sweden's largest business event geared towards the MEA region, delivering insights, tools and clues as to how market transformation in the region will place future demands on business innovation. The Forum provide for interaction and business engagement with top executives and industry experts from Africa, Middle East and as well as meet with an estimated 200 other Swedish companies with an interest in the MEA region. CBC is collaborating with Business Sweden on areas of future collaboration and partnerships to ensure increased business partnerships and investment between our two regions.

The COMESA Tourism and Wildlife Heritage project, August 2017	The CBC developed the COMESA Tourism and Wildlife Heritage Handbook- "Single Market-Countless destinations", which is a both an e-copy and hard copy versions of the publication. The focus is to market COMESA tourism as a single destination and to provide a platform for collaboration and establishment of strategic business partnerships with COMESA tourism The Tourism and Wildlife Heritage Handbook is the initial step which seeks to concretize and increase awareness on the various tourism attractions within the region and promotes COMESA region as a single destination. The COMESA Tourism and Wildlife Heritage Handbook was launched at the 47th Africa World Tourism Conference which was held on the 28- 31st August 2017 in Rwanda. The Handbook was further launched at the 37TH COMESA Council of Ministers in October 2017. Copies of the Handbook are available on the CBC website. The said online version of the Handbook can be found on the Tourism website- http://comesabusinesscouncil.org/Handbook/index.html
Information on Trade flows and trends statistics, market structures and trading practices, trade laws and regulations, global market access and conditions, tariff and non-tariff measures, trade financing, trade and investment opportunities, potential trade partners, 2017.	CBC has also concentrated on providing information to its stakeholders so that they are abreast of the various issues of business interest within the regional integration agenda; through policy briefs and newsletters and e-briefs. The objective was to provide well informed business policy research reports per year on trade flow analysis and business intelligence to stakeholders: Five policy briefs were developed; - Promoting ICT and Sustainable Tourism in COMESA, - Coalition of Services Industries: Promoting Trade in Professional Services in the COMESA Region, - Sustainable Agriculture Development, - Wildlife Conservation and Tourism, - Renewable Energy in Africa – Is the market ready? Two e-briefs and newsletters were also developed; showcasing the various activities that CBC was undertaking throughout the year. These were distributed to the CBC mailing list and are also available on the CBC website.

c. ***Membership Development***

Membership Development Services focused on the technical and productive capacity development for the private sector. This aims to strengthen the capacity of Enterprises in the region and strengthen the capacities of Private sector led- Trade Support Institutions. The specific focus for enterprises is; to familiarize businesses on COMESA instruments that facilitate intra-regional trade and to implement tailored, best practice models that are designed to boost the capacity of growth enterprises in the region. The services under this sub-pillar include training programs on standards, quality, market access, business management among others. This will in turn open the doors of opportunity for them to participate in national and regional markets. The following activities were undertaken under this pillar;

Local Sourcing for Partnerships Project – Pilot phase 2016	The CBC Local Sourcing Project is a pilot phase project on building the capacity of SMEs to integrate into supply chains of larger businesses in the region. The project was piloted in selected countries namely; Ethiopia, Malawi, Kenya, Rwanda, Uganda, and Zambia. The project focused on training on the Global Food Safety Management Systems and on the integration of the SMEs into the competitive supply chain network of corporate companies and key regional value chains. At the close of the Local Sourcing Phase 1 Project, 16 partnerships had been structured between the buyers and SMEs. The LSP Project links buyers and sellers together so that actual contracts and agreements are signed. Several contracts have been solidified since the end of 2016 to date. Zambia - 5 Contracts (i) Malawi- 2 Contracts (ii) Kenya – 3 Contracts (iii) Rwanda – 4 Contracts (iv) Cross Border Contracts- Rwanda and Uganda-2 (v) South Africa- 1 Contract
13 MoUs signed between CBC and Large Corporate Buyers	During the project, CBC partnered with corporate companies to support preferential purchase of companies trained under the LSP programme on condition that they met the purchasing requirements of the buyers. The Companies were as follows; *Serena Hotels – Uganda, Taj Pamodzi Hotel – Zambia, Protea-Zambia, Inyange Industries-Rwanda, BRALIRWA -– Rwanda, Sarova Group of Hotels – Kenya, Nakumatt – Kenya, Protea Hotels – Uganda, Intercontinental Hotels- Ethiopia, Shoa Supermarkets- Ethiopia, Protea Ryalls- Malawi, Speke Hotels- Uganda, Serena Hotels -Rwanda*.
The Local Sourcing for Partnerships (LSP) Recognition Awards	At the 32nd Council of Ministers in October 2016, the Local Sourcing Recognition Awards were presented to 10 regional companies in recognition for their outstanding contribution to building the local industrial capacity and strengthening food suppliers as part of the CBC Local Sourcing for Partnerships Project. CBC designed the awards to recognise companies that supported the project and expressed their commitment to responsible procurement methods by sourcing local produced products from their countries of operation. The LSP Awards aim to promote and encourage large corporations in the region that showcase good and responsible business practices in strengthening local enterprise partnerships within their supply chains.
LSP-Tripartite Local Sourcing for Partnerships Project	From 2015-2016, CBC has been implementing a Project with the support of Investment Climate Facility (ICF) and USAID; named, the CBC Local Sourcing Project with a focus on building the capacity of SMEs to integrate into supply chains of larger businesses in the region. In 2017, the Project was extended to provide basic training on the HACCP standards in three more countries focusing on the Tripartite FTA region, with funding from the African Development Bank-Tripartite Capacity Building Programme (TCBP) and USAID. The countries were Madagascar, South Africa and Tanzania.

	COMESA Business Council under the umbrella of the Tripartite Private Sector Forum organized the Local Sourcing for Partnerships Project Meeting from the 29th to 31st of March 2017 in Dares Salaam, Tanzania. Capacity building: The meeting trained over 80 SMEs on curriculum based on the HACCP or GFSI. Building market linkages: A one-day buyer-seller platform was organized to facilitate interaction and dialogue between the SMEs and key buyers in the countries. The suppliers a mini exhibition showcasing their products to the buyers. Three large corporate buyers were in attendance including Protea Hotel, Golden Tulip Hotel and the Masasi Foods Limited.
	Tripartite Local Sourcing for Partnerships Project Meeting in Madagascar was convened from the 12th to 14th July 2017 under the theme "promoting Sustainable Supply Chains in Africa". The training was composed of i) a two-day capacity building training of the MSMEs on food safety management systems using a curriculum based on the HACCP (Hazard Analysis and Critical Control Points), ii) A one-day buyer-seller platform was organized on the third day to facilitate interaction and dialogue between the SMEs and key buyers in Madagascar. The trained SMEs held a mini exhibition to showcase their products to the buyers. Among the buyers that were invited to the meeting included hotels and super markets procurement and marketing managers. The buyers in attendance were two major supermarkets and two big hotels namely; the Colbert Hotel, the Carlton Hotel, Shoprite and Leader Price. 50 SMEs were trained and given certificates on completion.
	The Tripartite Local Sourcing for Partnerships Project Meeting in South Africa was convened from the 26th to 28th July 2017 at the Birchwood Hotel. 50 SMEs received basic training in Food safety and HACCP. The focus of the meeting was twofold: Capacity building: The focus was to train SMEs on curriculum based on the Hazard Analysis Critical Control Points (HACCP). A curriculum was developed through the LSP and adapted to fit the requirements for SMEs in South Africa. Building market linkages: A one-day buyer-seller platform was organized to facilitate interaction and dialogue between the SMEs and buyers in South Africa. The trained SMEs held a mini exhibition to showcase their products to the buyers. Among the buyers that were invited to the meeting included Birchwood hotel and Johannesburg Fresh Produce Market.

d. ***Institutional Development – Corporate Governance***

CBC convened its 9th Board Meeting and 6th Annual General Meeting on 24th- 25th November 2016, in Lusaka, Zambia. The AGM reviewed the Institutional Annual Report for the year and approved the work plan for 2017. In addition, the meeting elected the 4th CBC Board of Directors for a two-year term.

In 2017 CBC convened the 10th Meeting of the CBC Board of Director and the 7th Meeting of the Annual General Meeting in October 2017. At the 10th CBC Board Meeting the CBC Strategic Plan 2018- 2022 - Sustainable Enterprises- regional growth, global markets" was adopted. The Strategy outlines the overall vision of the CBC to be centre of private sector participation in the regional integration agenda through core demand driven services provided by CBC. Over the next five years, CBC seeks to evolve beyond advocacy and actively promote business participation in regional integration, investment and global trade by facilitating the growth of strong business synergies, the development of business opportunities, business alliances, and legislative and strategic advocacy. Some of the key facets of the Strategy are as follows;

The desired impact of CBC's work under the Strategy 2018-22 is to promote the competitiveness of businesses and increase intra-regional trade within COMESA and COMESA exports. This impact will not only be created by CBC but by many other stakeholders working on regional integration and trade such as COMESA and Members States.

a. ***Financial Report Summary***

In 2013, the CBC Board adopted a 40% projected increase in the private sector income from 2014 and moving forward. This strategic decision has seen CBC increase its income to US$194,711 by the end of December 2017 from US$ 62, 485 in 2016. CBC increased its total income by 55% in 2016 at US$ 130,635, of which operational (private sector) income increased by 7% at US$ 79,435. As at December 2017, membership contribution stands at US$56,160.00 compared to US$32,785 received in 2016 giving us a 42 % rise in membership contributions. Business advisory services and sponsorships for meetings and other programs brought in an income of US$ 138,550. CBC's total revenue from the private sector was US$ 194,711 for the year 2017.

COMESA Council of Bureaux on the Yellow Card Scheme

14.13 COMESA Council of Bureaux on the Yellow Card Scheme

The Regional Third-party Motor Vehicle Insurance Scheme, Annex II to the COMESA Treaty was established in 1986 under the provisions of Paragraph (e) of Article 85 of the COMESA Treaty. The Scheme became operational in 1987 following the signature by specific COMESA Member States of the Protocol on the establishment of the Regional Third-Party Motor Vehicle Insurance Scheme, which has come to be commonly known as the COMESA Yellow Card Scheme. The main objective of the COMESA Yellow Card Scheme is to facilitate the movement of vehicles, goods, people and services within the COMESA region. This is by eliminating barriers that inhibit trade facilitation through provision of a compulsory third-party motor vehicle insurance scheme that provides at least minimum guarantees as those required by the laws in force in the territories of visited Member States. Currently, the Yellow Card Scheme is operational in thirteen COMESA and non-COMESA Countries, namely; Burundi, Djibouti, DR Congo, Eritrea, Ethiopia, Kenya, Malawi, Sudan, Rwanda, Tanzania, Uganda, Zambia and Zimbabwe. Over 250 Insurance companies participate in the scheme.

The Yellow Card Scheme has over the years implemented initiatives aimed at enhancing operational efficiency resulting in unprecedented growth. Implemented initiatives include:

m) Inclusion of additional third-party property damage cover for member Countries where such cover may not be included in the minimum compulsory third-party insurance cover;

n) Inclusion of emergency medical expenses cover for driver(s) and passengers of insured visiting motorists;

o) Establishment of the Reinsurance Pool in 1998 to offer reinsurance cover for participating member insurance companies for extended risk exposure for underwriting regional risks and fund management services to the Scheme; and

p) The automation of the Yellow Card Scheme operations through the development of the Yellow Card Management Information System (YC-MIS) and the digitalization of the Yellow Card operations in line with the vision of the COMESA Secretariat to streamline COMESA applications into a robust e-trade application that would encompass all COMESA trade facilitation tools.

a) Operational Performance of the COMESA Yellow Card Scheme in 2017

Key achievements of the Yellow Card Scheme in 2017 were the issuance of over 180,000 Yellow Cards to travelling motorists, generating a total annual premium income of US$10 Million and over 740 claims for road accidents victims, caused by visiting motorists were handed.

Figure 32: Number of Yellow Cards Issued in 2017

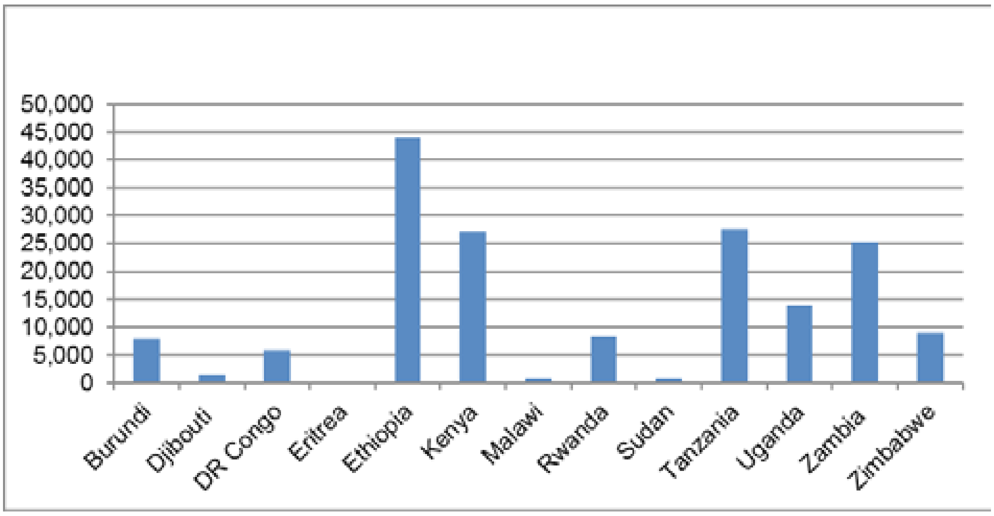


Figure 33: Premium income generated in 2017 In US$

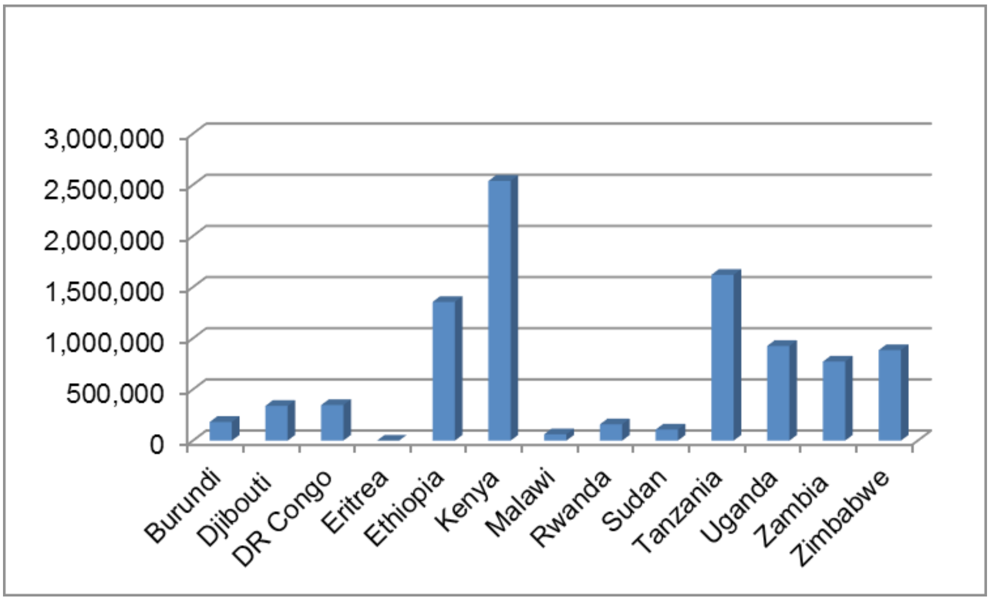
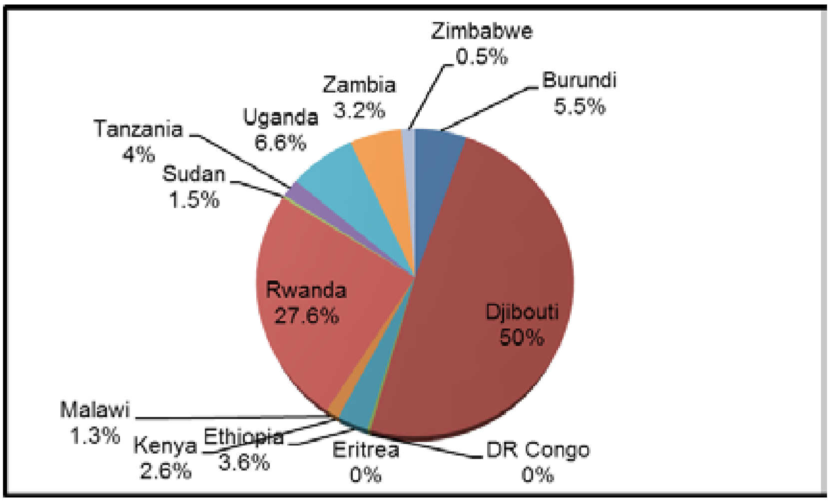


Figure 34: Number of Yellow Card Claims in 2017



b) Yellow Card Reinsurance Pool

As at 31st December 2017, the Yellow Card Reinsurance Pool's total assets had increased to US$12.7 Million with an investment in money markets of US$8.6 Million. Below is a summary of the outlook of the Pool's financial standing.

Figure 35: Yellow Card Reinsurance Pool financial performance

	December 2017	December 2016
	US$	US$
Gross premium income	1,607,221	2,559,731
Reserve fund	8,385,808	7,579,319
Total assets	12,772,380	12,316,886
Capacity subscription	50,000	50,000
Short-term investments	8,686,110	9,710,464

c) Yellow Card Scheme Expansion Plans

Owing to the success of the Scheme, several countries within and outside the COMESA region have expressed interest to join. To this effect, engagements are at advanced stages with South Sudan, Swaziland and Angola on the modalities of ensuring that these interested countries adopt and join the Yellow Card Scheme. An additional notable expansion prospect is to Mozambique owing to the potential increased trade links with Malawi, Zambia and Zimbabwe.

d) Yellow Card Scheme Medium Term Strategic Plan 2018- 2022

The Yellow Card Scheme medium term strategic plan 2018-2022 with nine strategic objectives which include to achieve a fully digital Yellow Card and establish a full-fledged independent Yellow Card Scheme Secretariat.

Regional Customs Transit Guarantee **(RCTG)**

14.14 Regional Customs Transit Guarantee

The COMESA Customs Transit Guarantee Scheme, popularly known as the RCTG CARNET is a Customs transit regime designed to facilitate the movement of goods under Customs seals in the COMESA Region. The RCTG CARNET is a component of the COMESA Protocol on Transit Trade and Transit Facilitation, Annex I of COMESA Treaty. The COMESA Regional Customs Transit Agreement was signed by the Heads of State and Government in Mbabane, Swaziland, in November 1990. The development on the modalities of operations commenced in 2002 and Scheme became operational in the Northern Corridor countries in 2012.

The main objective of the RCTG Scheme is to provide to customs administrations with security to recover duties and taxes from importers and exporters should the goods in transit be illegally disposed-off for home consumption in the country of transit. In addition, the Scheme provides a uniform basis for transit movement throughout the region, where only one guarantee is used for the transit of goods through all transiting Member States. There are currently 13 COMESA Member and non-Member States who have signed and ratified the RCTG Agreement and joined the Scheme, namely: Burundi, Djibouti, DR Congo, Ethiopia, Kenya, Madagascar, Malawi, Rwanda, South Sudan, Sudan, Tanzania, Uganda and Zimbabwe. All the member countries except Madagascar have established the National Sureties and signed the Inter-Surety Agreement. Currently, the RCTG Scheme is operational in five countries; namely: Burundi, Kenya, Rwanda, Tanzania and Uganda.

e) Performance of the RCTG Scheme in 2017

In 2017, a total of 574 Regional (RCTG) Bonds with guarantees amounting to US$ 319.8 million were executed by clearing and forwarding companies and 220,804 Carnets were issued for the movement of goods in the region as shown below.

Figure 36: Number of RCTG Bonds Executed

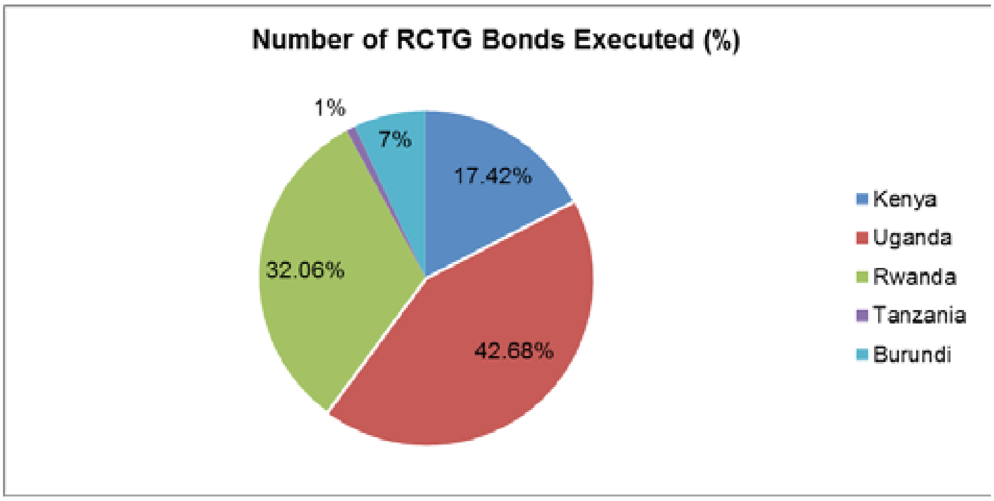


Figure 37: Amount of RCTG Bonds Executed (US$)

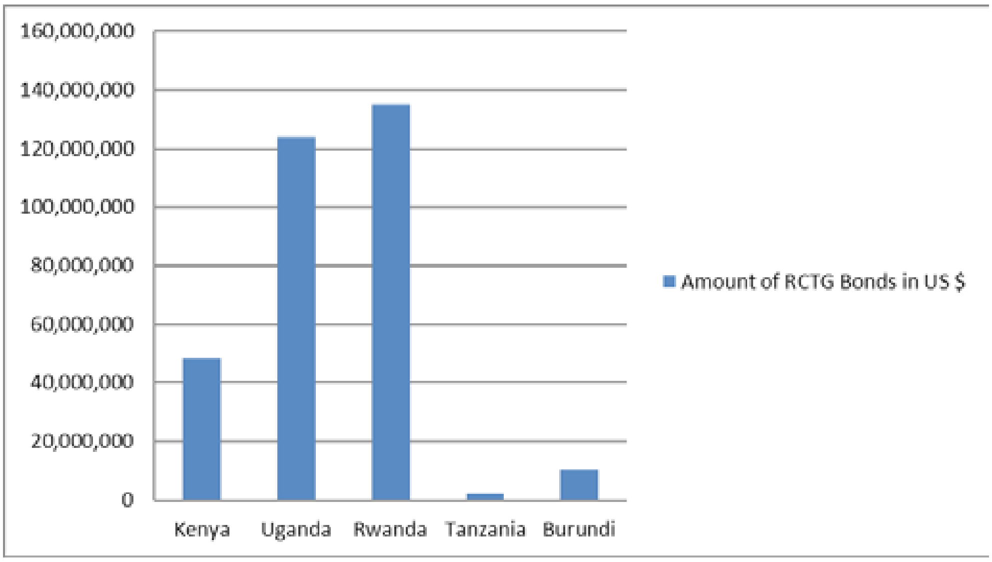
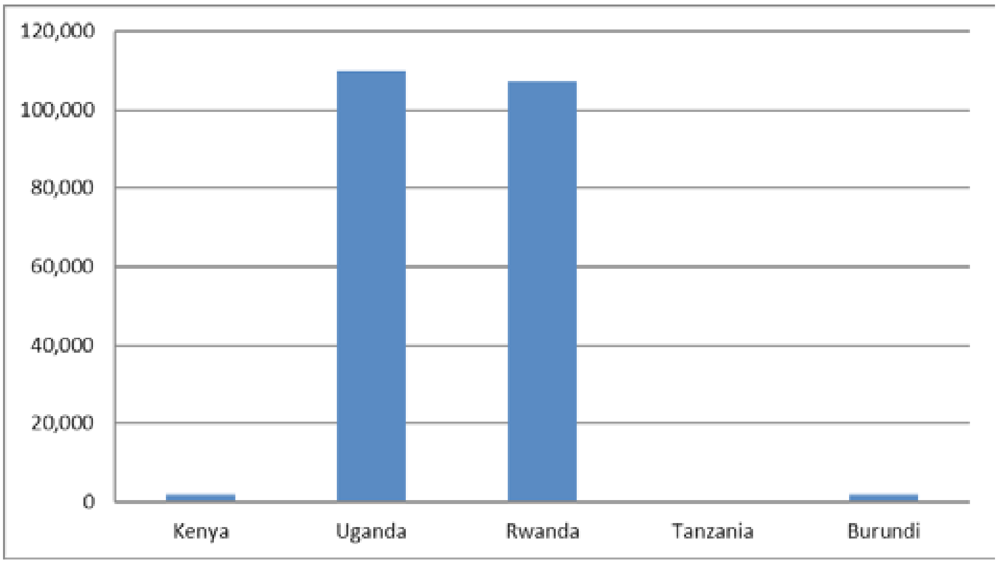


Figure 38: Number of RCTG Carnet Issued



Ethiopia and Djibouti have resolved their issues on premium and claims sharing and the RCTG Carnet operation in the Djibouti corridor is expected to commence in early 2018. Malawi and DR Congo have made a commitment to finalize the preparations for the commencement of operations of the RCTG in Dar Corridor by 2018.

Zambia has not yet joined the Scheme, as Clearing and Forwarding Agents raised concern on loss of business and this has stalled the commencement of operations in the North-South Corridor.

During the period under review, a programme to achieve a fully digitalize RCTG Carnet operation by 2018 was approved.

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ANNEXES

Table 41: Real GDP Growth (*percent*)

Country	2013	2014	2015	2016	2017(P)
Burundi	4.5	4.7	-3.9	-0.9	0.0
Comoros	3.5	2.0	1.0	2.2	3.3
Congo, Dem. Rep.	8.5	9.2	8.5	6.9	2.8
Djibouti	5.0	6.0	6.5	6.5	7.0
Egypt, Arab Rep.	2.1	2.2	4.4	4.3	4.1
Eritrea	3.1	5.0	4.8	3.7	3.3
Ethiopia	9.9	10.3	10.4	8.0	8.5
Kenya	5.7	5.3	5.6	5.8	5.0
Libya	4.3	-53.0	-10.3	-3.0	-
Madagascar	2.3	3.3	3.1	4.2	4.3
Malawi	5.2	5.7	3.0	2.7	4.5
Mauritius	3.2	3.6	3.0	3.5	3.9
Rwanda	4.7	7.0	8.9	5.9	6.2
Seychelles	5.0	6.2	5.0	4.4	4.1
Sudan	3.9	3.3	4.9	3.0	3.7
Swaziland	2.9	2.5	1.5	1.3	0.3
Uganda	4.0	4.9	4.6	3.9	4.4
Zambia	5.1	5.0	2.9	3.4	4.0
Zimbabwe	4.5	3.8	1.4	0.7	2.8
COMESA	6.3	6.4	6.1	4.7	5.2

Source: IMF REO Sub Saharan Africa October 2017; IMF REO Update Middle East and Central Asia October2017; Country Reports

Table 42: Gross National Savings (As % of GDP)

Country	2013	2014	2015	2016	2017(P)
Burundi	-4.2	-3.4	-6.7	-4.1	-5.4
Comoros	12.2	10.6	18.9	10.9	12.2
Congo DR	11.5	18.0	16.3	8.4	7.9
Djibouti	19.8	9.8	19.0	15.6	-
Egypt	12.1	12.9	10.6	9.4	-
Eritrea	3.6	4.0	1.3	4.0	4.6
Ethiopia	28.1	30.7	31.3	32.0	28.9
Kenya	11.2	12.0	10.9	15.5	15.3
Libya	18.4	-	-	-	-
Madagascar	10.0	15.3	11.2	16.0	14.5

Malawi	4.3	3.6	2.7	-3.3	2.5
Mauritius	19.0	17.0	16.3	16.3	13.7
Rwanda	10.5	8.6	8.7	7.6	10.8
Seychelles	26.5	14.6	15.2	11.8	16.6
Sudan	9.4	7.7	8.0	10.8	-
Swaziland	13.7	11.6	23.0	12.8	11.1
Uganda	20.4	17.2	17.7	20.1	19.8
Zambia	33.4	36.1	38.9	37.3	38.3
Zimbabwe	-3.3	-3.8	-4.9	15.5	15.4
COMESA (SSA Members)	17.7	19.1	19.2	20.3	19.7

Source: IMF REO Sub Saharan Africa October 2017; IMF REO Update Middle East and Central Asia October 2017; Country Reports

Table 43: Total Investment as % of GDP

Country	2013	2014	2015	2016	2017(P)
Burundi	15.4	15.9	11.0	9.0	7.0
Comoros	20.4	18.6	18.5	21.1	21.7
Congo, Dem. Rep.	16.8	22.8	20.2	11.8	12.5
Djibouti	29.6	34.9	30.1	44.3	-
Egypt, Arab Rep.	13.8	13.6	13.7	15.0	-
Eritrea	8.7	7.9	7.6	7.4	7.2
Ethiopia	34.1	38.0	39.4	38.5	37.2
Kenya	20.1	22.4	17.7	20.4	21.4
Libya	21.1	-	-	-	-
Madagascar	15.9	15.6	13.1	15.2	19.2
Malawi	12.7	12.0	12.2	10.2	11.6
Mauritius	25.2	23.0	21.2	20.4	20.5
Rwanda	26.5	25.3	26.5	26.1	24.6
Seychelles	38.5	37.7	33.8	30.2	32.2
Sudan	27.1	19.2	20.8	16.6	-
Swaziland	12.7	12.9	12.2	12.1	12.2
Uganda	27.4	25.7	24.8	24.4	25.4
Zambia	34.0	34.0	42.8	41.7	41.9
Zimbabwe	11.5	11.9	12.6	15.5	14.0
COMESA	24.4	26.1	25.8	25.6	25.9

Source: IMF REO Sub Saharan Africa October 2017; IMF REO Update Middle East and Central Asia October 2017; Country Reports

Table 44: Overall Fiscal Balance Excluding Grants (% of GDP)

Country	2013	2014	2015	2016	2017(P)
Burundi	-19.2	-17.3	-14.9	-9.1	-11.3
Comoros	-9.7	-9.9	-10.8	-16.2	-15.5
Congo, Dem. Rep.	-0.6	-0.1	-0.6	-1.2	-2.7
Djibouti	-10.3	-8.2	-21.7	-18.2	-1.6
Egypt, Arab Rep.	-14.0	-17.6	-11.4	-10.9	-9.5
Eritrea	-15.6	-14.8	-14.6	-14.3	-14.0
Ethiopia	-3.4	-3.7	-3.0	-3.2	-3.3
Kenya	-6.2	-8.0	-8.6	-9.1	-8.9
Libya	11.7	-73.8	126.6	-102.7	-43.0
Madagascar	-5.3	-4.6	-4.8	-4.8	-8.6
Malawi	-13.1	-8.0	-9.9	-10.0	-7.6
Mauritius	-3.9	-3.3	-3.6	-4.2	-5.0
Rwanda	-10.6	-11.7	-9.1	-7.5	-6.4
Seychelles	-4.0	-0.5	1.1	-1.3	-2.6
Sudan	-1.9	-0.9	-1.9	-1.8	-2.4
Swaziland	0.3	-2.8	-5.4	-13.7	-8.9
Uganda	-5.1	-4.6	-5.9	-5.0	-4.8
Zambia	-7.7	-6.7	-9.5	-6.0	-8.7
Zimbabwe	-1.9	-1.5	-1.0	-8.4	-5.1
COMESA	-4.7	-5.6	-5.6	-5.9	-6.0

Source: IMF REO Sub Saharan Africa October 2017; IMF REO Update Middle East and Central Asia October 2017; Country Reports

Table 45: Consumer prices (Annual Average, % Change)

Country	2013	2014	2015	2016	2017(P)
Burundi	7.9	4.4	5.6	5.5	18.0
Comoros	1.6	1.3	2.0	1.8	2.0
Congo, Dem. Rep.	0.9	1.2	4.2	18.2	41.7
Djibouti	2.4	2.9	2.1	2.7	3.0
Egypt, Arab Rep.	9.5	10.1	10.4	13.8	29.9
Eritrea	6.5	10.0	9.0	9.0	9.0
Ethiopia	8.1	7.4	10.1	7.3	8.1
Kenya	5.7	6.9	6.6	6.3	8.0
Libya	5.1	2.4	9.8	27.1	32.8
Madagascar	5.8	6.1	7.4	6.7	7.8

Malawi	28.3	23.8	21.9	21.7	13.0
Mauritius	3.5	3.2	1.3	1.0	4.2
Rwanda	4.2	1.8	2.5	5.7	7.1
Seychelles	4.3	1.4	4.0	-1.0	2.8
Sudan	36.5	36.9	16.9	17.8	26.9
Swaziland	5.6	5.7	5.0	7.8	7.0
Uganda	4.8	4.6	5.5	5.5	5.8
Zambia	7.0	7.8	10.1	17.9	6.8
Zimbabwe	1.6	-0.2	-2.4	-1.6	2.5
COMESA	6.2	6.0	6.8	8.4	10.0

Source: IMF REO Sub Saharan Africa October 2017; IMF REO Update Middle East and Central Asia October 2017; Country Reports

Table 46: External Current Account (Including Grants as % of GDP)

Country	2013	2014	2015	2016	2017(P)
Burundi	-19.5	-18.8	-17.7	-13.1	-12.4
Congo, Dem. Rep.	-5.2	-4.8	-3.9	-3.4	-9.5
Comoros	-8.3	-8.0	-10.2	-10.1	-4.6
Djibouti	-23.3	-25.6	-31.8	-30.4	-21.0
Egypt, Arab Rep.	-2.2	-0.8	-3.6	-6.0	-5.9
Eritrea	-0.1	0.6	-2.2	-0.1	0.7
Ethiopia	-5.9	-7.9	-12.8	-9.9	-8.3
Kenya	-8.9	-10.4	-8.2	-5.2	-6.1
Madagascar	-5.9	-0.3	-1.9	-0.8	-4.7
Libya	23.7	-78.4	-52.6	-22.4	1.8
Malawi	-8.7	-8.4	-9.5	-13.5	-9.1
Mauritius	-6.3	-5.7	-4.9	-4.4	-5.8
Rwanda	-8.7	-11.8	-13.4	-14.4	-10.2
Seychelles	-11.9	-23.1	-18.6	-18.4	-15.6
Sudan	-8.5	-6.7	-8.0	-5.6	-1.9
Swaziland	5.3	3.4	10.8	-0.7	-1.1
Uganda	-7.0	-8.5	-7.1	-4.3	-5.6
Zambia	-0.6	2.1	-3.9	-4.4	-3.6
Zimbabwe	-12.9	-15.6	-9.3	-4.1	-3.6
COMESA	-6.6	-6.9	-7.3	-6.1	-6.1

Source: IMF REO Sub Saharan Africa October 2017; IMF REO Update Middle East and Central Asia October 2017; Country Reports

Table 47: Reserves (Months of Imports of Goods and Services)

Country	2013	2014	2015	2016	2017(p)
Burundi	3.5	3.9	2.1	1.7	2.8
Comoros	5.8	6.8	6.6	6.7	6.7
Congo, Dem. Rep.	1.4	1.3	1.0	0.6	0.5
Djibouti	4.8	4.3	3.2	3.6	3.8
Egypt, Arab Rep.	2.5	2.7	3.3	2.9	5.1
Eritrea	4.0	4.7	3.5	3.5	4.3
Ethiopia	1.8	1.5	1.9	2.1	1.9
Kenya	3.8	4.8	4.5	4.8	5.3
Libya	–	–	-	-	
Madagascar	2.3	2.7	2.9	3.0	3.2
Malawi	2.0	3.0	2.4	2.8	3.1
Mauritius	5.3	6.3	7.7	7.9	8.6
Rwanda	5.1	4.3	3.6	4.0	3.9
Seychelles	3.6	4.3	5.1	3.8	3.7
Sudan	1.9	1.7	1.2	1.6	1.7
Swaziland	3.9	3.7	3.7	3.2	2.6
Uganda	4.8	4.9	4.6	4.5	4.8
Zambia	3.1	4.2	4.5	2.7	2.0
Zimbabwe	0.5	0.5	0.5	0.7	0.5
COMESA	3.0	3.3	3.1	3.1	3.2

Source: IMF REO Sub Saharan Africa October 2017; IMF REO Update Middle East and Central Asia October 2017; Country Reports

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FINANCIAL INFORMATION FOR 2016 AND 2017

1 In accordance with COMESA Treaty, Article 169 (4), the Secretary General is required to present an Annual Report, together with audited financial statements of the COMESA Secretariat. The COMESA Secretariat is established under Article 7 of the Treaty as an Organ of COMESA and is headed by the COMESA Secretary General.

2 Efforts, activities and interventions carried out, including outputs and outcomes and impact on strategic objectives are elaborated in the Annual Report.

Statutory instruments governing financial operations

3 Financial Rule 5 (2) designates the Secretary General, as Chief Accounting Officer of the COMESA Secretariat. Therefore, the Secretary General applies relevant provisions of the Financial Rules in the context of the preparation and submission of the annual financial statements.

4 Statutory instruments governing financial operations, include the following: -

(i) COMESA Treaty.
(ii) All decisions of the Authority and Council.
(iii) 5 year-Medium Term Strategic Plans.
(iv) Staff Rules and Regulations.
(v) Financial Manual.
(vi) Procurement Rules and Regulations.
(vii) Grants contractual instruments.

5 The Secretary General is supported by Assistant Secretary Generals and such number of staff as approved by the Council. Increasingly, the COMESA Secretariat is utilizing services of individual consultants and experts, as adjustments of the COMESA Secretariat organizational structure and staffing compliment lags behind capacity requirements. Internal Audit is established to support the Secretary General in ensuring effectiveness of internal controls.

6 Reports of External Auditors and their opinion on financial statements are submitted in accordance with the Article 169 (4) of the Treaty.

7 Annex 1.1, presents the 2016 Audited financial statements on Member States funds in summary, accompanied by the Auditors Report. These 2016 Audited financial statements on Member States funds were prepared based on requirements of International Financial Reporting Standards.

8 The financial statements of COMESA Secretariat for 2017 are yet to be audited.

9 Financial statements incorporating resources of individual Cooperating Partners are separately prepared and audited. These are also approved by the Council.

10 Holistic financial information, relating to expenditure as funded by Member States funds and various Cooperating Partners is presented in Annex 1.2. This information has been extracted from audited financial statements on individual grants for 2015 and 2016 and from management accounts for 2017.

11 In line with a decision of Council *(Twentieth Meeting of the Council of Ministers on Administrative and Budgetary Matters in Lusaka, Zambia on 5 - 6 December 2005, under section 119 subsection (e*)), the COMESA Secretariat is adapting its systems to enable incorporation of all resources from Member States, Cooperating Partners and other income into a single set of COMESA Secretariat financial statements, with effect from the financial statements for the financial year 2017. For 2016, separate financial statements are prepared based on grant/financing agreements. External audit reports are also submitted to the Council.

Oversight over financial operations

12 In keeping with the principles of good corporate governance, the Council of Ministers[1] provides oversight over the operations of the COMESA Secretariat by giving direction to the COMESA Secretariat through, among other activities:

(i) Approval of COMESA Secretariat's annual budget and annual financial statements;
(ii) Enacting of Staff Rules and Regulations and Financial Regulations of the COMESA Secretariat;
(iii) Review technical reports on the implementation of policy, rules and regulations by the COMESA Secretariat; and
(iv) Appointing of external auditors and receiving reports of the external auditors.

13 In between meetings of the Council of Ministers, the Bureau of Council attends to oversight matters, within the framework of the Treaty and as provided within other specific policies, rules and regulations. Bureau of the Council comprising of Chairman, Vice-Chairman and Rapporteur oversee the functioning of the Secretariat in between meetings of the Council of Ministers. These are rotated among the members of the Council for a term of one year. For 2016, the Bureau was constituted by Madagascar (Chairman); Burundi (Vice Chairman); and Ethiopia (Rapporteur).

14 Administrative and Budgetary Committee and its subcommittee (the Sub Committee on Audit and Budgetary matters) and Intergovernmental Committee undertakes technical work and provides relevant advisory to the Council of Ministers, with the former reporting to the latter.

Source of funding of the COMESA Secretariat

15 In line with Article 166 (4) of the Treaty, the activities of COMESA carried out by the COMESA Secretariat, are funded from annual Member States contributions and contributions from Cooperating Partners.

16 The applicable formula for assessing annual Member States' contributions towards the budget of the COMESA Secretariat comprise variables based on a five-year moving average of up-to-date statistics. These are re-computed each year to derive budget ratios, which are then applied to establish contribution receivable from each Member State. For 2016 and 2017, the applicable variables and relevant applicable percentages were as follows:

(i) GDP: 30%;
(ii) Imports from non-COMESA countries: 30%;
(iii) Intra-COMESA exports: 30%;
(iv) GNP per capita: 5%
(v) Population: 5%.
(vi) Upper and lower ceilings of 12% and 1%, respectively. No Member State can be allocated
(vii) budget ratio above 12% and no Member State can be allocated a budget ration under 1%; and
(viii) Shock absorber of 15% is applied on the resultant budget ratios to limit impact of change between successive years.

17 The contributions from Cooperating Partners are obtained through instruments established between COMESA and individual Cooperating Partners. Support from Cooperating Partners is aligned to COMESA's 5 year-Medium Term Strategic Plan, specifically strategic objectives and interventions.

Overview of spending in 2016 and 2017

18 Budget spending by the COMESA Secretariat increased from COM$43,520,604 in 2016 (2015: COM$40,278,435) to COM$54,703,122 in 2017, representing significant increase of 25.7%. This spending is summarized in the next table: -

1 *Article 9; Article 166; Article 169*

Summarised COMESA Secretariat spending (2015 to 2017 in COM$)

Source of funding	2015	2016	2017
Summary	**Audited**	**Audited**	**Budget**
Member States	12,991,641	13,152,194	13,873,613
European Union	14,858,032	19,452,761	26,650,193
United States Agency for International Development	2,876,867	2,440,262	1,793,670
African Development Bank	2,599,043	6,160,415	8,931,514
World Bank	-	-	1,593,744
Other Cooperating Partners	6,952,853	2,314,973	1,860,387
Total	**40,278,435**	**43,520,604**	**54,703,122**
Percentage share			
Member States	32%	30%	25%
European Union	37%	45%	49%
United States Agency for International Development	7%	6%	3%
African Development Bank	6%	14%	16%
World Bank	0%	0%	3%
Other Cooperating Partners	17%	5%	3%
Total	**100%**	**100%**	**100%**

Source:

(i) *2015 and 2016 Audited financial statements: on Member States funds and individual financial statements under specific grant financing agreement*

(ii) *2017 COMESA Secretariat management accounts.*

19 The European Union (EU) through Regional Indicative Plans (RIP) under the European Development Fund (EDF) remains the single largest Cooperating Partner for COMESA. The resources from the EU are implemented through COMESA Rules and Regulations, as the COMESA Secretariat qualified for indirect management support in the form of Contribution Agreements/Delegated Agreements.

Prospects for 2018 and beyond

20 Anchored by the 2016-2020 MTSP, deliberations have continued in 2017 to strengthen regional and national linkages in the implementation of COMESA Work Programme. For 2018 financial year, the Council of Ministers at its meeting held in November 2017, approved the Budget of COMESA Secretariat and its Agencies of COM$31,467,396 to be funded as follows: -

(i) COM$15,892,331: Member States; and

(ii) COM$15,575,065: Cooperating Partners, a 53.7% of the 2017 projected spending. A number of commitments with Cooperating Partners, notably 11th EDF/RIP and USAID are yet to be concluded. Projected spending from these commitments are not part of the existing 2018 budget.

21 Development of relevant enabling operational systems and processes at the regional and national levels have remained a key focus of COMESA, as this is expected to enhance the overall implementation effectiveness and efficiency. These include processes relating to resource mobilisation; accountability; communication; human resource capacity; monitoring and evaluation; and risk management, which ultimately will result in higher levels of ownership, sustainability and participation of beneficiaries.

COMESA - Secretariat

Statement of responsibility in respect of preparation of financial statements

In accordance with the COMESA financial rules and regulations, the Secretary General is responsible for the preparation and fair presentation of the COMESA – Secretariat financial statements, comprising the statement of financial position as at 31 December 2016, statements of income and expenditure, changes in accumulated funds 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 International Financial Reporting Standards, and the requirements of the COMESA financial rules and regulations.

The Secretary General is also responsible for such internal control as he determines 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.

The Secretary General has assessed the COMESA - Secretariat's ability to continue as a going concern and has no reason to believe the Institute will not be a going concern in the year ahead.

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

Approval of the financial statements

The 2016 financial statements of COMESA - Secretariat, as identified in the first paragraph, were approved by the Secretary General on ………………………….. and are signed by:

Sindiso Ngwenya

Secretary General

Independent auditor's report

To the members of Common Market for Eastern and Southern Africa(COMESA) Secretariat

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Common Market for Eastern and Southern Africa (COMESA) Secretariat ("the Secretariat") set out on pages 22 to 70, which comprise the statement of financial position as at 31 December 2016, and the statement of income and expenditure, changes in accumulated funds and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Common Market for Eastern and Southern Africa (COMESA) Secretariat as at 31 December 2016 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the COMESA Financial Rules and Regulations.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Secretariat in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code),* and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Secretary General is responsible for the other information. The other information comprises the Secretary General's Report and the statement of responsibility in respect of the preparation of financial statements.

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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, 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 the Secretary General for the financial statements

The Secretary General is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the COMESA Financial Rules and Regulations, and for such internal control as the Secretary General determines 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 Secretariat'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 intends to liquidate the Secretariat or to cease operations, or has no realistic alternative but to do so.

Auditors' 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 auditors' 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 judgment 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 Secretariat's internal control.

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

- Conclude on the appropriateness of management'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 Secretariat's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Secretariat to cease to continue as a going concern.

- 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 those charged with governance 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.

Report on Other Legal and Regulatory Requirements

In accordance with Thirty Sixth Council of Ministers Meeting decision and Article 76 of the COMESA financial rules and regulations, we report that, in our opinion:

- The annual budget performance report correctly allocates and reflects actual expenditure to budgetary appropriations as approved by the COMESA Council of Ministers;
- The financial rules pertaining to budget implementation were complied with; and
- The commentaries on the budget performance included in the report were reasonable.

KPMG Chartered Accountants
2017

Maaya Chipwayambokoma
AUD/F000861

Partner

COMESA - Secretariat

Statements of financial position

as at 31 December 2016 *In COMESA Dollar*

	Note	**2016**		2015 Restated	2014 Restated
Assets					
Property and equipment	*5*	**21,835,534**		22,369,379	18,971,660
Investment in equity	*6*	**2,098,965**		1,737,571	1,516,074
Non-current assets		**23,934,499**		24,106,950	20,487,734
Member states contributions receivable	*7*	**15,792,018**		12,742,575	12,802,152
Amounts due from projects	*8*	**2,687,140**		3,183,308	3,338,545
Other receivables	*9*	**735,986**		557,649	509,501
Contributions receivable for Economic Partnership Agreement	*10*	**120,000**		120,000	120,000
Cash and cash equivalents	*11*	**15,209,701**	15	16,646,488	18,157,432
Current assets		**34,544,845**		33,250,020	34,927,630
Total assets		**58,479,344**		57,356,970	55,415,364
Accumulated funds					
Reserve fund		**11,844,736**	844,736	-	-
Capital reserve		**-**		-	60,000
Accumulated funds		**30,335,562**	32,50	41,261,072	40,341,190
Revaluation reserve		**12,396,168**		12,817,451	13,238,734
Accumulated funds and reserve		**54,576,466**		54,078,523	53,639,924
Liabilities					
Capital grants	*12*	**537,913**		573,820	305,667
Non - current liabilities		**537,913**		573,820	305,667
Payables	*13*	**3,364,965**		2,704,627	1,469,773
Current liabilities		**3,364,965**		2,704,627	1,469,773
Total liabilities		**3,902,878**		3,278,447	1,775,440
Total accumulated funds and liabilities		**58,479,344**		57,356,970	55,415,364

These financial statements were approved by the Secretary General on……………...2017 and signed by:

....

Sindiso Ngwenya

Secretary General

COMESA - Secretariat

Statements of financial position

as at 31 December 2016 In COMESA Dollar

	Note	2016	2015 Restated
Income			
Member states contributions	7	**15,545,540**	14,908,774
Disbursements to institutes	14	**(1,656,585)**	(1,535,496)
Net member state contributions		**13,888,955**	13,373,278
Other income	15	**562,984**	471,371
Total income		**14,451,939**	13,844,649
Expenditure			
Executive management	18	**(2,285,502)**	(2,295,881)
Budget and finance	19	**(663,273)**	(619,304)
Human resources and administration	20	**(4,263,261)**	(4,776,997)
Trade and customs	21	**(806,956)**	(648,412)
Infrastructure and logistics	22	**(658,424)**	(584,927)
Agriculture, environment and natural resources	23	**(616,052)**	(566,560)
Legal and institutional affairs	24	**(419,167)**	(344,361)
Gender and social affairs	25	**(512,289)**	(368,062)
Information technology	26	**(715,830)**	(613,675)
Internal audit	27	**(311,928)**	(309,919)
Strategic planning	28	**(192,335)**	(127,995)
Resource mobilisation and international Cooperation	29	**(238,753)**	(227,838)
Public relations	30	**(273,466)**	(310,597)
Brussels liaison office	31	**(362,753)**	(332,524)
Depreciation on property and equipment	5	**(832,205)**	(864,589)
Total expenditure		**(13,152,194)**	(12,991,641)
Finance income	16	**434,843**	320,115
Finance costs	17	**(1,236,645)**	(734,524)
Surplus for the year		**497,943**	438,599

COMESA - Secretariat

Statements of financial position

as at 31 December 2016 In COMESA Dollar

	Reserve funds	Accumulated funds	Capital reserve	Revaluation reserve	Total
Balance at 1 January 2015 as previously stated	-	40,806,069	60,000	13,238,734	54,104,803
Prior year adjustment (refer to note 35)	-	(464,879)	-	-	(464,879)
Balance at 1 January 2015 as restated		40,341,190	60,000	13,238,734	53,639,924
Surplus for the year	-	438,599	-	-	438,599
Amortisation of revaluation reserve	-	421,283	-	(421,283)	-
Transfers to accumulated funds	-	60,000	(60,000)	-	-
Balance at 31 December 2015 as restated	-	41,261,072	-	12,817,451	54,078,523
Balance at 1 January 2016	-	**41,261,072**	-	**12,817,451**	**54,078,523**
Surplus for the year	-	**497,943**	-	-	**497,943**
Transfer to reserve funds	**13,941,861**	**(13,941,861)**	-	-	-
Net cash transfer from reserve fund	**(2,097,125)**	**2,097,125**	-	-	-
Amortisation of the revaluation reserve	-	**421,283**	-	**(421,283)**	-
Balance at 31 December 2016	**11,844,736**	**30,335,562**	-	**12,396,168**	**54,576,466**

COMESA - Secretariat

Statements of financial position

as at 31 December 2016

In COMESA Dollar

Reserve fund

The reserve funds are surplus of member states contributions that have accumulated over a period of time. The use of the reserve fund is governed by Rule 45 and 46(A and B) of the COMESA Financial Rules and Regulations.

Accumulated funds

Accumulated funds are the brought forward recognised income, net of expenses of the Secretariat, plus the current period surplus.

Capital reserves

Capital reserves represents the value of assets acquired by the Secretariat. Capital grants are deferred and credited to the income and expenditure in equal annual instalments over the useful life of the related assets.

Revaluation reserve

The revaluations reserve represents revaluation surplus arising from the revaluation of Secretariats assets.

COMESA - Secretariat

Statements of financial position

as at 31 December 2016

In COMESA Dollar

	Note	2016	2015
Cash flows from operating activities			
Surplus for the year		**497,943**	438,599
Adjustments for:			
Depreciation	*5*	**832,205**	864,589
Gain on disposal of property and equipment		-	(1,332)
Interest income on late contributions and staff loans	*16*	**(419,579)**	(320,115)
Dividend income	*15*	**(30,991)**	(33,432)
Amortisation of capital grants	*12*	**(35,907)**	(81,847)
Increase in fair value of equity investments	*6*	**(361,394)**	(221,497)
		482,277	644,965
Changes in:			
Membership ccontributions receivable		**(3,049,443)**	59,777
Amounts due from projects		**496,168**	155,237
Other receivables		**(178,337)**	(48,148)
Payable		**660,338**	1,234,854
		(1,588,997)	2,046,485
Interest received		**419,579**	320,115
Net cash (utilized in)/ generated from operating activities		**(1,169,418)**	2,366,600
Cash flows from investing activities			
Acquisition of property and equipment	*5*	**(298,360)**	(3,912,499)
Proceeds from disposal of property and equipment		**-**	1,523
Dividend received	*15*	**30,991**	33,432
Net cash utilised in investing activities		**(267,369)**	(3,877,544)
Net decrease in cash and cash equivalents		**(1,436,787)**	(1,510,944)
Cash and cash equivalents at beginning of the year		**16,646,488**	18,157,432
Cash and cash equivalents at end of the year	*11*	**15,209,701**	16,646,488

Source of funding	Item	Financing Agreement Grant	Expenditure					
		Name	Start date	End Date	Purpose	2015	2016	2017
						Audited	Audited	Budget
Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9
Member States	1	N/A	N/A	N/A	N/A	12,991,641	13,152,194	13,873,613
Sub-total						*12,991,641*	*13,152,194*	*13,873,613*
European Union								
	2	African Peace Security Architecture (APSA)	Jan-16	Dec-18	To contribute to Peace and Security in Africa	1,123,927	969,401	1,517,250
	3	Regional Integration Support Programme Contribution Agreement	Jan-14	Jun-17	Support towards Regional Integration,	2,696,766	2,337,143	1,438,508
	4	RISM	2007	2019	For Adjustment Support to both COMESA and EAC Countries for Regional Integration	10,125,025	14,619,076	17,838,761
	5	EU/MASE	Jul-14	Jun-18	To enhance maritime security in the ESA-IO region	531,110	1,074,938	1,843,298
	6	KFW	Jan-13	Dec-17	To improve the living conditions of populations in border areas of post – conflict countries	381,203	452,201	2,090,744
	7	TCF (11th EDF)	Jul-16	Jul-18	Technical Facility for effective design and implementation of the COMESA 11TH EDF envelope	-	-	681,426
	8	Enhancement of a Sustainable Regional Energy Market in Eastern Africa, Southern Africa and the Indian Ocean Region (EA-SA-IO)	May-17	May-20	To enhance sustainable regional energy market conducive to investment and promoting sustainable development	-	-	1,240,206
Sub-Total						*14,858,032*	*19,452,761*	*26,650,193*
United States Agency for International Development								
	9	USAID IPAA	Jan-15	Sep-18	Achieving the harmonization of regional trade, investment and agricultural policies that promote trade and integration	2,876,867	2,440,262	1,793,670
Sub-Total						*2,876,867*	*2,440,262*	*1,793,670*

Source of funding	Item	Financing Agreement Grant	Expenditure					
		Name	Start date	End Date	Purpose	2015	2016	2017
						Audited	Audited	Budget
Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9
African Development Bank								-
	10	Tripartite Capacity Building Project - TCBP	Nov-13	Oct-18	Support intra-Tripartite trade growth which is instrumental to boosting the economic welfare of 587 million consumers	1,796,993	2,424,212	2,550,000
	11	Statistical Capacity Building Project - SCB	Jul-16	Dec-17	To assist Regional Member countries (RMC's) meet data requirement for MDGs	225,392	544,647	2,080,850
	12	Airspace Integration Project	Feb-11	Mar-18	development initiative of Regional Transport Infrastructure under Grant Support from African Development Bank (AfDB).	295,087	3,062,840	1,000,000
	13	Trading for Peace - TFP	Jan-17	Dec-17	To consolidate peace in post-conflict areas by encouraging interaction and building trust between communities through the facilitation and formalization of cross border trade.	281,571	128,716	379,216
	14	50 Million Women Speak Networking Platform Project	Sep-16	Dec-20	To empower African women through provision of networking platform to access information on financial and non-financial services.	-	-	2,921,448
Sub-Total						*2,599,043*	*6,160,415*	*8,931,514*
World Bank	15	Great Lakes Trade Facilitation Project - GLTFP	Nov-15	Dec-20	To facilitate cross-border trade by increasing the capacity for commerce and reducing the costs faced by traders	-	-	1,593,744
Sub-Total						-	-	*1,593,744*
Other Cooperating Partners								-

Source of funding	Item	Financing Agreement Grant			Expenditure			
		Name	Start date	End Date	Purpose	2015	2016	2017
						Audited	Audited	Budget
Col 1	**Col 2**	**Col 3**	**Col 4**	**Col 5**	**Col 6**	**Col 7**	**Col 8**	**Col 9**
	16	African Capacity Building Foundation (ACBF)	Feb-13	Sep-17	To strengthen the capacity of COMESA Secretariat for policy research as well as for trade policy analysis and trade negotiation	950,389	977,893	774,327
	17	Rockefeller Climate Change	Jan-17	Dec-17	To address Impacts of climate change in the COMESA-EAC-SADC through successful adaptation and mitigation actions which also build economic and social resilience for present and future generations.	-	-	230,000
	18	UNIDO Climate Change				-	-	87,200
	19	UNEP Climate Change				-	-	25,700
	20	FAO/NEPAD Climate Change				-	-	32,650
	21	DFID - Climate Change	Mar-12	Oct-16		5,959,763	1,253,879	235,510
	22	AFRICAN UNION - IBAR	Apr-12	Aug-17	Livestock policy review and development	42,701	26,771	335,000
	23	PIDA Capacity Building project	Jul-16	Mar-18	To enhance the resource capacity of COMESA in coordinating and facilitating the implementation of priority regional infrastructure projects	-	56,430	140,000
Sub-total						*6,952,853*	*2,314,973*	*1,860,387*
Total						**40,278,435**	**43,520,604**	**54,703,122**
Summary								
Member States						12,991,641	13,152,194	13,873,613
European Union						14,858,032	19,452,761	26,650,193

Source of funding	Item	Financing Agreement Grant				Expenditure		
		Name	Start date	End Date	Purpose	2015	2016	2017
						Audited	Audited	Budget
Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9
United States Agency for International Development						2,876,867	2,440,262	1,793,670
African Development Bank						2,599,043	6,160,415	8,931,514
World Bank						-	-	1,593,744
Other Cooperating Partners						6,952,853	2,314,973	1,860,387
Total						**40,278,435**	**43,520,604**	**54,703,122**
Percentage share								
Member States						32%	30%	25%
European Union						37%	45%	49%
United States Agency for International Development						7%	6%	3%
African Development Bank						6%	14%	16%
World Bank						0%	0%	3%
Other Cooperating Partners						17%	5%	3%
Total						**100%**	**100%**	**100%**

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