e-COMESA newsletter

Issue #: 599_22nd October,2019

COMESA Moves Towards Financial Independence

Finance Ministers, Governors set up Team to Assess the COMESA Common Market Levy

Finance Ministers, Central Banks' Governors and staff of COMESA meeting in USA

In a move to entrench financial independence and sustainable implementation of regional integration agenda in COMESA, a Joint Committee of Ministers of Finance and Central Bank Governors have resolved to set up a technical working group to assess and come up with modalities for the operationalization of the COMESA Common Market Levy.

The Levy is provided for in the COMESA Treaty as a means of generating resources for financing Common Market activities. However, key aspects of the Levy such as incomes earned from activities undertaken by the Common Market has never been operationalized. This has created budget deficits which are addressed through Development Partners' support which is not sustainable in the long run.

To ensure sustainability, COMESA Secretariat decided to directly engage the Ministers and the Governors to deliberate ways of enhancing the implementation of COMESA Monetary Integration Programme and modalities for sustainable financing of its programmes.

The joint meeting took place last week, 16 October 2019 in Washington, DC on the sidelines of IMF/World Bank 2019 Annual Meetings. It was attended by Ministers and Governors from Djibouti, DR Congo, Egypt, Eswatini, Libya, Kenya, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Tunisia and Zambia.

Making the case for implementation of the Common Market Levy, Secretary General (SG) of COMESA Chileshe Kapwepwe emphasized the need to intensify efforts to deepen the process of macroeconomic convergence and financial intermediation in COMESA region given the current enormous challenges facing the region.

"COMESA needs a guaranteed, predictable and adequate financial resources for the smooth execution of its regional integration agenda," she stressed. "Introducing the Community Levy is in line with

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COMESA Treaty provisions and will go a long way in raising significant resources for harmonious development of the region."

The Minister of Finance of Congo DR, Mr. Sele Yalaguli reaffirmed this position stating:

"COMESA continues to lack sufficient funding on a sustainable basis to finance its flagship programmes," he stated. "It is time that COMESA Member States find a sustainable way to fund them."

He emphasized that COMESA's initiatives in deepening integration will complement member countries efforts to improve productivity and ensure diversification, partly through increased intra-regional trade.

Former Deputy Chair of the Africa Union Commission, Mr. Erastus Mwencha, who is also a former Secretary General of COMESA was the keynote speaker and shared insights on financing of regional integration in Africa in general, and the operationalization of the COMESA Common Market Levy, in particular.

"COMESA needs a guaranteed, predictable and adequate financial resources for the smooth execution of its regional integration agenda"

Currently, over 70% of the COMESA Budget comes from development partners, a situation that is now being considered untenable given the changing financing mechanism of funding agencies.

Similar regional economic communities such as the Economic Community for Western African States (ECOWAS) and the Economic Community for Central Africa States (ECCAS) have successfully implemented such levies for sustainable financing of their integration agenda.

In attendance at the meeting in Washington were staff from the COMESA Secretariat and the COMESA Monetary Institute.

Six COMESA States Take Steps to Access Climate Change Funds

Delegates, resource persons and COMESA Staff at the Climate Change regional workshop in Lusaka

Many African countries are lagging in accessing climate finance to operationalize their Nationally Determined Contributions (NDCs) which are commitments made by each country to reduce their emissions of greenhouse gases and adapt to the impacts of climate change in line with the 2015 Paris Agreement.

According to the International Finance Corporation of the World Bank estimates, as much as $23 trillion in climate smart investment is required in emerging economies to implement the NDCs. Hence countries need to mobilize significant levels of resources including private sector investments.

Attracting this scale of investment at the speed needed to meet NDC targets requires the appropriate incentives and financial instruments to support project development and implementation, expansion of market demand for green products and services.

Cognizant of this, COMESA has the mandate to help its Member States, access the climate financing to operationalize their NDCs. This is being done through successive practice-oriented regional workshops to build the capacity of the Member States National Designated Authorities in project development and investment mobilization.

Last week in Lusaka, Zambia, six countries including Comoros, Eswatini, Madagascar, Uganda, Zambia, Zimbabwe participated in the 'Regional Workshop on NDC Project Development and Investment Mobilization." Its overarching

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objective was to come up with a framework for development of bankable proposals, based on each country's NDC priority list, for submission to potential funders.

"We want to ensure that our Member States' capacity to develop bankable project proposals is enhanced and the challenges in accessing climate finance are identified and addressed," said the COMESA Climate Change Advisor Dr Mclay Kanyangarara.

He observed that at the design stage, the NDCs were linked to the national development plans and strategies. Hence, mobilizing climate finance and implementation of NDCs will lead to attainment of socioeconomic development goals of the Member States.

"During the design stage of their NDC's, African governments

...there is a risk of not achieving the goal of the 2015 Paris Agreement...

incorporated two targets: an unconditional target that will be met by African countries with their own resources (15%), and a conditional target, subject to financial support from the international community (85%)," Dr Kanyangarara noted.

However, in mapping current commitments, he said, there is no distinction between these targets.

"Without making this distinction and mobilizing the resources to enable African countries to achieve both targets, there is a risk of not achieving the goal of the 2015 Paris Agreement of limiting global temperature rise to less than 2oC by the turn of the century," he cautioned.

During the three days' workshop that closed on Friday, October 18, 2019, participants went through practical steps required for identifying sources of public and private climate finance and securing access to them. Experience sharing and collaboration between participants from different Member States were conducted to identify good regional best practices for accessing green/climate funds including unlocking/stimulating private sector investment.

Officials from ministries in charge of finance and national development planning, as well as representatives of National Designated Authorities for the Green Climate Fund, Global Environment Facility (GEF) and UN Framework Convention on Climate Change (UNFCCC) focal points attended the workshop.

US$2bn Worth of COMESA Customs Bond Issued for Goods-in-Transit

The COMESA Regional Customs Transit Guarantee Scheme (RCTG Carnet) is expected to maintain a steady growth trajectory in 2019 based on its 2018 performance in which customs guarantees for goods-in-transit issued in the Northern and Central Corridors reached US$2 billion mark.

This is according to a statement issued by the RCTG/Yellow Card Chief Programme Officer Mr. Berhane Giday. The bonds were issued for customs duty and taxes for goods in transit in the countries where COMESA RCTG Carnet has been operational since 2012. These are Burundi, Kenya, Rwanda, Tanzania and Uganda.

The RCTG Carnet is a COMESA trade facilitation instrument which is digitally integrated with other Member States national customs IT systems such as iCMS (Kenya) TANCIS (Tanzania) and ASYCUDA World in Uganda, Rwanda and Burundi.

The COMESA bond has enhanced competitiveness for companies on the Northern Corridor. Experts say the implementation of the RCTG Carnet has reduced the cost of transport and clearance by between 10 and 15 percent. At present, over 1000 clearing and forwarding agents and 66 Insurance companies are participating in the RCTG. Eighty percent of the agents are Small and Medium Sized Enterprises (SMSE).

A study conducted by Kenbright Actuarial & Financial Services Limited of Kenya found that most COMESA RCTG Bonds are General Bonds at 99%. About 70% of the CARNETs are below $10,000.

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"We engaged the Kenbright to conduct a study on the COMESA RCTG Carnet, which revealed that a significant growth in the performance of the instrument was recorded between 2017 and 2018," Mr Giday said.

The study further established that the RCTG regional premium rates are lower than most national rates except in Uganda. Since 2015, thirteen bonds with an estimated loss of duty and taxes of $342,731 were called upon of which six were for the Uganda Revenue Authority and seven were for the Rwanda Revenue Authority.

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 is estimated to be USD$30million.

The RCTG Agreement was signed and ratified by 13 COMESA member and non-Member States, namely: Burundi, Djibouti, DR Congo, Ethiopia, Madagascar, Malawi, Kenya, Rwanda, South Sudan, Sudan, Tanzania, Uganda and Zimbabwe.

The scheme is fully operational in the northern and central corridor countries namely Burundi, Kenya, Rwanda, Tanzania and Uganda. In addition, DR Congo, Malawi, Zimbabwe, Ethiopia, Djibouti Sudan and South Sudan are expected to commence operations in the first quarter of 2020. The Northern corridor covers Kenya, Uganda, Rwanda while Tanzania, Burundi and DR Congo are in the Central Corridor.

The RCTG was introduced in 2012 on the Northern Corridor to facilitate movement of goods from the port of Mombasa to the landlocked countries in the region. It is the first of its kind in the eastern and southern Africa region and second of its kind after the European Union TIR Carnet.

Tunisia Affirms Support for 50 Million African Women Speak Project

COMESA/50MAWSP delegation to Tunisia with Minister of Trade Hon. Omar Behi (center)

The implementation of the 50 Million African Women Speak Project (50MAWSP) is officially underway in Tunisia after a team from COMESA commenced engagements with the North African country, which is also one of the newest member to the 21-States' regional bloc.

The engagements started with two courtesy calls to the Tunisian ministers responsible for gender and trade respectively on 21 October 2019 in the capital Tunis. Gender and Social Affairs Director Mrs. Beatrice Hamusonde led a five-member delegation which met Hon. Neziha Labidi, Tunisia's Minister for Women, Family, Childhood and the Elderly, before holding another meeting with Hon. Omar Behi, Tunisia's Minister of Trade.

The courtesy calls, the first business of a three-day stakeholder engagement running from 21 to 23 October 2019, were intended to brief the ministers about the ongoing 50 Million African Women Speak Project, which is an initiative to empower women entrepreneurs through a digital networking platform that covers 38 African countries.

The minister responsible for gender Hon. Labidi affirmed Tunisia's support for the project, which she described as "the future of Africa". While noting the importance of empowering women economically, the minister emphasized the need to provide holistic solutions which address economic, social and human rights of women in particular.

She added that Tunisia had some good experiences to share with the rest of the COMESA region and highlighted the example of Rayda Project which she said had supported 4,500 women-led

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initiatives and created 40,000 jobs by providing interest-free capital.

The COMESA team, which also visited Minister of Trade Hon. Omar briefed both ministers about the various initiatives in the Gender Division, including the 50 Million African Women Speak Project designed to empower women, an upcoming program to empower youth as well as various instruments which have been developed including the Social Charter and the COMESA Gender Policy.

The team informed the ministers that the platform's development has been completed and it is set to be launched in November this year. The Tunisia engagement, the ministers were informed, would lay the ground for the implementation of the project in the country once a Country Team for this purpose is created by 23 October.

Hon. Neziha Labidi (left), Tunisia's Minister for Women, Family, Childhood and the Elderly exchanges publications with Mrs. Beatrice Hamusonde, Director, Gender and Social Affairs Division at COMESA

The 50 Million African Women Speak Project will provide African women in business with a digital platform to help them overcome some of the biggest challenges they face such as limited access to information on financial and non-financial services. It is also a social networking platform which will allow women to share business opportunities and learn from each other.

Supported by the African Development Bank (AfDB), the 50 Million African Women Speak Project is jointly implemented by three regional economic communities led by COMESA, in partnership with the Economic Community of West African States (ECOWAS) and the East African Community (EAC).

Regional States Seek COMESA Support to Enhance their Trade Facilitation Capacities

Participants at the capacity building workshop for Regional States in Kafue

Regional States have embraced the transport corridors model championed by COMESA and are now seeking to building their capacities to implement the trade facilitation instruments that apply.

In a response to request by regional States, COMESA Secretariat conducted a training on its trade facilitation instruments two weeks ago, in Kafue, Zambia, targeted at nine African States. They included Central African Republic, Chad, Djibouti, Ethiopia, South Sudan, Sudan, Uganda, Zambia and Zimbabwe.

The objective of the workshop was to improve awareness of the COMESA transport transit facilitation instruments and appreciation of resultant benefits among corridor States.

Among the instruments that have transformed trade in the transit corridors are: the COMESA Yellow Card, COMESA Carrier License, the Harmonised Road Transport Charges, COMESA Transit Plate, Axle Load Limits,

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Vehicle Dimensions, COMESA Customs Document, Regional Customs Transit Guarantee, One Stop Border Posts and COMESA Virtual Trade Facilitation System.

"These instruments have contributed significantly to reducing the cost of doing business and yielded benefits of using the corridor framework in managing transit traffic and hence the need to strengthen corridor management," the COMESA Director of Infrastructure Mr Jean-Baptiste Mutabazi said.

He described the training on OSBPs as particularly important to country establishing transport corridors, in view of the important role they play in reducing delays at border crossings.

COMESA's strategy is to replicate OSBPs

The Chirundu OSBP has recorded many benefits which include iimproved clearance time...

at other border stations along major traffic corridors in order to maximize the benefits. Trade facilitation is one of the pillars of the COMESA Strategic Plan is also contained in the COMESA Treaty under the Protocol on Transit Trade and Transit Facilities.

At the workshop, participants were taken through specific sections of the COMESA Treaty and the Protocol on Transit Trade and Transit Facilities which form the basis of the various COMESA transit instruments.

As part of practical training and fact finding, participants were conducted on a tour of Chirundu One Stop Border Post between Zambia and Zimbabwe, which was established to minimize congestion, eliminate duplication of activities and processes and reduce the cost of doing business.

The Chirundu OSBP has improved clearance time (within one day), quick truck turnaround, information sharing, joint operations, drastic reduction in fraud, enhanced interaction of officers, sharing of facilities, and reduced cost of doing business.

Representative from the Economic Community for Central African States (ECCAS) and the Inter-Governmental Authority on Development (IGAD) participated in the training programme.

COMESA DIARY

	Meeting/Activity	Dates	Venue
1	Trade and Customs Meetings	14 – 25 Oct 2019	Machakos, Kenya
2	Tripartite Sectoral Ministerial Committee on Infrastructure (TSMCI)	28 - 31 Oct 2019	Lusaka, Zambia
3	Resilience Framework Validation Meeting for 17 Member States – Climate Change	5-6 Nov 2019	Nairobi, Kenya
4	COMESA Seed Committee Meeting	6 - 7 Nov 2019	Kigali, Rwanda
5	Pre-COP Consultative meeting in partnership with EAC Secretariat , 14 MS plus EAC 6 MS – Climate Change	8-9 November	Kigali, Rwanda
6	COMESA Committee of Legal Affairs	12 – 14 Nov 2019	Lusaka
7	COMESA Ministers of Justice and Attorneys General	15 Nov 2019	Lusaka
8	COMESA Silver Jubilee Golf Tournament	22 Nov 2019	Lusaka
9	COMESA Silver Jubilee Football Tournament	23 Nov 2019	Lusaka
10	Retreat for COMESA Institutions	24 Nov 2019	Lusaka
11	Intergovernmental Committee - Institutions	25 Nov 2019	Lusaka
12	Intergovernmental Committee-Secretariat	26 – 27 Nov 2019	Lusaka
13	COMESA 25 Years (Silver Jubilee) celebrations	28 Nov2019	Lusaka
14	COMESA Council of Ministers	29 Nov 2019	Lusaka