Common Market for
Eastern and Southern Africa

COMESA

2018
ANNUAL REPORT

COMESA – TOWARDS DIGITAL ECONOMIC INTEGRATION

About COMESA

The Common Market for Eastern and Southern Africa -COMESA, is a regional economic community of 21 African Member States that came together to promote regional integration through trade and the development of natural and human resources for the mutual benefit of all people in the region.

COMESA Member States

Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Eswatini, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Somalia, Sudan, Tunisia, Uganda, Zambia and Zimbabwe.

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ABBREVIATONS & ACRONYMS

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
ALLPI	African Leather and Leather Products Institute
ARICEA	Association of Regulators of Information and Communications
Asycuda	Automated Systems for Customs Data
BLO	Brussels Liaison Office
CAADP	Comprehensive Africa Agriculture Development Program
CAF	COMESA Adjustment Facility
CBC	COMESA Business Council
CCH	COMESA Clearing House
CCIA	COMESA Common Investment Area Agreement
CET	Common External Tariff
CMI	COMESA Monetary Institute
CMR	Customs Management Regulations
CNS/ATM	Communications, Navigation, Surveillance and Air Traffic Management Systems
COMESA	Common Market for Eastern and Southern Africa
COMSHIP	COMESA Seed Harmonisation Implementation Plan
COMSTAT	COMESA Statistics
CSA	Climate Smart Agriculture
CTH	Change in Tariff Heading
CTN	Common Tariff Nomenclature
CU	Customs Union
CV	Customs Valuation
DEVCO	International Cooperation and Development (EU)
DMRO	Duly Mandated Regional Organizations
EAC	East African Community
EAPP	Eastern Africa Power Pool
EA-SA-IO	Eastern Africa-Southern Africa-Indian Ocean
EC	European Commission
ECA	United Nations Economic Commission for Africa
eCO	Electronic Certificate of Origin
ECOWAS	Economic Community of West African States
EDF	European Development Fund
EPA	Economic Partnership Agreement
ESA	Eastern and Southern Africa
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign Direct Investment
FEMCOM	Federation of National Associations of Women in Business in Eastern and Southern Africa
FESARTA	Federation of East and Southern African Road Transport Associations
FTA	Free Trade Area
GDP	Gross Domestic Product
GLTFP	Great Lakes Trade Facilitation Project
ICT	Information and Communication Technology
i-EPA	Interim Economic Partnership Agreement
IMF	International Monetary Fund
IOC	Indian Ocean Commission
IOM	International Organisation for Migration
IPAs	Investment Promotion Agencies
MTSP	Medium Term Strategic Plan
NAIP	National Agricultural Investment Plans

NDC	Nationally Determined Contributions
NTB	Non-Tariff Barriers
OHTL	Over Head Transmission Lines
OSBP	One Stop Border Posts
PIDA	Program for Infrastructure Development in Africa
PIU	Project Implementation Unit
PPP	Public Private Partnerships
RAERESA	Regional Association of Energy Regulators in Eastern and Southern Africa
RAIP	Regional Agricultural Investment Program
REC	Regional Economic Communities
REPSS	Regional Payment and Settlement System
RIA	Regional Investment Agency
RISM	Regional Integration Support Mechanism
SADC	Southern African Development Community
SAPP	Southern African Power Pool
SDG	Sustainable Development Goals
SGR	Standard Gauge Railway
SME	Small and Medium-sized Enterprises
SPS	Sanitary and Phytosanitary Standards
SQAM	Standardisation, Quality Assurance and Metrology
STR	Simplified Trade Regime
TBT	Technical Barriers to Trade
TCBP	Tripartite Capacity Building Program
TCF	Technical Cooperation Facility
TDB	Trade and Development Bank
TFA	Trade Facilitation Agreement
TFTA	Tripartite Free Trade Area
TRIPS	Trade Related Aspects of Intellectual Property Rights
TTF	Tourism and Transport Forum
TTTFP	Tripartite Transport and Transit Facilitation Program
UEMOA	West African Economic and Monetary Union
UNCTAD	United Nations Conference on Trade and Development
USAID	United States Agency for International Development.
VICMED	Navigational Line between Lake Victoria and the Mediterranean Sea
WCO	World Customs Organisation
WTO	World Trade Organization
ZTK	Zambia-Tanzania-Kenya Transmission Interconnector

Letter of Transmittal from the Secretary General

His Excellency Andry Rajoelina
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 Annual Report for 2018 entitled “COMESA: Towards Digital Economic Integration”.

The Report highlights the achievements of COMESA and its institutions in the implementation of the regional integration agenda covering key milestones and the initiatives put in place to overcome emerging challenges.

This Report confirms that the region is resilient and is progressing its regional integration agenda in the wake of economic, political and social globalization. It draws attention to the commendable efforts being carried out by Member States and COMESA institutions in creating the necessary preconditions for the realization of the provisions of the COMESA Treaty.

One of the main preoccupation of COMESA during the period under review, was the implementation activities towards digital economic integration. Technology is the greatest game changer in the field of trade facilitation. I have no doubt therefore, that the successful adoption of digital processes and tools will undoubtedly address the challenges of trade facilitation within our region and keep pace with developments in the global economies.

The other key milestone of the year 2018 was the expansion of our regional bloc with the admission of the Republic of Tunisia and the Federal Republic of Somalia, increasing our member States from 19 to 21. This milestone reinforced COMESA’s position as the leading regional economic community in the African continent. By bringing together a third of Africa, COMESA is positioned to continue having meaningful influence in the continent and the world at large in the years to come.

Chileshe Mpundu Kapwepwe
Secretary General
COMESA

Message from the Chair of the Authority


Andry RAJOELINA
Filohan'ny Repoblikan'i Madagasikara

I have the pleasure to present the Annual Report of the Common Market for Eastern and Southern Africa (COMESA) for the year 2018. I do so with deep gratitude to my colleagues, the Vice-Chairman 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.

COMESA has distinguished itself in Africa as a trailblazer, especially in the area of trade facilitation and investment as well as in establishment of vibrant institutions that have grown into African continental organizations. Our programs and approaches to market integration, including the resolution of non-tariff barriers, have provided benchmarks to emulate in continental integration. This trend has continued to be maintained and the year 2018 was no exception.

Indeed, 2018 was a watershed period as COMESA led the African Continent as the main building block for the realization of a unified and peaceful continent. Specifically, the role of our regional block towards the speedy conclusion and ratification of the African Continental Free Trade Area (ACFTA) cannot be gainsaid. The preamble to this great achievement was facilitated by the Tripartite Free Trade Area in which COMESA has played a leading role. The launching of the ACFTA carries a powerful message depicting the unity of 55 African nations working together to create the largest FTA in the world for mutual prosperity. Many of our Member States were part of the early signatories to the ratification of the ACFTA. It is my conviction, therefore, that the balance of our Members that are yet to ratify the COMESA, EAC and SADC Tripartite Free Trade Area will be inspired to do so before the end of 2019.

Our market integration programme was actively on course. With the introduction of the Digital Free Trade Area Initiative (DFTA), guided by our theme: COMESA: Towards Digital Economic Integration, we have taken the lead to transform the business processes that impede our region from attaining the pace of development required in the 21st Century. The DFTA is a new concept and a first for Africa. It is designed to rally Member States towards the full adoption of digital technologies. After launching activities toward implementation of the DFTA early in the year, I am glad to note that the initiative is now in the pilot stage. The focus is on establishing seamless processes across COMESA region to enable ease of doing business/trade and to enhance regional integration using ICT as a tool. I am pleased to note that already, not less than 15 of our Member States are keen to start piloting the system, which underlines the urgency with which our regional integration model yearns for change.
Our institutions, which cover a cross-section of sectors, continued to flourish as indicated in this report. Specifically, our finance and insurance institutions have grown to become continental. New ones such as the COMESA Competition Commission have equally followed the same growth trajectory. Equally, our Court of Justice, which is the pillar of confidence in COMESA as a rules-based organization, continues to generate jurisprudence that is respected and referred to worldwide. Our organization will continue to promote all our institutions as they are best placed to deepen our integration process by providing specialized services.

The year under review also depicted that the region remains vulnerable to major setbacks such as high unemployment rates, low productivity, lack of the economic diversification, impact of climate change, high inflation, increased debt and low investment rates. COMESA's export market continues to be dominated by the extraction of natural resources such as fuels, ores and metals. Against this background, COMESA MTSP 2016-2020 emphasizes on industrialization, noting that "industrial development has been placed at the core of the development integration agenda of COMESA and that the Member States acknowledge that industrialization is central to diversifying their economies.” The Annual report confirms that the region is looking beyond inter and intra trade for regional integration and is also focused on industrialization of the agro-processing sector, thus the COMESA region is devoted to promoting industrialization.

I would like to remind you that more than ever today, as the rest of the world turns to Africa and begins to see our potential, we must better defend our interests and our demands. Let us prioritize the facilitation of our cooperation, let us strengthen our partnerships.

Referring to the notion of inclusiveness, as in football, we will have to play it “collectively” so that together we work to make a block, the block of emerging Africa.We need to work together to promote strong, inclusive, sustainable and resilient economic and industrial growth. Lets secure intra-regional integration to ensure we play a key role at the international level.

I conclude by warmly welcoming the Republic of Tunisia and the Federal Republic of Somalia that joined the COMESA family in July 2018. Our regional block is now much stronger and more influential given that it covers a third of the continent. This reaffirms our leadership in regional integration, a position that we should uphold for posterity.

My sincere appreciation to our Member States for their continued support of our agenda and the Secretariat for its commendable work in steering this organization. Special thanks to our development partners for making available the resources to support the implementation of our regional integration programmes over the years. In 2019, when we mark our Silver Jubilee as the Common Market for Eastern Africa, COMESA, the successor to the Preferential Trade Area (PTA), I extend a hand of invitation to all our stakeholders to join us in celebrating this milestone in our 25 year’s journey of integration, as you have been part and parcel of our success story.

His Excellency Andry Rajoelina
President of the Republic of Madagascar
Chairman of the Authority of the COMESA Heads of State and Government

01

MACRO-ECONOMIC DEVELOPMENTS IN THE COMESA REGION IN 2018

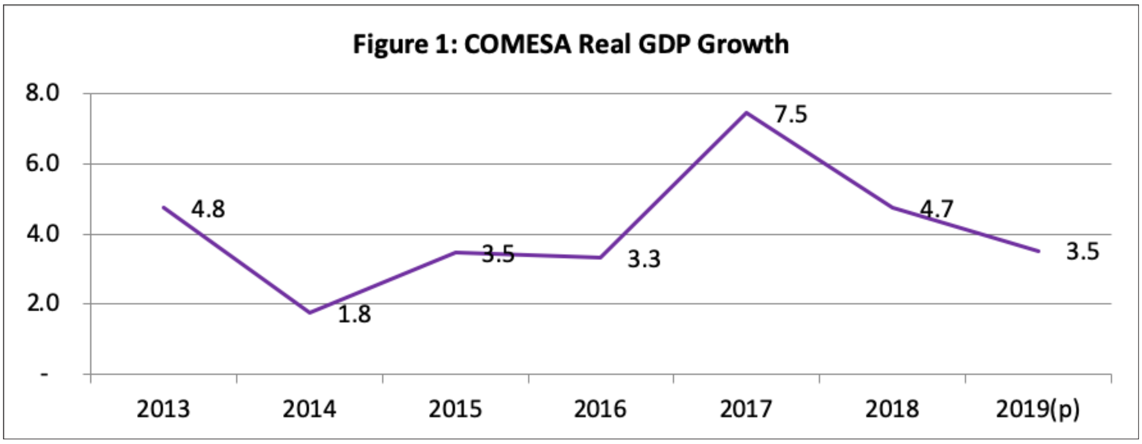
The COMESA region experienced deceleration in growth in 2018 as compared to 2017. This is despite improved commodity prices, which started to rise in the later part of 2016 and improved global environment. This section analyses developments in key macro-economic performance indicators in the region in 2018.

Economic Growth

COMESA region's average growth decelerated in 2018 to 4.7% down from 7.5% in 2017 and is projected to decrease to 3.5% in 2019. The deceleration in average growth resulted from decrease in growth in several Member States. However, growth in some Member States, namely, Djibouti, Egypt, Ethiopia, Kenya, Madagascar, Rwanda, and Uganda, was higher than 5% supported mainly by increased public and private construction investment; improved conditions for doing business; improved global environment and growth in agricultural production in countries where weather conditions remained favourable. Improved commodity prices which started recovering in 2016, after falling in two preceding years had also a positive impact on improved economic growth.

Despite improved growth in some Member States, current growth rates are not adequate to eradicate poverty or achieve the Sustainable Development Goals (SDGs) in the region by 2030. Although poverty dropped in several countries, the pace of poverty reduction is very slow and inclusive growth remains elusive. Unemployment rate in many Member States remains high. COMESA region, therefore, needs to boost investment from its current average level of 19.2%, which is much lower than 32 % in East Asia and 30-35 % in the Pacific region. Additionally, the region needs to improve productivity and economic diversification.

There is little evidence of structural changes in most Member States of the region. The share of extractives (in resource rich countries) and agriculture in the Gross Domestic Product (GDP) was still high. There was no significant movement of labour from low to high productivity sectors. In Asia and Latin America, labour shifted from agriculture to services between 1990 to and 2005. In Europe and North America, the shift was from industry to services (African Development Bank (AfDB 2018 African Economic outlook Report). A shift of workers from low to high productivity sectors is vital to long term growth.



Savings

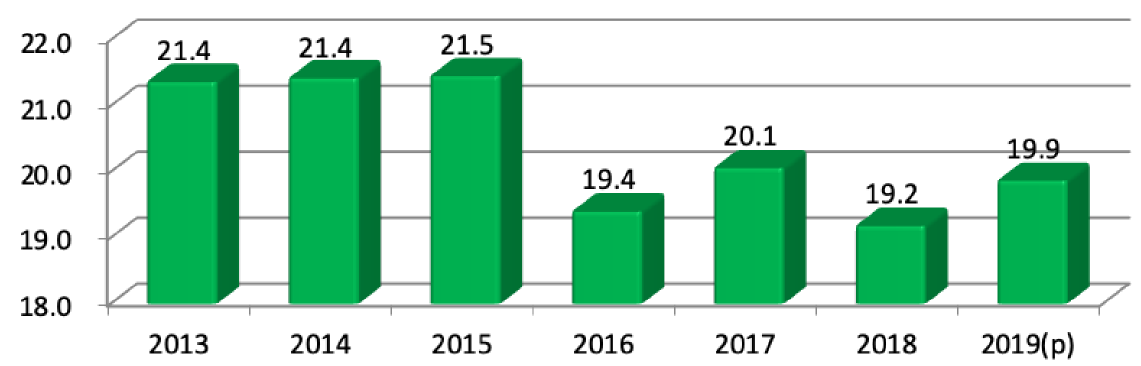
Several COMESA Member States are below 20% of GDP. The savings rate in most of these countries remained low compared to other parts of the developing world, particularly emerging economies where the growth rates are more than 20%. This may be attributed to lack of effective connectivity to financial systems by a large proportion of the population, who have no access to savings instruments. Thus, 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.
Investment

The average overall investment as a percent of GDP in COMESA decreased marginally from 20.1% in 2017 to 19.2% in 2018 and projected to be 19.9% in 2019. This underscores 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. Nonetheless 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. Additionally, maintenance of infrastructure is crucial for their effectiveness.

The region's investment continues to be partly financed by foreign savings. This is desirable for developing countries if 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.

Figure 2: COMESA Total Investment as % of GDP

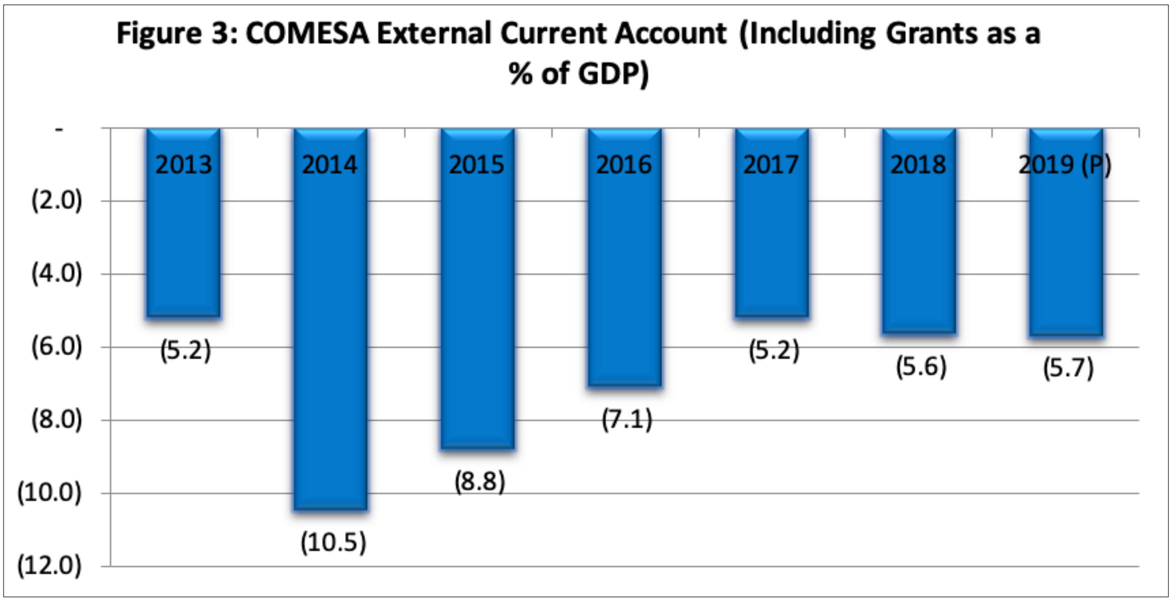


Monetary Policy and Exchange Rate Developments

In 2018, Monetary Policy stance varied depending on the extent to which countries were exposed to domestic and external shock. A significant depreciation of currencies was seen in a number of Member States which was a continuation of a trend in 2017. This was driven by high public sector demand for foreign exchange to finance big public investment projects, a strong dollar and high demand for foreign exchange from the local corporate sector. In countries where inflationary pressures have eased and exchange rates have remained relatively stable, policy interest rates have been reduced to stimulate growth. Central Banks in countries where exchange rates came under pressure responded by tightening policies. However, risks remained as exchange rate pressure continued and fiscal deficits persisted. The depreciation of currencies in Member States had adverse impact on debt repayment obligations and inflation. The currency depreciations did not necessarily translate into strong price advantage in export markets.

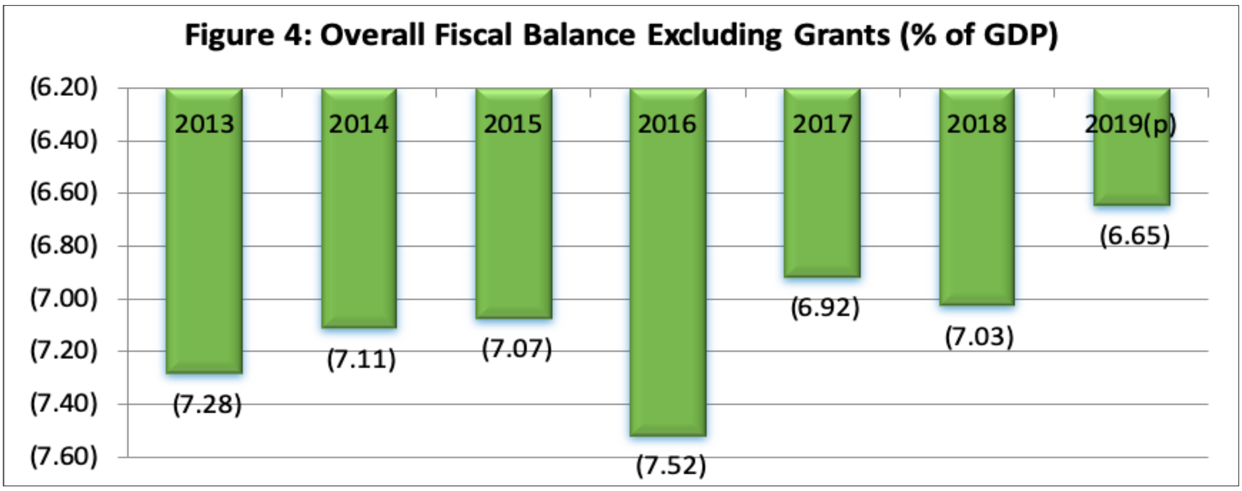
External Current Account Including Grants

External Current Account, including grants widened in the COMESA region, averaging about -5.6 percent of GDP in 2018 as compared to -5.2 % in 2017. It was projected to be -5.7% in 2019. 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 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.



Overall Fiscal Balance Excluding Grants

The region's average fiscal deficit excluding grants as a percentage of GDP widened slightly from -6.9% in 2017 to -7.0% in 2018. It was projected to be -6.6% in 2019, against a backdrop of intense pressure to boost growth and reduce poverty by increasing infrastructure investment and other pro-poor spending. COMESA Member States need to harness the fiscal policy instruments at their disposal to accelerate efforts to achieve SDGs. That means rethinking fiscal frameworks and directing them towards the achievement of the SDGs. Fiscal policy is vital for "crowding in", private investment in the region which has a significant effect on real GDP per capita. In the long run a 1% increase in private investment could boost GDP per capita by up to 1.6% in Africa.

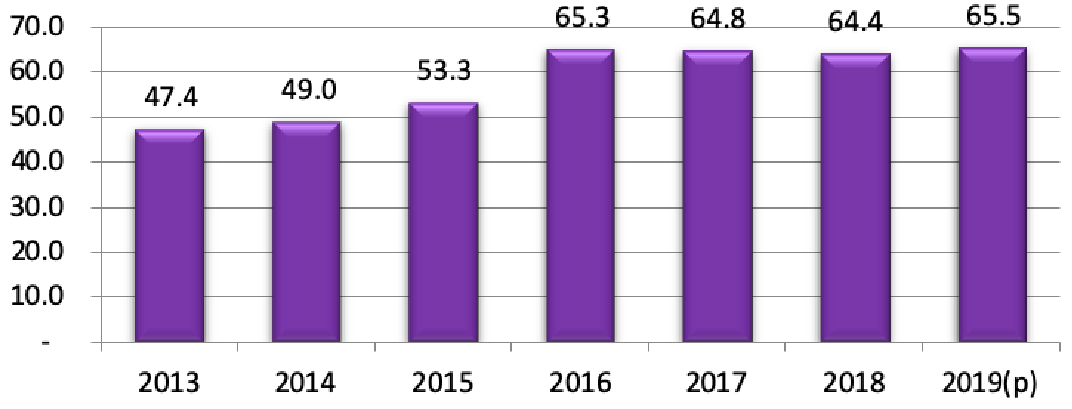


Government Debt

The region's average government debt as a share of GDP was 64.4% in 2018 as compared to 64.8% in 2017. The rise in debt resulted from higher borrowing by many Member States for financing the infrastructure of development projects needed to boost economic growth and improve living standards. In recent years, this has been made more difficult by the decline in concessional financing that has occurred as major donor countries continue to experience tight budget constraint. This practice has resulted in rising debt levels, renewing concerns about the debt level, which will no doubt result in increased budget deficit due to servicing costs.

Debt may indeed be necessary to unlock long term growth potential in low income countries. The important condition is that debt be used for productive investment. Debt levels in most COMESA Member States have not reached pre-Heavily Indebted Poor Countries (HIPC) levels. However, unless measures are implemented to curtail growth in debt, these countries could face an implosion in the stock of external debt and servicing costs. If left unchecked, the rate of debt accumulation could result in a major source of macroeconomic instability.

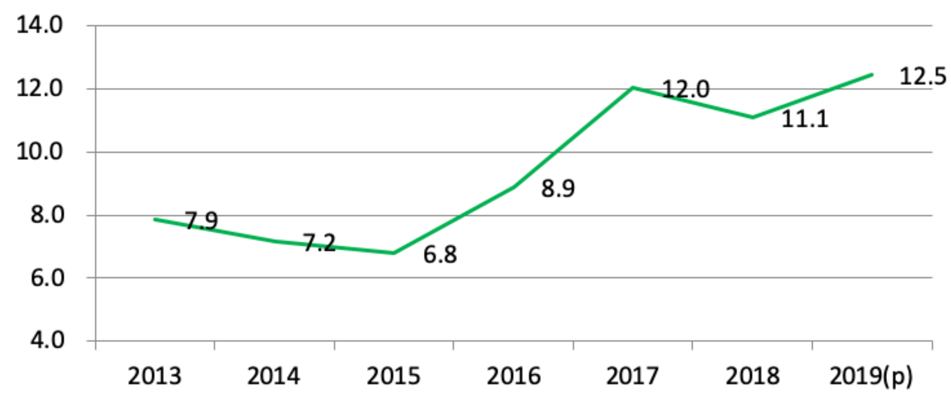
Figure 5: Government Debt (Percent of GDP)



Inflation Rate

The region wide average inflation rate was 11.1% in 2018 as compared to 12% in 2017 and is projected to increase to 12.5% in 2019. The rise in inflation in some Member States was driven by a combination of factors: higher oil prices, currency depreciation, subsidy elimination, poor harvest, higher import prices, etc. Inflationary pressures raised the cost of living in affected countries while the cost of running the government increased, expanding financing needs and widening fiscal deficits.

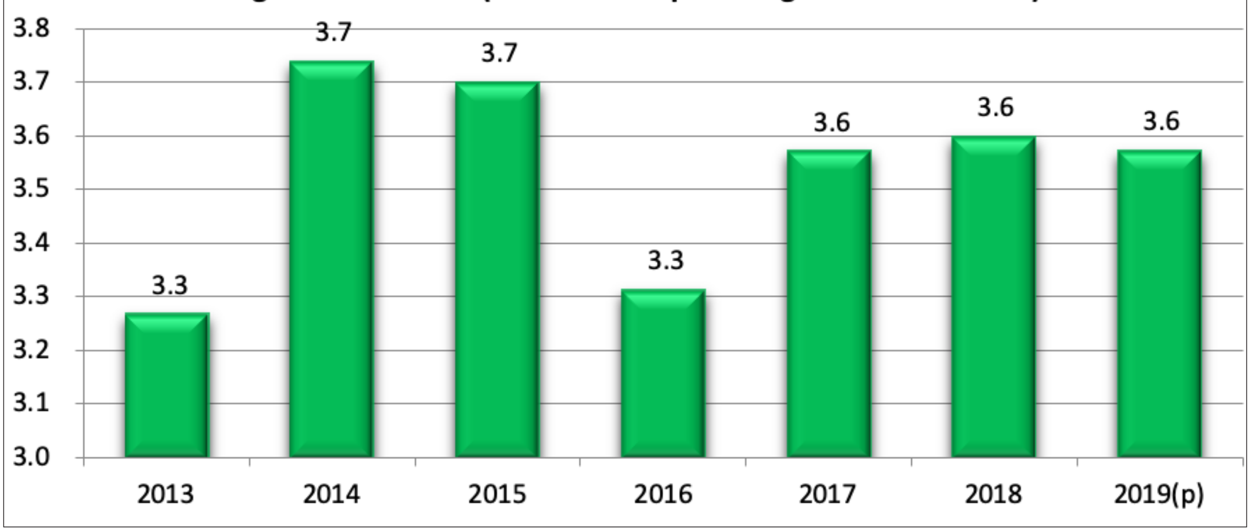
Figure 6: Consumer Prices (Annual Average, % Change)



Reserve Accumulation

In 2018, external reserves level remained relatively low in most Member States at an average 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 States whose exchange rates came under pressure responded by depleting their usable international reserves in order to defend the exchange rates.

Figure 7: Reserves (Months of imports of goods and services)



02

MARKET INTEGRATION PROGRAMME

Trade in Goods

The total exports in COMESA region increased by 6% from US$107 billion in 2017 to US$ 114 billion in 2018. Concurrently, the region's imports increased by 8% from US$182 billion in 2017 to US$195 billion in 2018. In the last five years, the region recorded trade deficits peaking in 2015 while recording the lowest trade deficit in 2017 (Table 1).

COMESA membership has now increased from 19 to 21 after the admission of Tunisia and Somalia in 2018. The trade in goods report is therefore based on the 21 COMESA Member States.
Table 1 depicts the trends of COMESA global trade for the period 2014–2018.

Table 1: COMESA Global Trade in US$ millions

Flow/Year	2014	2015	2016	2017	2018
Total Exports	102,281.3	90,440.9	87,151.6	107,254.7	114,065.1
Imports	209,617.7	202,637.6	186,840.6	181,525.1	195,305.4
Trade Balance	-107,336.3	-112,196.6	-99,689.0	-74,270.4	-81,240.2

Source: COMSTAT Database and UN COMTRADE Database

Exports

The key sectors contributing to the observed growth in exports were manufactures, ores and metals and food. Exports of manufactures recorded a growth of 21% between 2017 and 2018. This was mainly exports of manufactures from Tunisia, DR Congo and Egypt. The target markets were the EU, South Africa, Turkey, China and COMESA. Exports from these countries jointly contributed 71% exports shares for manufactures for COMESA. Secondly, exports of ores and metals grew by 16%. The leading ores and metal exports were Copper, Nickel, Copper ores and concentrate and Cobalt ores and concentrate. DR Congo, Zambia, Zimbabwe and Madagascar were the main contributors to this performance. Copper prices increased by 50% between August 2017 and June 2018 (Table 2).

Lastly exports of food registered a growth of 2%. Among the products leading this surge were tea, tobacco, coffee, sesamum seeds, vanilla, virgin olive oil, fresh or dried oranges and preserved tunas. Notably, fuel exports, which were the second largest export sector declined by 4% in 2018.

Table 2: COMESA Total Exports by Sector in US$ millions 2014 - 2018

Sector	2014	2015	2016	2017	2018	% Change, 2017-2018
Manufactures	38,783.1	32,531.3	33,746.5	37,692.4	45,499.0	20.7
Fuels	22,639.2	15,669.2	10,531.7	23,646.9	22,670.6	-4.1
Ores and metals	16,019.6	18,023.0	13,336.5	17,010.5	19,703.1	15.8
Food	19,281.4	19,187.1	19,361.6	19,211.1	19,622.1	2.1
Other products n.e.s.	3,054.9	2,692.3	8,040.5	7,932.6	4,546.1	-42.7
Agric raw materials	2,503.0	2,338.1	2,134.8	1,761.3	2,024.2	14.9
Total	**102,281.3**	**90,440.9**	**87,151.6**	**107,254.7**	**114,065.1**	**6.3**

Source: COMSTAT Database and UN COMTRADE Database

International Commodity Prices

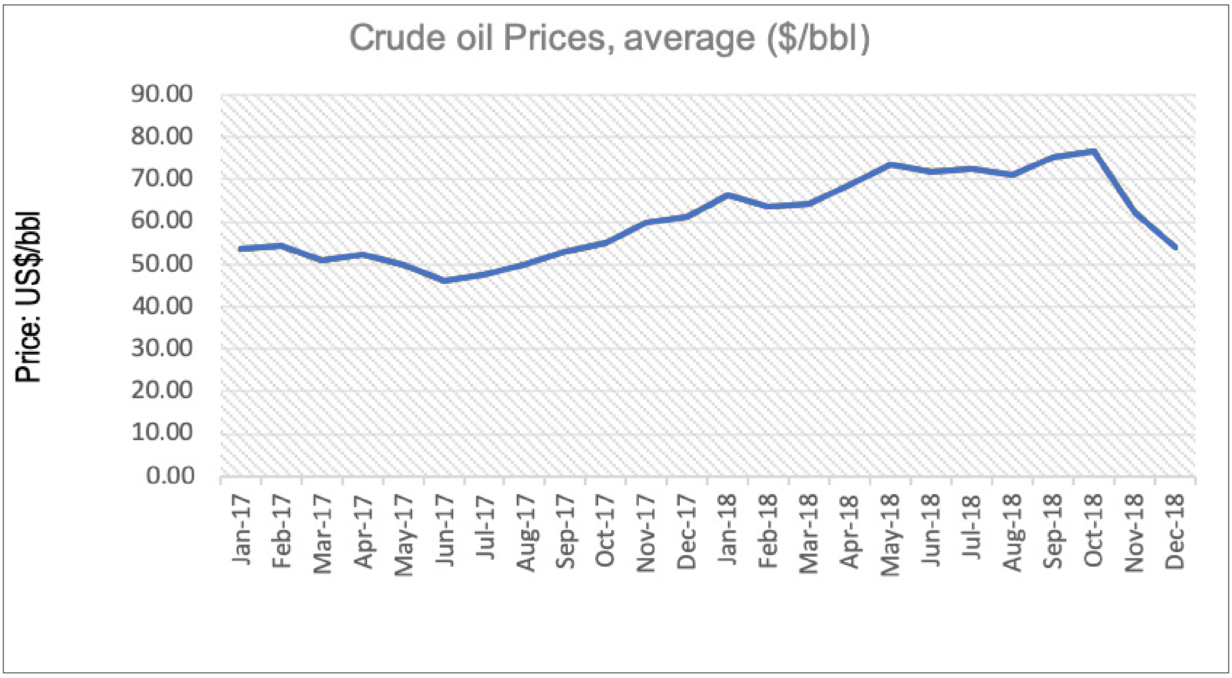
The price movements for selected major commodities exported by COMESA economies are reviewed in this section. These are for the period January 2017 to December 2018.

Oil and Petroleum

Over the period January to December 2018, average crude oil prices stood at US$ 68 per barrel, there was a significant increase from the average price of what was reported the previous period from January to December 2017 of US$ 53 per barrel. Average prices during the period peaked at US$ 77 per barrel in October 2018. According to the Energy Information Administration (EIA) forecasts crude oil prices will average a price of $63/b in 2020.In the COMESA region countries affected by such price movements are Libya, Egypt, Tunisia and Sudan.

Figure 8 depicts the monthly average crude oil prices for the period from January 2017 to December 2018.

Figure 8: Average Monthly Crude Oil Prices



Minerals and Metals

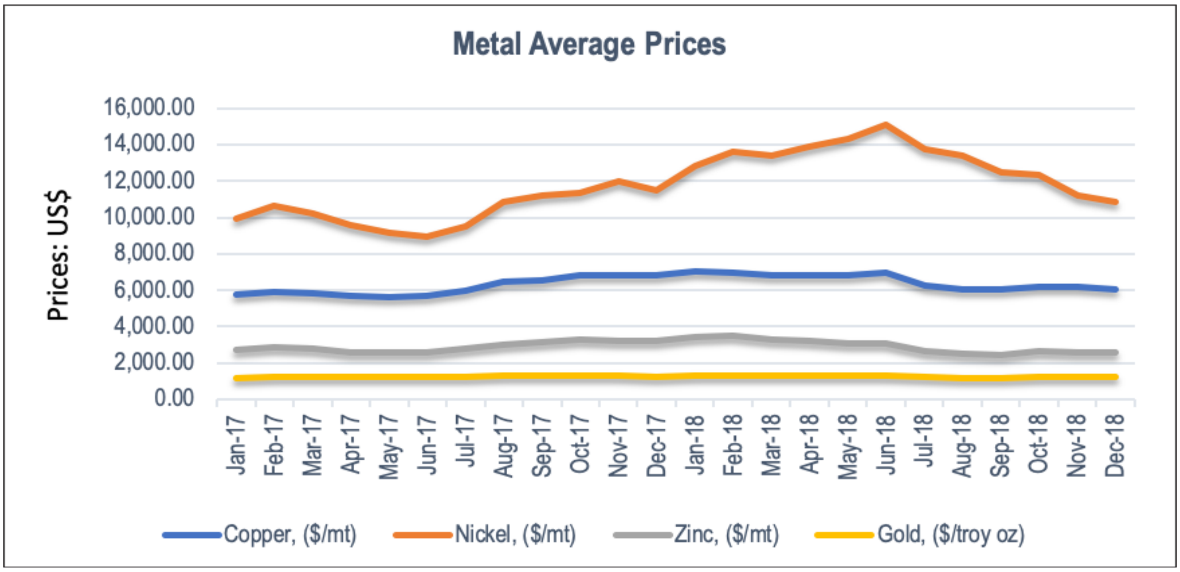
In the minerals and metals group, we look at average monthly prices of the four major exported metals from the region; copper, gold, zinc and nickel.

Over the period from January to December 2018, average copper prices stood at US$ 6,530/Mt above levels of US$ 6,170/Mt recorded the previous year over the same period. In the month of June 2019, the copper price dropped to 5,882/Mt, the major exporters of copper from the COMESA region are Zambia and DR Congo. Over the same period, prices for gold remained fairly stable (Figure 8) with a monthly average of US$ 1,269/troy oz, and this was a slight increase from the previous period's average of US$ 1,258/troy oz. Countries exporting gold in the COMESA region are mainly Sudan, Egypt, Zimbabwe, and Ethiopia.

Nickel average prices increased significantly to an average price of US$ 13,114/Mt over the period of January to December 2018 compared to the levels of US$ 10,410/Mt recorded over a similar period the previous year. Countries in the COMESA region that export nickel are Zimbabwe, Madagascar and D R Congo. In February 2018, Zinc prices stood at US$ 3,533/Mt then they started to decline and settled at US$ 2,616/Mt by December 2018.

Figure 9 illustrates the average monthly performance of the minerals and metal prices over the period from January 2017 to December 2018.

Figure 9: Average Monthly Prices of Selected Metals



Source: World Bank

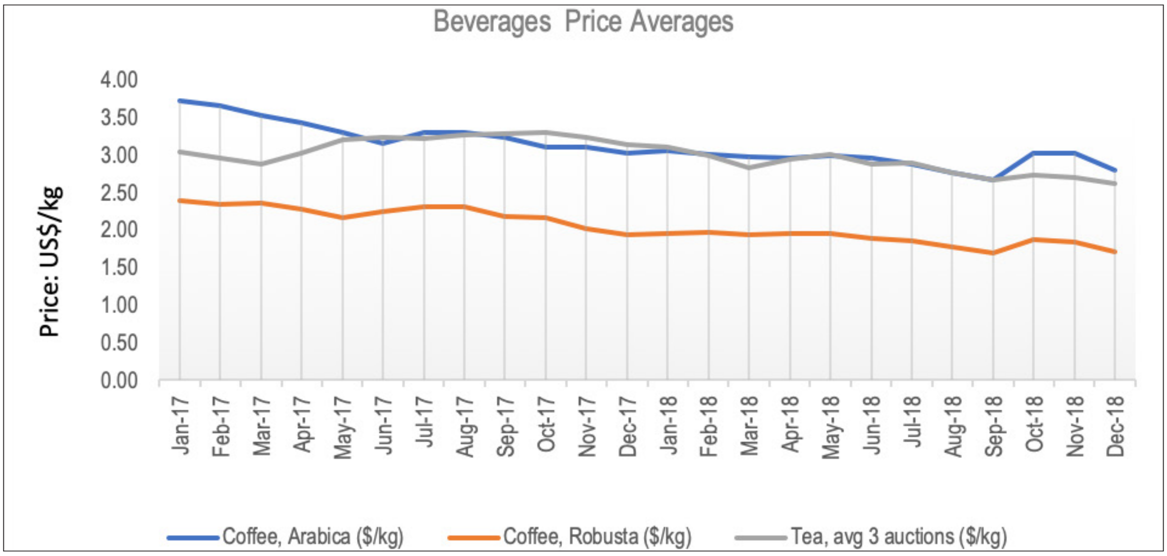
Beverages

In the beverages group we look at the average monthly prices for tea (average of three auctions of Colombo, Kolkata and Mombasa) and coffee (both Arabica and Robusta).Over the period under review, average monthly prices for tea, for the three auctions mentioned above stood at US$ 2.85/kg in 2018 slightly declining from an average monthly price of US$ 3.15/kg in 2017.

Average monthly prices for Arabica coffee also decreased from levels of US$ 3.32/kg in 2017 to US$ 2.93/kg 2018. Likewise, average monthly prices for Robusta Coffee also steadily declined from US$ 2.23/kg in 2017 to US$ 1.87/kg in 2018.
In the COMESA region, outstanding exporters of beverage are Ethiopia, Uganda and Kenya, in 2018 their coffee exports earnings were worth US$ 785 million, US$ 247 million and US$ 232 million respectively.

Figure 10 below illustrates trends in the average monthly prices of tea and coffee over the period from January 2017 to December 2018.

Figure 10: Average Monthly Prices of Selected Beverages



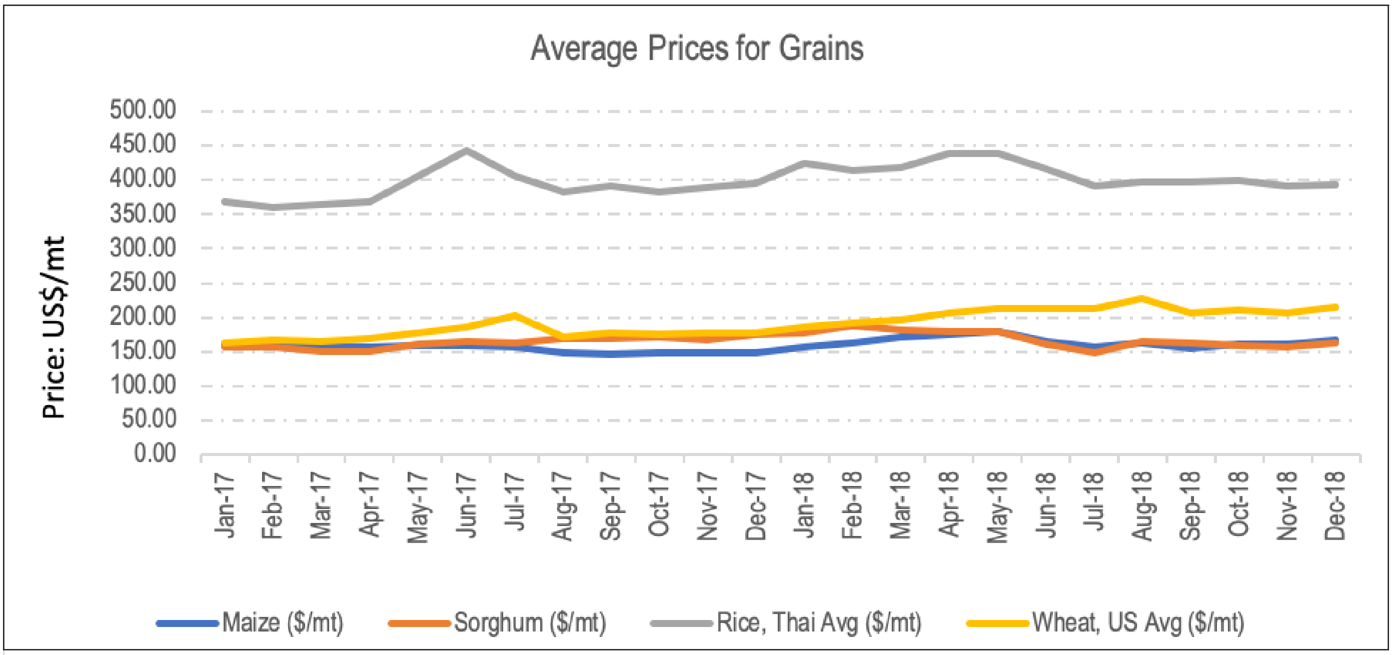
Source: World Bank

Grains

In the grains category, we look at movements in average monthly prices for maize, sorghum, rice and wheat. Average annual prices for maize increased from US$ 155/Mt in 2017 to US$ 164/Mt in 2018. The average monthly prices peaked at US$ 227/Mt in May 2018. Average prices for Thailand rice, of 5%, 25% and A.1, stood US$ 425/Mt in January 2018 reaching an all-time high at monthly average price of US$ 440/Mt in May 2018, then dropping to US$ 393/Mt in December 2018.

Average prices for US wheat increased from annual average price of US$ 176/Mt in 2017 to US$ 207/Mt in 2018. Figure 10 shows average monthly price movements for these grains over the period from January 2017 to December 2018.

Figure 11: Average Monthly Prices for Selected Grains



Source: World Bank

Imports

The increase in COMESA imports between the period 2017 and 2018 can be attributed to the performance of mainly manufactures which accounted for 62% of all imports and registered an increase of 8% in 2018. Specific countries contributing to this increase were Egypt, Tunisia and Kenya whose imports of heterogeneous group of manufactures products increased by a combined value of US$ 8.2 billion in 2018 compared to 2017. Secondly fuels imports increased by 26% and the countries that contributed to the increase were Egypt, Tunisia and Kenya. These three countries had a combined share of 62% of fuels imports into the region. Manufactures and fuel imports alone had a combined share of 78% contribution to the overall region's imports.

Food imports declined by11% in 2018 over the 2017 level. The food imports by Sudan, Somalia, Libya, Kenya, Madagascar, Uganda and Mauritius were the main contributors to this observed trend.

Table 3: COMESA Imports by Sector 2014-2018 Values in US$ millions

Sector	2014	2015	2016	2017	2018	% Change 2018
Manufactures	128,261.8	130,519.4	118,401.5	112,265.0	121,254.6	8
Fuels	33,438.0	28,583.2	24,417.6	24,960.1	31,539.3	26
Food	35,592.0	34,458.9	35,668.1	34,862.0	30,953.8	-11
Ores and metals	6,991.1	4,900.8	4,801.1	5,649.2	7,047.8	25
Agric raw materials	4,069.6	3,655.2	3,350.0	3,390.6	3,631.9	7
Other products n.e.s.	1,265.2	520.1	202.3	398.2	878.0	121
Total	**209,617.7**	**202,637.6**	**186,840.6**	**181,525.1**	**195,305.4**	**8**

Source: COMSTAT Database and UN COMTRADE Database

COMESA Global Trade by Country

Table 4 below summarizes COMESA country trade performance for both exports and imports for the years 2016 to 2018.

Table 4: Global COMESA Trade by Country, 2016 - 2018, Values in US$ millions

No	Country	2016		2017		2018		% Change (2017 - 2018)	
		Exports	Imports	Exports	Imports	Exports	Imports	Total Exports	Imports
1	**Burundi**	105.0	429.2	116.7	605.5	125.4	792.6	7.4	30.9
2	**Comoros**	33.5	194.6	37.5	221.5	65.2	104.0	74.1	-53.1
3	**Congo DR**	7,065.3	5,185.2	11,750.9	5,439.1	18,990.6	7,410.3	61.6	36.2
4	**Djibouti**	2,029.1	2,737.1	438.0	1,585.9	971.6	1,753.4	121.9	10.6
5	**Egypt**	22,501.7	71,356.6	25,159.7	57,941.1	27,759.4	72,478.4	10.3	25.1
6	**Eritrea**	345.8	368.7	392.9	447.1	284.7	263.8	-27.6	-41.0
7	**Eswatini**	1,508.3	1,246.6	1,800.4	1,617.1	1,851.3	1,823.4	2.8	12.8
8	**Ethiopia**	1,984.8	17,472.8	2,284.1	15,733.0	2,203.9	14,824.2	-3.5	-5.8
9	**Kenya**	5,695.1	14,107.4	5,745.7	16,680.5	6,050.4	17,374.8	5.3	4.2
10	**Libya**	8,149.8	10,184.4	17,437.3	9,904.8	13,357.1	6,129.5	-23.4	-38.1
11	**Madagascar**	2,222.6	2,926.6	2,125.1	3,593.1	2,355.8	3,660.8	10.9	1.9
12	**Malawi**	1,047.1	2,244.8	845.1	2,566.8	972.5	2,535.5	15.1	-1.2
13	**Mauritius**	2,117.3	4,481.3	2,176.8	5,439.6	1,964.1	5,589.4	-9.8	2.8
14	**Rwanda**	620.1	1,533.2	968.2	2,616.2	1,085.4	2,626.4	12.1	0.4
15	**Seychelles**	483.9	1,583.0	591.6	1,348.6	851.7	1,669.0	44.0	23.8
16	**Somalia**	566.7	2,524.9	302.3	3,413.6	119.8	1,019.1	-60.4	-70.1
17	**Sudan**	3,993.7	10,654.6	5,645.2	11,919.4	3,602.6	8,850.7	-36.2	-25.7
18	**Tunisia**	13,577.9	19,448.4	14,317.8	20,803.6	15,564.7	22,714.2	8.7	9.2
19	**Uganda**	3,254.4	5,300.7	3,629.0	6,500.1	2,798.9	7,755.4	-22.9	19.3
20	**Zambia**	6,508.4	7,538.3	8,006.8	7,983.3	9,052.2	9,461.7	13.1	18.5
21	**Zimbabwe**	3,341.2	5,322.2	3,483.6	5,165.1	4,037.9	6,468.8	15.9	25.2
	Total	87,151.6	186,840.6	107,254.7	181,525.1	114,065.1	195,305.4	6.3	7.6

Source: COMSTAT Database and UN COMTRADE Database

Key Export Markets

The EU maintained its top position as the number one export market buoyed by COMESA exports of fuels in 2018 with a marginal increase of 2.3% from 2017 to 2018. COMESA exports to South Africa were second in position largely as a result of increases in exports of cobalt oxides and refined copper from DR Congo. The COMESA market took third position followed by China in fourth position, while the United Arab Emirates dropped to fifth position.

Table 5: COMESA's Major Export Trade Markets US$ billions

2018 Rank	Market	2014	2015	2016	2017	2018	% Change 2018
1	EU	35.16	31.14	26.58	35.51	36.33	2.29
2	South Africa	4.50	4.52	8.42	10.96	14.38	31.17
3	COMESA	10.80	10.74	8.83	9.30	10.27	10.42
4	China	8.48	8.18	4.61	7.68	7.46	-2.93
5	UAE	4.10	3.16	9.37	10.23	7.22	-29.48
6	Switzerland	5.75	3.92	3.84	5.04	5.27	4.62
7	USA	3.14	3.22	3.07	4.49	4.89	9.01
8	Saudi Arabia	3.88	4.57	2.93	2.13	2.47	16.23
9	Turkey	2.18	1.89	1.85	2.38	2.20	-7.48
10	India	2.87	1.97	1.62	1.53	1.97	28.76
11	ROW	21.43	17.14	16.04	18.00	21.61	20.05
	Total	**80.85**	**73.31**	**71.11**	**89.25**	**92.45**	**3.59**

Source: COMSTAT Database and UN COMTRADE Database

Key Import Markets

On the import side, the EU market was ranked number one as the major source of imports for the COMESA region. The imports from the EU were mainly refined petroleum oils, medicaments and motor vehicles. Ranked after the EU's import market share of 25% was China with a share of 15%, USA (6%), India (5.5%), South Africa (5.2%), Saudi Arabia (4.9%) and COMESA (4.8%).

Table 6: COMESA's Major Source Markets, US$ billions

2018 Rank	Market	2014	2015	2016	2017	2018	% Change 2018
1	EU	56.11	54.24	50.11	45.87	47.88	4.38
2	China	28.03	33.16	29.40	28.94	29.40	1.58
3	USA	11.29	9.08	8.14	9.01	11.74	30.36
4	India	12.40	11.54	10.63	9.59	10.75	12.17
5	South Africa	10.84	10.24	8.27	8.96	10.21	13.89
6	Saudi Arabia	6.23	5.52	5.70	6.71	9.61	43.25
7	COMESA	11.10	11.10	8.24	8.69	9.44	8.62
8	UAE	7.87	6.62	6.96	8.33	7.39	-11.29
9	Russia	5.03	5.39	6.15	4.75	6.40	34.72
10	Turkey	7.14	7.13	6.89	5.58	5.59	0.18
11	ROW	53.57	48.62	46.35	45.10	46.90	3.98
	Total	**209.62**	**202.64**	**186.84**	**181.53**	**195.31**	**7.59**

Source: COMSTAT Database and UN COMTRADE Database

Intra-COMESA Trade

Intra-COMESA total exports registered an increase of 10% in 2018 compared to 2017. The intra-regional performance growth poles anchoring on the overall positive trend in 2018 were Egypt, Zambia, DR Congo, Tunisia and Rwanda. Their exports grew by 15%, 31%, 58%, 25% and 5% respectively in 2018. These countries collectively accounted for 56% share of intra-COMESA total exports.

Figure 12: Intra COMESA Total Exports Performance 2014 -2018

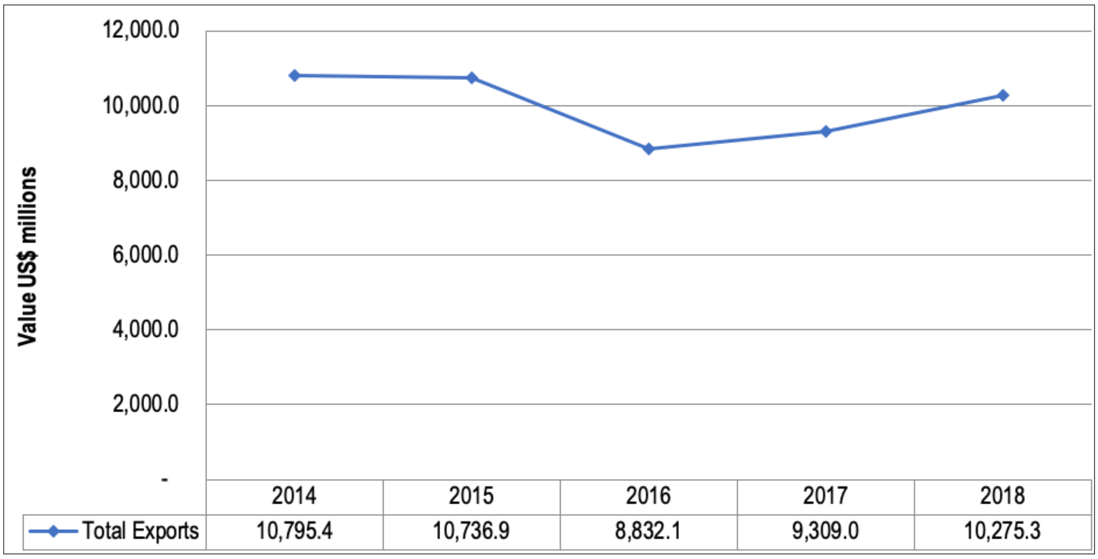


Table 7 *below illustrates country performance in intra-COMESA total Exports in 2018.*

Table 7: Intra-COMESA Total Exports by Country, US$ millions

Reporter	2016	2017	2018	% Change, (2017-2018)
Burundi	44.03	42.97	37.40	-12.9
Comoros	7.46	3.38	0.74	-78.3
Congo DR	631.72	706.74	1,114.73	57.7
Djibouti	50.38	19.50	21.63	10.9
Egypt	1,986.56	2,025.17	2,335.61	15.3
Eritrea	3.04	6.02	2.20	-63.5
Eswatini	157.18	203.74	206.53	1.4
Ethiopia	132.66	210.57	256.00	21.6
Kenya	1,693.36	1,640.38	1,602.60	-2.3
Libya	118.86	91.06	66.40	-27.1
Madagascar	77.74	109.54	128.58	17.4
Malawi	156.29	132.54	329.81	148.8
Mauritius	230.40	251.36	231.07	-8.1
Rwanda	354.50	466.94	488.36	4.6
Seychelles	12.20	16.75	24.55	46.6
Somalia	3.90	2.01	1.71	-14.8
Sudan	823.86	815.29	705.07	-13.5
Tunisia	571.78	515.44	641.59	24.5
Uganda	812.45	1,042.25	780.73	-25.1
Zambia	873.93	921.36	1,202.12	30.5
Zimbabwe	89.79	85.98	97.91	13.9
Total	**8,832.09**	**9,308.96**	**10,275.33**	**10.4**

Source: COMSTAT Database

Top intra-COMESA domestic export products and their 2018 and 2017 rankings are shown in Table 8. Copper ores & concentrates were ranked number one in value terms in the COMESA region in 2018 followed by refined petroleum oils. Black tea exports took up the third position while Sesame seeds exports were in fourth position moving from position 21 in 2017. Live animals dropped from fourth position to fifth position.

Table 8: Intra-COMESA Top Domestic Export Products and Rankings

No.	SITC	SITC Description	2018 USDM	R2018	R2017
1	2831	Copper ores & concentrates	654.87	1	1
2	3346	Petroleum oils & oils obtained from bituminous minerals (other than crude) & preparations n.e.s., containing by weight 70%	527.99	2	2
3	07414	Other black tea (fermented) & other partly fermented tea	368.02	3	3
4	2225	Sesame (Sesamum) seeds	235.58	4	21
5	0019	Live animals, n.e.s.	203.27	5	4
6	28793	Cobalt ores & concentrates	185.94	6	8
7	52232	Sulphuric acid; oleum	172.58	7	24
8	06111	Cane sugar, raw, in solid form, not containing added flavouring/colouring matter	162.25	8	6
9	55141	Mixtures of odoriferous substances & mixtures (including alcoholic solutions)	159.33	9	11
10	0461	Flour of wheat/of meslin	146.79	11	13
11	06129	Other beet/cane sugar in solid form	144.83	12	7
12	66122	Portland cement	142.77	13	9
13	52379	Carbonates other than headings 523.72 -523.74	124.98	14	39
14	68212	Refined copper	120.01	15	82
15	54293	Medicaments, n.e.s., put up in measured doses/in forms/packings for retail sale	109.99	16	12
16	0441	Maize seed	105.08	17	17
17	89319	Articles for the conveyance/packing of goods, n.e.s.; stoppers, lids, caps & other closures	98.83	18	20
18	84512	Babies' garments & clothing accessories, knitted/crocheted	98.12	19	14
19	05423	Beans, other than broad beans & horse beans, dried, shelled, whether/not skinned/split	97.96	20	15
20	55422	Surface-active washing/cleaning preparations, n.e.s.	95.86	21	18

Source: COMSTAT Database and UN COMTRADE Database

Intra-COMESA trade shares demonstrate the degree of dependence on intra-COMESA trade for a country’s trade profile. Rwanda had the highest degree of dependence on intra-COMESA trade at 25% both in 2017and 2018. Eritrea’s intra-COMESA dependence share increased from 17% in 2017 to 24% in 2018. Burundi was third with a share of 22% in 2018 from 19% in 2017. Overall intra-COMESA trade as a percentage of global trade was at 6% in 2018.

Table 9: Intra-COMESA Trade as a Percentage of Global Trade by Country

	2014	2015	2016	2017	2018
Burundi	18	18	24	19	22
Comoros	11	2	8	4	4
Congo DR	21	16	8	6	6
Djibouti	2	4	4	7	5
Egypt	3	3	3	3	3
Eritrea	11	9	14	17	24
Eswatini	6	6	6	6	6
Ethiopia	5	2	2	3	4
Kenya	10	11	12	12	12
Libya	4	6	7	4	4
Madagascar	4	5	5	6	4
Malawi	17	13	13	10	14
Mauritius	5	6	7	7	6
Rwanda	33	31	33	25	25
Seychelles	3	6	3	4	3
Somalia	24	22	2	8	8
Sudan	7	16	12	9	11
Tunisia	3	3	2	3	3
Uganda	17	17	16	17	15
Zambia	20	19	17	14	16
Zimbabwe	4	6	5	5	6
Total	**7**	**7**	**6**	**6**	**6**

Trade Opportunities in the Emerging Economies

A workshop was held on 10-13 April 2018 to validate studies undertaken by CESO Development Consultants under the TradeCom II support to COMESA focusing on the trade and economic opportunities that COMESA could exploit in the emerging market economies (EME) as well as strategies to exploit them. The study selected ten emerging economies for analysis namely: Brazil, Russia, India and China (BRIC), Turkey, Singapore, Saudi Arabia, United Arab Emirates (UAE), South Africa and Nigeria. These ten countries have a combined population of about 3.4 billion people (representing 47% of the world population) and a combined gross domestic product (GDP) of about US$ 19 Trillion.

The diagnostic study revealed comparative advantage and comparative disadvantage analysis to identify COMESA products with export potential to the identified emerging countries as the basis for development of a strategy to exploit the trade opportunities in emerging economies. The revealed comparative advantage analysis showed that COMESA Member States have export potential in the analyzed emerging markets for at least 200 products (about 4 per cent) of the total 5,134 products they export to these markets including in textiles and textile products, mineral products, base metal and articles of base metal, live animals and vegetable products. Factors favouring more trade between COMESA Member States and emerging economies include: large income (gross domestic product) of both COMESA Member States and the emerging markets, shorter distance (lower transportation cost) between COMESA and emerging markets; difference in technology between COMESA Member States and China, Russia and South Africa. Similarity in production structures favour trade between COMESA Member States and Brazil, India, Nigeria, Turkey and United Arab Emirates. COMESA exports to the EMEs have been on increase and are expected to continue increasing and the demand of the EMEs for COMESA products is also expected to continue increasing.

However, the small market shares of COMESA products which also have export potential in EMEs suggest existence of supply side constraints on the part of COMESA. These constraints include: limited value addition; limited diversification of export products; limitations in skilled and in semi-skilled labour; weak communications and transport infrastructure; limited supply of inputs and capital goods used in the construction sector; limitations in investment capital; high production and trade transaction costs; low productivity; market access challenges for agricultural products; and existing preferential schemes only cover some sectors and in most of the cases exclude agricultural products.

A framework strategy plan (2018- 2023) for COMESA Member States to overcome the existing obstacles and seize opportunities in the analysed emerging markets through meaningfully engaging with these economies has been prepared. The objective of the strategy is to facilitate COMESA Member States to exploit the identified opportunities in trade to their benefit. To facilitate utilisation of the trade opportunities, the areas of action identified include addressing supply-side constraints and enhancing market access to emerging economies.

Trade Relations with Third Countries

Progress Report on WTO Negotiations

On December 10-13, 2017, the 11th WTO Ministerial Conference (MC11) was held in Buenos Aires, Argentina amidst a signed declaration of support of the work of the WTO at the beginning of the conference by several countries. However, the outturn of the conference was inconclusive, and the meeting closed without a Ministerial Declaration. This was because 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.

Although mainly developing countries were disappointed that no consensus was harvested at MC11 on substantive issues under current negotiations mandate covering Agriculture, Non Agricultural Market Access (NAMA), Services, TRIPS, Development, Trade and Environment, WTO Rules and Rules on Public Stock holding for food security purposes, Ministers committed to move forward to negotiate all remaining outstanding issues, including on how 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. Among the mainly positive outcomes of MC11 were Ministerial decisions on: fisheries subsidies, electronic commerce, TRIPs Non-violation and Situational Complaints, agreement on the need for a work program on small and vulnerable economies (SVEs) and the creation of a Working Party on the accession of South Sudan.

Progress Report on ESA/EU EPA Negotiations

The progress on ESA/EU EPA negotiations show that Eleven Member States of the Eastern and Southern African (ESA) Economic Partnership Agreement (EPA) arrangement agreed to negotiate an EPA with European Union (EU). The ESA EPA was intended to support the region's economic performance, competitiveness, and to enhance value chains leading to economic transformation and meaningful integration in individual countries and collectively into the global economy. An interim ESA-EU EPA (i-EPA) was subsequently signed by 4 Member States in December 2007 (Madagascar, Mauritius, Seychelles and Zimbabwe); and by mid-2017, Comoros acceded to the i-EPA to raise its membership to 5 by September 2017. The focus of the i–ESA EPA is to build productive and export competitiveness, and to resolve market access impediments to enable i-EPA ESA countries to take advantage of i-ESA EPA provisions, while progress of full and comprehensive ESA-EU EPA negotiations is pursued.

Regarding the state of play and progress of EPAs throughout the ACP region and the ESA configuration in particular, ACP-wide countries and sub-regions implementing EPAs with the EU include: six countries from SADC, two in the Pacific region, four out of five countries in the ESA region, one in the EAC region, one country in the ECCAS and 13 countries in the ECOWAS region have signed but could not implement because three Member States are still in the process of considering to sign or otherwise mainly because ECOWAS is a Customs Union.

In summary, the ESA region remains fully committed to maintaining and building on the historical relationship with the EU through a proposed comprehensive ESA-EU EPA. The ESA-EPA Group therefore remains committed to continue with 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.

Update on the African Growth and Opportunity Act (AGOA): Regional Strategy on AGOA Utilisation

The US legislation extending the AGOA and Third Country Fabric provisions by ten years from 2015 to 2025 provided for the development of national and, where possible, regional strategies for the utilisation of AGOA. In this regard, the Secretariat engaged the services of a consultant who developed a draft COMESA Regional Strategy for the Utilisation of the AGOA preferences. The Strategy outlines the current status in the utilisation of the AGOA preferences, the challenges that Member States were encountering and priority products to be promoted under the Strategy. The Strategy provides post AGOA scenarios and a budget for the implementation of activities.

Trade Facilitation

Progress Report on the Implementation of the WTO Trade Facilitation Agreement

The WTO Trade Facilitation Agreement entered into force on 22 February 2017 when the WTO obtained the two-thirds acceptance of the Agreement from its 164 Members. Table 10 below shows the status of notification of the categories A, B and C commitments, ratification of the Trade Facilitation Agreement and the existence of the National Trade Facilitation Committee or similar body in the Member States.

Table 10: Notification and Ratification of the Trade Facilitation Agreement and National Trade Facilitation Committee

Country	Category A Notification Done	Category B Notification Done	Category C Notification Done	Ratification Done	National TF Committee or equivalent
Burundi	✓				✓
Djibouti				✓	✓
DR Congo	✓				✓
Egypt	✓				✓
Eswatini	✓	✓	✓	✓	✓
Kenya	✓			✓	✓
Madagascar	✓	✓	✓	✓	✓
Malawi	✓	✓	✓	✓	✓
Mauritius	✓	✓	✓	✓	✓
Rwanda	✓	✓	✓	✓	✓
Seychelles	✓	✓	✓	✓	✓
Uganda	✓			✓	✓
Zambia	✓	✓	✓	✓	✓
Zimbabwe	✓				✓

Table 11: Trade Facilitation Agreement --Measures Notified by Member States

	Measures	Malawi	Mauritius	Zambia	Rwanda	Seychelles	Eswatini	Madagascar	C
1.1	Publication	A	A	B	B	B	C	C	2
1.2	Information available through internet	A	A	C	B	B	C	C	2
1.3	Enquiry points	A	C	C	C	B	C	C	5
1.4	Notification	A	A	C	A	B	B	C	2
2.1	Comments and information before entry into force	A	A	B	B	A	B	C	1
2.2	Consultations	A	A	B	A	A	B	C	1
3	Advance rulings	C	A	B	C	C	B	C	4
4	Procedures for appeal or review	C	A	B	B	A	B	A	1
5.1	Notifications for enhanced controls or inspections	A	A	C	C	C	B	C	4
5.2	Detention	A	A	B	A	A	C	A	C
5.3	Test procedures	A	C	C	C	C	C	C	6
6.1	General disciplines on fees and charges	A	A	C	B	B	B	B	1
6.2	Specific disciplines on fees and charges	A	A	B	A	B	A	B	
6.3	Penalty Disciplines	A	A	C	B	Ap Bp	A	C	2
7.1	Pre-arrival processing	A	A	C	A	A	C	C	3
7.2	Electronic payment	A	A	C	A	C	A	C	3
7.3	Separation of release	B	A	B	A	A	A	C	1
7.4	Risk management	C	C	C	A	C	C	C	6
7.5	Post-clearance audit	C	A	C	A	C	C	C	5
7.6	Average release times	C	C	C	B	C	C	A	5
7.7	Authorized operators	C	B	C	B	C	C	C	5
7.8	Expedited shipments	B	B	C	B	C	B	C	3
7.9	Perishable goods	A	A	B	A	A	B	C	1
8	Border Agency Cooperation	Bp Cp	B	C	C	A	C	C	5
9	Movement of goods	A	A	A	A	A	B	A	
10.1	Formalities	A	A	C	B	A	C	C	3
10.2	Acceptance of copies	B	A	B	A	A	B	C	1
10.3	Use of international standards	A	B	C	B	A	C	C	3
10.4	Single window	C	C	C	B	C	C	C	6
10.5	Preshipment inspection	A	A	A	A	A	A	A	
10.6	Use of customs brokers	A	A	C	C	A	A	C	3
10.7	Common border procedures	A	A	A	A	A	B	C	1
10.8	Rejected Goods	A	A	B	A	C	B	A	1
10.9	Temporary admission of goods	A	Ap Cp	B	B	Ap Cp	B	A	2
11	Transit	A	A	Ap Bp Cp	A	A	B	C	2
12	Customs cooperation	A	B	C	B	A	C	C	3

Table 11 indicates that out of the seven COMESA Member States that have notified their Category C Commitments, six of them have placed in Category C Test Procedures, Risk Management and Single Window; while five of them have placed Enquiry points, Post- Clearance Audit, Average Release Times, Authorized Operators and Border Agency Coordination in Category C and four of them have placed Advanced Rulings, and Notifications for Enhanced Inspections or Controls in Category C.

Cross Border Trade

Update on the COMESA Simplified Trade Regime (STR)

The COMESA developed Simplified Trade Regime (STR) was launched in 2010 in recognition of the fact that cross-border trade constitutes a significant component of trade in the region. The STR is a cross-border trade regime for small-scale traders importing and/or exporting goods worth US$2,000 or less, which are on the Common List of eligible products negotiated and agreed by the two neighbouring countries. The STR aims to formalize informal cross-border trade (ICBT) by putting in place instruments and mechanisms tailored to the trading requirements of small-scale traders that are decentralized to border areas where informal trade is rampant with the view to facilitate ease of access by small traders. The STR reduces costs for small traders and increase the speed of crossing the border using a simplified Certificate of Origin and a Simplified Customs Document (SCD) as well as simplified customs clearance procedures. The Trade Information Desk Officers (TIDO) have been deployed at some border posts to assist small scale traders with border crossing procedures.

As of December 2018, eight COMESA Member States are implementing the STR; Burundi, DR Congo, Kenya, Malawi, Rwanda, Uganda, Zambia and Zimbabwe.

Update on the Great Lakes Trade Facilitation Project (GLTFP)

The objective of the Great Lakes Trade Facilitation Project (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 locations in border points. The total project amount is $79 million distributed as follows: Rwanda $34 million (loan), DR Congo $30 million (loan), Uganda $10 million (loan) and Secretariat $5 million (grant). The project consists of components that are executed at the national level while others are executed at the regional level to provide for sharing of experiences and best practices.

Key progress for the project includes:

a) All the 10 Trade Information Desks were set up and are operational with two Trade Information Desk Officers (TIDOs) at each project border.

b) Training and awareness workshops have been conducted for various stakeholders at all the 10 project borders on the STR, Minimum Standards for Treatment of Small-Scale Cross Border Traders. Close to one thousand (1,000) stakeholders have participated in the workshops.

c) The project developed training materials for Training of Trainers (TOTs) who will be national officials from both public and private sectors. These TOTs will in turn train other stakeholders in each of the three project countries. The training manuals cover the STR, Customer Care, Gender and Development Concepts for traders and border officials, Gender-Based Violence and lastly, Training Delivery and Communication Skills.

d) GLTFP website was launched in April 2018 and is accessible to the public through its web address http://gltfp.comesa.int/

e) The project developed its Communication and Advocacy Strategy.

f) It embarked on improving data collection for monitoring and evaluation.

g) The project carried out several meetings to discuss implementation of the COMESA Simplified Trade Regime (STR).

Trade Negotiations

Update on the Tripartite FTA Negotiations

Exchange of Tariff Offers

Progress made on exchange of tariff offers includes the following:

a) Negotiations between Egypt and EAC have been concluded.
b) Negotiations between Egypt and SACU are at an advanced stage.
c) For non-FTA countries, Egypt will offer 100% based on reciprocity and is awaiting responses from those countries.
d) DR Congo is preparing its offers based on the COMESA acquis and on the basis of reciprocity.
e) EAC has concluded negotiations with Egypt and is waiting to engage the non-FTA countries in order to conclude tariff negotiations.
f) SACU is ready to negotiate with other non-SADC TFTA countries on the basis of mutual exchange of offers.
g) Madagascar is offering the COMESA and SADC acquis and 90% liberalization to non-FTA countries on the basis of reciprocity and is awaiting response from them.
h) Malawi is offering the COMESA and SADC acquis to FTA countries.
i) Mauritius is offering the acquis and for non- FTA countries, 90% liberalization and was awaiting response from them.
j) Seychelles has submitted its offers and was awaiting response from the three non-FTA countries.
k) Sudan is in the process of completing its offers in readiness for exchange with non-COMESA Member/ Partner States.
i) Zambia has already submitted its offer based on the COMESA and SADC acquis to the TTF.
m) Zimbabwe is developing its tariff offers based on the acquis in COMESA and SADC and the process was expected to be completed by December 2018.

Signature and Ratification of the Tripartite Free Trade Area (TFTA) Agreement

Twenty-three Member/Partner States have signed the TFTA Agreement with four ratifications from Egypt, Uganda, Kenya and South Africa with the following progress:

a) In DR Congo the process of ratification is ongoing.
b) In EAC all Partner States had signed the TFTA Agreement except South Sudan which joined recently. Uganda and Kenya have ratified the Agreement and the remaining Partner States have committed to ratifying the Agreement by September 2018.

c) All SACU countries except Lesotho, have signed the Agreement. Those that have signed are engaged in domestic processes towards ratification.

d) Madagascar has constituted a ministerial committee to facilitate the process of ratification.
e) For Malawi, Mauritius, Seychelles, Zambia and Zimbabwe, ratification is pending the conclusion of outstanding work.
f) Mauritius has signed the TFTA Agreement and is awaiting to ratify the Agreement after assessing the market access offers and rules of origin to ensure that they will not be worse off.
g) Sudan is committed to ratification but is yet to kick-start the process.

The Tripartite Task Force (TTF) received funds from the European Union for outreach to Member/Partner States on sensitization of TFTA Agreement. Consequently, national workshops were held in Comoros, Malawi, Madagascar, Mauritius, Botswana, Sudan, Namibia, Zambia and Zimbabwe.

All the Annexes to the TFTA Agreement have been concluded and have undergone legal scrubbing. Based on the provisions on transitional arrangements, ratification can now be undertaken, and implementation commenced on the principle of variable geometry.

TFTA Negotiations on Rules of Origin

From the total of 5387 tariff lines, Rules of Origin have been developed for 3267 tariff lines (at 6-digit HS 12 version), representing 60.8% of all the tariff lines. In addition, a draft manual on application of the Rules of Origin has been developed and circulated to Member/Partner States for their comments. The following are outstanding: Definitions of Value Added and Ex-Factory Cost; Special and Differential Treatment for Island States on fisheries; List Rules of Origin for the remaining 2120 tariff lines and finalization and adoption of the manual on Rules of Origin.

Implementation of Selected TFTA Instruments and Programmes

Efforts were made towards the implementation of selected TFTA Instruments and Programmes taking into consideration the need for capacity building and domestic laws. These were as follows:

a) The TTF developed a draft Manual on the application of Tripartite Rules of Origin which was circulated to Member/Partner States for comments.
b) The Tripartite SPS experts developed tools for risk-based analysis of goods traded by small scale business people which is ready for implementation within the Tripartite region.
c) Under the infrastructure pillar, the Tripartite Transit Transport Facilitation Program with a budget of Euro 18 Million was launched during the 1st Tripartite Sectoral Ministerial Committee (TSMC) on Infrastructure meeting and is operational.
d) In the Industrial Development Pillar, the Framework for Cooperation and the Work Program/Roadmap were approved by the TSMC in October 2016; however, implementation of various phases awaits the success of resource mobilization efforts. To support these initiatives, the 7th TSMC recommended the establishment of a Tripartite Industrial Development Coordination Unit.

Consultations on Phase II Issues

The 7th TSMC meeting resolved that negotiations on Phase II issues should commence at the TFTA level and that priority be accorded to Trade in Services and Competition Policy with the other issues being set aside for now.

Tripartite Resource Mobilisation Strategy

In view of the financial constraints facing the TTF, a Tripartite Resource Mobilisation Strategy has been developed and is being revised in line with the comments received from Member/Partner States. Additionally, the AfDB provided supplementary funding of USD 2.9 million for the Tripartite Capacity Building Program (TCBP). The funds will be used to complete critical activities that are essential to the smooth operationalisation of the TFTA.

Tripartite Agreement on Movement of Business Persons
The Tripartite Agreement on the Movement of Business Persons has been finalized and is ready for legal scrubbing.

Proposal for Simplified Trade Regime (STR) in the Tripartite

In view of the important role of micro, small and medium enterprises in job creation and income generation for the majority of the people in the Tripartite Member/Partner States, the 7th TSMC directed the Tripartite Task Force (TTF) to develop and circulate a concept note on a Tripartite Simplified Trade Regime Framework, for presentation and consideration by the 17th Meeting of the Tripartite Negotiation Forum (TNF).

Update on AfCFTA Negotiations

The Sixth Meeting of the AU Ministers of Trade (AMOT) took place from 3rd to 4thJune 2018 in Dakar, Senegal. It submitted to the 31st Session of the Assembly of Heads of State and Government for adoption, all the Annexes to the Protocol on Trade in Goods, Annexes to the Protocol on the Rules and Procedures on the Settlement of Disputes, and the List of Priority Sectors on Trade in Services. The 31st Session of the Assembly of Heads of State and Government was held on the 25th of June to the 2nd of July 2018 in Nouakchott, Mauritania. The Assembly made the following important decisions and declarations.

Regarding the exclusion and sensitive list of products, the Assembly endorsed that the AUC and technical partners carry out studies on exclusion and sensitive list, as well as categorization and other areas of the modalities for tariff liberalization. The studies were expected to analyse the issues that promote intra-Africa trade, industrialisation and equitable benefits.

On negotiations on Services, the Assembly endorsed the following decisions:

a) Adoption of five priority services sectors for liberalization, namely; Transport, Communication, Finance, Tourism and Business Services.
b) Based on the principles of variable geometry and reciprocity, Member States wishing to liberalise more sectors than the five chosen priority ones are free to do so.
c) Mandating the Negotiating Forum to develop a Road Map for negotiation of all the other services sectors not included in the list of priorities in the first phase to bring the total services sectors ultimately under negotiation to all tradeable services sectors.

The Assembly received and adopted all the Annexes to the Protocol on Trade in Goods namely: Annex 2 on Rules of Origin; Annex 3 on Customs Co-operation and Mutual Administrative Assistance; Annex 4 on Trade Facilitation; Annex 5 on Non-Tariff Barriers; Annex 6 on Technical Barriers to Trade; Annex 7 on Sanitary and Phytosanitary Measures; Annex 8 on Transit; and Annex 9 on Trade Remedies. In addition, the Assembly adopted all the Annexes to the Protocol on the Rules and Procedures on the Settlement of Disputes namely: Annex 1 on Working Procedures of the Panel; Annex 2 on Expert Review Groups; and Annex 3 on Code of Conduct for Arbitrators and Panellists.

The Heads of State and Government urged Member States that have not yet done so to sign and ratify the Agreement and urged all Member States to abstain from entering into bilateral trading arrangements until after the entry into force of the Agreement. For organizational effectiveness and efficiency, the Assembly requested the implementation of the roadmap on the clarification of the division of labour between the African Union, the RECs, State Parties and Continental Organizations.

On signing and ratification of the AfCFTA Agreement, a total of 52 of the 55 State parties to the AU have signed the Agreement establishing the AfCFTA while 23 countries have ratified the Agreement. It is therefore expected to come into force in May 2019.

Internal Market

Progress reports by Member States not participating in the COMESA FTA

a) Uganda is a full member of the COMESA FTA and to this effect submitted their instrument on accession to the COMESA FTA to the Secretariat. Under the EAC schedule II Uganda has a list of sensitive products which it requested to be excluded under the COMESA FTA.

b) Ethiopia indicated that it required more time before acceding to the COMESA FTA. The Member State has made positive developments in industrial development.

c) The study on the implications to Eritrea on joining the COMESA FTA conducted with assistance from the COMESA Secretariat provided recommendations for Eritrea to join the COMESA FTA as well as for further technical assistance to be provided on implementation of the COMESA FTA.

d) The Federal Democratic Republic of Ethiopia and the State of Eritrea signed the Joint Declaration of Peace and Friendship.

e) DR Congo in efforts to join the COMESA FTA has liberalized 70% and by December 2018 was expected to liberalize 100%.

NTBs in the COMESA Region

Since 2008, a total of 612 NTBs had been reported in the Tripartite region out of which 532 had been resolved. Of the 80 NTBs still outstanding on the Tripartite Online NTB Reporting system, 30 are among SADC Member States, 43 among EAC Partner States and 7 among COMESA Member States (if an NTB is between COMESA Member States that are also in the EAC, that NTB is counted as being between the EAC Partner States).

Table 12: Outstanding NTBs among COMESA Member States

Description	Reporting Country	Imposing Country	Status
Issues related to Rules of Origin on pure palm-based cooking oil	Kenya	Zambia	The two countries held a meeting in February 2017 and were to hold another bilateral meeting in August 2017 which did not take place. Kenya and Zambia to agree on when to hold bilateral meeting.
Technical barriers to trade on milk	Kenya	Zambia	The two parties to continue with the scientific analysis as recommended during the August 2016 meeting and hold a bilateral meeting during the fourth quarter of 2018.
Import licensing requirements for a variety of products	Zambia	Zimbabwe	Zimbabwe provided Statutory Instrument (SI) 64. On 3rd April 2018, Zimbabwe Focal Point reported that SI 64 of 2016 had been consolidated with other SIs through SI 122 of 2017 which was gazetted on 22 September 2017. The consolidated SI removed the requirement for import and export licences on some products. The new requirements of SI 122 of 2017 will be recorded in the Non-Tariff Measures database for Zimbabwe.
Issues related to Rules of Origin on ceramic tiles	Egypt	Sudan	This is being addressed at the bilateral level.
Surtax charge of 5% on imported goods that are manufactured or produced in Zambia	Zimbabwe/Kenya	Zambia	Zambian Authorities are reviewing this measure. Zambia to update in the next meeting on the 5% surtax charge on imports.
Issues related to Transit	Comoros	Comoros*	
Ethiopian Banks are requesting that invoices be stamped by the Chamber of Commerce in Egypt as validation for letters of credit	Egypt	Ethiopia	
Ban for six months on the importation of beer and gas beverages	COMESA	DR Congo	
Delays in clearing at Kasumbalesa border	FESARTA	DR Congo/	
Delays in clearing at Livingstone border	FESARTA	Zambia/ Zimbabwe	
Delays at Kazungula Border	FESARTA	Zambia/ Zimbabwe	

Source: Table based on COMESA, EAC & SADC Online Reporting Mechanism and offline reports on NTBs

**Comorian stakeholders complain about a measure imposed by their government.*

Progress of Implementation of Customs Union Instruments

The COMESA Heads of State and Government Authority launched a Customs Union on 7th July 2009 to deepen the integration of economies in the region and to facilitate intra-regional trade and development. In this regard, the COMESA Treaty Article 4 (1a) among others, obliges Member States to adopt a Common External Tariff (CET) as part of their undertaking under the Treaty. During the launch of the Customs Union, Member States were given a transition period of three years to start alig[1]ning the national customs laws with the Customs Management Regulations (CMR) regional customs law, their tariff books with the Common Tariff Nomenclature (CTN) as the harmonized system for coding and tariffs with COMESA CET[1] .

On the Common Market CMR, a gap analysis study in 2014 between the CMR and the national customs laws of eighteen COMESA Member States highlighted the concrete level of alignment between the COMESA CMR and the respective national customs legislation of the Member States. The Member States registered an overall average CMR alignment of 98.33%. With regard to the CTN, eighteen (18) Member States aligned their tariff nomenclature to the COMESA CTN (based on HS 2012 Version) at an average of 69%. This is an improvement from 2015 when 11 Member States had aligned their nomenclature by an average of 62%.

Although significant progress has been made in implementing the road map particularly in the development and implementation of the CTN and CMR, outstanding issues remain on the CET: eighteen (18) Member States aligned their tariff to CET by an average of 34%.

Table 13: FTA Participation and Status of Alignment to COMESA CMR, CTN &CET

MemberStates	FTA Membership	STR	2016	2017	2018
Implemtation	% alignment to the CMR	% alignment to the CTN	% alignment to the CET	19	22
Burundi	Yes	Yes	100%	74%	74%
Comoros	Yes	No	100%	52.5%	2.7%
Djibouti	Yes	No	91%	95.2%	0.0%
DR Congo	Yes	Yes	98%	61.8%	9.6%
Egypt	Yes	No	99%	86.1%	16.1%
Eritrea	No	Yes	96%	63.5%	26.2%
Eswatini	No	No	99%	56.6%	24.7%
Ethiopia	No	Yes	100%	74.7%	9.8%
Kenya	Yes	Yes	100%	74%	74%
Madagascar	Yes	No	98%	59.3%	10.2%
Malawi	Yes	Yes	100%	62.8%	68.7%
Mauritius	Yes	No	95%	64.5%	27.9%
Rwanda	Yes	Yes	100%	74%	74%
Seychelles	Yes	No	100%	55.9%	29.0%
Sudan	Yes	No	95%	77.0%	18.0%
Uganda	Yes	Yes	100%	74%	74%
Zambia	Yes	Yes	100%	66.6%	66.4%
Zimbabwe	Yes	Yes	99%	70.7%	7.1%
Average/total	**16**	**8**	**98.3%**	**69.1%**	**34.0%**

Source: Compiled by COMESA Staff from different COMESA documents

The Thirty Sixth Council of Ministers Meeting adopted the transposed CTN to HS2017 edition and requested Member States to transpose their Tariff Books to the HS 2017, taking into account their migration to the COMESA CTN/CET.

[1] The timeline was later extended to 2015 due to implementation challenges some Member States were facing.

The COMESA Customs Document (COMESA-CD)

The COMESA-CD was officially adopted by COMESA at the Council of Ministers' meeting in April 1996. The Secretariat runs training courses for Customs officials in COMESA countries on how to use the COMESA-CD as part of a program to harmonize customs and trade statistics systems (including Asycuda [2]).

Customs Automation (Customs Management Systems)

The COMESA Member States agreed under the CMR Regulation 54 on the use of information technology that the competent authorities shall, as far as is practicable, make use of information and communication technology in support of their prevailing customs procedures with a view to attaining: more effective customs controls; more effective customs clearance; uniform application of these regulations; more efficient revenue collection; more effective data analysis; efficient production of external trade statistics; and improved quality of data.

The Member States further agreed (CMR regulation 56 (1)) on the use of Electronic Signatures, Related Certificates and their Admissibility in Evidence. The regulation outlines that in any legal proceedings, an electronic signature incorporated into or logically associated with an electronic communication or a particular electronic data, and the certification by any person of such a signature, shall be admissible in evidence in relation to any question as the authenticity of the communication or data or as to the integrity of the communication or data.

COMESA had recommended since November 1993 that Member States should adopt a computerised customs management system such as the Asycuda system for their Customs administration. The Asycuda system provides, among other facilities, a modern and efficient way of managing Customs processes, a transparent and secure accounting module and timely and up-to-date data for trade analysis.

Currently all COMESA Member States use automated customs clearance and sixteen of them (except Egypt, Mauritius and Kenya which use other custom management systems) use similar Asycuda-EUROTRACE (Asycuda ++ or Asycuda World). Most Member States, except two (Eritrea and Comoros) have a centralized server and eleven out of the sixteen of the Asycuda users are migrating or have already migrated to Asycuda World which is a web-based customs system.

Publication and Availability of Information and Advance Rulings

Article 1 of the WTO Trade Facilitation Agreement (TFA) requires Member States to publish and make readily available their information through Publication, the Internet, Enquiry points, and Notification[3]. The main obligations here are that Member States are required to publish 'promptly' a wide range of specific information related to the requirements and procedures for clearing goods for import or export. It has been established that since all the COMESA Member States, except Eritrea, have a revenue authority/customs website the issue of publication and availability of information through the internet would not be a challenge for most of the Member States in the COMESA region.

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[2] Automated System for Customs Data. This is a computerized system designed by the United Nations Conference on Trade and Development (UNCTAD) to administer a country's customs.

[3] WTO Trade Facilitation Agreement: A Business Guide for Developing Countries

Article 3 of the TFA covers the issue of advance rulings with a view to enhance certainty and predictability of cross-border trade transactions. An advance ruling, in this Article, requires Members to issue advance rulings regarding the tariff classification and the origin of goods in accordance with the regulations of that article. The regulations of TFA set rules regarding the issuance of advance rulings including cases where Members may decline an application and the

validity of advance rulings for a reasonable period.

According to the COMESA CMR, Regulation 41 on Requests for Binding Tariff and Origin Information, the competent authorities shall issue binding tariff information or binding origin information on written request. The Binding tariff information or binding origin information shall be binding on the competent authorities as against the holder of the information only in respect of the tariff classification for a period of one year in the case of tariffs or determination of the origin of goods, three years in the case of origin from the date of issue. Notwithstanding regulation 46, a decision shall be annulled where it is based on inaccurate or incomplete information from the applicant. Ethiopia and Kenya are implementing Advance rulings on tariff information. In Mauritius and Kenya, publication, information and advance rulings are available on their revenue authorities' website.

Trade Facilitation (Information) Portal (TIP)

Ten out of 14 Member States have established Trade Facilitation portal while three (3) Member States are in the process of establishing the TIP. There are non-WTO members like Ethiopia and Sudan who are developing their own TIPs. The nature of the established TIPs is developed either as a standalone portal or built in with the national electronic single window system.

Table 14 below summarises status of implementation of websites, authorised economic operators (AEO) and Single window (SW) in the COMESA Member States.

Table 14: Status of Member States in Implementing Customs Website, Customs automation, Trade Portal and Single Window (as of December 2018)

No.	MS/Country	Customs Website	Customs Automation	Trade Portal	Electronic Single Window
1.	Burundi	https://www.obr.bi/	Asycuda World	Yes	Operational
2.	Comoros	http://www.douanes.km/v1/	Asycuda ++	No	N.A.
3.	Djibouti	http://www.douanes.dj/	Asycuda World	N.A.	N.A.
4.	DR Congo	http://www.douane.gouv.cd/	Asycuda World	Yes	Operational
5.	Egypt	http://www.customs.gov.eg/	Egypt CMS	Yes	Operational
6.	Eritrea	NO	Asycuda ++	No	N.A.
7.	Eswatini	http://www.sra.org.sz/	Asycuda World	Ongoing	N.A.
8.	Ethiopia	http://www.erca.gov.et/	Asycuda ++	No	Piloting stage
9.	Kenya	http://www.kra.go.ke/	SIMBA System	Yes	Operational
10.	Libya	http://www.customs.ly/	Asycuda World	No	N.A.
11.	Madagascar	http://www.douanes.gov.mg/	Asycuda World	No	Operational
12.	Malawi	http://www.mra.mw/	Asycuda World	Yes	on Project
13.	Mauritius	http://www.mra.mu/	Mauritius CMS	Yes	Operational
14.	Rwanda	http://www.rra.gov.rw/	Asycuda World	Yes	Operational
15.	Seychelles	http://www.src.gov.sc/	Asycuda World	Yes	N.A.
16.	Sudan	http://customs.gov.sd/	Asycuda World	Ongoing	Operational
17.	Uganda	https://www.ura.go.ug/	Asycuda World	Yes	Operational
18.	Zambia	https://www.zra.org.zm/	Asycuda World	Ongoing	Operational
19.	Zimbabwe	http://www.zimra.co.zw/	Asycuda World	Yes	Operational
	TOTAL	**18**	**19**	**10 + 3**	**11+2**

Source: Compiled by COMESA Staff from the TCM reports (2018)

Electronic Single Window System

According the SAFE Framework standards, Member States should develop co-operative arrangements between Customs and other Government agencies involved in international trade in order to facilitate the seamless transfer of international trade data and to exchange risk intelligence at both national and international levels. This is a basic single window concept that would allow the trader to electronically submit the required information once to a single designated authority, preferably Customs. If information is electronic, then individual data elements should only be submitted once[4], standardized information and documents, sharing of information, coordinated controls and inspections, and disseminate trade related government information. The implications for Single Window implementation include: national data analysis and standardization, reorganization of information flows and processes, enabling legal environment, interagency collaboration, and cross border collaboration. There are several Single Window concepts, initiatives or projects in the COMESA region undergoing by several Member States. Single Window is operational in 11 Member States namely; Burundi, DR Congo, Egypt, Kenya, Madagascar, Mauritius, Rwanda, Sudan, Uganda, Zambia and Zimbabwe, while two Member States, Ethiopia and Malawi are at project stages.

Accession to the Revised Kyoto Convention (RKC)

All the COMESA Member States are WCO Contracting Parties, out of which twelve have signed the RKC, which is the mother document for drafting national customs laws, including for the CMR. However, three Member States namely, Burundi, Comoros, and Djibouti have no formal accession process started. One Member State, Ethiopia was in the process of review for accession package and Eritrea officially requested the WCO 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.

The WCO recommended (1999) for the use of World Wide Web sites by Customs administrations. The CMR also provided similar provisions. In this regard, as of April 2017, Except Eritrea, all the Member States had their Customs websites. On the other hand, except Seychelles, all the COMESA Member States are WCO Harmonized System (HS) Contracting Parties.

Application of Risk Management System

Article 63 (1(b)) of the COMESA Treaty states that Member States agreed on the scope of Customs Co-operation for the simplification and harmonization of trade documents, customs regulations and procedures. To achieve an appropriate balance between trade facilitation and regulatory control, customs administrations are now applying the principles of risk management.

The COMESA Customs Management Regulations (CMR) defines 'risk management' as the systematic identification of risk and the implementation of all measures necessary for limiting exposure to risk. The task of customs is becoming increasingly complex due to the increase in trade, sophistication of traders, and the multiple and shifting objectives imposed on customs.

The COMESA Member States use Asycuda++ or Asycuda World or other alternative automated customs systems. These include automated risk management system covering the whole declaration-processing path, encompassing cargo and transit. The 38th Council of Ministers decided that the Secretariat should work closely with Member States to develop a regional risk management framework strategy. This will provide guidelines for risk management, identify, assess and manage risks across the organization by empowering officers at all levels to make risk-based decisions in a structured and systematic manner.

[4] United Nation Centre for Trade Facilitation & Electronic Business) (UN/CEFACT) definition, 2005)

Table 15: Status of Member States in Implementing Customs, Trade and Transit Facilitation instruments (as of December 2018)

No.	MS/Country	Accession to RKC	Accession to HS convention	WTO Customs Valuation System	AEO program
1.	Burundi	No	Yes	Yes	Yes
2.	Comoros	No	Yes	Yes	No
3.	Djibouti	No	Yes	Yes	Yes
4.	DR Congo	Yes	Yes	Yes	No
5.	Egypt	Yes	Yes	Yes	Yes
6.	Eritrea	No	Yes	Yes	No
7.	Eswatini	Yes	Yes	Yes	N.A.
8.	Ethiopia	No	Yes	Yes	Yes
9.	Kenya	Yes	Yes	Yes	Yes
10.	Libya	No	Yes	Yes	No
11.	Madagascar	Yes	Yes	Yes	Yes
12.	Malawi	Yes	Yes	Yes	No
13.	Mauritius	Yes	Yes	Yes	Yes
14.	Rwanda	Yes	Yes	Yes	Yes
15.	Seychelles	No	Yes	Yes	No
16.	Sudan	Yes	Yes	Yes	Yes
17.	Uganda	Yes	Yes	Yes	Yes
18.	Zambia	Yes	Yes	Yes	Yes
19.	Zimbabwe	Yes	Yes	Yes	Yes
	TOTAL	**12**	**19**	**19**	**12**

Source: COMESA TCM report (2018) and WCO website

Authorized Economic Operator (AEO) Program

Under the COMESA CMR Regulation 39 (1 (b-d)) the Member States agreed that Customs authorities, if necessary, and following consultation with other competent authorities and subject to established criteria, may grant the status of Authorised Economic Operator (AEO) to any economic operator in the customs territory. The AEO benefits from facilitation to customs controls relating to security and safety and from simplifications provided for under the customs rules. The status of AEO shall, subject to the rules and conditions laid down in paragraph (60), be recognised by the customs authorities in all Member States, without prejudice to customs controls. The customs authorities shall, based on the recognition of the status of AEO and provided that the requirements relating to a specific type of simplification provided for in the Common Market Regulations are fulfilled, authorise the operator to benefit from that simplification.

Twelve Member States have implemented recognition of AEOs namely Burundi, Djibouti, Egypt, Ethiopia, Kenya, Mauritius, Madagascar, Rwanda, Sudan, Uganda, Zambia and Zimbabwe. However, the names of the simplified program, selection criteria, the scope of the sectors and the benefits that accrue to the AEO seem to differ from country to country. It is encouraging that most of the Member States are implementing the recognition in line with the spirit of the AEO in the COMESA CMR. Zambia for instance offers the Customs Accredited Client program under which some transporters are given special treatment including: Proceed on special clearance, to pay duty within 5 days (credit facility), and post inspection audit[5].

Following the Council decision, the Secretariat worked with Member States and development partners to develop and implement a harmonized Regional Authorized Economic Operator Program and Mutual Recognition Agreements. Draft Guidelines for Regional AEO Program were circulated in 2018 to all Member States for their inputs and comments before adoption by the Council.

[5] 15http://www.wcoomd.org/en/topics/facilitation/instrument-and tools/tools/~/media/29AC477114AC4D1C91356F6F40758625.ashx

Coordinated Border Management

From the perspective of the regional integration agenda, the CBM is an important objective. The transition from a Free Trade Area to a Customs Union and on to a Common Market requires effective controls of the internal borders and, eventually, of the external borders of the Common Market. A Common Market requires a common approach to security, movement of people, goods and means of transport, and to sanitary and phytosanitary measures. Operations or processes at the border are still going to be managed by different agencies. The CBM focuses on the management by the agencies in relation to policies and strategies, which should be coordinated. This will lead to integration of actions, activities and processes where appropriate, with the involvement of all the agencies at the border equally as each have its own statutory mandate and national interests to protect. CBM includes the following approaches: Co-location and sharing of regulatory facilities, Single Window Environment, and One Stop Border Posts (OSBPs).

One Stop Border Post

Delays at borders in the region negatively affect the global supply chain. In efforts to address this challenge, COMESA adopted OSBPs as part of its corridor strategy to address congestion at border stations along major traffic corridors to complement other transit instruments and cross border transport facilitation programmes. The OSBPs play a critical role in improving border station performance within the corridor framework through significant reduction in delays at the border and savings on truck costs.

The main pillars of OSBP include the Legal and Institutional Framework for OSBP Operations, Simplification and Harmonisation of Border Procedures, Hard Infrastructure, ICT and Data Exchange, Cross Border Procedure, and Operation and Management of OSBP. The basic activities in developing/ implementing OSBP include: Pre-Feasibility Study for the proposed OSBP Development Master Plan; Training relevant key stakeholder staff on coordination and joint border programmes; Preparation of relevant legislation/MoU to support OSBP operations; Review of the interface of ICT systems between the two countries at the planned OSBP; Design of traffic circulation system; Development of standard operating procedures for the planned OSBP.

Table 16 below gives details of OSBPs implementation in the COMESA region.

Table 16: Status of OSBP in the COMESA region (as of December 2018)

#	Name of Border Post	Neighbouring Partner States		Current Stage of OSBP
1.	Namanga	Kenya	Tanzania	Operational
2.	Malaba	Kenya	Uganda	
3.	Mutukula	Tanzania	Uganda	
4.	Chirundu	Zambia	Zimbabwe;	
5.	Malaba	Kenya	Uganda	
6.	Kagitumba/Mirama Hills	Rwanda	Uganda	
7.	Kobero/ Kabanga	Burundi	Tanzania	
8.	Kanyaru	Burundi	Rwanda	
9.	Gasenyi/ Nemba	Burundi	Rwanda	
10.	Nemba	Rwanda	Burundi	Completed
11.	LungaLunga/Hororo	Kenya	Tanzania	
12.	Taveta	Kenya	Tanzania	
13.	Isebania/Sirari	Kenya	Tanzania	
14.	Busia	Kenya	Uganda	
15.	Rusumo	Rwanda	Tanzania	
16.	Tunduma/Nakonde	Tanzania	Zambia	Under construction /Designing
17.	Victoria Falls	Zimbabwe	Zambia	
18.	Gatuna /Katuma	Rwanda	Uganda	
19.	Moyale	Ethiopia	Kenya	
20.	La Corniche	Rwanda	DR Congo	
21.	Mugina /Manyovu	Burundi	Tanzania	
22.	Galabat-Matama,	Ethiopia	Sudan	Planning stage
23.	Kasumulu/Songwe	Tanzania	Malawi	
24.	Akanyaru Haut	Rwanda	Burundi	Feasibility Studies
25.	Rusizi 1	Rwanda	DR Congo	
26.	Mwami – Mchinji	Malawi	Zambia	
27.	Galafi	Ethiopia	Djibouti	
28.	Kasumbalesa	DR Congo	Zambia	

Source: 33rd TCM, 2017 and other latest sources.

The COMESA Digital Free Trade Area

The COMESA Digital Free Trade Area (DFTA) is premised on empowering traders to participate in cross-border trade using ICT as a tool to minimize physical barriers. The DFTA has three thrusts, namely e-Trade, e-Logistics and e-Legislation. e-Trade will promote e–Commerce by providing an online platform for COMESA region traders to trade online. This platform will enable trade within COMESA FTA inclusive of all tax concessions making it an online market for COMESA region. Digital logistics can help drive a differentiated customer experience and highly optimized and efficient operations. Digital logistics uses ICT as a tool to improve the commercial activity of transporting goods to customers using instruments such as the COMESA e-certificate of origin, standardized customs procedures etc. Digital legislation will address the readiness of laws in Member States to cater for digital transactions.

During the First Workshop on the COMESA Digital FTA held on 18-19 January 2018 in Mahe, Seychelles, the Secretariat made presentations on the DFTA and its action plan as well as on the Electronic Certificate of Origin (eCO). Additionally, the Secretariat presented the developed draft regulations. The development of the DFTA concept and the eCO instrument is at an advanced stage. The COMESA eCO instrument prototype has been designed and developed in line with the Treaty, CMRs and Protocol on Rules of origin with the aim of establishing a standardized and harmonized regional eCO instrument to ensure that eCOs issued by Member States are recognized and trusted by participating Member States. The eCO framework includes end to end procedures of exporter registration and renewal; application and issuance of CO; checking and verification of CO; registration and circulation of designated issuing authorities and their authorized signatories; and other relevant information.

Piloting of the COMESA eCO instrument in selected Member States is expected to commence in the first quarter of 2019. Thus far, the following Member States have expressed willingness to participate in the DFTA and piloting of the eCO instrument: Burundi, DR Congo, Egypt, Eswatini, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Sudan, Seychelles, Uganda, Zambia and Zimbabwe.

Progress on the COMESA EDF 11 Program Sub Envelope

The following are some of the program milestones:

a) The design and formulation of Objective 1 - Trade Facilitation Program with an estimated budget of € 68 Million was completed with the signing ceremony for the COMESA Cross Border Trade Initiative (€15 million) on 8 May 2018 at the Mwami/Mchinji Border Post, the program is operational and being implemented at targeted border posts. In order to mobilise the best expertise and use the most efficient implementation modalities, COMESA co-delegated some activities to the International Trade Centre (ITC) and International Organization for Migration (IOM). The co-delegation agreements have been signed with the two organizations. Plans were underway to subdelegate activities including physical works as well as maintenance of the needed infrastructures at the border posts to relevant authorities in the concerned countries.

b) The Trade Facilitation Program (€53 Million) was signed on 20 November 2018. Consistent with the provision of the financing agreement for this action, some activities were sub-delegated to Member States and other implementing agencies to ensure the greatest impacts and the best value for money.

c) The Action Document for Objective 2 - the Regional Enterprise Competitiveness and Access to Markets Program (RECAMP) was approved by the EDF Committee in Brussels on 12 October 2018. The next steps included reparation and signing of the Financing Agreement and subsequently the actual contract to kickstart implementation.

d) The Terms of Reference (ToRs) to guide the identification process for Objective 3 - Capacity Building Program, were finalised. The process to engage a consulting firm to assist in the design, identification and formulation of the action document for the program was concluded. The assessment by the consulting firm involved data collection, consultations, identification and packaging information for drafting of the action document and the description of action.

Update on the Trade Policy Research Program

The fifth COMESA Annual Research Forum was held on 6 – 10 August 2018 under the theme "Harnessing the Demographic Dividend for Social Economic Transformation and Deep Regional Integration in COMESA through Academia-Industry Linkages". Eleven research papers were presented focused on the following sub-themes of the forum; The Digital Economy – markets, industry, agriculture and infrastructure development in the context of the Tripartite and African Continental Free Trade Areas; Financing for Commercialization of Research Work; Innovation and Technology for Social Economic Transformation; Curriculum Reforms to Create Entrepreneurial Universities; and Applied Research and Harnessing Innovation.

Show-case of Innovative, Incubated and Commercialized Ideas

The forum received presentations on the following innovations that have been incubated and commercialized in Kenya: Leorganic Fertilizer; fish meal, farm animal feeds from insects; and car tracking system. The developers of the innovations pointed out that incubation provides the necessary skills and support early venture needs. This includes research and development, seed capital, business skills trainings and provision of facilities. At the growth phase, a startup requires access to specialized skills, technical support, market exposure, networking, technology transfer and financing.

The car tracking system innovation had received the COMESA Innovation Awards and the award money (US$ 10,000) was instrumental as a source of start-up capital. The innovators proposed the setting up of more incubation centres by the government in collaboration with development partners; involvement of the private sector in raising funds and seed capital to enhance relevance of incubation centres; and adoption by COMESA Member States of technologies and innovations that come out of the innovation hubs to accelerate enterprises growth and development.

COMESA Virtual Masters Degree Program in Regional Integration

At the University Sub-Committee Meeting held along the margins of the research forum, it was noted that the host university of the COMESA Virtual Masters Degree Program in Regional Integration, Kenyatta University had submitted the program to the Commission of University Education in Kenya for approval. The Commission was at an advanced stage with the approval processes to allow for roll out of the program. Reminders were sent to all the universities in the network in respect to signing of the MOU with the Secretariat. Subsequently, the following universities submitted their MOUs: University of Seychelles, University of Zimbabwe, Open University of Mauritius and University of Burundi.

Statistical Development

Under the overarching policy framework provided by the COMESA Treaty (Articles 139 and 140), COMESA continues to make strides 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 second generation of the COMESA Statistics Strategy which Council approved in November 2017 at its 37th Meeting in Lusaka, Zambia.
In 2018, US$1.2 Million was allocated and spent on statistical capacity building for COMESA Member States. Twenty out of twenty-one Member States benefited from the various capacity building initiatives. Specifically, 232 (145 men and 82 women), statistics experts from Member and non-Member States were trained in 2018. The statistical work program was financed by the AfDB, the EU, and USAID.

The COMESA 2017-2020 Statistics Strategy identifies capacity building as one of its strategic objectives. Capacity building in statistics has long been the flagship of COMESA interventions in Member States; this is evidenced by the more than 1000 experts that were trained between 2014 and 2017.

Table 17: Summary of Statistics Capacity Building Activities in 2018

No.	Thematic Area	Number of trainees	Male	Female	Countries represented
1.	Regional Workshop on Improving Quality of Trade Data	26	18	8	Burundi, Comoros, DR Congo, Djibouti, Eritrea, Eswatini, Ethiopia, Madagascar, Malawi, Rwanda, Seychelles, Zambia
2.	Rwanda Migration to SQL Server	12	11	1	Rwanda
3.	DR Congo – Zambia Mirror Exercise	9	8	1	DR Congo and Zambia
4.	Rwanda SSCBT Data Incorporation into Eurotrace	15	13	2	Rwanda
5.	Support SSCBT Data Collection	13	8	5	DR Congo
6.	Namibia Migration to SQL Server	7	4	3	Namibia
7.	Regional Workshop on TIS Statistics	27	13	14	Botswana, Kenya, Lesotho, Malawi, Mozambique, Namibia, Rwanda, Eswatini, Tanzania, Uganda and Zimbabwe
8.	SDMX III Training	10	5	5	Zambia
9.	Seychelles Eurotrace migration to SQL Server and training	7	3	4	Seychelles
10	Malawi Eurotrace domain technical assistance	13	11	2	Malawi
11	Harmonized Consumer Price Index (HCPI)	25	16	9	Botswana, Burundi, Djibouti, Egypt, Ethiopia, Kenya, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Seychelles, South Africa, Sudan, South Sudan, Eswatini, Tanzania, Uganda, Zambia, Zimbabwe
12	International Comparison Program (ICP)	23	15	8	Botswana, Burundi, Djibouti, Egypt, Ethiopia, Kenya, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Seychelles, South Africa, Sudan, South Sudan, Eswatini, Tanzania, Uganda, Zambia, Zimbabwe
13	Tariff Reform Impact Simulation Tool (TRIST) Model on impact of CFTA on the Zambian Economy	15	12	3	Zambia
14	MEFMI-COMESA SITS training	24	12	12	Botswana, Eswatini, Kenya, Lesotho, Malawi, Mozambique, Namibia, Rwanda, Tanzania, Uganda, Zimbabwe
15	Industrial Statistics	06	01	05	Sudan
	Total number of people trained	**232**	**150**	**82**	

Catalyzing Change in Statistical Processes

Critical to the development of statistics is the process of impacting national systems to conform to best practices. Table 18 below summarizes gains made in 2018 in interventions that are related to the adoption of new practices that entail notable change in the national compilation of related statistics.

Table 18: Interventions Related to the Adoption of New Practices

Intervention	Baseline	2018 progress
Launch of small-scale Cross Border Trade (SSCBT) Statistics program in five participating countries. An innovation in this initiative is the introduction of small-scale cross border services trade statistics	Two countries collecting SSCBT data regularly	Developed a SSCBT Manual and App for the collection of harmonised gender disaggregated SSCBT data. Undertook training for five additional countries prior to launch of surveys in 2019.
Launch of COMESA-Statistical Data and Meta Data Exchange (SDMX) initiative.	No countries using SDMX platform	One country trained in the use of SDMX. Pilot project initiated with the aim of scaling up to other Member states.
Blue Economy Statistics	Non-existent	Blue Economy Statistics Assessment undertaken, and roadmap adopted by the 2018 COMESA Committee on Statistical Matters.

Small Scale Cross Border Trade Statistics

Small Scale Cross Border Trade (SSCBT) statistics play a critical role in providing policy makers with a phenomenon that is at the heart of the trade-gender and trade-poverty nexus. With the signing of the EDF 11 Cross Border Trade (CBT) Initiative, development of small-scale cross border trade statistics received a boost through specific programming that focuses on gender disaggregated statistical data and analysis on small-scale cross-border trade being systematically collected, compiled, harmonized and disseminated. The following were the main attainments of the 2018 program in this area;

a) Scoping and study missions to program countries;
b) Development of the COMESA Manual on SSCBT Statistical data collection;
c) Together with Zambia CSO, development of a SSCBT data collection instruments including a questionnaire and Computer Assisted Personal Interviewing (CAPI) application;
d) Regional workshop on developing an SSCBT Statistical Program;
e) Training of enumerators and supervisors for the Zambia SSCBT data collection;
f) Pilot SSCBT survey in Kasumbalesa for the Zambia SSCBT data collection.

Complementing the EDF 11 CBT initiative is the ongoing work under the Great Lakes Trade Facilitation Project (GLTFP). Under this program the following activities were undertaken in 2018; a national workshop to support the start of SSCBT Data Collection in DR Congo was organized in June 2018, in Goma DR Congo and a stakeholders' meeting on program implementation modalities in December 2018, Kinshasa. Another complimentary initiative on SSCBT was under the Regional Integration Support Mechanism. The Zambia Regional Integration Implementation Program included the development of Zambia's first ever comprehensive SSCBT surveys at four major borders viz Kasumbalesa, Mwami, Nakonde and Chirundu.

International Merchandise Trade Statistics: Under this cluster several technical support initiatives were carried out in 2018. These include: technical support to Rwanda and Seychelles on national EUROTRACE systems and technical support to DR Congo and Zambia on data quality through a mirror exercise.

Statistics on International Trade in Services: The development on SITS remains a major priority in the market integration strategic objective. As such capacity building in this area is among the main activities carried out by COMESA in 2018. To assist with the implementation of international statistical recommendations on SITS compilation, COMESA, jointly with the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI), developed a handbook on international trade in services statistics compilation. A regional workshop of experts from COMESA and MEFMI countries was held to validate the handbook.

Harmonized Consumer Price Indices (HCPI): The process of compilation of the HCPI has proven to be a sustainable regional collaboration. So far 16 countries are involved in the compilation of the final index. With the undertaking of the Tunisia national data mission in 2018, plans are currently underway to include the Tunisian HCPI in the COMESA HCPI compilation. In addition, there are capacity building initiatives planned for Somalia which will enable future integration into the COMESA HCPI. One regional capacity building workshop on HCPI was conducted in 2018 and attended by 25 experts.

International Comparison Program (ICP) 2017 Round: The COMESA Secretariat, in collaboration with the African Development Bank (AfDB) launched the 2017 International Comparison Program (ICP) in February 2017. Under its purview, COMESA oversaw the implementation of the ICP surveys in both the COMESA and SADC regions and specifically in 20 countries. By December 2018, all twenty countries had submitted ICP data on a quarterly basis.

Blue Economy Statistics: The COMESA Medium Term Strategic Plan 2016-2020 recognizes the Blue/Ocean Economy as covering aquatic and marine areas, including oceans, seas, coastlines, lakes, rivers and groundwater. Furthermore, it includes many productive sectors such as fisheries, aquaculture, tourism, transport, shipbuilding, energy, bio-prospecting and underwater mining to accelerate structural transformation. In 2018, an assessment of statistical frameworks critical to the development of blue economy statistics was undertaken. The assessment, together with an implementation roadmap was subsequently presented at the 9th COMESA Committee on Statistical matters.

Industrial Statistics: Under RISM, technical support was provided to Sudan in December 2018 to assist them in undertaking a survey in industrial statistics. This assistance would enable Sudan to commence the compilation of an Index of Industrial Production (IIP).

COMSTAT Data Portal: The COMSTAT data portal continues to play a critical role in data dissemination for regional statistics. The year 2018 saw some new enhancements added to the portal through the inclusion of a sub portal on small scale cross border trade statistics. This was done with support from the Great Lakes Trade Facilitation Project. One key activity with regards to the portal was the upload of data visualizations targeting audiences on policy topics. The visualizations are created from databases on the COMSTAT open data portal. Visually displaying quantitative statistics adds value to the comprehensive data collected by COMESA from Member States. The visualizations cover the areas of foreign trade, demography, gender, socio-economic and agriculture statistics and are usually targeted at trending policy issues and meetings. The average number of monthly hits in 2018 was 8709.

Publication of Statistical Knowledge Products: The Secretariat published the following knowledge products in 2018: the 2018 International Trade Statistics Bulletin, the 2018 COMESA Investment Report and the COMESA Statistics Strategy 2017-2020 full report and summary. The Statistics Unit contributed to the reports of the 34th Trade and Customs Committee Meeting.

Strategic Partnerships

In 2018, COMESA developed the following strategic partnerships:

a) The European Development Fund 11 (EDF11) was signed with COMESA. The main objective of the project was to support regional economic integration. Statistics covered under this agreement are small scale cross border trade statistics, migration, and statistics on international trade in services. Last but not least, the partnership will strengthen Secretariat's human statistical capacity.

b) USAID continues to support COMESA on key areas such as agriculture, private sector development and trade. Within this envelope statistical support to specific sub-objectives is included with the funding of an expert position.

c) COMESA signed an MoU with the Pan African Statistics Project at the African Union in April 2018. The purpose of this partnership was to enable COMESA to provide technical assistance on International Merchandise Trade and specifically the EUROTRACE software migration to AUC Member states.

d) COMESA collaboration with the Partnership in Statistics for Development in the 21st Century (PARIS21) commenced when the latter participated in the evaluation of COMESA 2014-2017 Statistics Strategy. Thereafter, the two organizations agreed to collaborate on evaluation of National Strategies for Development of Statistics (NSDSs) in COMESA Member States and in the provision of technical assistance on Statistical Data and Metadata Exchange (SDMX). PARIS21 consolidated the partnership by inviting COMESA to sit on its board in early 2018.

e) COMESA and Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) partnered to develop a handbook on compilation of Statistics of International Trade in Services.

f) COMESA Monetary Institute (CMI) and the International Monetary Fund (IMF) signed a cooperation agreement for the latter's AFRITAC South Centre to provide technical assistance and capacity building in designated areas including macroeconomic statistics. Subsequently training on price statistics was undertaken in 2018.

g) The IMF Task Force on the Informal Economy (TFIE) was formed with the objective of taking stock of country practices with the aim of identifying data collection methods and compilation techniques that are feasible for addressing the coverage and consistency of informal economy (IE) transactions and positions in the international accounts.

h) COMESA Statistics department participated in the UNCTAD High Level Investment Forum in Geneva, Switzerland, from 22-26 October 2018. The key output for statistics related to Foreign Direct Investment was an agreement on collaborative project on data collection, report preparation and selected policy issues between UNCTAD and COMESA.

COMESA Monetary Program

COMESA has a phased monetary co-operation program, under the COMESA Monetary Institute, which aims at establishing a common monetary area. This mandate is derived from Article 4 (4) of the COMESA Treaty. The mandate is further reinforced in Articles 76-78 which respectively deal with the COMESA Monetary and Fiscal Policy Harmonization (MFHP), establishment of currency convertibility and formation of an exchange rate union. (See COMESA Monetary Institute under COMESA Institutions)

03

INDUSTRY, INVESTMENT AND AGRICULTURE

Revised COMESA Common Investment Area

COMESA recognizes the private sector's role as a key driver of economic growth of the region and to the overall regional integration agenda. The region therefore needs to design strategies to transform itself into a competitive investment destination to achieve market-driven concept of regional integration. The revised COMESA Common Investment Area (CCIA) considered as an instrument for attracting increased investment, is one of the key strategic objectives of COMESA.

Key activities in 2018 for the Investment Program included awareness of the revised CCIA to facilitate signing and domestication of the agreement by Member States and the Ease of Doing Business Roadmap. In this regard, support was given to Comoros to develop an Ease of Doing Business Roadmap and the appropriate institutional framework for its implementation.

Industrialization

The Ministerial Committee Meeting on Industry held in September 2017 adopted the COMESA Industrial Strategy and directed the Secretariat to finalize the strategy's Action Plan and to develop an all-encompassing legal framework to guide local content policies building on existing initiatives and realities in each Member State. In 2018, the program focused on the development and adoption of the COMESA Local Content Guidelines and the Action Plan for the COMESA Industrial Strategy. Additionally, the program intended to conclude business linkages in at least two priority value chains at the regional level. The achievements are as follows:

a) Conducted a study to profile local content policy
b) Developed the draft Action Plan for the COMESA Industrial Strategy and COMESA Regional Guidelines for Local Content for adoption.
c) Fostered ongoing collaboration with the Zambia Citizen Economic Empowerment Commission (CEEC), for the construction of Industrial Yards in seven districts in Zambia where small and medium enterprises will be working hand in hand with large firms and thus promote business linkages across the value chains.

Agricultural Development

COMESA intends to contribute towards realising the ideals of the Comprehensive Africa Agriculture Development Program (CAADP) and the Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods (2014). This will be undertaken through the improvement of regional policy/ regulation harmonization and enhancing competitiveness and improving markets and regional trade of agricultural, livestock, fisheries, and forestry products.

Under CAADP, COMESA supported 15 Member States in signing their National Agriculture and Food Security Investment Plans (NAIPs) compacts. Out of these, 14 finalized their NAIPs and organized high-level business meetings for mobilization of resources to support implementation of programs contained in the plans. Further, COMESA developed the regional compact to inform the design of the Regional Agricultural Investment and Food Security Plan (RAIP). The key focus for 2018, was to enhance capacity of Member States around investment in agriculture and institutionalize the Malabo Biennial Review Process. The following was achieved:

a) COMESA RAIP was developed and is undergoing independent technical review by NEPAD Planning and Coordination Agency (NPCA) and partners.

b) Supported the review of sustainable agriculture contract negotiation, land management and dispute settlement issues by Member States to enhance inclusive and responsible investments in the agricultural sector in the region.

c) In collaboration with AUC/NEPAD and other RECs, supported the institutionalization of the Peer-to-Peer Learning Platform for the National CAADP Biennial Review (BR) Focal Persons and assisted Member States to develop country level BR roadmaps that fit into the broader continental BR roadmap.
Review (BR) tools to guide the second BR process.

e) Provided technical assistance to Zambia through Citizen Economic Empowerment Commission (CEEC), in driving a component on cassava value chain (cluster) development under AfDB-funded skills development and entrepreneurship project.

COMESA Livestock Strategy and Policy

With the support of the Five-Year (2012-2017) European Union, the Reinforcing Veterinary Governance in Africa (VET-GOV) Program through African Union AU-IBAR, COMESA Livestock Policy was formulated and adopted in 2016 as part of the initiative to contribute to institutional strengthening of livestock and veterinary services. The COMESA Livestock Policy guides the development of national livestock policies and livestock development strategies in the Member States. As part of implementation of COMESA Livestock Policy Framework, the focus for 2018 was to link up enterprises involved in live animals (beef cattle and small ruminants) and meat value chains to the regional markets. The following was achieved:

a) Supported Member States to develop livestock policy and strategies and to update veterinary legislation.

b) Mapping of enterprises involved in importing and exporting of live animals and their products started in 2018 under USAID-RDOAG program to be implemented from 2019.

Sanitary and Phytosanitary Standards (SPS)

The SPS Programs are designed to promote a harmonized risk based regulatory environment and strengthened biosecurity systems that enhance food and nutrition security and facilitate agricultural trade, exports and investments. Through promotion of Good Agricultural
Practices (GAPs) and the Hazard Analysis Critical Control Point (HACCP) approach to food safety management, the interventions strengthen risk based SPS systems for enhanced regional agriculture sector competitiveness.

For 2018, the SPS Program focused on activities aimed at enhancing prioritization of SPS investments in national policy and planning frameworks and increased compliance with global and regional food safety standards. The following was achieved:

a) Improved the stakeholders understanding of how to apply risk-based approaches in developing, implementing and enforcing food safety regulations by training, in collaboration with FAO, over 25 participants from public and private sector institutions from the Member States on mycotoxins and microbiological criteria for food safety and on how to apply the FAO/WHO risk assessment methodology.

b) Nine Member States, namely Egypt, Sudan, Ethiopia, Kenya, Uganda, Zimbabwe Zambia, Malawi and Eswatini were supported to develop risk profiles for their prioritized commodities for the harmonization of national regulatory limits at the COMESA regional level to enhance intra-regional trade in the selected commodities.

Climate Change Programme

In 2018, the implementation of the Intra-ACP Global Climate Change Alliance (GCCA+) COMESA Project which is funded by the EU under the 11th EDF commenced. The grant has a four-year implementation period spanning from January 2018 to December 2021 with a budget amounting to EUR 7.15 million, of which the budget for 2018 was EUR 2.45 million. The overall objective of the project is to increase the resilience of the COMESA region (and its Member States) to climate change and achieve the UN's Sustainable Development Goal 13 "Take urgent action to combat climate change and its impacts" in order to reduce poverty and promote sustainable development. The specific objective is to improve regional and national adaptation and mitigation responses to climate change challenges faced by COMESA countries at operational, institutional and financial levels. The project is implemented in 17[6] Member States with are part of the ACP. The biggest component of the project supports Climate Smart Agriculture (CSA) projects in selected Member States namely Eswatini, Madagascar, Seychelles, Uganda and Zimbabwe. During 2018, the design of these five projects was completed, and implementation began. By the end of the year, the Zimbabwe CSA project had trained 272 participants (140 males and 132 females) in Climate Smart Agriculture through eight trainings. The rest of the CSA projects had completed project set-up with actual results anticipated from 2019.

In a bid to support Member States to develop "bankable projects" to enable them access Climate Finance, four Draft Concept Notes for four sub-sectors in energy, agriculture, transport, and forestry were developed. These sectors are also priority sectors in the countries' Nationally Determined Contributions (NDCs). The participants in the training workshop which was held for nine selected MS[7] shared the concept notes within their countries, for the development of full project proposals.

The project also supports the strengthening of Climate Dialogue, information and knowledge- sharing. One Climate Change policy dialogue was held for 9 MS[8] whence regional common priority areas for Nationally Determined Contributions (NDC) implementation were identified to inform areas for future support under the project. The dialogue enabled MS find solutions to the obstacles and challenges affecting the slow access and uptake of climate finance in the COMESA region and discussed entry points to integrate gender equality and women's empowerment into NDC implementation and planning, among others.

COMESA committed to achieve climate neutrality[9] and an announcement was made at the Climate Change Conference of Parties (COP) 24 summit which took place on 03-14 December 2018 in Katowice, Poland. The announcement by COMESA was made on 12th December 2018, alongside thirteen[10] other regional/international organizations. By making this commitment, COMESA aligned itself to international standards on Climate Neutrality which is an initiative launched by the UN Climate Change in 2015, aiming at encouraging and supporting all levels of society to take climate action to achieve a climate neutral world by mid-century, as enshrined in the Paris Agreement.

[6] All Member States with the exclusion of Egypt,

[7] Eswatini, Kenya, Madagascar, Rwanda, Seychelles, Uganda, Zambia and Zimbabwe

[8] Eswatini, Kenya, Madagascar, Rwanda, Seychelles, Uganda, Zambia and Zimbabwe

[9] Activities are climate-neutral or CO2-neutral if they do not pollute the air, i.e. not emit greenhouse gases. Neutrality efforts focus on reducing or offsetting CO2 emissions.

[10] Organization for Economic Cooperation and Development (OECD) Secretariat, Eastern Africa Development Bank (EADB), Western Africa Development Bank (BOAD), Asian Development Bank (ADB). Pacific Community, ICLEI-Local Governments for Sustainability, European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD), Southern African Development Community (SADC) Secretariat, Inter-American Development Bank (IDB), International Paralympic Committee (IPC), Latin American Energy Organization (OLADE) and World Travel & Tourism Council (WTTC).

04

INFRASTRUCTURE

In order to attain the vision of becoming a fully integrated, internationally competitive regional economic community with high standards of living for all its people and ready to merge into an African 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.
COMESA infrastructure pillar revolves around three strategic 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 indicated areas during the period under review.

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.

Transport Projects

North-South Corridor

To promote inter-Regional Economic Community (REC) coordination in terms of joint planning, resource mobilization and program/project implementation COMESA, EAC and SADC agreed in October 2008 to establish the Tripartite Arrangement, which described the vision and regional objectives of its Southern and Eastern Africa Member States. One of the areas prioritized by the Tripartite was on infrastructure. The flagship program for the Infrastructure Sub-Committee was to roll-out the North-South Corridor (NSC) Aid for Trade Program.
The 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 ports of South Africa specifically the port of Durban. The Corridor system, with its spurs, services eight countries – Tanzania, DR Congo, Zambia, Malawi, Botswana, Zimbabwe, Mozambique, and South Africa.

The NSC Program aims to improve both the state of physical transport infrastructure (roads, rail, border-posts, ports) along the North-South Corridor, and the regulatory environment for trade and transport (i.e. by simplifying and reducing cross-border clearing procedures, harmonizing transit and transport regulations, and simplifying administrative requirements, etc.). It also supports regional energy sector projects within the corridor zone of influence, specifically power transmission interconnectors.
COMESA as a lead REC has been undertaking project preparation on the first critical links that were identified in 'Economic Benefits of an Efficient North-South Corridor' conducted by the University of Birmingham. To date, detailed engineering designs and drawings, environmental and social impact studies, economic evaluation, and tender documents have been finalised for the following links on NSC:

- 64km Pandamatenga – Nata (Botswana)

- 111km Palapye – Martins drift (Botswana)
- 234km Kamuzu International Airport Turn Off – Mzimba Turn Off (Malawi)
- 120km Bulawayo – Gwanda (Zimbabwe)
- 200km Gwanda - Beitbridge (Zimbabwe).

The total cost of preparing these load links came to USD 4,955,533 financed by the NEPAD Infrastructure Project Preparation Facility (IPPF), with technical support from the Member States, Africa Union Development Agency (AUDA-NEPAD) and the AfDB Regional Office in Pretoria.

LAPSSET Corridor

The LAMU Port - South Sudan – Ethiopia Transport (LAPSSET) Corridor was approved in 2012 as a Presidential Infrastructure Champion Initiative (PICI) under the AU with Kenya as the Champion. The main objective of the LAPSSET project is to create an economic zone across the Corridor States through trade promotion, transport linkage, alternative ways of accessing the sea and enhancing the regional integration. The project comprises of a Standard Gauge Railway (SGR) network as one of its components which will provide vital regional links between Kenya, Ethiopia and South Sudan. It will promote industrial growth and socio-economic development as a component of a broader spatial development initiative championed by the government of Kenya.

Under the project, interregional Standard Gauge Railway network will connect Lamu Port to Isiolo; Isiolo to Nakodok (Kenya/South Sudan border) and Juba (South Sudan); Isiolo to Moyale (Kenya/Ethiopia border) and Addis Ababa (Ethiopia); and Nairobi to Isiolo. Kenya and Ethiopia have signed a bilateral agreement on the development of the Railway. Preliminary Engineering and feasibility studies carried out on the project lines. The costs of construction of the LAPSSET Corridor Railway and procurement of rolling stocks are estimated at US$ 7,1billion.

Northern Corridor Standard Gauge Railway

The Northern Corridor SGR project was approved by the East African Community Secretariat. The Partner States for the project namely Uganda, Kenya, Rwanda and South Sudan have signed and ratified the SGR protocol for developing the railway connecting Mombasa to Kampala, Kigali and Juba. The agreement is that each country will develop railways within its territory.

The first 609km of Phase I of the standard gauge railway between Mombasa and Nairobi was completed in 2017 having commenced in 2013 and now operational. It was funded by the China Exim Bank and the Kenyan government. The 25-tonne axle load SGR railway line caters for both freight and passengers.

The project entered the second phase in 2018 linking Nairobi to the border town of Malaba between Kenya and Uganda. Phase II of the project has been broken into three sub-phases namely: Nairobi-Naivasha (120km), Naivasha-Kisumu (262km) and Kisumu-Malaba (107km). The section between Nairobi and Naivasha which is estimated to cost USD 1.5 billion is scheduled for completion by June 2019. Financing of the project is from the Government of Kenya and the China Export Import Bank. The whole project is estimated to cost USD 8 billion. The project will change the regional landscape forever and provide lasting socio-economic benefits. Immediate benefits to be realized will include employment creation and reduction of road congestion, transit and travel times and transportation costs.

In line with the East African Railway Master Plan, the SGR line will eventually link with Uganda, Rwanda, Burundi with a branch from Kampala to Nimule, a border with South Sudan. This new transport infrastructure will be a catalyst for regional integration through improved connectivity and reduced cost of doing business.
Establishment of Port Sudan Corridor

The COMESA Treaty accords great importance to trade facilitation through the Protocol on Transit Trade and Transit Facilities. Trade facilitation is therefore one of the priorities of the COMESA falling under the Market Integration Pillar. The corridor concept has improved the management of international traffic as it provides scope for harmonization of operating procedures, policy, skills, infrastructure and equipment, hence it directly supports regional integration. Establishment of corridor management institutions dedicated to the management of corridor activities provides the necessary focus required for corridor efficiency improvement and reducing the cost of doing business, hence improved regional competitiveness.

Corridor benefits to be realized in terms of improved transit times, cargo tracking and information dissemination, improved utilization of resources and an overall reduction in the cost of doing business will be enhanced through application of COMESA transit transport facilitation instruments which are very specific to regional needs. The Port Sudan Corridor is multimodal with a diverse stakeholder base; therefore, the management institution is expected to generate benefits to various stakeholders through its coordination and intervention efforts. The core activities of the Corridor Management Institution will include among others, facilitating removal of physical and non-physical barriers along the corridor and monitoring corridor performance

Pursuant to the 10th Meeting of COMESA Ministers of Infrastructure's decision of October 2017 to establish Port Sudan Corridor Authority endorsed by COMESA Council in July 2018, COMESA Secretariat mobilized resources under the 11th EDF to support establishment of the corridor comprising of Central Africa Republic, Chad, Ethiopia, South Sudan and Sudan.

i. *Consultations with Sudan*

Consultations with Sudan as the owner of Port Sudan and main transit country were held in October 2018. Consultative meetings were made with key national stakeholders including the Ministry of Transport, Roads and Bridges, Ministry of Trade, Sudan Ports Corporation, Sudan Customs and users of the corridor. Through the consultations, adequacy of port capacity was established, the roadmap and requirements for establishing the corridor was agreed to, including the hosting of the First Corridor Stakeholders Workshop involving all Corridor States in January 2019.

ii. *Corridor Strategic Plan*

The Port Sudan Corridor Strategic Plan and Financial Strategy were developed in 2018 with the involvement of all Corridor States. The Strategic Plan addresses infrastructure and economic profiles of Corridor States, corridor infrastructure status and gaps, performance review, stakeholder analysis and the corridor Work Program. The Strategic Plan was circulated to Corridor States for their inputs and validation at the First Stakeholders Workshop scheduled for January 2019 in Khartoum.

iii. *Financial Strategy*

The Financial Strategy addresses key funding and financial sustainability issues of the Corridor. It proposes funding sources and financial policy recommendations to ensure sustainability of the Corridor Management Institution. The Financial Strategy document was circulated to Corridor States for their inputs and validation at the First Stakeholders Workshop scheduled for January 2019 in Khartoum.

iv. *Draft Corridor Agreement*

The Draft Corridor Agreement providing the framework of cooperation among the Corridor States was prepared and circulated to Corridor States for their inputs and consideration at the First Stakeholders Workshop scheduled for January 2019 in Khartoum.

Eswatini Rail Link

The Eswatini Rail Link is a cross-border project between Eswatini, and South Africa based on the Inter-Governmental Memorandum of Understanding between the two countries and the Inter-Rail MoU between Transnet Freight Rail and Eswatini Railway signed in August and November 2012 respectively. The 146km new railway line link to be constructed at an estimated cost of USD1.34 billion will connect Lothair Junction in South Africa and Sidvokodvo Junction in Eswatini. The project is intended to create additional railway capacity between the two countries in order to support modal shift from road to rail, improve integration of over-border logistics between the two companies and promote economic development.

The Eswatini Rail Link project will have significant socio-economic benefits during the construction and operational phases with 3 400 and 2 700 construction-related jobs expected to be created in South Africa and Eswatini respectively. The long-term employment impact arising from train operations and maintenance extend to an estimated 500 jobs in South Africa and 300 in Eswatini.

A project team was established under the leadership of a joint steering committee that is co-chaired by the Chief Executives of Eswatini Railway and Transnet Freight Rail. The project has been prepared and packaged for funding purposes including through Public Private Partnerships (PPP). On the Eswatini side, households and graves have been relocated to pave way for the new railway line.

COMESA Seamless Upper Airspace Project

The main objective of COMESA Seamless Upper Airspace Project is to assist the COMESA region in implementing a seamless upper airspace and deployment of regional satellite-based air navigation technology in line with ICAO's requirements to migrate to satellite-based CNS/ATM systems which will improve operational efficiency, safety and cost effectiveness of aviation while mitigating the negative impact on the environment.

The African Development Bank (AfDB) provided a USD 9.6million grant to COMESA to undertake feasibility studies to evaluate the technical, financial, operational, legal and institutional options of implementing the project.

The project is undertaken in accordance with Article 87 of the COMESA Treaty which promotes the development, maintenance and co-ordination in common navigation and communication facilities for safe air and joint management of their airspace for the development of air transport in the Common Market in collaboration with other relevant international organisations.

The project deliverables are expected to 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 Oversight Regulatory Agency. Model Economic Regulations provide best practice examples which Member States can benchmark against when developing their own policies. This ensures convergence and harmonization of business practices.

a. *Studies on COMESA Seamless Upper Airspace Project*

The COMESA Seamless Upper Airspace Project had four study components as per AfDB Appraisal Report namely:

(i) Establishment of a Cooperative Legal and Institutional Regional Framework;
(ii) Establishment of a Regulatory Framework and Agency;
(iii) Assessment of the Technical and Financial Feasibility; and
(iv) Detailed Design and Transaction Advisory Services.

The studies on Establishment of a Cooperative Legal and Institutional Regional Framework, establishment of a Regulatory Framework and Agency and Assessment of the Technical and Financial Feasibility were successfully completed resulting in the draft Agreement establishing the Agency and Regulations. These were approved by the COMESA Ministers of Infrastructure in October 2017 and subsequently approved by Ministers of Justice and Attorneys General in May 2018 before submission to the 38th COMESA Council of Ministers in July 2018.

COMESA Council of Ministers referred the draft Agreement and Regulations to technical experts for further consideration following reservations from some Member States. Two meetings of Directors of Civil Aviation Authorities were held in October 2018 in Lusaka and in January 2019 in Cairo to discuss this specific important matter and see how to move the project forward. Another meeting was scheduled by end of 2019.

b. *Detailed Design and Transaction Advisory Services Study*

The Fourth Study on Detailed Design and Transaction Advisory Services was not undertaken as Member States did not envisage participation of the private sector in the implementation of the project. Instead, they preferred that the funds earmarked for the study be used to implement recommendations from the first three completed studies for the benefit of Member States.

c. *Capacity Building*

Member States benefited from three experts training workshops held in Khartoum, Sudan in July 2018. The training which was on Safety Management Systems, Flexible Use of Airspace (Civil-Military Cooperation) and Cost Benefit Analysis will assist in the management and development of the aviation sector in the respective Member States.

d. *Grant Disbursement Period*

The Grant Disbursement Period was extended to 30th June 2019 to facilitate setting up of the Agency and implementation of some of the recommendations from the three completed studies.

Establishment of a Navigational Line between Lake Victoria and the Mediterranean Sea

The Establishment of a Navigational Line between Lake Victoria and the Mediterranean Sea (VICMED) is a Presidential Infrastructure Champion Initiative (PICI) project championed by the President of Egypt. The objective of the AfDB funded project is to establish a navigational route along the Nile River from Lake Victoria to the Mediterranean Sea. The navigational route will form the backbone of the envisaged development corridor.

Strategic Objectives of the project are to achieve socio-economic integration and cohesion, sustainable integrated multimodal transport system, enhance trade and tourism, and reduce poverty among Nile basin footprint countries. COMESA Member States participating in the project are Burundi, DR Congo, Ethiopia, Egypt, Kenya, Rwanda, Sudan and Uganda. Non-COMESA countries participating in the project are South Sudan and Tanzania.

Expected benefits from this transformational project include deepening regional integration, employment creation, knowledge transfer, poverty reduction through improved household incomes, relatively cheaper and environmentally friendly transport mode, shorter and direct transport route between Western Europe and Eastern and Central Africa.

A major milestone for the project in 2018 was the completion and approval of Phase I of the Feasibility Study covering the Institutional and Legal Framework, and the Terms of Reference for the detailed Feasibility Study prepared by consultants. The bench-marking visit to Europe for capacity building purposes was cancelled due to logistical challenges that were against the AfDB Rules and Procedures.

The AfDB has extended the project disbursement period by six months from 30th December 2018 to 31st July 2019 to facilitate capacity building of the footprint countries, implementation of the proposed VICMED institutional setup under the umbrella of the Program for Infrastructure Development in Africa (PIDA) and mobilize resources to implement Phase 2 of the project feasibility study.

Energy Projects

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 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 a distance of 8,000km line stretching from Egypt through Sudan, South Sudan, Ethiopia, Kenya, Tanzania, Malawi, Mozambique, Zambia and Zimbabwe to South Africa to transport energy generated by the Great Millennium Renaissance Dam in Ethiopia. The corridor will connect the Eastern Africa and Southern Africa Power Pools (EAPP and SAPP).

The project is developed in phases: Kenya and Tanzania have undertaken the final preparation of the 400 KV Kenya (Isinya)–Tanzania (Arusha–Singida) Interconnection under the auspices of the Nile Basin Initiative /Nile Equatorial Lakes Subsidiary Action Program (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 19: Achievements of the North-South Power Transmission Corridor —Zambia-Tanzania-Kenya (ZTK) Transmission Interconnector

NO.	Title	Status	Countries
1	Zambia, Tanzania Kenya Power Interconnector (ZTK)	The project aims to interconnect the three countries but also will create a link between the SAPP and the EAPP, 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) A complementary market study, which was looking at the potential trading volumes and impact of the interconnection on the regional power systems, was concluded in 2016; (b) The feasibility study and Environment and Social Impact Assessment (ESIA) for the Mbeya (Tanzania) to Kabwe (Zambia) completed in November 2017; (c) The section from Isinya in Kenya to Arusha in Tanzania is under implementation; (d) In June 2018 the World Bank approved $450m financing for the Tanzania section of ZTK and other related works. (e) In Zambia, the first phase of the 330kV, 400km line from Pensulo to Kasama was commissioned in December 2015. (f) The Kabwe-Pensulo section (300km, 330KV single circuit) and the Kasama-Nakonde section are awaiting conclusion of financing arrangements from the Zambian Government.	
2	Ethiopia-Kenya Power Interconnection Project	This is a 500kv High Voltage Direct Current (HVDC), 1,045 km line, 612km on the Kenyan side and 433km on the Ethiopian side. Under Construction and expected to be completed in 2019	Ethiopia and Kenya
3	Uganda-Kenya Interconnector (260km)	Under Construction	Uganda and Kenya
4	Uganda-Rwanda, (172km)	Under construction	Uganda, Rwanda,
5	Rwanda –Burundi (143Km)	Under Engineering, Procurement and Construction contract (EPC)	Rwanda - Burundi
6	Rwanda-Burundi-DR Congo 371km	At various stages of implementation and expected to be completed in 2019. Birembo-Shango-Gisenyi-Kibuye overhead transmission lines Over Head Transmission Lines (OHTL) -86% • Bujumbura-Kamanyola OHTL - Tender document. Preparation • Goma-Buhandahanda – Engineering, Procurement and Construction procurement	Burundi, DR Congo and Rwanda

Power Generation

The most significant development in 2018 in power generation in the COMESA region was the commissioning of three power plants in Egypt with a combined generation capacity of d 14.4 gigawatt, which were inaugurated by the Egyptian president. The power plants were constructed by Germany's Siemens in the country's new capital, Beni Suef, and Burullus to produce a total capacity of 14.4 gigawatts, boosting Egypt's power generation by 50 percent. Egypt signed an 8 billion-euro ($9.3 billion) deal with Siemens in June 2015 for three combined-cycle power plants with a capacity of 4,800 megawatts each.

In renewable energy, Egypt commissioned the Gabal El-Zeit wind farm which has 300 wind turbines with an overall capacity of 580 megawatts. Uganda also commissioned a 20MW solar plant in its central region while Zambia launched the construction of the 57Megawatt solar power plant in Lusaka. Solar power plants have the lowest tariffs in the World, at around 7UScents/kWh.

Table 20: Selected Power Projects Recently Commissioned/Or Under Construction 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	Commissioned in 2018
Egypt	Gabal El-Zeit wind farm	580	-	Commissioned in 2018
Ethiopia	Gibe III	1,870	$US 1.8 billion	Commissioned in 2016
Ethiopia	Great Millennium Renaissance			
Dam	6000	$US 8 billion	Construction ongoing	
Zambia	Solar PV	57	7USc/kWh	To be commissioned in 2019
Zambia and Zimbabwe	Batoka Gorge	2400	$US 5 billion	Feasibility on-going
Burundi, DR Congo, Rwan-da	Ruzizi III Hydro	145	$US 450 million	Financial mobilization on-going
Kenya	Coal Power Plant at Kwasasi, Lamu County	985	$US 2 billion	Permitting processes ongoing
Zambia	Kafue Gorge Lower Hydro	750	$US 1.5 billion	Construction ongoing
DR Congo	Inga Hydro Phase 1	4200	$US 6 billion	Feasibility Study ongoing
Uganda	Solar PV	20MW	-	Commissioned in 2018

Information Communication & Technology

In the COMESA region like the rest of Africa, many countries have opened the ICT sector to competition in many segments. Opening markets has enabled private participation in the market which together with enabling technologies of mobile and the internet has fueled rapid uptake of ICT services in the region. COMESA Treaty, under Article 84 and 96, provides a collaboration framework between Member States. It requests inter alia the adoption of common policies in the provision of ICT services and the maintenance of inter-State infrastructure at a high standard for efficient inter-State traffic within the Common Market. The priority of COMESA is to increase access to the internet service through efficient utilization of installed and new inland infrastructure at national and regional level.

Information and Networking

Information and Networking program implements and maintains the Common Market ICT systems, infrastructure and support services. In 2018, the following were achieved:

a) Rolling out paperless meetings and carrying out upgrades of the platform and its process flows to support digital economic integration initiatives.

b) Prepared tender documents for a new containerized data Centre. The process is still on course.

c) Launched the second phase of implementing Skype for Business Video Conferencing to all Coordinating Ministries in Member States.

d) Prepared Terms of Reference for the development of the Electronic Certificate of Origin system

e) Developed the Informal Cross Border Trader's Data collection mobile Application for use by the Trade Information Desk Officers (TIDOs) at the Border posts in DR Congo, Uganda and Rwanda. The Application is available in English and French and plans are underway to translate it to Arabic. It is being piloted in the GLTFP project countries and subsequently rolled out to the other Members States.

f) Conducted the first Digital FTA workshop.

g) Operationalized the online Trade Portal

h) Completed the procurement process of equipment for the 50 Million African Women Speak Project to support implementation.

To improve ICT infrastructure connectivity, the following are the main projects under implementation:

COMTEL Project

COMTEL is a regional project which aims at establishing a regional ICT infrastructure connecting Member States. The COMTEL project is expected to bridge the gap in access to essential communication and information services in the region. This will inevitably unlock the potential of the digital economy for COMESA region. The COMTEL Project was initiated in accordance with the provisions of COMESA Treaty Chapter 11 Article 84, 96 and 97 "Cooperation in the Development of Transport and Communications." However, it is worth noting that the COMTEL Project which started in the late 90s has not been implemented mainly due to lack of a potential financiers and lack of cooperation from key stakeholders.

In this regard, the Secretariat carried out an assessment of the viability of the COMTEL project taking into consideration the emerging industrial trends.

The Assessment report established that from the beginning, it has been very difficult to incorporate the National Telecoms Operators (NTO) who are the key stakeholders. Further, other key stakeholders including banks have lost interest in the project because it has taken too long. The report however, established that due to the favorable enabling conditions brought about by market reforms in the ICT sector; there had been a tremendous increase in number of terrestrial installations and marine fiber-optic cables investments by both public and private entities. Thus, the infrastructure gap is quickly closing in the region in the form of fiber-optic backbones being developed in the Member States. The Assessment report concluded that COMESA Secretariat and Member States should concentrate on creating an enabling environment to promote optimal utilization of existing infrastructure and investment in missing links.

Missing Links and Infrastructure Sharing Study

To enable Cross-Border Investments in broadband communications infrastructure and services in the tripartite region, COMESA in conjunction with SADC and EAC are carrying out a study to identify the infrastructure gaps on ICT interconnectivity. The study includes an 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. Among the objectives of the study are: to define an optimal ICT optic fiber network architecture to realize full interconnectivity among tripartite Member States and the rest of the world and identify existing alternative fiber infrastructure currently deployed and its usage by telecom operators in the tripartite region (i.e. power grids, roads, railways, sewage, oil and gas pipelines).

The concept note and terms of reference to hire the consultants were developed. The study is expected to commence after the funding agency AFDB completes the funding modalities. The study is expected to take approximately six months.

Policy and Regulatory Harmonization

Transport Policies and Regulations

a. *EU Support to Air Transport Sector Development*

COMESA coordinated the formulation of the €8million Air Transport Sector Development Program to be supported by the EU under 11th European Development Fund (EDF 11). The program was jointly formulated by COMESA working with aviation experts from other concerned RECs (EAC, SADC, IGAD and IOC) in liaison with the European Union Delegation to Zambia. The program 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 liberalized air transport market in EA-SA-IO region is impeding development and growth of the air transport services in region resulting in higher transport costs and long travel times.

b. *Objectives of EU Support to Air Transport Sector Development Program*

The overall objective of the program 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 specific objectives are: to support activities for air transport market integration within the framework of the Single African Air Transport Market (SAATM) in line with the African Union Agenda 2063; enhancing the legal, policy and institutional frameworks and business environment through sector reforms to strengthen governance and management capacity of the aviation sector; and facilitating the provision of seamless operations in EA-SA-IO region to improve air navigation efficiency in a liberalized and integrated air transport market.

c. *Main activities*

In order to achieve the program objectives, several indicative activities have been identified under the various result areas summarized as follows:

i. *Operationalization of the Single African Air Transport Market:* Key activities include; facilitating the signing of the Solemn Commitment by those Member States who have not signed through sensitization workshops and awareness campaigns and develop regional institutional frameworks and instruments to further the implementation of Yamoussoukro Decision (YD).

ii. *Strengthened regulatory and institutional capacity of civil aviation institutions in the EA-SA-IO region:* Key activity, includes undertaking a baseline study to assess the current status of all the national air transport systems in the region including policies, regulations, technology and infrastructure.

iii. *Improved air navigation efficiency in the EA-SA-IO region:* Key activity includes facilitating implementation of International Civil Aviation Organization (ICAO) Standards and Recommended Practices (SARPs) and Procedures for Air Navigation Services (PANS) including ICAO Global Air Navigation Plan (GANP) in the EA-SA-IO region;

Tripartite Transport and Transit Facilitation

The Tripartite Transport and Transit Facilitation Program (TTTFP) is supported by the European Union under the EDF 11 with SADC as the lead Regional Economic Community. The overall strategic objective of the program is to facilitate the development of a more competitive, integrated and liberalised regional road transport market in the Eastern and Southern African region. It is designed to assist Member States to domesticate and implement the agreed harmonised regional road transport regulations, standards and systems in a coordinated and synchronised manner.

In 2018, Phase 2 of the program was under implementation. This involved among other activities, the establishment of the statutory basis for a harmonised regional legal framework and building institutional capacity in the Member States. In addition, the development and validation of enabling harmonised model laws and regulations, which will support the implementation of the Tripartite agreements, namely the Vehicle Load Management Agreement (VLMA) and the Multilateral Cross Border Road Transport Agreement (MCBRTA) were undertaken.

The following model laws were developed and validated by Member States: Vehicle Load Management; Road Traffic Act (Vehicle Quality and Driver Quality); Cross Border Road Transport; Transportation of Dangerous Goods and Road Traffic and Transport Transgressions. In addition, the Driving License Standards were adopted based on International Standards Organisation (ISO), while the harmonised text for minimum Southern Africa Development Community Cooperation in Standardization (SADCSTAN) have been developed and are undergoing the adoption process.

In 2018, Member States continued to apply for technical assistance to domesticate and implement the agreed harmonized regional road transport laws, regulations, standards and systems in a coordinated and systematic manner. Below are highlights of activities undertaken to establish the statutory framework for the TTTFP;

a) Regional Workshop on Driving Licences compliant with ISO Standards. As the TTTFP has adopted the ISO compliant driving licence, a regional meeting to appraise representatives responsible for issuance of driving licences from Member States was held in February 2018. This was a meeting of the ISO working group which among others illustrated various aspects of the ISO standards relating to card layout, security features, data integration as well as authentication of machine-readable content. Participants appreciated the standard requirements of the Tripartite compliant driving licence.

b) Baseline survey was conducted for Sudan. This was aimed at determining the status of Member State in compliance with the Tripartite requirements and to establish the gap that must be closed in providing technical assistance to Sudan.

c) National Sensitisation Workshops were held in Djibouti, Democratic Republic of Congo (DR Congo) and Zambia. The aim was to raise awareness regarding the TTTFP and to consolidate the technical assistance that will be offered to Member States to make them TTTFP compliant.

Energy Policies and Regulations

In May 2017, COMESA and the European Union signed an agreement for the implementation of the Euro 7 million Project on Enhancement of a Sustainable Regional Energy Market in Eastern Africa, Southern Africa and Indian Ocean (ESREM/ EA-SA-IO) region. The project is implemented by the Regional Association of Energy Regulators for Eastern and Southern Africa (RAERESA) with the objective of enhancing a sustainable regional energy market, conducive to investment and promotion of sustainable development.

To achieve the results of the project, several studies were planned and the process to engage consultants to undertake them commenced as follows:

a) Review of the current regional regulatory practices and frameworks, and the development of a framework for regulatory oversight of the regional market;

b) Review of institutional options, development of a transformation roadmap and initial strategic intents, and exploring budget and funding modalities for the transformation of Regional Association of Energy

c) Development of a synthesized renewable energy and energy efficiency strategy for the EA-SA-IO region and ensure that it is gender responsive.

Further, the following activities were carried out;

a) A study tour to the Economic Community of West African States (ECOWAS) Directorate of Energy, the West African Power Pool (WAPP), the ECOWAS Regional Electricity Regulatory Authority (ERERA), and the Independent Regulatory Authority (IRB) of the Eastern African Power Pool (EAPP) was conducted. The tour was intended to facilitate knowledge transfer and best practice on possible institutional options in transforming the RERA into a Regional Energy Regulatory Authority. The delegation comprised of members of RERA Executive Committee, SADC and Southern Africa Power Pool (SAPP).

b) A Training Needs Assessment (TNA) for Women in Energy (WIE) was conducted in-conjunction with the Regional Regulatory Associations (RRAs) in the EA-SA-IO region to establish the baseline and training programs required to be conducted. The implementation of the results of the TNA was scheduled in the subsequent implementation periods.

c) Study tour of five officials from Member Regulators drawn from EREA, RERA and IRB of EAPP to international best practices on energy regulation. The officials also attended short regulatory programs offered at the University of Cape Town, and the Florence School of Regulation in Italy.

d) Facilitation of peer reviews of the Energy Regulatory Authority of Sudan (under RAERESA) and the Botswana Energy Regulatory Authority (under RERA).

e) Development of a framework of collaboration (MOU) with the Collaborative Labelling and Appliance Standards Program (CLASP) to enable fast tracking of the development and implementation of regional energy efficient program and a regional labelling framework for the EA-SA-IO region. The MoU was signed.

ICT Policies and Regulations

COMESA has developed Model ICT Policies and bills for adoption by Member States. The model policy and regulative framework 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. COMESA is facilitating the implementation of these policies and regulatory instruments in respective Member States through workshops and trainings. This is in collaboration with Association of Regulators of Information and Communications Technology for Eastern and Southern Africa (ARICEA).

A majority of regulators in the region have domesticated policy guidelines and regulations developed by COMESA. However, harmonization of policies remains fragmented across the region thus hampering the realization of cost-effective access to ICT services in the region. More effort is required to further open other market segments and harmonize various regulatory instruments to achieve a unified digital market.

The Secretariat is undertaking the following programs to facilitate the process of policy and regulatory harmonization:

Enhancement of ICT Governance and Enabling Environment in EA-SA-IO Region – 11th EDF

The 11th EDF Regional indicative program (RIP) for Eastern Africa, Southern Africa and Indian Ocean (EA-SA-IO) is sponsored by the EU. Its overall objective is to support deepening of regional integration of the EA-SA-IO region by contributing to the growth of the ICT sector to strengthen trade, economic and social ties. The program's approved budget is Euros 8 Million.

Despite the region witnessing a rapid diffusion of ICT services subscriptions in the last two decades, the region faces many challenges, majority of which stem from fragmentation, and non-implementation of effective regional policy and regulatory frameworks to promote competitive markets resulting in the following undesirable outcomes;

(i) Limited network coverage and low access to ICT services especially in rural areas;

(ii) General high cost of ICT services in terms of usage and initial subscriptions; and

(iii) Low intra-regional internet traffic and inefficient utilization of networks.

To address the challenges, the ICT RIP supports the achievement of the following key objectives:

(a) Creation of a regional cooperating framework and mechanism to coordinate the strategic partnership among stakeholders;

(b) Development, strengthening and harmonization of ICT policies, planning capacity and regulatory frameworks to provide an enabling environment for competitive markets and sustainable development; and

(c) Development, strengthening and harmonization of policies and regulatory frameworks promoting investments and improved international Infrastructure connectivity.

In 2018, experts from COMESA, EAC, SADC, IGAD and IO convened in Lusaka and formulated a full funding proposal Action document outlining the following;

(a) A brief baseline report on the status of the ICT sector in the region on harmonization of policy and regulation and analysis of key problems/issues as well as opportunities faced by regional and national authorities in establishment of a regional competitive market;

(b) Financial structure of the project and all main cost categories at the input level corresponding to all outcomes and outputs and budget; and

(c) Implementation arrangement, including the procurement plan, procedures and principles the project will adhere to, in accordance with the required rules and regulations.

The Action Document was in final review stage before submission for approval. Signing of Agreement and funding is expected in the third quarter of 2019.

Association of Regulators of Information and Communications (ARICEA) Secretariat and Regional Cybersecurity Centre

Efforts continued towards the establishment of the Secretariat of the Association of Regulators of Information and Communications (ARICEA) to be hosted in Rwanda. Additionally, work was ongoing to establish a Regional Cybersecurity Centre to act as a resource centre for capacity building and exchange of information to enhance capacity, readiness, skill and knowledge in the region.

05

CROSS CUTTING ISSUES

Gender and Social Affairs

The COMESA Treaty in Articles 110, 143, 154 and 155 highlight the significance of the cooperation of Member States on health, social and cultural matters; addressing gender inequalities for the advancement of women and to ensure inclusive and sustainable development. In addition, the COMESA work on gender and social affairs is anchored on the Continental Agenda 2063 and Global Agenda 2030 for sustainable development which call on all countries to undertake measures to achieve gender equality and empowerment of all women and girls in all spheres.

COMESA policy and program frameworks on gender, youth and social affairs exist to guide Member States on the measures that should be in place and implemented to strengthen inclusive, socio-economic and sustainable development in the region.
Guided by the COMESA Gender Policy and the 2016-2020 MSTP, Social Charter, Health Framework and Youth Programs, the Secretariat implemented various interventions in 2018 focusing on the following: strengthening gender mainstreaming, and the 50 million African Women Speak Project, operationalization of the COMESA Youth Program and signing of the Social Charter.

Strengthening Gender Mainstreaming

Support to the Small-Scale Cross Border Trade Program

Women are the majority of traders in Small-Scale Cross Border Trade (SSCBT) and experience various forms of gender-related challenges compared to those in the large-scale cross border trade. To mitigate challenges, COMESA, with support from the World Bank developed six Training of Trainers Manuals. They also conducted training workshops for traders, border officials and other service providers in DR Congo, Rwanda and Uganda under the Great Lakes Trade Facilitation Project (GLTFP). The training focused on the COMESA Simplified Trade Regime (STR), Minimum Standards for the Treatment of SSCBT (Traders Charter), gender concerns at borders, customer management and prevention/ management of gender-based violence.

Further, the COMESA advocated for the inclusion of SSCBT initiatives in the EU supported trade facilitation program under the EDF11. These efforts resulted in a stand-alone project on SSCBT. The project focuses on construction of gender sensitive border infrastructure, strengthening associations and cooperatives for cross border traders, implementation the STR and Traders Charter, addressing harassment against traders, and generated gender disaggregated data on SSCBT.

Strengthening Availability of Gender Statistics

In 2018, the program in collaboration with the Statistics Unit developed gender sensitive data collection tools and analysis mechanisms and conducted training for data collectors at the Zambia Kasumbalesa Border. The training enabled them to produce gender disaggregated data on small scale cross border trade. In addition, the project developed data collection tools for gender profiling at borders pointes. The tools will be used to train more data collectors from other borders implementing the COMESA SSCBT projects.

Capacity Building and Empowerment of Women

On capacity building, COMESA continued to expand the resource base by developing various gender planning tools and training materials including: Comprehensive Framework for the Support of Women and Youth Cross Border Traders; Manual on COMESA Trade and Gender Online Course; and Gender Planning Guidelines; Checklists and Indicators to which four Member States (DR Congo, Kenya, Rwanda and Uganda) contributed. In addition, the UNCTAD/COMESA Training Module on Trade and Gender was translated to French in readiness for the second edition of the eight weeks on-line course to be conducted in English and French in 2019. The development of the on-line course and the comprehensive framework for the support of women and youth cross border traders was supported by the EU through the ACP TradeCom Program.

Popularization of COMESA Policies and Programs on Gender and Social Affairs

In 2018, COMESA continued to promote the implementation of the Gender Policy, HIV and AIDS Policy, Health Framework, Youth Program, and the need for Member States to submit annual reports based on the COMESA Gender Reporting Guidelines. Over 500 stakeholders in Comoros, DR Congo, Djibouti, Ethiopia, Eswatini, Madagascar, Malawi, Mauritius, Seychelles, Sudan, Zambia, and Zimbabwe were sensitized. Participants were drawn from government ministries, private institutions, including representatives of financial institutions, chambers of commerce, FEMCOM Chapters, women's organizations, and media groups.

Introduction of the 50 Million African Women Speak Project (50MAWS) in Member States

The 50 Million African Women Speak Project (50MAWS) is a digital networking platform to enable women access financial and non-financial information including sharing of experiences, mentorship, and access to markets among others. The project is supported by the African Development Bank (AfDB) and implemented in partnership with EAC and ECOWAS in 38 countries in the three Regional Economic Communities.

The following was accomplished in 2018:

(i) Procurement, design and installation of the ICT infrastructure to operate the 50MAWS digital platform;

(ii) conducted the first meeting of the Project Steering Committee in Dakar, Senegal in December 2018;

(iii) Introduced the 50MAWS Project to stakeholders in 12 Member States to ensure country buy-in especially from high-level officials of the public and private sectors. These were: Comoros, Djibouti, DR Congo, Eswatini, Ethiopia, Madagascar, Malawi, Mauritius, Seychelles, Sudan, Zambia, and Zimbabwe.

(iv) Establishment of project country teams in the 12 Member States to conduct outreach and support content management. Country Teams were formed from stakeholders comprised of public and private sectors and women focused civil society groups. The following table highlights the composition of the project country teams in the Member States.

Table 21: Members of the Country Teams[11] for 50MWSP in 14 Member States

Country	Lead Institution that houses the project	Country Team Members
Comoros	Gender Promotion Commission	• **Public Sector:** Commission for Gender, Ministry of Youth, Employment, Labour, Training and Professional Integration, Sports, Arts and Culture, Ministry of Economy • **Private Sector:** Chamber of Commerce, FEMCOM Chapter • **CSOs;** Network of Women & Development Association, Youth Entrepreneurs Association, Women in Media Group
Djibouti	Ministry of Economy, Finance and Industry, responsible for Trade, SMEs, Crafts, Tourism and Formalization	The list of the members of the Country Team is yet to be submitted to the Secretariat by the Member State.
DR Congo	Ministry of Gender	• **Public Sector :** Ministère des Affaires étrangères et Intégration régionale, Ministère du Commerce ; Ministère de l'Agriculture ; • **Private Sector:** New National Chamber of Commerce DR Congo; FENAPEC (National federation of SMEs in Congo); AFEECO (Association of Women Entrepreneurs): • **CSOs :** Comité national Femme et Développement –CONAFED ; Cadre permanent de concertation de la femme congolaise –CAFCO ; AFIA MAMA(AMA) ; • **Financial Institutions:** FINCA; Afriland First Bank CD
Eswatini	Deputy Prime Minister's Office: Gender Department	• **Public Sector:** DPM - Gender (b) Ministry of Commerce Industry and Trade • **Private sector:** Federation of Eswatini Business Community (b) Federation of Eswatini Employers and Chamber of Commerce (BWAS) (c) Association of the Eswatini Business Community Commercial Amadoda • **CSOs;** (a) FEMCOM Chapter, Coordinating Assembly of Non-Governmental Organization (CANGO) • **Others:** Centre for Financial Inclusion, European Union and United Nations Family
Ethiopia	Ministry of Women & Children Affairs	• Public Sector: Ministry of Women & Children; Ministry of Trade • Private Sector: Ethiopian Chamber of Commerce, Ethiopian women Entrepreneurs Association • CSOs: Centre for Accelerated Women's Economic Empowerment, New Millennium Hope Development organization

11 Egypt, Eritrea, Libya Somalia and Tunisia are not in the table because the project has not yet been introduced in these countries.

Madagascar	Ministry of the Population, the Social Protection and the Promotion of Women	• **Public Sector :** Ministère des Affaires étrangères ; Ministère du Commerce et de l'industrie ; • **Private Sector :** FCCIM --Fédération des chambres de commerce et d'industrie de Madagascar (Federation of Commerce and Industry of Madagascar) ; AROMANIA --Arômes de la Mania ; APB --Association professionnelle des banques (Professional Association of Banks) ; APIMF --Association professionnelle des institutions de microfinance (Professional Association of Microfinance Institutions) • **CSOs**: CNFM --Conseil national des femmes de Madagascar (National Council of Women of Madagascar); FVTM --Fikambanan'ny Vehivavy Tantsaha Madagasikara (Female Farming Association of Madagascar)
Malawi	Ministry of Gender	• **Public Sector:** Ministry of Trade • **Private Sector:** PRIVATE Women Investment Cooperation (SMEA) • **CSOs:** WOMEN ASSOCIATIONS (NABW, ABWNET), LOCAL NGOs (GCN, NASFAM) • **Others:** UN Women, Care Malawi
Mauritius	Ministry of Gender Equality, Child Development and Family Welfare.	• **Public Sector:** Ministry of Foreign Affairs & International Cooperation, Ministry of Business Enterprise, Ministry of Defense and Rodrigues, Ministry of Local government, Ministry of ICT & Innovation and Economic Development Board • **Private Sector:** Mauritius Chamber of Commerce ii) Mauritius Business Enterprise iii) Business Women's Association of Mauritius; Banks and other Private institutions; • **CSO/Women Associations :** AMFCE (Association Mauricienne Femmes Chefs d'Entreprise), EFOI Mauritius and WIN Mauritius
Seychelles	Ministry of Family Affairs	• **Public sector:** Ministry of Family Affairs, Foreign Affairs, Entrepreneurship and Ministry of Youth Leadership and Empowerment • **Private Sector:** Association of Chamber of Commerce and Industry • **CSOs**: Citizens Engagement Platform (Social and Economic Commission); and • **Others**: Gender Commission

Sudan	Ministry of Welfare and Social Security	• **Public Sector:** Ministry of Security and Social Development; Ministry of Trade; Ministry of Industry; Ministry of Investment; Ministry of Agriculture; Supreme Council for Youth and Sports; Central Statistical Organization • **Private sector:** Sudanese Confederation of Employers; FEMCOM; Central Bank of Sudan; Savings & Social Development Bank; Omdurman National Bank - Khadiga bent Khowailed branch; Al Baraka Bank – Alzaharaa branch; Al Amal Women's Foundation; Foundation for Microfinance. • **CSOs:** Sudanese Women General Union; Hawaa Organization; UNESCO Chair for Women, Science and Technology; National Union of Sudanese Youth; Organization of righteousness and communication; Sanad Charity Foundation; Labena Foundation; Voluntary Women in Business Organization; Al Rahma Organization for Development and Humanitarian Aid; World Peace and Development Organization; Organization for Combating Harmful Habits of Mother and Child Health; African Charity Association for Motherhood and Childhood
Zambia	Ministry of Trade, Commerce and Industry	• **Public Sector:** Ministry of Commerce, Trade and Industry; Ministry of Gender • **Private Sector:** Chamber of Commerce • **CSOs:** ZAFWIB (FEMCOM) • **Others**: Smart Zambia; Zambia Cooperative Federation;
Zimbabwe	Ministry of Gender	• **Public Sector:** Ministry of ICT, Ministry of Trade • **Private Sector:** ZNCC Women Desk/Zimtrade; Financial services-Bankers Association of Zimbabwe, Micro finance Association of Zimbabwe, IPEC, • **CSOS:** Women's associations/Organizations, FEMCOM, Women's Coalition, Local NGOs, National Association of NGOs (NANGO), Zimbabwe Women Resource Centre Network • **Others:** International NGOs, UN-Women

Youth Program

As part of the operationalization of the COMESA Youth Program COMESA, Swiss Development Cooperation (SDC) and the African Union Governance Architecture (AU/AGA) designed a three-year US$ 600,000 joint project on Youth Engagement in Democratic Governance and Socio-Economic Development Processes in Africa. The project will support the recruitment of an officer to manage youth programming in COMESA for the three years of the project's life. Implementation of the project is expected to commence in the second quarter of 2019 after the signing of the contract.

In addition, The Youth Internship and Volunteer Program was developed with the support of the United Nations Volunteer Program (UNV) and approved by the Council of Ministers to assist in the implementation of the youth employability component of the overall COMESA Youth Program.

COMESA Social Charter

During the year under review, sensitization missions were conducted in Burundi and Seychelles on the need to sign the COMESA Social Charter. As a result, Seychelles signed the Charter bringing the number signatories to the Charter to four, including Mauritius, Malawi and Madagascar. The Charter was adopted by the Council of Ministers in March 2015 in Addis Ababa, Ethiopia. Since 2015, the Secretariat has undertaken sensitization missions to the following Member States: Burundi, Comoros, DR Congo, Djibouti, Eswatini, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles and Zambia. The signing of the Charter is a standing agenda in every COMESA Summit, hence Member States that have not yet signed have an opportunity to do so.

COMESA Brussels Liaison Office

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

In 2018, the COMESA BLO focused its efforts on three areas namely: resource mobilization, support to development cooperation and regional integration and multilateral trade issues. The office was involved in the 11th EDF programming and contributed in the drafting of documentation for the Project's identification and action documents submitted to the European Commission for consideration and approval. In addition, the COMESA BLO provided a link with the EU HQ, International Cooperation and Development and European External Action Service (DEVCO and EEAS) for follow-ups on the discussions and providing complementary information.

Identification and mobilization of resources was conducted for the following projects/programs:

- (i) COMESA-Capacity Building Project (€2.4 million);
- (ii) The CBC Project submitted to TradeCom; and
- (iii) Two trade projects implemented with support of TradeCom II.

A total of € 2.8 million was mobilized, as extra resources, for the above projects through intra-ACP resources.

As a regional focal point for the ACP East Africa Region, COMESA has identified five priority areas in which more than 15 projects (from private sector regional bodies and national chamber of commerce) have been identified and submitted to ACP Business PMU for consideration of support since 2017. The ACP Light Structure for PSD together with the beneficiary bodies are working on the action documents to be finalized and submitted for funding from that intra-ACP program. ACP East Africa Region comprises of select COMESA-EAC-IGAD and IOC Member States.

Other issues followed up included: the ESA-EPA regional negotiations, implementation of the ESA-iEPA in concerned Member States by following up with the EU and the ESA-EPA region on contentious issues; updating Ambassadors of

COMESA Member States in Brussels negotiating under the ESA-EPA umbrella on the state of play of the negotiations; issues relating 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, various consultative meetings were organized with other RECs represented in Brussels. Common issues of interest discussed included; development cooperation, trade, infrastructure, peace and security, the ACP-EU future relations beyond 2020, as well as on the implementation of the Joint EU-Africa Strategy.

Corporate Communications

Under Corporate Communications, COMESA Secretariat carried out activities aimed at creating mutual understanding between the organization and its wide range of stakeholders at the national, regional and global level. Various techniques were applied including media relations, publishing, public relations, new media, direct stakeholders' engagement and outreach activities to raise awareness on regional integration programs and their impact.

Implementation of Communication Strategies

Communication and visibility strategies for the following COMESA institutions, projects and agencies were developed/implemented:

(i) Enhancement of a Sustainable Energy Market in Eastern Africa, Southern Africa and the Indian Ocean (ESREM-EA-SA-IO),
(ii) Great Lakes Trade Facilitation Project
(iii) COMESA Court of Justice
(iv) Maritime Security (MASE) Project
(v) 50 Million African Women Speak Project

Media Relations

(i) *Strategic partnerships* - Strategic partnerships were maintained with the media focusing on the national and regional level to broaden the outreach for COMESA news and information to the beneficiaries of COMESA programs. Partnerships were made with several print and electronic media including the Times of Zambia, the Herald Newspaper in Zimbabwe, which published feature articles on COMESA programs. National broadcasters such as the Zambia National Broadcasting Corporation, Malawi Broadcasting Corporation, RTNB Burundi, On Air Television in Egypt were among those that produced and aired documentaries on COMESA Regional integration programs. Regional media continued to publish/broadcast COMESA news shared with them in the form of press releases, questions and answers, opinions and editorials. Additionally, success stories were published in partnership with global publications and online editions including the European Seed and the Diplomatist.

(ii) *COMESA Media Awards 2018* - The objective of the COMESA Media Awards Scheme is to promote reporting of COMESA regional integration activities and recognize journalists whose works contribute to the integration agenda. In 2018, a total of 99 entries were received from Burundi, DR Congo, Egypt, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Sudan, Uganda, Zambia and Zimbabwe. The winners were as follows:
   - Ms. Mona Sewilam - Egypt;
   - Ms. Sarah Natoolo - Uganda;
   - Mr. Prosper Ndhlovu - Zimbabwe and
   - Ms Esther Mseteka - Zambia.

(iii) *COMESA Media Network* - An active network of business reporters from 15 Member States was maintained to facilitate sharing of news and information on COMESA regional integration programs, receive news alerts, send questions for preparing articles and share published content relating to COMESA and its institutions.

Production of Publications

Information, Education and Communication (IEC) materials ranging from newsletters, technical booklets, brochures, factsheets, and related publications were produced in both soft and hard copies in the three COMESA languages. The hard copies were distributed during conferences, meetings, trade fairs, and expos, workshops, school visits, and to walk-in stakeholders. Soft copy documents were uploaded on the COMESA website for easy access. Publications included reports and bulletins for trade, investment, statistics and maritime security. Other publications were: The 2016/2017 COMESA Biennial Report, COMESA Gazette, Summit Bulletins, REARESA Strategic Plan, The Evolution: From PTA to COMESA among others.

Visibility and Outreach

COMESA's Communication Strategy identifies trade fairs and expos as part of its outreach techniques to enhance access to information and knowledge sharing. In 2018, COMESA participated in the following international expos by setting up information resource desks to disseminate information and engage directly with stakeholders; The Intra-Africa Trade Fair (Egypt), The First Global Blue Economy Conference (Kenya), Ndola International Trade Fair (Zambia) and the Nairobi International Trade Fair (Kenya). A total of 2,000 calendars and 1,500 diaries for the year 2019 were produced and shared with stakeholders in Member States.

COMESA News

A total of 174 news articles covering different programs on COMESA were produced and used in COMESA publications, website and on various media outlets in the region mainly newspapers and online sites. An active online presence of COMESA activities was maintained on the website, Twitter and Facebook. News, information, images and videos were shared on these platforms to reach a wide spectrum of information seekers. These platforms served as sources of news for journalists and media organizations.

Production of Documentaries and News Videos

Six documentaries and 31 short video news clips were produced and disseminated through national broadcasting stations and online platforms such as YouTube, Facebook and the COMESA website. The documentaries were;

- Malawi Enterprise Productivity Enhancement (MEPE) Project Documentary
- Trade facilitation – One Stop Boarder Post Concept at Chirundu Border
- Leather and Textile Incubation in Malawi
- The Fruit fly documentary in Zimbabwe
- Pre-summit documentary for Burundi
- Launch of Mwami SSCBT initiative COMESA Trains Trade Information Officers
- COMESA Launch GLTFP Website
- COMESA Court of Justice Rules on Malawi Mobile Case
- COMESA Court of Justice Publicity Seminar in Zambia
- Double Win for Malawi as Leather and Textile Projects are launched
- RERA/RAERESA Mini Documentary
- COMESA Launch Green Pass and Fish Inspection Centre

Community Relations

As part of its Corporate Social Responsibility, COMESA hosted different schools on educational visits. The pupils learnt about the history of COMESA and the current status of various programs on regional integration. The schools that visited COMESA Secretariat included; Lukamantano School of Chilanga (South of Lusaka), St. Josephs Secondary School of Southern province and Chitimukulu School of Lusaka.

Governance, Peace and Security

The Governance, Peace and Security Program draws its mandate from Article 3(d) of the COMESA Treaty, "to cooperate in the promotion of peace, security and stability among Member States in order to enhance economic development in the region". This has been accomplished through programs in conflict prevention, consolidation of democracy, post conflict reconstruction and maritime security.

a. *Conflict prevention:* The program mobilized extra-budgetary resources to hasten the implementation of COMESA Early Warning System (COMWARN) as directed by the 15th Meeting of the Ministers of Foreign Affairs, in Antananarivo in October 2016. The Ministers called on the Secretariat and Member States to hold national multi-sector consultative forums to discuss and disseminate the country-specific Structural Vulnerability Assessments (SVA) and identify the necessary responses. This decision was made in the light of the SVA reports that cut across sectors. Most common SVA drivers for the COMESA region that are forecasted to affect the peace and prosperity dynamics include the perception of corruption, school enrolment, life expectancy, electoral processes, health expenditure and the dependency of youth on the working populations. In 2018, SVA reports were disseminated to three countries, namely; Zambia, Zimbabwe and Madagascar through multi-stakeholders' consultations during the last quarter of the year.

b. *Election Observation:* A key factor affecting the peace and conflict dynamics in the region has been issues related to the democratization process. In this regard, COMESA supported the Member States to consolidate democracy through election observation. These were conducted in Egypt and Zimbabwe in March and July 2018 respectively. Pre-elections assessment missions were also undertaken prior to the general elections. The pre-elections assessment missions were headed by members of the COMESA Committee of Elders and provided recommendations to the Electoral Bodies as well as to the Government. To consolidate democracy and support peaceful referendum in Comoros, COMESA deployed a joint fact-finding mission July 2018. Comoros held a peaceful referendum on 30th July 2018.

c. *Post conflict reconstruction strategy:* COMESA continued to implement its Trading for Peace Program, which uses trade as a mechanism to consolidate peace and security in the Great Lakes region. The program built on its previous work that constructed Trade Information Desks in 16 border posts in the region. in 2018, the program directed its capacity building program at the Gatumba-Kavimvira border between Burundi and DR Congo; Bugamara-Kamanyola border between Rwanda and DR Congo and the Ishasha border between Uganda and DR Congo. Although the focus was training on minimum standards for the treatment of small-scale traders, the participants used the opportunity to identify and address bottlenecks. The consultations resulted in commitments for the establishment of a platform to resolve the issues identified during the workshop.

   Maritime Security Program (MASE): COMESA action focused on anti-money laundering programs with efforts directed at mitigating disruptions in the financial sector of Member States through the MASE Program. Among other interventions, COMESA strengthened the Financial Intelligence Units (FIUs) of Member States through provision of equipment and software as well as training. Equipment worth over US$ 100,000 mobilized from the European Union was provided to the Djibouti FIU in 2018. Similar equipment for Comoros will be supplied following construction of the FIU in an independent premise. Further, Kenya and Mauritius FIUs benefited from provision of analytical software thus enhancing their skills in analysis. Given that these crimes are transnational and organized in nature, the program has been supporting information sharing both domestically and internationally. For example, Madagascar benefited from the installation and creation of a Centralized Numeric Platform for use by its Anti-Money Laundering/ Combatting Financing of Terrorism (AML/CFT) stakeholders.

Additionally, COMESA supported FIUs that do not belong to the Egmont Group of FIUs make progress toward attaining Egmont standards. The FIUs of Ethiopia and Madagascar have been receiving this support and it is anticipated that Ethiopia will be admitted during the next Egmont Plenary. COMESA facilitated the sponsoring FIUS to make onsite missions to assist Ethiopia in its application as well as assistance to address its deficiencies.

In 2018 Seychelles received support to complete mutual evaluation exercises. These assess the compliance of a country's AML/CFT laws, procedures and processes vis-a-vis international standards and thus lead to the improvement of these laws. Further, COMESA assisted in the development of guidelines for sectors where the law is not clear. This was done for Tanzania's Designated Non-Financial Businesses and Professions (DNFBPs).

COMESA Aid for Trade

COMESA 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 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 Program funded by the EU under the 9th and 10th European Development Fund (EDF) providing over €111 million in financial support. The objective of the adjustment facility is to improve the implementation of regional commitments and programs at national level through financial support to Member States.

Activities for 2018 focused on strengthening the frameworks for regional integration programs and projects at the national level and ensuring effective disbursement or full commitment of approved RISM resources to Member States. The major focus of 2018 was ensuring that all 12 projects implemented with funding under the 9th EDF were completed by 31st December 2018. Details of the progress made in implementing the work plans are highlighted in the table below.

Table 22: Implementation Progress of CAF Funded Projects

Intervention Area	Work Plan Expected Results	Action taken/ Status	Source of Funding
Aid for Trade	Regional integration programs at national level completed	• Revised assessment report following the extension of the 8th Call for Submissions • Updated the RISM interim progress report highlighting progress made by countries in implementing their regional commitments. This will feed into the Final RISM narrative report to be finalized in 2019/2020 • Implementation of all 12 projects under 9th EDF ended by 31st December 2018 and closure activities commenced and are at various stages • Seven (7) new projects for Burundi (x2), DR Congo, Eswatini, Madagascar, Sudan and Zambia were finalized and signed • 2 new PIUs for Burundi and Madagascar set up while recruitment of new staff for 4 existing PIUs was also undertaken • Technical support missions to all the project support countries were undertaken to help build capacities for project setup, management, procurement and EDF procedures	RISM
	Adjustment Support Provided to Member States	• The RISM Management Committee (RMC) approved an additional €2.4 million to Eswatini, Madagascar and Zambia under the 8th Call • A total of €8,257,805 was disbursed to Member States in 2018	RISM
	Program effectively managed and coordinated	• Continuous collaboration with other COMESA divisions and Institutions in the implementation of the program • Regular meetings held by the RISM Grant Management Task Team on progress and other matters arising that need attention of the respective members • Engagement with other international organizations such as UNCTAD, International Trade Centre (ITC) • Continuous engagement with Member States through the coordinating Ministries, focal points and the project steering committees	RISM

Support to Member States

The CAF-RISM program has supported a total of 16 Member States between the years 2008 to 2018. With the extension of the 8th Call for Submissions to 30th June 2018, the RISM Management Committee (RMC) is in the process of approving an additional €2.4 million to Eswatini, Madagascar and Zambia bringing the total approved funds under the program to € 98,979,622. A total of € 8,257,805 was disbursed in 2018 which brings the total funds disbursed to Member States to €86,715,032 as shown in the table below.

Table 23 **Total Funds Support to Member States Under EDF 9 and EDF 10**

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	15,270,883	272,938	439,384	219,692	219,692	15,983,205	15,490,575	492,630
COMOROS	1,692,553	1,677,905	14,648	1,515,782	598,321	917,461	3,208,335	2,276,227	932,109
DJIBOUTI	692,557	689,446	3,111	-	-	-	692,557	689,446	3,111
DR CONGO	1,372,168	1,372,168	-	1,100,877	410,247	690,630	2,473,045	1,782,415	690,630
ESWATINI	1,832,801	1,832,801	-	1,185,899	331,246	854,653	3,018,701	2,164,047	854,653
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	-	5,101,633	5,101,633	-	11,220,854	11,220,854	-
MADAGASCAR	1,002,981	1,002,981	-	1,338,795	-	1,338,795	2,341,776	1,002,981	1,338,795
MALAWI	1,498,200	1,498,200	-	1,408,109	487,342	920,767	2,906,309	1,985,542	920,767
MAURITIUS	2,875,633	2,875,633	-	2,509,934	2,509,934	-	5,385,567	5,385,567	-
RWANDA	25,443,821	25,443,821	-	1,271,999	1,271,999	-	26,715,820	26,715,820	-
SEYCHELLES	2,128,505	2,128,505	-	567,045	567,045	-	2,695,550	2,695,550	-
SUDAN	1,249,922	1,249,922	-	2,201,700	-	2,201,700	3,451,622	1,249,922	2,201,700
UGANDA	2,825,879	2,825,879	-	2,766,945	356,100	2,410,845	5,592,824	3,181,979	2,410,845
ZAMBIA	3,747,380	3,724,796	22,584	2,105,529	696,342	1,409,187	5,852,909	4,421,138	1,431,771
ZIMBABWE	4,234,308	4,142,359	91,949	895,630	-	895,630	5,129,938	4,142,359	987,579
TOTAL	**73,403,842**	**72,998,612**	**405,230**	**25,575,780**	13,716,720	**11,859,360**	**98,979,622**	**86,715,032**	**12,264,590**

In terms of project implementation, 12 projects have been implemented by 11 Member States under the 9th EDF RISM program. Implementation of these projects ended on 31st December 2018 and all the projects are in closure phase. Final external audits for nine projects whose implementation ended by 30th June 2018 have been undertaken while audits for two projects (Burundi and Sudan) have been initiated as the project implementation ended on 31st December 2018. The external audits have so far highlighted some ineligible costs under the projects, which must be recovered from affected countries.

Project implementation under the 10th EDF program is still ongoing with an implementation deadline of 24th November 2019. A total of ten project countries have funding under the 10th EDF with five countries yet to finalize their project documents as at 31st December 2018. Member States are expected to expedite formulation and implementation of projects given the tight deadline for implementation. Secretariat provided continuous technical support to all the countries for project formulation, implementation and closure. This has helped fast-track implementation of projects and build capacities of the Project Implementation Units (PIUs).

All projects implemented under RISM are in line with the COMESA Treaty and its related policies such as the COMESA Industrialization Policy and SME Strategy, CAADP and FEMCOM regional strategies. Cross-cutting objectives such as gender and statistics have been mainstreamed in the projects. For example, the Trade Hub and leather value chain project for Eswatini is consistent with the COMESA gender strategy to ensure equitable participation and benefits of women and men. Projects by Madagascar, Sudan, Uganda, Zambia and Zimbabwe include activities on the implementation of various statistical clusters.

The support in these areas has had an underlying objective of improving the private sector participation in regional and international trade by improving the productive capacities and the competitiveness of products as well as market access of goods. It has also helped improve the private sectors' awareness of the regional opportunities available. In order to assess the actual impact and results attained through the projects at the national level, country specific evaluations will be undertaken in 2019. This will culminate into a regional workshop which will allow sharing of experiences across the countries.

06

COMESA INSTITUTIONS

Trade and Development Bank

Primed to be a world-class development finance institution, the Trade & Development Bank (TDB) advances socio-economic development and regional integration across its Member States by financing and fostering trade. The Bank is similar in structure to the African Development Bank (AfDB), African Export-Import Bank (AFREXIM), and East African Development Bank (EADB), and is a treaty-based financial institution with African and non-African shareholders. TDB's Strategic Goal is to be a sound financial intermediary of global and regional capital into the region, and the Bank intends to achieve this goal by supplementing activities of Member State national development agencies, and by cooperating with other public and private sector (national and) international institutions interested in socio-economic development.

The Bank is keen to sustainably and effectively extend development capital and specialist financial services to qualifying entities, and as per TDB's Charter, membership is composed of, or open to Member States (or their Designated Institutions); African Institutions; other African or non-African States (or their Designated Institutions), and any African/non-African Public/Private Institution, or Corporate Body. As illustrated in Table 23, the Bank's shareholder base is comprised of sovereigns and institutional shareholders.

Table 24: TDB's Shareholding

AFRICAN SOVEREIGNS | MEMBER STATES			
County/Institution	**%**	**Country/Institution**	**%**
Burundi	1.53		
Comoros	0.16		
Djibouti	0.36		
Democratic Republic of Congo	5.34		
Egypt	6.63		
Eritrea	0.15		
Eswatini	0.25		
Ethiopia	6.63		
Kenya	6.63		
Madagascar	0.17		
Malawi	1.64		
Member States			
People's Bank of China	7.61	Development Bank of Belarus	1.15
Institutional Shareholders			
African Development Bank	9.18	National Social Security Fund, Uganda	2.82
Africa-Re	0.74	OPEC Fund of International Development	1.96
Arab Bank for Economic Development in Africa	0.91	Rwanda Social Security Board	2.92
Banco Nacional de Investimento	0.85	Sacos Insurance Group, Seychelles	0.23
Mauritian Eagle Insurance	0.26	Seychelles Pension Fund	0.98
National Pension Fund, Mauritius	1.70	ZEP-Re	0.79
TDB Directors, Staff and Provident Fund			
Directors & Stakeholders Provident Fund	0.10	Staff Provident Fund	1.45

Source: The Trade & Development Bank Profile

TDB
TRADE & DEVELOPMENT BANK

35 ANNIVERSARY YEARS

Shareholding Details

Most Class A members had fully discharged their obligations towards the Bank's Original and General Capital Increase Subscription, notwithstanding the implementation of a dividend policy, more than 90% of profits of the past four years have been retained, including most of the dividends. As a result, the retained earnings of the Bank exceeded shareholder paid-in capital and the proportion of reserves to paid-in capital standing at 140%. The TDB Charter limits shareholding from any one investor to no more than 15% of total shares.

The 2018 – 2022 Corporate Plan | FYCORP VI

The Bank's 6th Corporate Plan (FYCORP VI) was the result of various sessions and workshops held with the Board of Directors, the Management Team, and external specialists and advisors. With reflections and insights from the Bank's recently-appointed High-Level Advisory Panel of Eminent and Distinguished Persons, FYCORP VI emerged in the penultimate year of FYCORP V (2013 – 2017); drawing lessons from the Bank's experience; from development finance, and asset management.

Seminally, the FYCORP VI was built on FYCORP V achievements including the following;

(i) *Growth, Profitability & Efficiency:* Starting the 2013 – 2017 Corporate Plan period with assets of US$ 1.8 billion, shareholder equity funds of US$ 344 million, annual net profit of US$ 51 million, and non-performing loans of 5.1%, total assets, shareholder equity, and annual net profits grew 130%, 150%, and 100%, respectively, four years into FYCORP V;

(ii) *Capital, Financing and Long-Term Funding Partnerships:* TDB's shareholder base went up from 19 to 33; with new Member States including Eswatini, Mozambique, South Sudan, and Belarus in Eastern Europe. Additionally, the Bank attracted new development partners such as China EXIM Bank, KfW of Germany, European Investment Bank, AFD of France, CDC in the UK, and USAID. Further, the long-standing strategic partnerships between TDB and the AfDB, and the People's Republic of China were scaled up; by December 2017, shareholders' capital – both paid-in capital & reserves - had grown threefold to US$ 1.08 billion. Additionally, the introduction of Class B shares in TDB's capital structure and Charter (a) revitalized the corporate governance framework; (b) enhanced

TDB's risk management architecture, and (c) enabled the Bank to attract institutional investors in equity and debt;

(iii) *Increase in Financing to Member States and Development Impact:* In priority areas of infrastructure and industry, the Bank actively supported green-field and brown-field cement plants, power, ICT and steel plant projects. The Bank also financed large-scale trade finance programs in agribusiness and energy security in Egypt, Kenya, Malawi, Mauritius, Tanzania, Sudan, Zambia, and Zimbabwe;

(iv) *Improved Corporate Governance and Risk Management:* The Bank introduced several corporate governance and risk management reforms at both Board and non-Board level: Changes at Board Level included new Board Directorships (two expert Independent Non-Executive Directorships, and an additional Directorship for other institutional investors), and specialized Board Committees on Credit and Investment, and Nominations and Remuneration. Internally, a Risk Management Complex - with a Department for Credit Risk and a Department for Deal Structuring and Financial Modelling - was put in place. Some key positions like Chief Risk Officer, Director of Credit Risk, Head of Compliance, and Head of Enterprise-wide Risk Management were established and filled subsequently;

(v) *Enhanced Human Capital and Talent Management:* The Bank experienced a massive brain-gain, with highly-experienced, internationally-accomplished, and very well-trained African talent joining the Bank at various levels, including management, and at the Young Professional and Mid-Career Professional programmes. Additionally, TDB put in place a series of mainstream policies and schemes to attract, retain and incentivize talent. Leveraging a host of competitive processes, the Bank successfully recruited qualified employees from previously unrepresented nationalities, including Comoros, DR Congo, Egypt, Mozambique, Seychelles, Somalia, Sudan, and Eswatini. Female employees – making up 30% of the Management Team - now represent about 45% of the workforce, up from 15% in 2011;

(vi) *Technology, Systems, Office Space & Business Continuity:* With a major facelift of the Headquarters Building in Bujumbura, Burundi, and refurbishment of the office in Harare, TDB acquired new Regional Office premises in Nairobi. Importantly, Mauritius became TDB's second headquarter as part of a new dual domicilium dispensation to enhance the Bank's profile, rating, fundraising and operational risk. To strengthen and streamline business processes, several IT systems and software were introduced; including a Credit Risk (CRASS) system; Electronic Data Management System (EDMS); Loan Management System (LMS); cloud-based email, and collaborative video-conferencing technology to facilitate virtual meetings.

Strategic Objectives of FYCORP VI

(i) Ensure managed growth and balanced, sustainable development impact;
(ii) Mobilize equity and debt financing, at lowest cost, optimal flexibility, and diversity;
(iii) Further develop human and institutional capital, and achieve operational excellence;
(iv) Build resource mobilization-driven partnership/collaboration to expand impact/share risk; and
(v) Become an investment-grade risk-intelligent organization with high-levels of asset quality.

Overview of the Bank's Recent Performance

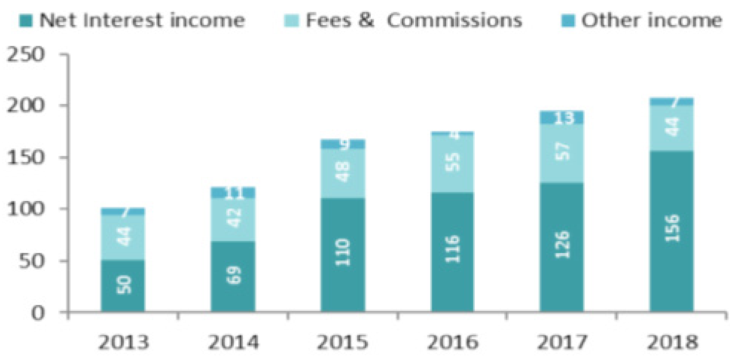
TDB's overall performance demonstrates accelerated growth based on successfully balancing solid risk management, profitability, and a developmental impact. The Bank's performance is illustrated in Table 25, and Figures 10 and 11 below.

Table 25: TDB's Financial Highlights

Description	2013	2014	2015	2016	2017	2018
Operating Income (In US$ Millions)	101	122	152	162	158	174
Profit for the Year (In US$ Millions)	67	77	95	101	112	130
Total Assets (In US$ Millions)	2,499	3,544	4,095	4,261	5,265	5,558
Total Liabilities (In US$ Millions)	2,022	2,922	3,358	3,405	4,244	4,366
Total Equity (In US$ Millions)	477	622	736	856	1,021	1,192
Return on Equity (%)	16%	14%	14%	13%	12%	12%
Return on Assets (%)	3%	3%	2%	2%	2%	2%
Debt Equity (x)	3.8	4.5	4.1	3.7	3.9	3.5
Capital Adequacy Ratio (%)	35%	34%	39%	37%	37%	35%
Gross NPL Ratio (%)	4.43%	3.04%	2.87%	2.39%	2.39%	2.35%

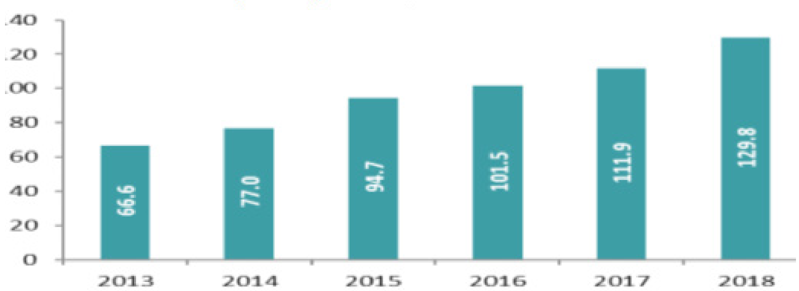
Source: The Trade & Development Bank Profile

Figure 13: Operating Income in US$ (Millions) | FY 2018



Source: The Trade & Development Bank Profile

Figure 14: Operating Income in US$ (Millions) | FY 2018



Source: The Trade & Development Bank Profile

Key Highlights of TDB's Financial Performance include;

(i) Net profit CAGR13-18 of 14% driven by accelerating income growth and cost control;

(ii) Net interest income grew at a CAGR13-18 of 25% fueled by fast loan growth; this was up year-on-year by 24% on the back of growth in Project and Infrastructure Finance;

(iii) Double-digit loan growth in both divisions and net profit up 16% year-on-year; with Trade Finance loans growing by 6%, and operating income reducing 0.7% year-on-year;

(iv) Total expenses grew at CAGR13-18 of 5% as the Bank remains very lean and efficient, and the cost-to-income ratio stood at 15% in 2018;

(v) Return on Investment stood at 11.7 due to a successful capital raise; pushing equity up by 17% year-on-year, and net profit grew 16% as asset quality improved – with NPL down 4bps to 2.35%;

(vi) Capital Adequacy Ratio (CAR) as at end 2018 stood at 35%, above the minimum self-imposed internal threshold of 30%;

(vii) Credit-enhanced the callable portion of its capital (sovereign Member States capital commitments are 80% callable, and 20% payable). With an investment-grade Lloyds syndicate insuring half of the callable portion of capital, TDB had extra cushion.

Resource Mobilization

Fundraising and resource mobilization are the product of reform, innovation, and the tireless efforts of the board, management and staff. With Class A shareholders continuing to garner benefits such as improved market access balance of payments, Class B shares are a key component of the Bank's strategy to mobilize resources/increase capital whilst diversifying the shareholder base.

In FYCORP V, the TDB introduced a dividend policy that was approved by the Board. As a result, several initial Class B investors benefited from an attractive dividend yield of approximately 3%. Going forward, dividend yield should remain strong, assuming a stable return on investment of 12%, and payout ratios of 20 – 25%. For 2018, the largest portion of the cash dividend was reinvested by institutional investors, and the Bank's shareholders and new crew of institutional investors continue to support the Bank's equity raise as TDB's impact lending is a viable vehicle for those looking to support economic growth while earning attractive financial returns.

Some of the key reforms and innovations include:

(i) As part of its funding diversification strategy, the Bank set up a fully-fledged Export Credit Agency (ECA) Finance Unit in 2016. Focusing on extracting the benefits of export credit financing for the Bank's public and private sector clients, the ECA Unit is an integral part of the Trade Finance, Project & Infrastructure Finance business;

(ii) Previously operating under two standalone departments, the Bank merged the Trade Finance and Projects & Infrastructure Finance departments into a Lending Operations Departments. This reduced operational duplication and enhanced flexibility and utilization of resources. The Bank's gross loan portfolio grew by 17.3%, closing at US $3.91 billion in 2018. Project Loans grew by 41.3%, to US$ 1.27 billion, while the Trade Finance loans grew by 8.1% to US$ 2.65 billion over the US$2.44 billion figure from 2016;

(iii) The Bank's Portfolio Management focuses on asset quality to increase sustainability and earnings growth. The Bank is making progress on aligning with the International Financial Reporting Standards (IFRS) 9 requirements on asset classification and impairment of financial assets.

International Credit Rating

Overall, TDB secured the first of two investment grade ratings in October 2017. These ratings have significantly improved the Bank's access to capital markets and started the process of reducing the cost of funds. Alongside strong growth and large capital raises, the investment grade ratings were based on TDB overhauling its risk management architecture and improving corporate governance and business processes. Highlights include the following;

(i) Moody's upgraded TDB's credit rating to Baa3 [Stable] in October 2017 and based on improving asset quality and structural improvements in risk management and loan original processes, this rating was reaffirmed in 2018.

(ii) GCR upgraded TDB's local currency rating to AAA in 2016. In September 2017, TDB was upgraded from BBB- to BBB- (Stable).

(iii) Fitch Ratings raised the Bank's rating from BB+ to BB+ [Stable] in October 2018; reflecting the Bank's improved performance and capitalization.

Additional Highlights;

(i) In line with the Bank's strategic objectives to further develop the Bank's human capital and achieve exceptional levels of operational excellence, TDB implemented Lean Six Sigma Methodology under the Project Wakanda moniker. Twelve (12) members of staff from various departments were trained as Green Belts to provide superior customer services. Customers will undoubtedly see dramatic turnaround times for internal and external processes;

(ii) The Bank successfully issued a debut Middle East focused dual currency/tranche loan in the equivalent amount of US$ 332 million and issued its second Asia-focused syndicated loan in the amount of US$ 270 million;

(iii) Over the past 3-year period, TDB continued to build upon its strategic resolve to modernize and rejuvenate the Bank's brand identity. On July 11, 2018, after a long journey across Member States, the Bank concluded its rebranding adventure – with a launch event in the Comoros Islands. The rebranding was rolled out on the back of sustained capital growth, improved asset quality, profitability, membership expansion and innovation.

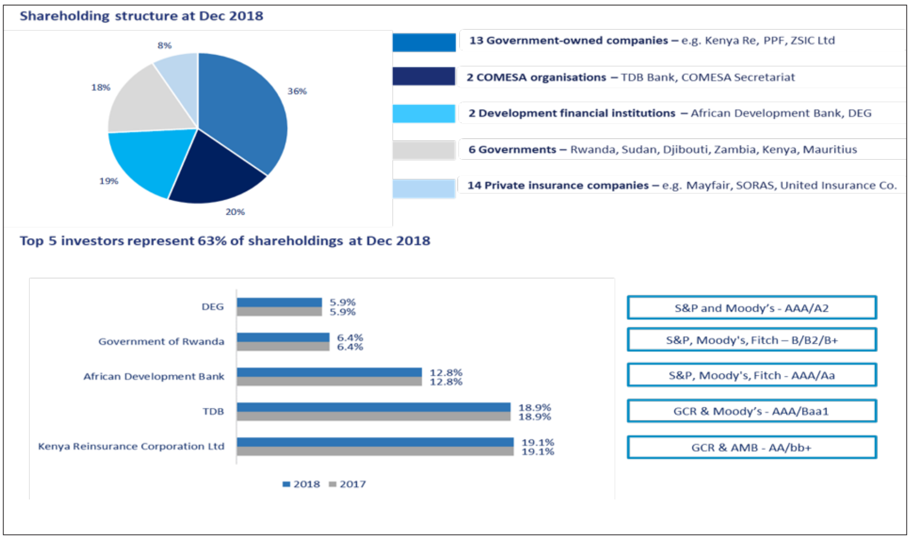
ZEP-Re (PTA Reinsurance Company)

ZEP-Re is an institution of COMESA, established by an Agreement signed by Heads of States and Governments on 23rd November 1990 in Mbabane, Eswatini. 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 four country offices in Addis Ababa - Ethiopia, Kampala - Uganda, Lusaka-Zambia and Khartoum-Sudan. ZEP-Re's key mandate is to promote and develop the insurance industry of the region. To this end the Company is required to; foster the development of the insurance and reinsurance industry in the COMESA Sub-Region; promote the growth of national, sub-regional and regional underwriting and retention capacity; and support sub-regional economic development.

Shareholding

ZEP-Re currently has 37 shareholders comprising; 6 governments, 13 government owned insurance and reinsurance companies, 15 private companies, the COMESA Secretariat and the Trade Development Bank (TDB) and development finance institutions.

Figure 15: Premiums Written by Key Markets



Performance

For the year 2018 ZEP-Re underwrote US$ 179 million in premiums compared to US$152 million underwritten in 2017, representing a 17% growth in business. This was a positive milestone given the fact that growth was achieved against a backdrop of slow growth in most of the region's insurance markets. The company posted an underwriting profit of US$ 10 million compared to the underwriting profit of US$ 12 million in 2017. The decline in underwriting profit was mainly on account of increased claims incurred by the company. Despite the reduction in underwriting profit the company managed to record a profit of US$ 10 million. The following table details movement in key performance areas between the years 2016 to 2018.

Table 26: Movement in Key Performance Areas

	2018	2017	2016
Gross Premium	178,534,940	152,132,360	128,698,286
Net Premium	126,591,577	114,155,893	105,097,261
Net Claims Incurred	74,804,948	55,551,349	62,574,237
Underwriting Profit	1,821,135	12,400,636	12,006,939
Total Assets	383,975,277	373,417,620	329,985,009
Shareholders' Funds	229,745,883	227,451,079	199,930,967
Net Profit	10,144,760	23,852,766	19,297,040
Combined Ratio	98.5%	88.9%	89.9%

Territorial Spread of Business

The COMESA region still forms the core market of ZEP-Re. The next table shows that as at 31st December 2018, business from the COMESA region represented 75% of all the business underwritten by ZEP-Re.

Table 27: Territorial Spread of Business

Region	2018		2017	
	Gross premium USD	%	Gross premium USD	%
COMESA	133,292,294	75	112,500,000	73
Non – COMESA (Africa)	21,349,960	12	16,500,000	12
Other regions	23,892,686	13	21,000,000	15
Total	133,292,294		150,000,000	

Figure 16: Premiums Written by Key Markets

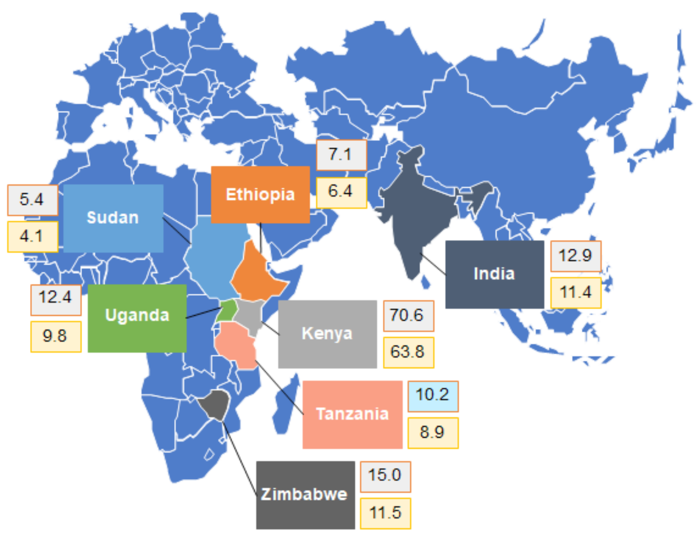
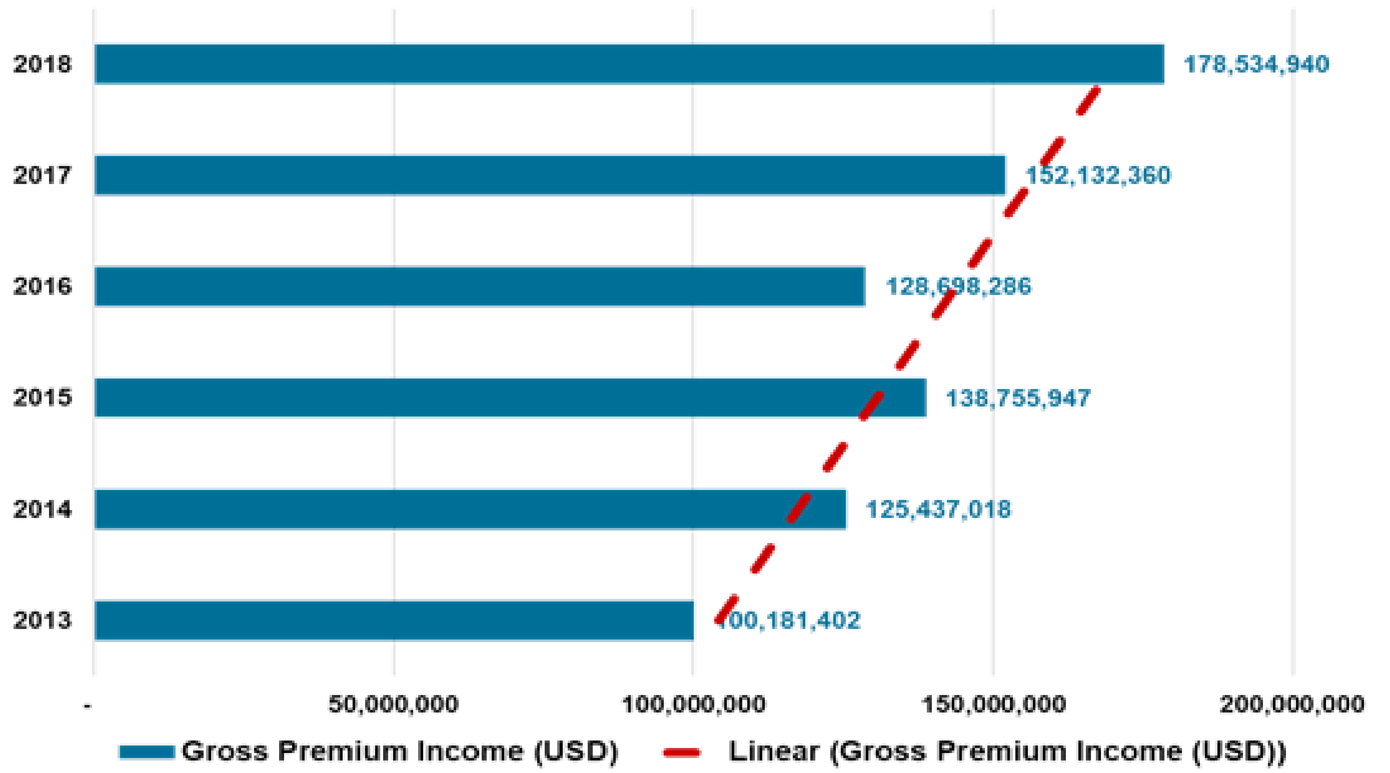


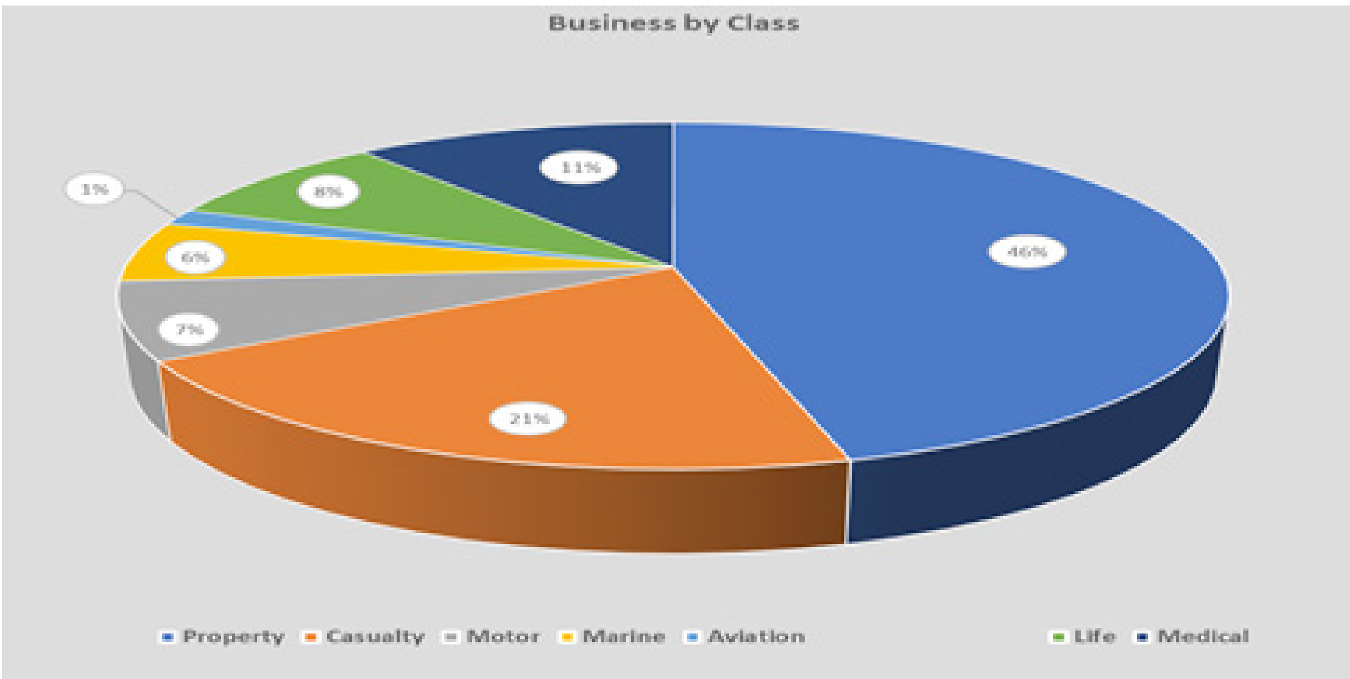
Figure 17: Gross Premium Income Growth



Business Spread

A spread of business underwritten by ZEP-Re in 2018 is shown in the next chart. Property was the largest class of business underwritten followed by casualty, medical and life. These classes accounted for 86% of the business underwritten by the Company in 2018.

Figure 18: Business Spread



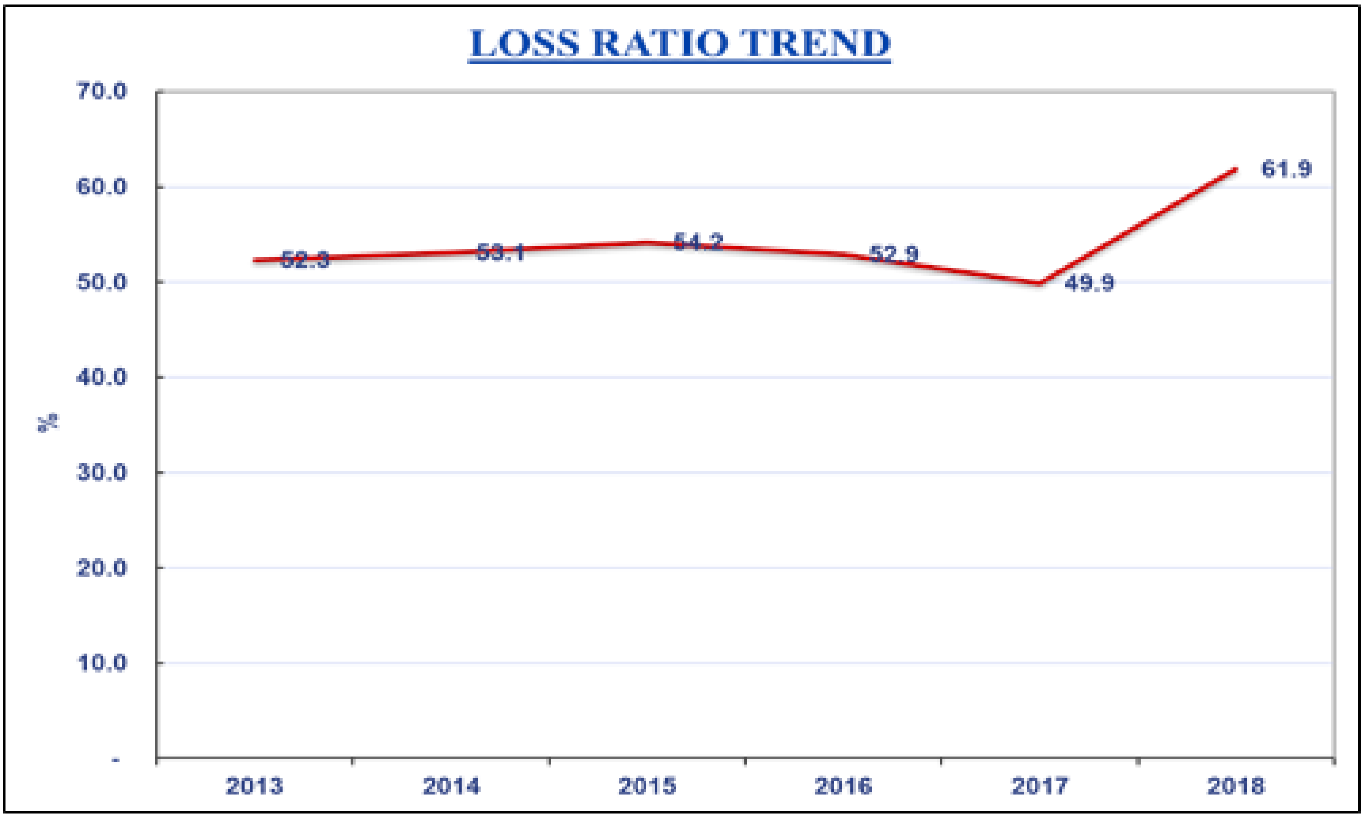
Profit and Dividends

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 seven years. ZEP-Re has consistently strove to generate and grow its profits.

Figure 19: Profit and Dividends

2018 was an extra-ordinary year in the region with increased claims experience impacting on overall performance and reducing profitability. The chart below shows movements in loss ratios during the past five years which averaged 52% before the ration unexpectedly spiked in 2018 to 62%.

Figure 20: Loss Ratio Trend



Assets and Shareholder Funds

The Company has managed to sustain steady growth it its equity and total assets as shown in Figure 21.

Figure 21: Assets and Shareholder Funds

Rating

(i) AM Best Rating: In 2018 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.

(ii) GCR Rating: The Company also maintained its claim paying ability rating of "AA+" from Global Credit Rating (GCR) agency of South Africa.

Focus Going Forward

(i) *Strategic Focus* - Last year the Company commenced implementation of a new long-term strategy aimed at ensuring that it 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.

(ii) *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 effected through the three key hubs.

(iii) *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 needs and resource basis.

Member States Support and Participation

The Company intends to continue with its strategy of engaging 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 thus far realized. In the area of accession, the Company is following up with Seychelles and Tunisia. Following the signing of the host agreement with DR Congo, the Company is in the process of opening an office in Kinshasa before close of the year.

ZEP-Re Academy

As part of enhancing the training mandate under its charter, ZEP-Re established a training academy with a view of 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 run in partnership with the College of Insurance in Kenya with ZEP-Re providing the training while the latter oversees the examination and certification process.

In 2018, the Academy entered into partnerships with insurance regulators and institutes in the region including Kenya, Uganda, Tanzania, Rwanda and Zambia to expand its training programs. Additionally, the academy undertook and certified over 100 insurance personnel in the region with trainings held in Kenya and Tanzania. The Academy has embarked on the next training phase which in addition to the certification course is also focusing on regulators, policy makers and CEOs of the region to equip them with knowledge to maneuverer challenges currently affecting the region's industry.

Developmental Initiatives

In exercise of its developmental mandate within the jurisdiction of its charter and as part of its value proposition within the markets in which it operates, the Company executed the following initiatives in concert with the above institutions

(i) Strategic Forum with Regulators of the East Africa Insurance Market (Kenya, Rwanda, Uganda and Tanzania) - A Forum was held in Nairobi in collaboration with the East Africa Insurance Supervisors Association (EAISA) to examine challenges within the East African insurance markets and review how these could be addressed. Socio- economic aspects, including financial inclusion, premium domestication as well as global trends in insurance & reinsurance practice & legislation, implications of requiring certain ratings of domestic & regional companies in order to participate in certain risks were discussed and ZEP- Re and EAISA agreed to an action plan that will be implemented in the course of 2019.

(ii) Engagement with COMESA Secretariat on financial inclusion - Engagements were held with the COMESA Secretariat on how to enhance financial inclusion within the COMESA region. A white paper was submitted for that purpose.

(iii) Support of development initiatives in the region - The Company was involved in a number of development initiatives in the region including the following;

- Support for the Country Wide Social Security/Pension and Affordable Housing Schemes in Rwanda.
- Technical support and provision of reinsurance cover to the Farmer Input Support Program (FISP) in Zambia. Currently over 1 million farmers benefit from the FISP program.
- Local servicing support for credit life and casualty for low income households (micro insurance) in Kenya, Zimbabwe, Uganda, Rwanda and Mozambique.

COMESA Competition Commission

In 2018, the COMESA Competition Commission (CCC) continued to implement technical assistance programs and capacity building programs in Member States whose purpose was to promote national competition laws; harmonize the Member States' National Laws with the Regulations; support Member States in promoting and protecting consumer welfare; and facilitate the exchange of information and expertise. This effort stems from the recognition that the regional competition authority can only be effective if the national competition authorities are effective.

Mergers and Acquisitions

The Commission has registered substantial success in the number of mergers assessed and concluded. In 2018, the Commission investigated and cleared 47 mergers as compared to 32 mergers in 2017. The Member States with most mergers included Kenya, Zambia, and Mauritius. A summary on the Mergers affecting all the Member States in 2018 is presented in next Table 28:

Table 28: Number of Mergers Per Member State

No.	Member State	Number of Mergers
1.	Kenya	34
2.	Zambia	32
3.	DR Congo	27
4.	Mauritius	27
5.	Malawi	25
6.	Zimbabwe	25
7.	Uganda	24
8.	Madagascar	23
9.	Ethiopia	22
10.	Rwanda	21
11.	Egypt	21
12.	Seychelles	14
13.	Djibouti	14
14.	Eswatini	13
15.	Libya	13
16.	Sudan	13
17.	Burundi	13
18.	Eritrea	9
19.	Comoros	9

The increase of about 32% in the mergers assessed in 2017 compared to those in 2018 is a sign of the confidence the business community have in the Common Market and the regional competition authority. Pro-competitive mergers contribute to the regional integration agenda as firms through mergers establish themselves in different Member States and operate therein either through physical presence or exports thereto.

The key sectors affected by the 2018 mergers included alcoholic/non-alcoholic beverages, energy, agriculture and construction. A detailed summary on the number of mergers per sector is presented in Table 29 below:

Table 29: 2018 Mergers by Economic Sector

No.	Sector	Number of Mergers
1.	Energy	7
2.	Alcoholic and Non-alcoholic Beverages	5
3.	ICT and Telecommunications	3
4.	Agriculture	3
5.	Construction	3
6.	Hospitality	2
7.	Mining	2
8.	Insurance	1
9.	Banking and Financial Services	1
10.	Pharmaceuticals	1

The total turnover generated by the merging parties in the Common Market in 2018 amounted to US$ 31,350,563,434. The turnover is a representation of the amount of business that the merging parties generated in the region.

Restrictive Business Practices

The Commission conducted investigations on eight distribution agreements wherein it advised the parties to remove offending clauses from the agreements which could restrict competition if not removed. Such clauses have the effect of dividing the region and frustrate the single market imperative. The sectors affected by the agreements included non-alcoholic beverages, agriculture and construction equipment and aviation, and fast-moving goods. Among the agreements the Commission investigated included those by The Coca-Cola Company and its distributors. The Commission determined that Coca-Cola should remove the clauses restricting competition in the agreements; the identified issues were resolved.

Protection of Consumer Welfare

The Commission addressed two consumer cases related to the meat processing industry and aviation. In 2018, there was an outbreak of Listeriosis, a disease caused by the consumption of contaminated foods, particularly, unpasteurized milk, soft cheese and meat products. The products were being exported from South Africa into the COMESA region by Tiger Brands Unit – Enterprise Food and Rainbow Chickens Limited. In view of the foregoing, the Commission invoked Article 31 (2) (b) of the Regulations and directed Enterprise Food and Rainbow Chickens Limited to cease the exportation into or sale to the public by their distributors and related dealers in the region until such a time when the situation returned to normalcy and the general public informed accordingly.

As regards the Aviation sector, the Commission intervened to have passengers who were harmed by the conduct of Ethiopian Airlines to obtain redress.

Technical Assistance Programs

(i) **Eswatini -** The Commission facilitated attachments for officers from the Eswatini Competition Commission to the Competition and Consumer Protection Commission of Zambia from 1 February to 31 May 2018 where they learnt best practices in competition law enforcement. Additionally, since October 2018, the Commission has been providing technical assistance to Eswatini on the assessment of a case before the Board of the Eswatini Competition Commission and on additional information that the Board will require to decide on the case. These technical assistance programs have assisted Eswatini to enhance its skills in the competition analysis.

(ii) **Sudan -** The Commission supported the Members of the Sudan Competition Council on study tour visits to the National Competition Authorities of Kenya (12-13 November 2018), Malawi (5 – 9 November

2018) and Zambia (29 October – 2 November 2018). During the study tour, members of the Sudan Competition Council learnt best practices on setting up and operating a competition authority. These technical assistance programs will assist Sudan operationalize its national competition authority.

(iii) **Uganda -** The Commission assisted Uganda in the development of its national competition law which included an element on domestication of the COMESA Treaty. The support to country resulted in the enactment of the Uganda National Competition Law. To publicize the Law, the Commission provided technical assistance in 2018 towards the printing of flyers on the Quick Facts to the Competition Law in Uganda. The support will ensure effective enforcement of the law in the country.

(iv) **Comoros -** The Commission undertook a fact-finding mission to the Union of the Comoros on 5 - 6 September 2018, to assess the status of the competition law legislation and to assist the government in the operationalization of the law relating to competition in the country.

Capacity Building

With respect to capacity building in competition law and policy enforcement, the Commission undertook the following activities;

(i) The 5th Business Reporters Workshop held on 25 – 26 June 2018 in Nairobi, Kenya whose objective was to sensitive the COMESA based business reporters on the regulations including the progress made by the Commission in enforcement of the regulations. Participants were drawn from D R Congo, Egypt, Eswatini, Malawi, Mauritius, Rwanda, Seychelles, Uganda, Zambia and Zimbabwe;

(ii) The 3rd Diplomatic Conference on Competition and Trade held on 21 – 22 June 2018, whose objective was to update the Ambassadors of COMESA Member States on regional integration matters such as the COMESA Free Trade Area/Customs Union Implementation, the Tripartite Free Trade, and the African Continental Free Trade Area. Ambassadors from the following Member States attended the Conference; Egypt, DR Congo, Kenya, Malawi, Rwanda, Burundi, Libya, Sudan and Zimbabwe; and

Table 29: COMESA Competition Commission: Main Activities: 2013 - 2017

	Member State																		
Activities	**Burundi**	**Comoros**	**Democratic Republic of Congo**	**Djibouti**	**Egypt**	**Eritrea**	**Ethiopia**	**Kenya**	**Libya**	**Madagascar**	**Malawi**	**Mauritius**	**Rwanda**	**Seychelles**	**Sudan**	**Eswatini**	**Uganda**	**Zambia**	**Zimbabwe**
Determination of Conduct Harmful to Competition in the Market																			
Investigation of merger notifications made with the Commission	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Sharing of merger filing fees with affected Member States				X	X		X	X		X	X	X	X	X		X		X	X
Investigation of restrictive business practices on the market	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Bilateral enforcement cooperation agreements concluded with selected Member States					X			X		X	X	X		X		X		X	X
Study visits among National Competition Authorities			X	X											X				
Strengthen Enforcement																			
Technical assistance to Member States to enact or review competition laws and policies										X		X		X		X	X		

[12] The remittance of funds to Burundi, Comoros, Democratic Republic of Congo, Eritrea, Libya, Sudan and Uganda is awaiting the provision of account details by the Member States

Activities	Member State																		
	Burundi	Comoros	Democratic Republic of Congo	Djibouti	Egypt	Eritrea	Ethiopia	Kenya	Libya	Madagascar	Malawi	Mauritius	Rwanda	Seychelles	Sudan	Eswatini	Uganda	Zambia	Zimbabwe
Advocacy and Strategic Collaboration																			
Sensitization of business reporters about the provisions and implementation of the COMESA Competition Regulations					X	X	X	X			X	X	X	X		X	X	X	X
Sensitization initiative including Law Societies of Member States on Enforcement of COMESA Competition Law			X	X				X		X	X		X		X	X		X	X
Diplomatic Conference for COMESA Ambassadors	X		X		X			X			X		X		X			X	X
Training of national competition authorities investigators/case handlers on Merger Review and Analysis					X		X	X		X	X	X	X	X		X		X	X
Training of national competition authorities case officers on Restrictive Business Practices					X			X			X	X				X		X	X

COMESA Monetary Institute

The COMESA Monetary Institute (CMI) was established in 2011 in order to undertake all technical activities required to enhance the COMESA Monetary Cooperation Program and achieve the above-mentioned policy issues. Since its establishment, CMI has focused on undertaking capacity building and research activities related to improving macroeconomic management and financial stability in the region with the aim of enhancing the Monetary Integration Program.

The capacity building and research activities undertaken by CMI in 2018 and their impact on improving macroeconomic management and financial stability in Member States are outlined in the Table 31.

Table 31: CMI 2018 Capacity Building and Research Activities

Activity	Impact on Macroeconomic Management and Financial Stability in Member States
Validation workshop of User's Guide on Analysis of Monetary Transmission Mechanism. 7-11 May 2018. Nairobi, Kenya.	The Guide equipped the participants to have a firm understanding of the process involved in the analysis of transmission mechanism of monetary transmission mechanism of monetary policy.
Validation Workshop of User's Guide on Advanced Techniques for Panel Data Analysis of Monetary Transmission Mechanism. 27 - 31 August 2018. Nairobi, Kenya.	The Guide equipped participants with advanced techniques for analyzing monetary policy transmission mechanism using panel data. Such analysis is key for understanding the importance of the various channels of monetary transmission mechanism within a panel context for more robust analysis of region wide impacts of monetary policy changes.
Training on Early Warning Model to avoid Financial Distress in Banks. 1- 5 October 2018. Nairobi, Kenya	Equipped participants with econometric skills to build Early warning Models (Binary Logit and Probit models and Bank's rating Down Grades, Multinomial Ordered Logit and Probit models), using panel data analysis.
Training on Domestication of Basel III on post crisis regulatory framework 22 - 26 October 2018. Nairobi, Kenya.	The training apprised the participants with knowledge on Basel III standards and principles, and domestication of standards considering individual country's current economic and financial sector conditions. The knowledge acquired from the training is expected to contribute in improving the quality of banking supervision and regulation and thereby enhance safety and soundness of financial institutions in the region. This will also assist in harmonizing banking supervision, regulation and capital adequacy standards, which will in turn speed up the implementation of COMESA Monetary integration agenda, whose one of the key prerequisites is ensuring financial stability in Member States.
Validation Workshop of a User's Guide on Macro and Micro Stress Testing. 29 October - 1 November 2018. Nairobi, Kenya.	The User's Guide equipped participants with practical knowledge on different methodologies and techniques used for macro and micro stress testing of financial institutions.

Training on Medium Term Fiscal Framework and Fiscal Risks organised in collaboration with the IMF Regional Technical Assistance Centres for Eastern and Southern Africa (AFRITAC) on 10-14 September 2018 in Johannesburg, South Africa.	The training apprised the participants with the knowledge of how to design Medium Term Fiscal Frameworks (MTFF) and Medium-Term Budget Frameworks which are key elements of the COMESA multilateral Macro-economic Surveillance Framework. It also examined fiscal risks, which entails, the effects of factors outside government control such as excessive exchange rate depreciation or excessive debt to GDP ratio. The training also served for sharing experiences in the preparation of MTFF and reforms which need to be undertaken to strengthen their implementation.
Training on Financial Instruments and their Role in International Reserve Management organised in collaboration with Central Bank of Egypt. 23 – 27 September 2018. Cairo, Egypt.	The training enhanced the capacity of participants to assist their respective Central Banks to use international reserves efficiently.
The following Research Activities were undertaken: (i) Establishing and Forecasting Time Varying Volatility in Consumer Prices: Application of GARCH Model. (ii) Risk Taking Channel of Monetary Policy Transmission Mechanism- An Application of Panel Vector Autoregressive (VAR) Panel Structural Vector Autoregressive (SVAR) and Panel Vector Error Correction (VECM) models (iii) Macroeconomic Developments in the COMESA Region in 2017 Note: The research studies were validated from 5 – 7 November 2018. Nairobi, Kenya	The studies will inform policy to ensure macro-economic stability in Member States, and hence the achievement of macroeconomic convergence in the COMESA region.

COMESA Clearing House

The COMESA Clearing House (CCH) was established in 1984 (as the PTA Clearing House), under the PTA Treaty signed in 1981, for the facilitation of the settlement of trade and services payments amongst Member States. However, with the liberalisation of current accounts and the repeal of exchange control restrictions, the need for the COMESA Clearing House to restructure its services to be more relevant to this liberalised market setting, was identified by COMESA Governors of Central Banks. The Clearing House was thus mandated, by its Central Bank Governors, the Ministers of Finance, the Council of Ministers and COMESA Heads of State and Government, to design and implement, among other facilities, a Payments System designed to reduce costs of regional transactions in a liberalised foreign exchange regime.

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 respective 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 States 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 $385 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 32: The Status of Implementation of REPSS

PARTICIPANT	STATUS AS AT DECEMBER 2018	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. System well received by commercial banks	More commercial banks needed on board
Reserve Bank of Malawi	Live on REPSS	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 Eswatini	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
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
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 nine Member States, namely; Central Banks of DR Congo, Egypt, Kenya, Malawi, Mauritius, Rwanda, Eswatini, Uganda and Zambia. It is expected that the rest of the COMESA countries will join the system in due course, in line with COMESA's variable geometry approach in the implementation of its programs. It is expected that Intra-COMESA trade which rose from $9 billion in 2007 to over $16 billion in 2017, would grow further with the use of REPSS. The CCH continues to explore other services that would add value to REPSS, particularly the blockchain platform and trade finance facilities in conjunction with financial institutions like the Trade and Development Bank (TDB) and African Export-Import Bank (Afreximbank).

COMESA Regional Investment Agency

The COMESA Regional Investment Agency (COMESA RIA) was launched in 2006 in Cairo, Egypt, with the key objective of making COMESA a major destination for regional and international investors while simultaneously enhancing national investment. The Agency undertakes investment promotion, facilitation and advocacy.

In 2018, COMESA RIA conducted various promotional activities, image building and awareness activities to highlight the region's and its Member States' comprehensive reform efforts, investment opportunities and business environment. These included high-level investment conferences, speaking engagements, production of publications, and special events held along the margins of investment and trade forums. The Agency continued to position itself as an information hub for investors and regional and international stakeholders through the preparation of various general and country specific FDI and business environment-related research studies and promotional materials.

In the area of capacity building, RIA conducted several regional workshops for improved overall capacity of Member States and Non-Member State's National Investment Promotion Agencies (NIPAs). In collaboration with Member States' NIPAs COMESA RIA developed the following investment publications and FDI studies;

(i) *2018 COMESA Investment Teaser:* The publication identified more than 300 investment opportunities in different sectors of strategic importance to COMESA Member States. 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 disseminated through a carefully designed and implemented communication campaign using RIA's online portal, social media channels, newsletters, investment forums, among other tools.

(ii) *COMESA: Moving Africa Forward:* In collaboration with COMESA Secretariat and Institutions, COMESA RIA developed the "COMESA: Moving Africa Forward" publication which was covered in the African Business Magazine, December 2018 issue. A total of 300,000 copies of the magazine were printed and distributed in different continents including Europe and Africa.

The following publications were also produced: Practical Guides to Doing Business in Egypt, Mauritius and Eswatini and the COMESA RIA 2018 Foldout.

Additionally, the Member States' Profile on COMESA RIA Online Portal were updated.
In the area of capacity building, RIA undertook the following activities;

a. Three regional workshops during the period 5 - 7 December 2018 aimed at building the capacities of participating IPAs in devising proactive investment outreach and aftercare strategies and building effective country and sectoral messages. The workshops were attended by 56 CEOs and officials of African Investment Promotion Agencies (IPAs) representing 26 African countries, including representatives of 16 COMESA NIPAs.

b. Experience Sharing Event on 10 July 2018 in Port Louis, Mauritius aimed at introducing key developments and future strategies of Mauritius aiming at moving the country from a middle-income to a high-income economy. The event also included a high-level meeting between COMESA NIPAs' CEOs and potential Mauritian investors willing to explore investment opportunities in the region. The event was attended by seven heads and CEOs of COMESA NIPAs.

In efforts to promote investment in the region, for the third consecutive year, COMEA RIA and the Egyptian Government represented by the Ministry of Investment and International Cooperation successfully convened Africa 2018 forum, a business and investment Africa-to-Africa forum, under the theme *"Bold Leadership and Collective Commitment: Advancing Intra African Investments."*

Table 33: Africa 2018 Promotional Activities

B2B/B2G meetings	520 meetings were held between participating IPAs and potential investors, during which 120 investors expressed interest in implementing follow up country visits to explore business and investment opportunities.
IPA Exhibition	16 COMESA Member NIPAs were given the opportunity to exhibit and showcase investment environment and opportunities in their respective countries to the forum's participants.
Young Entrepreneurs Day Deal Room and Exhibition	250 IPAs meetings were held between investment banking, venture capital companies and African entrepreneurs to discuss potential business partnerships and funding. 250 African entrepreneurs were given the opportunity to exhibit and showcase their projects or business ideas to Africa 2018 delegates
Women Empowering Africa – She Designs Exhibition	In support of African women, the forum brought together over 60 female African creatives in the fashion, design and luxury good industry for a curated exhibition giving them exposure to buyers.
MoUs and agreements	More than 30 MoUs and agreements were signed between international and regional organizations, governments and private sector in areas of FDI promotion, telecommunications, private sector development, petrochemicals, and water treatment.

Africa Leather and Leather Products Institute

The mandate of the Africa Leather and Leather Product Institute (ALLPI) is to facilitate the development of the leather sector in Africa in general and in the COMESA Region in particular. The activities undertaken by ALLPI in 2018 were guided by its strategy for the period 2016 – 2025 that takes cognizance of the global dynamics and the mega trends that affect business in the leather sector.

Capacity Building

The Institute implemented capacity building activities in technical and soft skills across Member States covering the following areas: export readiness; curriculum development; cluster design & implementation; business plan designing training; advanced tanning clinics; resource optimization; business plan designing for clusters; vegetable tanning and safety glove production training. The next table outlines the activities undertaken and output/impact achieved;

Table 34: ALLPI Activities and Output/Impact

Activity/Intervention	Output/Impact
Leather Sector Policy/ Strategy	ALLPI facilitated development of leather sector specific strategies for Member States
Business Plan	Business plans for different incubation centres and support institutions were developed or in progress in Kenya, Malawi, Sudan, Uganda as part of strengthening leather sector business into competitiveness through value creation and opportunity management
Inter & intra trade promotion	ALLPI co-organized trade fairs in Sudan and Ethiopia and facilitated/sponsored the participation of SMEs in trade fairs in Ethiopia, Sudan and Zambia and; training in export readiness was given to 20 SMEs representatives from Burundi, Rwanda, Uganda, and Tanzania
Curriculum Development	ALLPI designed 21 specialized training modules and developed vocational and diploma level curricula in leather technology for Eritrea, Uganda. The 21 specialized training modules are under implementation based on demand by Member States
Trainings	Trainings were conducted in Sudan, Malawi, Zambia, Zimbabwe, Uganda, and Kenya on cleaner technology, footwear and industrial gloves-making, cottage tanning, cluster management and governance
Common use equipment	Satellite design studios were equipped through ALLPI facilitation in Ethiopia, Sudan, Uganda, Malawi, Zambia, Zimbabwe, Eswatini and DR Congo.
Regional Expert Teams	Expert teams at regional level were organized to review and harmonize training curricula; academia platform, and regional design studio.

In addition to the above indicated activities, ALLPI undertook fund raising, trade promotion through the facilitation of value chain players to participate in regional and international trade fairs; designed modern effluent treatment systems for Member states; installation and commissioning of equipment in Regional Design Studios (RDS) /Cluster Centres and designed a hides and skins traceability system. Following the rebranding of COMESA/LLPI to ALLPI in line with the Council Decision of 2017, the Institute completed the updating and reconciliation of its governing documents with the rebranding.

Some of the recorded and expected outcomes of ALLPI intervention at Member States level encompasses, enhanced skills development at various nodes of the leather value chain as follows;

a. The quality and design of footwear and leather goods has significantly improved, as the SME have adopted new technical production techniques;

b. The SMEs' business approach has been transformed, SMEs have created business linkages with suppliers of leather and other accessories;

c. SMEs competitiveness and growth enhanced;

d. Contributed to cleaner production systems and a cleaner environment; efficient and effective implementation of the cluster and incubation programmes;

e. Improved collaboration and networking between Government, private sector, academia and other leather value chain actors, and enhanced knowledge base to influence policy and interventions designing among others.

ALLPI has made progress at both continental and global networks to create collaborative relationships. It now holds the Vice Presidency of the International Tanners Councils and is a member of the Commodities Committee of the AUC.

ALLPI held its 12th Regional Leather Sector Core Team (RLSTCT) and the 6th Stakeholders Consultative Forum between 11th – 13th December 2018 in Sudan under the theme "Focusing on Innovation to transform Africa's Leather Sector towards Productivity and Competitiveness". It was attended by more than 90 participants representing national, regional and international partners in the leather sector from 11 Eastern and Southern African countries, and partner organizations representatives from India, Italy and Turkey. The major activities of the forum encompassed presentations aimed at sharing good practices in the leather sector. The technology groups from Turkey, Italy and India made presentations on latest and cleaner technologies in the leather sector. At the forum, ALLPI shared collaborative research activities reports from six Universities.

The ALLPI Board of Directors 34th and 35th Meetings were held respectively in Mombasa, Kenya on 6th - 7th August 2018 and Port Sudan- Sudan on the 9th – 10th December 2018. The meetings deliberated on the progress that ALLPI has made in implementing its activities in line with its Strategic Plan, SDGs and AU Agenda 2063.

COMESA Court of Justice

The COMESA Court of Justice was established in 1994 under Article 7 of the Treaty as one of the Organs of COMESA. The Court's primary function is to uphold the rule of law in the enforcement of the Treaty. The Court is comprised of two Divisions namely, an Appellate Division with five Judges and a First Instance Division with seven Judges. The day-to-day operations of the Court are coordinated through a Court Registry which is headed by a Registrar. The Court sits on an ad hoc basis and pursuant to Rule 4(1) of the Rules of Court (2016), it may hold its court sessions in any Member State on needs basis. The Seat of the Court is Khartoum, Sudan.

Table 35: COMESA Court of Justice 2018 Activities

ACTIVITY	2018
Court Sessions There has been a steady increase in matters filed before the Court including arbitral matters.	A total of 8 court sessions were held
Publicity Seminars This was carried out in conjunction with the Corporate Communications Division of the COMESA Secretariat	The Court took part in the Nairobi International Trade Fair
Capacity Building/ Conferences	(i) Four Judges and the Registrar participated in a study tour of Digital Transformation of Courts in the United Kingdom. (ii) Judges attended capacity building sessions and conferences on Trade Law, Regional Integration, the AfCFTA, arbitration, among others. (iii) In June, seven Judges of the Court attended an accelerated course on arbitration offered by the Chartered Institute of Arbitrators (CIArb). All the seven Judges passed the assessment and examination and therefore qualified as Members of the Chartered Institute of Arbitrators. (iv) The Court attended the African Development Bank Administrative Tribunal 20th Anniversary meetings. (v) In November, five Judges underwent a Chartered Institute of Arbitrators Accelerated Route to Fellow (ARF) course, which is the first part towards qualification for Fellowship.

Meetings	(i)	The Court held two Administrative Meetings: The Twenty Fifth Administrative in March and the Twenty Sixth Administrative Meeting held in October.
	(ii)	The Court took part in various Policy Organs Meetings including; Audit and Budgetary Sub-Committee Meeting, the Twentieth Meeting of the Ministers of Justice and Attorneys General and the Thirty-Eighth Meeting Council of Ministers Meeting.
Institutional Strengthening	(i)	The positions of Information Technology (IT) Officer and Assistant Registrar were filled.
	(ii)	The Court advertised two positions of Internal Auditor and Clerk of Court.
	(iii)	The Court's website was revamped.
	(iv)	The Rules Committee of the Court comprised of five Judges met in March to review the Court's Arbitration Rules (2003). The draft Rules were subsequently presented to the Legislative Drafting Sub-Committee in April and were ratified by the Meeting of the Ministers of Justice and Attorneys General the same month. Court's Arbitration Rules (2018) were adopted by Council in November 2018.

Federation of National Association of Women in Business

The Federation of National Associations of Women in Business in Eastern and Southern Africa (FEMCOM) was established in July 1993 in Harare, Zimbabwe. FEMCOM draws its mandate from Article 155 of the COMESA Treaty and the FEMCOM Charter, which mandates the institution to undertake the following;

(i) act as a forum for the exchange of ideas and experience among women entrepreneurs;

(ii) act as an instrument through which the appropriate portion of COMESA women in development programs shall be implemented;

(iii) act as a forum for network among women entrepreneurs and

(iv) act as an instrument for encouraging women to set up or expand existing enterprises.

Programmes Development in FEMCOM

Trade and Investment Facilitation

FEMCOM has prioritised the strengthening of women-owned business enterprises working through the FEMCOM National Chapters and Young Women Entrepreneurs Associations. This is critical to ensuring that the region has viable and robust women owned enterprises which contribute to economic development. FEMCOM is building on the success of the Cassava/Textiles/Garments Cluster Project to expand the project in Kenya and Malawi working in close collaboration with NEPAD and COMESA EU funded project.

The Zambia FEMCOM Chapter is being supported to upscale the Cassava Cluster Project to increase production of starch for the local market in selected provinces.

FEMCOM continues to support the development of joint initiatives between FEMCOM Chapters for example the National Association of Business Women in Malawi (NABW) and Eneterprede Au Feminin Ocean Indien Madagascar (IFOI), jointly mobilised funds from FK Norway for the development of a bankable proposals to support capacity building of FEMCOM Chapters.

FEMCOM members have participated in international and regional trade fairs including AGOA, EU, Arab Emirates, Kenya, Uganda, Madagascar and Egypt. Through participation in the trade fairs, FEMCOM was able to connect the women SMEs to the FEMCOM Chapters in their respective countries for membership registration. Additionally, the SMEs had the opportunity to connect to additional regional and international markets as their products were exposed to new technologies, business ideas and networks.

Access to Credit and Capital

Lack of access to credit has impeded expansion of women-owned enterprises. Under this intervention, FEMCOM focused on the development of a framework for access to credit and where possible, establishment of a credit guarantee fund. FEMCOM developed modalities for approaching financial institutions in consultation with its constituent national chapters, and Member States, based on comparative advantage of each Member State.

FEMCOM supported convening of consultative meetings of the FEMCOM National Chapter in Malawi on establishing a micro-finance facility modelled on the success of the Trade and Development Bank (TDB) supported Women Initiative for Self-Empowerment (WISE) Program in Burundi. This resulted in the establishment and operationalisation of a wholly women owned financial institution.

In partnership with NEPAD, FEMCOM is implementing the Project on 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. The TDB agreed to host the credit guarantee scheme and an MoU was signed between COMESA and the Bank for setting up of the scheme. FEMCOM through the BIAWE project will provide US$100,000 to TDB for setting up of the credit guarantee scheme.

Advocacy, Public Awareness and Branding

Provision of Technical Advisory Services to FEMCOM Chapters

FEMCOM continues to provide technical advisory services to FEMCOM National Chapters in the COMESA region upon request on access to credit, project formulation, development of strategic plans, mentorship and marketing in Zambia, Kenya, Uganda, Malawi, Sudan, and Burundi. Further, FEMCOM supported the Mauritius National Chapter in establishing linkages with the China Association of Women Entrepreneurs (CAWE).

Branding of FEMCOM National Chapters

The idea of branding has been premised on strengthening FEMCOM's membership based on long-term sustainability. Missions were undertaken to Member States to disseminate information and raise awareness and level of knowledge of FEMCOM Chapters. FEMCOM supported the branding of the Sudanese Business Women Secretariat as a FEMCOM National Chapter.

Development of a Comprehensive FEMCOM Plan for Advocacy and Visibility

(i) FEMCOM continued to enhance its visibility and exposure and as a result, there has been an increase in networks and linkages with UN Agencies and the African Development Bank. Consequently, constructive partnerships were initiated with various women in business associations at national, regional and global levels including Christian Aid International and Business Association among others.

(ii) FEMCOM made presentations to various women in business constituencies during the country engagement meetings organised by the 50 million African Women Speak Project. The awareness presentations were made during country engagements in Comoros, DR Congo, Ethiopia, Malawi, Mauritius, Seychelles, Sudan, Zambia and Zimbabwe.

(iii) FEMCOM continued to engage new strategic partners with the corporate sector as well as strengthening its relationship with the existing ones.

(iv) Publication of a FEMCOM Journal, a new and revamped website; brochures and fliers and branded bags.

Strategic Partnerships

FEMCOM continued to strengthen initiated strategic partnerships for strengthening women in Business in the COMESA region through Partnerships with TDB, NEPAD and NGOs and the Private Sector. This boosted the morale of the FEMCOM Chapters in setting up Savings and Credit Cooperative Organisations (SACCO) and sector specific business incubators for youth and women in business.

Development of the FEMCOM Ultra-Modern Complex

Efforts continue to be made to secure funding for the construction of the FEMCOM Complex in Lilongwe, Malawi.

Alliance for Commodity Trade in Eastern and Southern Africa

The Alliance for Commodity Trade in Eastern and Southern Africa (ACTESA) is a COMESA specialized agency established on June 9, 2009 by the Heads of State of COMESA to integrate small-scale farmers into national, regional and international markets through enhanced policy environment, expanded market services and improved commercial integration.

In 2018, ACTESA implemented the COMESA Seed Development Program within the framework of the COMESA Seed Harmonisation Implementation Plan (COMSHIP). The overall goal of COMSHIP is to implement COMESA Seed Trade Harmonisation Regulations leading to increased seed production, reliability, trade and competitiveness of the seed industry in the COMESA region. The status of COMSHIP is as follows;

a) Seven COMESA Member States namely; Burundi, Malawi, Rwanda, Kenya, Uganda, Zambia and Zimbabwe have completely aligned their national seed laws to the COMESA Seed System. Djibouti, Eritrea, DR Congo, Ethiopia, Mauritius, Sudan and Eswatini are advancing steadily in domesticating the COMESA Seed Trade Harmonisation Regulations. The remaining countries are yet to align and domesticate the regulations.

b) A total of 270 delegates (23% female) from Burundi, Djibouti, DR Congo, Egypt, Ethiopia, Kenya, Madagascar, Malawi, Rwanda, Eswatini, Uganda, Zambia and Zimbabwe were trained on COMSHIP.

c) COMESA Variety Catalogue was uploaded on-line with 58 varieties regionally released. The Catalogue shall significantly reduce both the time and expense of releasing varieties in multiple countries, thus increasing regional seed market potential and attractiveness to investors and thus seed supply for farmers.

d) To make the private and public sector accountable, COMSHIP Mutual Accountability Framework (COMMAF) was developed in close collaboration with Member States, Seed Companies, Non-Governmental Organisations and Farmer Organisations. ACTESA is developing the COMESA Seed Information System (COMSIS), aimed at assessing changes in seed sector performance in Member States. The COMMAF and COMSIS shall be validated in 2019.

e) COMESA Seed Labels and Certificates were developed to be utilized by seed companies for large seed assignment crossing the borders and in-country seed trade in smaller packages.

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. It 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, commonly known as the COMESA Yellow Card Scheme. Currently, the Scheme is operational in 13 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 from these countries participate in the scheme.

In 2018, the RCTG Carnet issued nearly US$2 billion worth in customs bond for goods in transit in the Northern and Central Corridor countries. The reduction in the cost of transit and transport during 2018, to the land-linked Member States in terms of bond premium, documentation and bond-fees was estimated to be USD$30million. Most COMESA RCTG Carnets are General Bonds (99%) and about 70% of them are below $10, 000.

In 2018, the Digital Yellow Card Platform was rolled out in all Member States. The platform ensures that all Yellow Cards are issued through the system thus providing real-time data access by all participating parties including law enforcement agencies. This eliminates current challenges facing the scheme such as forgery and delayed confirmation of Yellow Cards, among others. Over 166 insurance companies and 2,500 users are utilising the system daily. Further, over 192,000 digital Yellow Cards were issued to travelling motorists, generating a total annual premium income of US$10 Million and over 1,000 claims for road accidents victims caused by visiting motorists were handled. A mobile Yellow Card Application will be developed in 2019.

Figure 19: COMESA Competition Commission: Main Activities: 2013 - 2017

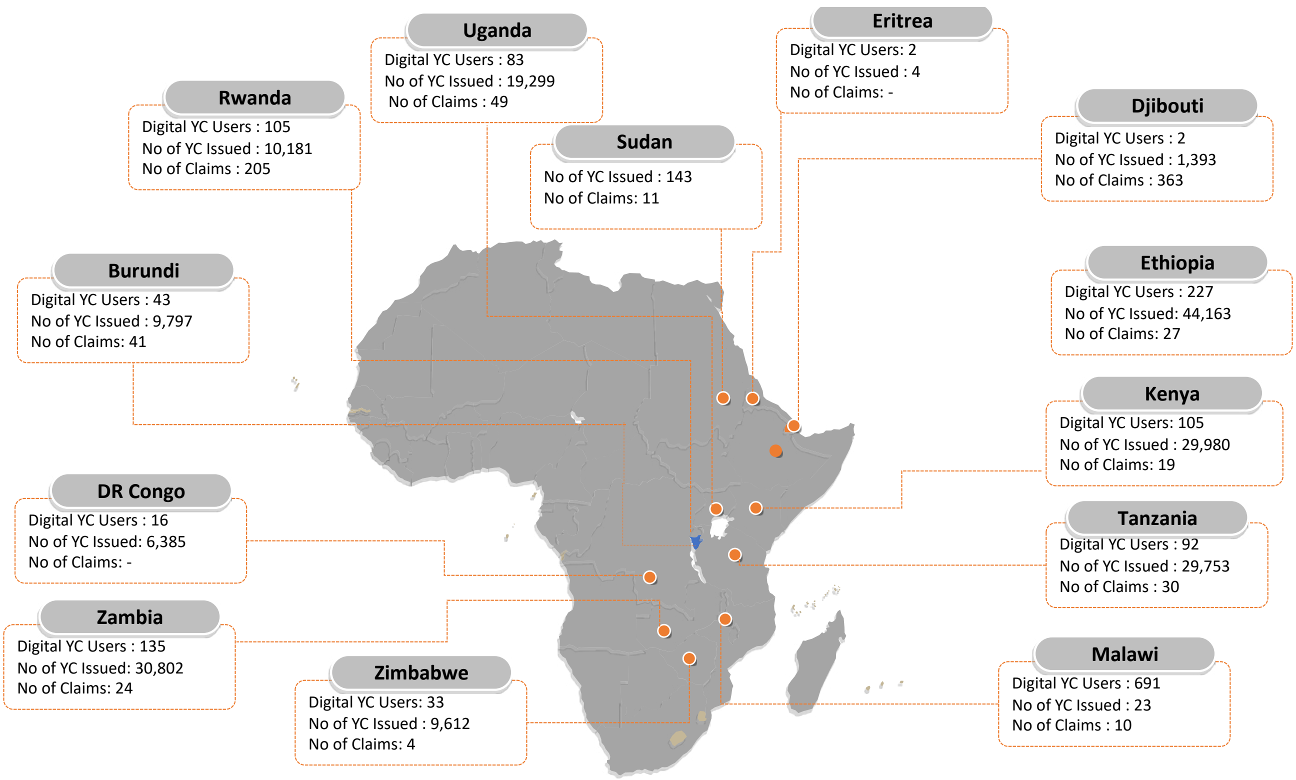


Figure 20: Premium income generated in 2018 in US$

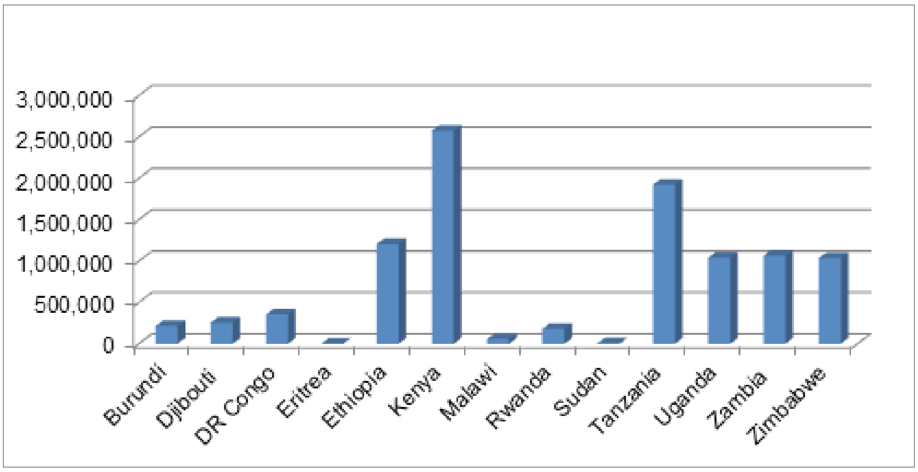
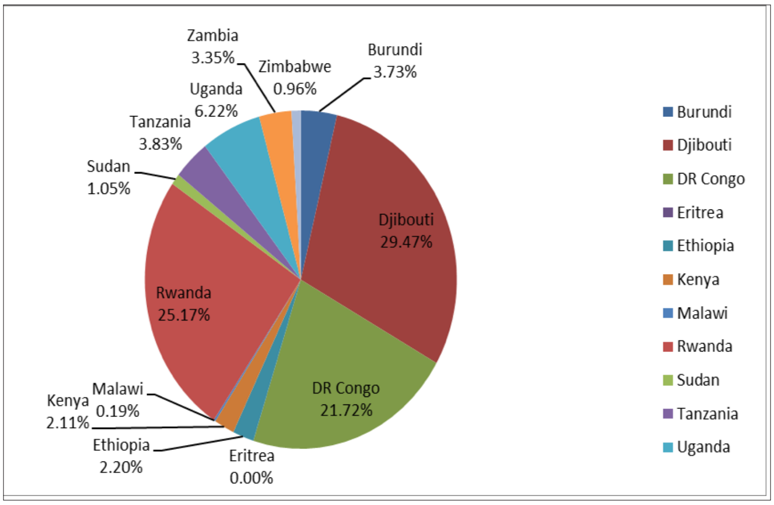


Figure 21: Number of Yellow Card Claims in 2018



Yellow Card Reinsurance Pool

As at 31st December 2018, the Yellow Card Reinsurance Pool's total assets had increased to US$14.475 Million with an investment in money markets of US$10.79 Million. Table 36 presents the outlook of the Pool's financial standing.

Table 36: Yellow Card Reinsurance Pool Financial Performance

	December 2018	December 2017
	US$	US$
Gross premium income	3,322,142	2,753,355
Reserve fund	9,474,077	7,810,315
Total assets	14,475,366	12,558,144
Capacity subscription	50,000	50,000
Short-term investments	10,790,195	9,108,537

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, Eswatini and Angola on the modalities of ensuring that these interested countries adopt and join the Yellow Card Scheme. An additional prospect expansion of the YC coverage is to Mozambique owing to the potential of increased trade links with Malawi, Zambia and Zimbabwe.

The Yellow Card Scheme Medium Term Strategic Plan for the period 2018- 2022 was developed to strengthen the Yellow

Card Institution and governance structure.

Regional Customs Transit Guarantee Scheme

The Regional Customs Transit Guarantee Scheme (RCTG) Scheme provides customs administrations with security to recover duties and taxes from importers and exporters should the goods in transit be illegally disposed of 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. Currently, thirteen COMESA Member and non-Member States have signed and ratified the RCTG Agreement and joined the Scheme. These are: Burundi, Djibouti, DR Congo, Ethiopia, Kenya, Madagascar, Malawi, Rwanda, South Sudan, Sudan, Tanzania, Uganda and Zimbabwe. All the Member States except Madagascar have established the National Sureties and signed the Inter-Surety Agreement. The RCTG Scheme is operational in five countries namely: Burundi, Kenya, Rwanda, Tanzania and Uganda.

In 2018, the following was achieved in the implementation of the Scheme;

a) Training of stakeholders in Burundi, Kenya, Rwanda and Tanzania on the operations of the RCTG Carnet;
b) Provision of technical support to the Customs Administrations of Burundi, Rwanda, DR Congo and Kenya in integrating their National Customs Systems with the Management Information System of the RCTG Carnet (RCTG-MIS);
c) Review of the RCTG Operational Manual; and
d) Digitization of the RCTG Carnet with the last phase of full digitization scheduled to be finalized in June 2019.

As outlined in the Figures below, a total of 661 Regional (RCTG) Bonds with guarantees amounting to US$ 380 million were executed by clearing and forwarding companies and 323,973 Carnets were issued for the movement of goods in the region.

Figure 22: Number of RCTG Bonds Executed (%)

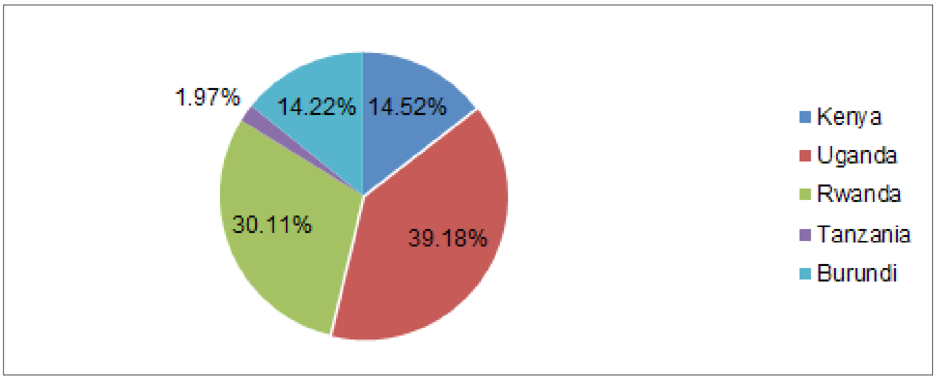


Figure 23: Amount of RCTG Bonds Executed (US$)

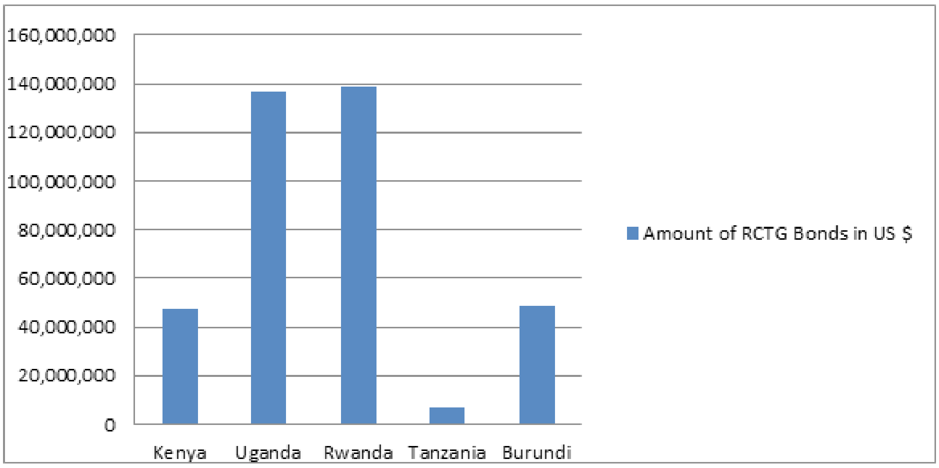
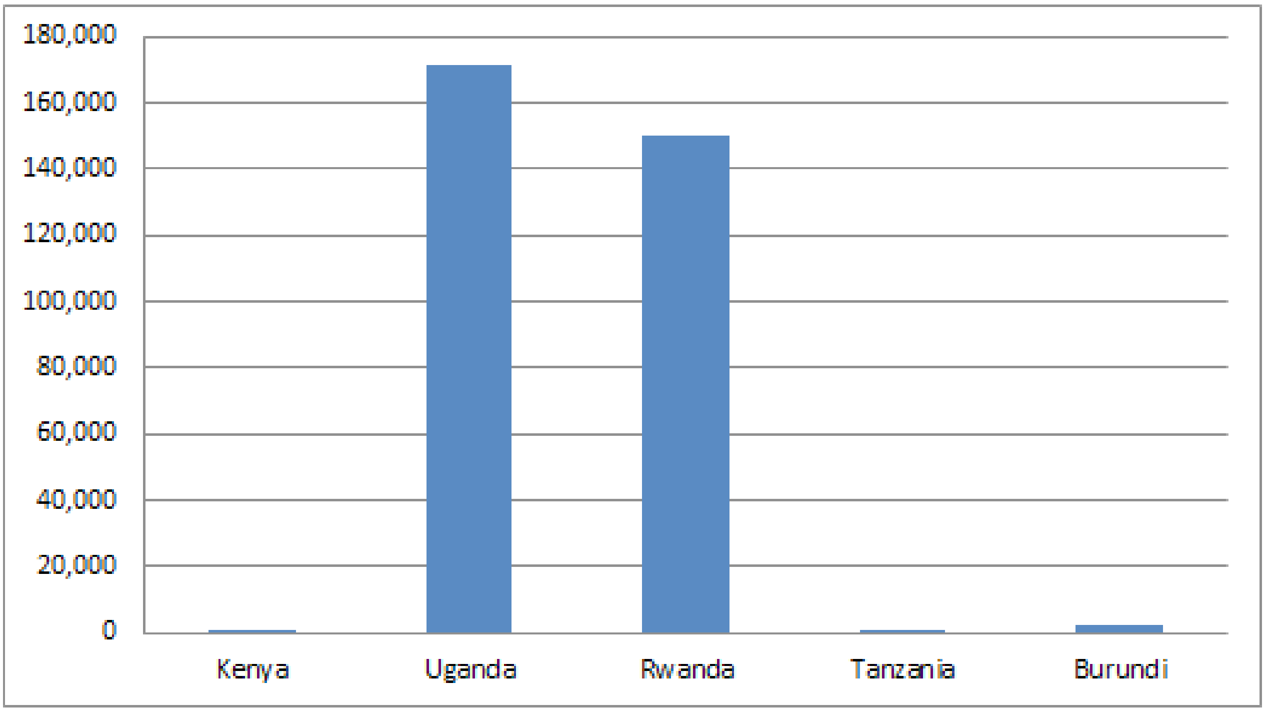


Figure 24: Number of RCTG Carnet Issued



COMESA Business Council

CBC is the recognized Business Member Organization, established as a private sector institution of COMESA. It represents the interests of businesses sectors at a regional level. CBC advocates for active promotion of business participation in regional integration, investment and global trade. This is done by facilitating the growth of strong business synergies, the development of business opportunities, business alliances, legislative and strategic advocacy. CBC provides custom tailored services that are driven by both industry and enterprise interests.

CBC Strategic Direction

CBC is driven by the vision - "Building Regional, Going Global". Its mission is to become the leading private sector organization in Africa that promotes competitive and interconnected industries to actively participate in regional and global markets through advocacy, business facilitation and enterprise development.
CBC's partnerships range from private sector members and clientele within the COMESA Member States, International Interest Groups and Development Partners. The following are current CBC partners:

- United States Agency for International Development
- African Development Bank
- Center for International Private Enterprise
- Bill and Melinda Gates Foundation
- International Trade Centre
- European Union
- Private sector

Achievements in 2018

Business Policy Advocacy

As part of Business and Policy advocacy pillar, the agency seeks to promote the private sector contribution in the formulation of position papers, policy briefs, evidence-based research on timely constraints or competitiveness issues affecting businesses in the region and create a platform to directly advocate for policy and decision makers in the region.

Results:

- Two National Business Dialogues held to support national business agendas and private sector input on trade and issues regarding to competitiveness and COMESA regional trade.
- Two Regional Public Private Dialogues convened through workgroups to inform policy and advocacy agendas of the CBC.
- CBC Flagship Program- Three trainings carried out at the national level on Anti- Corruption Compliance for enterprises and 160 SMEs awarded with certificates.
- Publication of business policy research and evidence-based studies.

Table 37: Key activities

Activity	Results	Stakeholders
a) *COMESA Zambia Business Dialogue, March 2018* CBC in partnership with the Zambia Association of Manufacturers (ZAM) convened the COMESA – Zambia Business Round Table on the 27th of March 2018, in Lusaka, Zambia. Theme: "Industry Competitiveness in Zambia: Focus on Finance, Tax and Trade policies". Objective: To strengthen the advocacy capacity of the private sector in Zambia and their engagement with government to effectively participate in regional and global markets.	A national position paper developed and adopted	Zambia
b) *COMESA Connect Industry Dialogue, June 2018* CBC in partnership with the Rwanda Private Sector Federation (PSF) convened the COMESA Connect Business Dialogue on 21-22 June 2018, in Kigali. Theme: "Smart Technologies for Sustainable Businesses" Objective: To provide technology solutions that can propel and transform African industries and economies into fully knowledge based and sustainable businesses in regional and global trade.	A regional industry position paper adopted at the COMESA Policy Organs meetings, June 2018.	COMESA -Regional
c) *Tobacco Farming Study and Regional Validation Workshop, November 2018* In February 2018, CBC commissioned a study "Socio-Economic impact of the Tobacco farming activities in Eastern and Southern Africa". The study was aimed at quantifying the social, economic and environmental impact of tobacco farming activities and evidence-based research to ascertain its footprint in the region. The intention is to promote an informed policy for the tobacco industry within the COMESA region. On November 7-8, 2018, CBC in partnership with the Tobacco Association of Zambia held a workshop to validate the regional tobacco report with stakeholders from eight countries in Eastern and Southern Africa.	1 regional report reviewed and adopted. 40 tobacco stakeholders agreed to expand the existing workgroup to inform CBC processes in the sector's interests	Regional - Zambia Zimbabwe Malawi Kenya Uganda Tanzania RSA Mozambique

d) *CBC Business Integrity Project, Training on Anti-Corruption Compliance for Enterprises* In June 2018, CBC signed a Grant Agreement with the Centre for International Private Enterprise (CIPE) termed the Business Integrity Project focused on Anti-Corruption Compliance Training for enterprises. The aim was to train enterprises based on global practices anti-corruption compliance measures and ensure the implementation of the same. The Project covered 200 enterprises in four countries: Ethiopia, Rwanda, Mauritius and Zambia as a pilot phase.	160 SMEs trained in Mauritius, Rwanda and Ethiopia 2 business case reports developed on the national anti-corruption compliance codes in Rwanda and Ethiopia respectively	Mauritius, Rwanda and Ethiopia
e) *Development and Harmonization of Policy Positions to inform advocacy and presentation to Policy Makers:* • Professional Services in Regional Markets: Private Sector Challenges in the Liberalization of Accounting, Engineering and Legal Services in COMESA • The Tobacco Farming Sector Socio-Economic and Environmental Impact on Eastern and Southern Africa • Advocacy in COMESA Policy Organs Meetings - Three Positions of Industry. Sectoral Positions of Industry were adopted at the Policy Organs in the following key sectors: Digital Services, Travel and Retail and Sustainable Tobacco	• Professional services publication- Report distributed • Tobacco farming study- nearing completion • Positions adopted at 38th Council of Ministers meeting	Regional

Business Facilitation Services

Facilitation of business services focuses on promoting business partnerships and participation in regional and global trade. This is through a variety of platforms for Business to Business networking, exhibitions, online platforms, workshops and partnership meetings. Over the past year, CBC has met the following results:

- Expansion of the data collected in the Biznet Portal from Egypt and Sudan;
- Stakeholder meetings carried out to promote regional and global partnerships;
- One business linkages and awareness dialogue in Egypt;
- One mini exhibition held during the COMESA Connect Industry Dialogue.

Table 38: Business Facilitation Services - Key Activities Table 36: Key activities

a) *COMESA-Egypt Business Dialogue, March 2018* On 6th March 2018, CBC convened COMESA-Egypt Business Dialogue in partnership with the Federation of Egyptian Industries bringing together various captains of industry and the Egyptian business community. Theme: "Local Sourcing, Trade Facilitation and Accessing Regional Markets". Objective: Provide a platform for CBC to engage with the business community in Egypt and as a way of introducing CBC and the opportunities within COMESA for increased regional partnerships and trade.	57 enterprises received basic training on food safety management and business linkages National position paper developed The Federation of Egyptian Industries is now a member of the CBC	Egypt
b) Expansion of Biznet Portal - Egypt and Sudan Biznet Mapping Exercise, March 2018 CBC has developed an online business and market intelligence platform called Biznet that support services such as business linkages, sourcing, business or trade flow analysis for regional and international companies. About 2500 companies are now listed on to the database. In March 2018, CBC carried out two Biznet mapping exercises in Egypt and in Sudan to increase the number of countries and companies listed on the portal.	• Increased content of number of companies listed on Biznet. • Two Biznet mapping exercises carried out. • Business data for two countries collected	Egypt, Sudan
c) The Source21 Handbook CBC carried out an Agro-Supply Chain study under the CBC-AfDB project, "Towards fostering business and trade within the supply chain networks along the transport corridors in COMESA: An agro & industry corridor project". The second part of the project was the development of a business guide. The Business Guide will be completed in 2019.	Study completed	Regional

d) Stakeholder Meetings i. Presentation at the Airport Council International – ACI Board Committee meetings, Lagos, Nigeria ii. Partnership Agreements or MOUs to support regional and global partnerships- Signing of an MoU with Microsoft, March 2018 The institutions will work together on activities that promote the Digital Transformation of Industries and Organizations in COMESA for the next two years. iii. CBC participation at the African Union Meeting on Strengthening Trade Policy Dialogue Platforms 27th of September 2018 in Lusaka, Zambia. iv. CBC signed a partnership arrangement with Impact Capital Africa in July 2018 to support access to funding and investment for SMEs in Zambia. Furthermore, to support the hosting of the Impact Capital Africa- Zambia meeting which was held on the 2 -3 of October 2018. v. CBC presentation at the WEDF meeting and the ICC Institutional Capacity meeting – ITC 11 - 12 September 2018 vi. CBC presentation in ITC Meeting - Raising awareness on TFTA and CFTA, Nairobi, Kenya vii. CBC participation in the Board Committee meeting of ARSO- nominated as private sector champions 16 of July 2018 in Nairobi, Kenya viii. CBC participation at the Commonwealth Consultation on Multilateral, Regional and Emerging Trade Issues for Africa 15-16 November 2018 in Seychelles ix. CBC partners with UNCTAD at the e-Commerce Week 10 -14 December 2019, Nairobi, Kenya	Increased membership Increased partnerships to support strategic objectives	Cross countries

Membership Development Services

The objective is to forge strong collaboration between CBC and the business community at national level to effectively provide services to the business community, through technical capacity building of enterprises of Associations.

Results

- Increased membership under the CBC;
- Strengthened communication between CBC and membership through online platforms;
- Income generation activities developed;
- Increased CBC visibility at a regional level;
- Development of CBC online and media presence- two event websites and expansion of main site.

Table 39: Key Activities – Members Services

Activities		Output	Stakeholders
a.	Strengthening Lines of Communication between CBC and Members; CEO's Platform. A CEOs email platform was created to facilitate the exchange of information on CBC activities. This has resulted in an a more efficient system for feedback and dialogue with the membership.	Increased communication with members	
b.	Introduction of "Biznet Weekly" newsletter. A total of 32 publications were issued in 2018	Improved Membership Communications	
c.	Buyer – Seller Platforms COMESA Connect Industry Dialogue conducted in Kigali from the 21 - 22 June 2018 alongside a mini exhibition between Agro industry Corporates, SMEs and digital services companies.	Increased Market linkages 11 companies exhibited, from national and regional markets	Regional
d.	Membership drives Membership drives conducted in Egypt and Sudan in March 2018 to enhance the CBC portfolio in the region	Increased membership	Egypt Sudan

Institutional Sustainability and Governance

CBC operations are guided by the Constitution and Strategic Plan 2018-2022 - Building Regional, Going Global. In 2018, CBC elected a new Board of Directors whose term will run for two years from November 2018 to November 2020.

Financial Report – Summary

CBC is financed by two sources namely: Private sector through membership contribution and business services and grants from development partners. In 2017, CBC received US$194,711.00 from private sector and US$845,868 from development partners. However, in 2018, CBC received US$159,607.00 from the private sector and US$2,054,259.00 from development partners. The grants income increased by 59% due to the signing of new Grant Agreements between CBC and the Bill and Melinda Gates Foundation (BMGF) as well as the Centre for International Private Enterprise (CIPE). A copy of the CBC Annual report is accessible on the CBC website: www.comesabusinesscouncil.org

07

FINANCIAL INFORMATION

Secretariat Management Accounts - 2018

Secretary General's report

Introduction

1 I have the pleasure of submitting this report to the Council of Ministers for the financial year 2018, together with the Management Accounts of COMESA Secretariat for the year ended 31 December 2018.

2 These accounts combine, results of activities carried out with funding from Member States, as well as grant funding. These resources are provided by Member States and Cooperating Partners in accordance with the Treaty under Article 166 (3) and Article 168 (3), respectively.

3 Accordingly, audited financial statements on each source of funding are available on a request submitted to the Secretary General.

Strategic context

4 The Management Accounts provide a complete overview of the finances of the Secretariat for the financial year 2018 – this includes information on the financial position of the Secretariat, how the budget has been implemented, as well as the financial commitments and obligations that the Secretariat has undertaken.

5 In order to reflect the multi-annual nature of the Secretariat's activities, the accounts include explanations of the key financial figures and their evolution. The financial year 2018 was characterized by major achievements and some challenges for the Common Market. The Secretariat budget focused on strengthening the COMESA economy, boosting jobs and growth. The labour market conditions, particularly for the youth remain challenging. Job creation and growth of intra-COMESA trade has been less than optimal.

6 As the continental FTA kicks-off, it will certainly benefit from the lessons of COMESA FTA, as well as the Tripartite FTA.

7 Results of Secretariat's financial operations for the financial year 2018 are reflected in these Management Accounts. The COMESA Treaty and 2016-2020 Medium Term Strategic Plan sets out the strategic context, in particular the following:

(i) Activities of Secretariat are intended to contribute towards Member States' pursuit of a more balanced and harmonious development of production and marketing structures; raising standard of living of people; fostering closer relations among Member States; creating of an enabling environment for trade and investment; promoting peace and security and stability; towards the attainment of sustainable growth and development; and strengthening of relations between the Common Market and the rest of the world.

(ii) Work programmes are aimed at consolidating the COMESA Free Trade Area, as well as laying the ground work for deeper regional and continental integration

8 The impact from the implementation of the 2018 annual plan and budget by the Secretariat should thus be seen from positive trends on the following: -

(i) Strengthening Market Integration;

(ii) Attracting Increased Investments;

(iii) Strengthening the Blue / Ocean Economy;

(v) Strengthening Development of Economic Infrastructure (Energy, Transport and ICTs);

(vi) Laying a framework for Industrialization;

(vii) Fostering Gender Equality & Social Development;

(viii) Ensuring Regional and Secretariat Readiness; and

(ix) Strengthening Regional Knowledge and Skills Capacity.

9 Included in the US$341 million availed by Cooperating Partners is US$140 million which has been disbursed to Member States of COMESA towards the implementation of programmes. This is in accordance with the implementation framework of COMESA programmes, as stipulated in the Medium-Term Strategic Plan.

10 Secretariat's institutional systems and processes are consistently rated as being in line with global best practice and international standards, where required. This provides a positive assurance to Member States and Cooperating Partners about accountability of funds. Led by the European Union and United States Agency for International Development, a number of Cooperating Partners have accepted use of Secretariat's rules and procedures.

11 Secretariat is increasingly allowed to sub delegate funds from Cooperating Partners to Member States and other partners to support the implementation of COMESA programmes.

12 The organization continues to keep its pace with the major stakes of the world economic development, including the international consensus around industrialization as the backbone of responsible socio-economic development, including the provision of necessary added value to the abundant natural resources available in the Common Market and addressing key economic development enablers.

Oversight over operations of the COMESA Secretariat

13 In keeping with the principles of good corporate governance, the Council of Ministers 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; Review technical reports on the implementation of policy, rules and regulations by the COMESA Secretariat; and

(iii) Appointing of external auditors and receiving reports of the external auditors.

14 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 rotate among the members of the Council for a term of one year. For 2017, the following Member States constituted the Bureau:

(i) Madagascar: Chairperson
(ii) Burundi: Vice Chairperson
(iii) Ethiopia: Rapporteur

15 Administrative and Budgetary Committee and its subcommittee and Intergovernmental Committee undertakes technical work and provides relevant advisory to the Council of Ministers. Auditors General from COMESA Member States were designated as External Auditors of COMESA Secretariat.

2018 Performance overview

Financial results

16 The Secretariat recorded deficit for the year of COM$516,077 in 2018 (2017: Income COM$2,004,184) as at December 2018.

17 In the year 2018, the Secretariat recognized total income of COM$36,284,651, which is a minimal increase from the income of COM$ 36,248,841recognised in 2017. A number of grants came to an end in 2018, whilst new grant agreements are expected to come on stream from 2019.

18 A total expenditure COM$37,612,148 is reported in 2018 against an amount of COM$35,751,326 in 2017, i.e. an increase of 5.2%.

19 Assets under the control of Secretariat have increased from COM$85,394,655 in 2017 to COM$100,924,977 in 2018, i.e. 29%. These are financed as follows: -

(i) Member States funds: COM$63,861,928 (2017: US$65,480,342). Included in these funds are outstanding amounts due on assessed annual contribution of COM$16,987,333 (2017: COM$17,992,908) and

(ii) Cooperating Partners and other funds: COM$35,321,995 (2017: COM$19,706,052).

Looking beyond 2019

20 COMESA will continue to implement the 2016-2020 Medium Term Strategic Plan. Adjustments, taking account achievements made to date, as well as emerging regional, continental and global issues will be proposed to COMESA Policy Organs in 2018-2019.

21 I have been welcomed by the Common Market, as Secretary General, taking over from Mr. Sindiso

Ngwenya whose ten (10) year tenure came to a successful conclusion in July 2018. I will build on his achievements, as well as implement adjustments that are required by the Common Market, its Member States, Organs, Institutions and Entities.

22 Finally, I want to thank their Excellencies, Heads of State and Government for the confidence shown in appointing me to the position of Secretary General of the Common Market. I will greatly benefit from their Excellencies leadership and wise counsel and that of all COMESA Policy Organs.

Chileshe Mpundu Kapwepwe
Secretary General
Lusaka, Zambia

Table 40: Statements of Financial Position

In COMESA Dollar	Note	2018	2017
Assets			
Non-current assets			
Property and equipment	5(a)	**24,756,669**	26,458,765
Capital Work in Progress	5(b)	**5,400,320**	3,668,032
Intangible assets		**79,900**	0
Investment in equity	6	**2,356,661**	2,354,953
Total: Non-current assets		**32,593,549**	32,481,750
Current assets			
Member states contributions receivable	7(a)	**16,987,333**	17,992,909
Grants receivable	7(b)	**1,985,026**	630,772
Amounts due from other COMESA Entities	8(a)	**840,926**	4,242,063
Contributions receivable for Economic Partnership Agreement	8(b)	**120,000**	120,000
Advances under Sub delegation	9	**4,045,059**	1,701,602
Other receivables	10	**1,576,773**	1,440,463
Cash and cash equivalents	11	**42,776,312**	26,785,097
Total: Current assets		**68,331,428**	52,912,905
Total: assets		**100,924,977**	85,394,655
Accumulated funds and liabilities			
Accumulated funds and reserves			
Reserve fund	12	**10,579,399**	10,100,611
Accumulated funds	13	**44,606,477**	46,703,680
Revaluation reserve	14	**8,676,052**	8,676,052
Total: Accumulated funds and reserves		**63,861,928**	65,480,342
Non-current liabilities			
Capital grants	15	**1,741,055**	208,261
Total: Non - current liabilities		**1,741,055**	208,261
Current liabilities			
Trade payables	16	**1,736,235**	1,158,266
Amounts due to COMESA entities	17	**1,358,049**	1,869,026
Trust Creditors	18	**919,442**	919,442
Post-employment benefit	19	**2,567**	127,973
Deferred revenue	20	**30,782,722**	14,883,005
Accruals and provisions	21	**522,979**	748,339
Total: Current liabilities		**35,321,995**	19,706,052
Total: liabilities		**37,063,049**	19,914,313
Total: accumulated funds and liabilities		**100,924,977**	85,394,655

Table 41: Statement of Income and Expenditure

In COMESA Dollar	Note	2018	2017
Income			
Member States contributions	7(a)	**13,873,612**	13,873,608
Other Member States contributions	7(b)	**1,143,860**	-
Grants contributions	22(a)	**21,012,521**	21,892,039
Grant Overhead contributions	22(b)	**53,830**	-
Other income	23 (a)	**200,829**	483,194
Total income		**36,284,651**	36,248,841
Expenditure by function			
Member States funded			
Executive management		**(2,530,298)**	(1,567,223)
Human resources and administration		**(3,489,324)**	(4,012,848)
Budget and finance		**(2,052,404)**	(923,479)
Trade and customs		**(1,253,365)**	(938,495)
Infrastructure and logistics		**(524,512)**	(656,045)
Agriculture, environment and natural resources		**(595,270)**	(713,020)
Legal and institutional affairs		**(512,772)**	(610,414)
Gender and social affairs		**(504,157)**	(436,881)
Information technology		**(1,013,944)**	(748,929)
Internal audit		**(369,634)**	(372,891)
Strategic planning		**(221,867)**	(233,409)
Resource mobilization and international Cooperation		**(196,897)**	(209,936)
Public relations		**(350,428)**	(344,962)
Resource Centre		**(142,439)**	(119,075)
Estates Unit		**(344,123)**	(201,845)
Brussels liaison office		**(331,693)**	(345,489)
Depreciation on property and equipment		**(2,109,807)**	(1,054,534)
Total expenditure: Member States funded	24	**(16,542,934)**	(13,489,475)
Finance income	25	**465,808**	747,458
Finance costs	26	**53830**	(392,450)

Table 42: Statement of Income and Expenditure (continued)

In COMESA Dollar	Note	2018	2017
Grants funded			
50 Million Women Speak Project		**(650,314)**	(190,876)
COMESA Airspace Integration Project		**(829,242)**	(778,611)
Trading for Peace - AfDB		**(50,146)**	(117,658)
COMESA-EAC-SADC Tripartite Capacity Building Programme		**(538,575)**	(2,300,321)
Statistical Capacity Building		**(341,570)**	(842,215)
International Comparison Programme		**(456,581)**	(213,993)
Transport and Transit Facilitation Programme		**(19,671)**	-
Cross Border Trade Initiative		**(150,543)**	-
Regional Integration Support Mechanism		**(8,574,451)**	(8,488,600)
Maritime Security Programme		**(1,117,807)**	(1,470,857)
Trade Facilitation Programme		**(83,982)**	-
Enhancement of Sustainable Regional Energy Market		**(925,105)**	(111,178)
TCF (EDF11)		**(1,196,338)**	(546,004)
EU Global Alliance for Climate Change Plus		**(1,177,686)**	-
United States Agency for International Development - USAID RDOAG		**(257,973)**	-
United States Agency for International Development - USAID IPAA		**(2,531,588)**	(2,049,270)
Africa Peace and Security Architecture Support (APSA)		**(521,765)**	(920,434)
Great Lakes Trade Facilitation Project		**(1,425,125)**	(798,159)
Mainstreaming		**(52,804)**	-
Regional Integration Support Programme			(1,621,834)
Africa Capacity Building Foundation			(649,959)
Reinforcing Veterinary Governance in Africa			(326,736)
Trading for Peace - KFW		**-**	(259,249)
Rockefeller - Climate Change Programme			(181,260)
DFID Climate Change Programme			(1,444)
Norwegian Climate Change Programme		**-**	(742)
Total expenditure: Grant funded	26	**(20,901,265)**	(21,869,401)
Operating Surplus		**(861,688)**	1,244,973
Other Comprehensive Income	23 (b)	**342,611**	759,211
Total Comprehensive Income for the year		**(519,077)**	**2,004,184**

Table 43: Statement of Changes in Accumulated Funds and Reserves

In COMESA Dollar	Reserve funds	Accumulated funds	Revaluation Reserve	Total
Balance at 1 January 2017	11,844,736	30,335,562	12,396,168	54,576,466
Surplus for the year	-	2,004,185	-	2,004,185
Valuation			8,932,799	8,932,799
Transfer from revaluation reserve		**12,396,168**	(12,396,168)	-
Transfer from revaluation reserve		**187,913**		187,913
Withdrawal from reserve funds	6,659,239	**(6,659,239)**	-	-
Transfer to reserve funds	172,979	**(172,979)**		-
Net cash transfer from reserve fund	(8,425,440)	8,425,440	-	-
Transfer to income	(150,883)			
Capital Grant			(70,000)	(70,000)
Amortization of the revaluation reserve*	-	186,747	(186,747)	-
Balance at 31 December, 2017	**10,100,631**	**46,703,797**	**8,676,052**	**65,631,363**
Balance at 1 January 2018	**10,100,631**	**46,703,797**	**8,676,052**	**65,480,480**
Surplus for the year		(519,077)	-	(519,077)
Transfer to reserve funds	12,334,269	(12,334,269)		-
Transfer from Capital grants				-
Transfer to accumulated funds	(10,756,026)	10,756,026		0
Transfer to income	(1,099,474)			(1,099,474)
Excess Depreciation	-			-
Balance at 31 December 2018	**10,579,400**	**44,606,477**	**8,676,052**	**63,861,929**

Table 44: Statement of Cash Flows

In COMESA Dollar	2018		2017
Cash flows from operating activities			
Surplus for the year	(519,077)		2,004,184
Adjustments			
Depreciation	**2,109,807**		1,054,534
Other income	**(4,065,692)**		1,197,298
Decrease/(Increase) in investment in equity	**(1,708)**		(255,988)
	(2,476,670)		**4,000,028**
Changes in working capital			
Amounts due to/(from) other COMESA Entities	**2,890,160**		(3,831,428)
Other receivables	**(136,310)**		(56,186)
Payables	**227,203**		(299,989)
Interest received	**465,808**		747,458
Net cash generated from operating activities	**970,191**		**559,883**
Cash flows from investing activities			
Decrease/(Increase) of property and equipment	**(30,192)**		(254,285)
Net cashflows in investing activities	**(30,192)**		(254,285)
Cash flows from financing activities			
Decrease/(increase) in Member states contributions	**1,005,576**		(2,200,891)
Increase/(decrease) in Reserve fund contributions	**478,788**		(1,744,125)
Increase/(decrease) in Cooperating partner contributions	**13,734,801**		6,918,697
Net cash flows from financing activities	**15,219,165**		**2,973,681**
Effect of exchange rate adjustments	**(167,949)**		(392,450)
Movement	**15,991,215**		2,886,829

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