

## Tripartite Regional Trade set to Grow, as New Bridge Opens



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The commissioning of the Kazungula Bridge and One Stop Border Post at the Zambia-Botswana border is set to boost regional trade especially among the tripartite regional economic communities: COMESA, East African Community, and the Southern African Development Community.

The 923 meters long bridge is part of the North South Corridor that carries about 85% of regional traffic dominated by trading activities between the Democratic Republic of Congo, Zambia and South Africa.

Commissioning of the US\$259 million bridge on Monday 10 May 2021 was conducted by Heads of State from the region and witnessed by among others, the COMESA Secretary General, Chileshe Kapwepwe.

“The bridge and the one stop border post facility provide a solution to the problems experienced at the key border point which negatively impacted trade and transport facilitation between the regional States,” she noted.

The bridge provides solutions to endemic

challenges including inadequate infrastructure, unreliable clearance systems, multiplicity of government agencies, lack of ICT connectivity among Government Agencies, lack of adequate signage, proliferation of customs clearing agents and several different charges, fees collected at different payment points.

Past studies indicates that cargo trucks took 5 to 10 days to cross the Kazungula border post due to the highlighted challenges and the limitation of the pontoons that carried vehicles across, which operated only between 06:00 hours and 18:00 hours daily. Each pontoon could only ferry an average of 70 vehicles in a day in both directions while traffic volumes exceeded more than 250 vehicles, way above the limited capacity of the pontoons.

“As COMESA, we are happy with this development because it will also support small scale cross border trade which is key to our regional integration agenda through implementation of One Stop Border Post principles and modern border clearance procedures,” Ms Kapwepwe added.

COMESA anticipates that once the OSBP is fully

functional, it will accommodate Trade Information Desk Officers which COMESA deploys in specific border posts to assist small scale cross border traders in dealing with border formalities and information on availability of products and their prices in the neighbouring countries.

Direct beneficiaries of this bridge will be sections of the population as well as business, engaged in key economic activities such as mining, agriculture and services, and contributing to between 60% and 80% of Gross Domestic Product (GDP) in the region.

Before the commissioning of the Kazungula bridge, transportation across the Zambezi river was through the Chirundu and the Victoria Falls bridges both on the border between Zambia and Zimbabwe. The complicated customs clearance procedures at both bridges, exacerbated by inadequate road infrastructure in the form of steep and winding routes presented bottlenecks for trade and transportation along this section of the corridor.

The bridge was constructed jointly by Zambia and Botswana

## COMESA States Rolling Out COVID-19 Vaccines

Nineteen out of the 21 COMESA Member States are steadily rolling out the COVID-19 vaccines in an effort to protect citizens and mitigate the impact of the pandemic. According to the COMESA Early Warning System (COMWARN), Seychelles is leading with 75% of the population vaccinated, followed by Mauritius at 33.62%, Djibouti at 16.20% and Comoros at 6.56%. Seychelles has achieved full dose vaccinations.

According to the report, the roll-out picked pace after most of the countries received their first allocations through the COVAX (COVID-19 Vaccines Global Access) facility. The common vaccines being administered in the region include Oxford/ AstraZeneca, Moderna, Pfizer/ BionTech, Sinopharm, Johnson and Johnson (J&J), Sinovac and Sputnik V.

Besides the vaccination, Member States have continued to institute various measures to contain the spread of the pandemic including testing and tracing, wearing of masks in public, social distancing, prohibition of social gatherings, curfews, among others. In addition, some countries have introduced mandatory quarantine at government- approved facilities and travelers are expected to have a negative Polymerase Chain Reaction (PCR) test.

The COMESA region has continued to experience the impact of the COVID-19 pandemic with most economic activities, including manufacturing, agriculture, transport, tourism having been adversely affected. Some Member States in the region have experienced the second, third and even fourth waves of COVID-19 outbreaks in the past few months.

So far, the region has recorded a total of 1,573,742 cases which constitutes 33.55 percent of all cases recorded in Africa

## Regional Banks' Staff Trained to Prevent Institutional Failures



In an initiative to prevent failure of banks, which is common in the COMESA region, COMESA Monetary Institute has trained over 50 staff from 10 Central Banks in the region on new accounting principles for financial instruments.

The training on International Financial Reporting Standards (IFRS9) and Internal Capital Adequacy Assessment Process (ICAAP) was conducted virtually from 26 – 30 April 2021. It mainly addressed the concerns of measuring financial assets at fair value with forward looking assessment of expected credit losses.

Central Banks' staff from COMESA Member States namely Democratic Republic of Congo, Egypt, Kenya, Libya, Malawi, Mauritius, Tunisia, Uganda, Zambia and Zimbabwe participated.

According to the CMI Director, Mr Ibrahim Zeidy, the training was motivated by recurrent bank failures in the COMESA region, like in many parts of the world, due to poor credit risk management frameworks and practices.

"The Basel Committee on banking supervision's principles for management

of credit risk recommends that banks should have an effective system in place to identify, measure, monitor and control credit risk as part of an overall approach to risk management," he said.

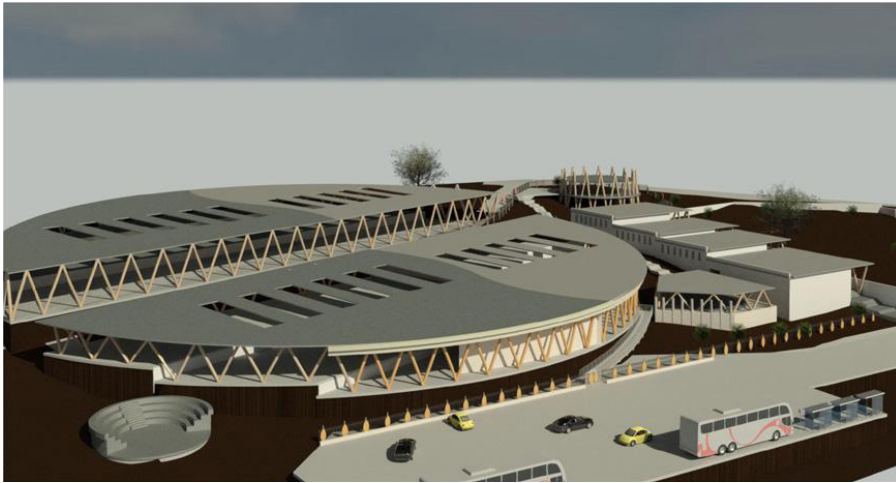
The Basel Committee is the primary global standard setter for the prudential regulation of banks and provides a forum for regular cooperation on banking supervisory matters. Following the training, the participants will be able to recognize impairment of financial instruments and offer a practical hands-on knowledge on how to review internal capital adequacy. Hence, they will be able to identify and assess credit risks by the banking system in their respective countries.

The training also empowered them to measure expected credit loss and the impact on banks' financial statement.

ICAAP is an internal capital management approach which enables banks to determine the level of capital that is adequate to support the scope of their risks. With comprehensive ICAAP, banks are better placed to set internal capital targets that are consistent with their business model and strategy, risk profile and operating environment.

### COMESA Diary

| Dates            | NAME OF MEETING   | VENUE       | ORGANIZER   |
|------------------|---|-------------|-------------|
| 17 - 21 May 2021 | Training to Support Kenya on the COMESA's Structural Vulnerability Assessment Process | Livingstone | Secretariat |
| 21 May 2021      | Launch of the COMESA-CSO/Private Sector platform                                      | Livingstone | Secretariat |
| 24 - 26 May      | The 4th Committee Meeting on Industry   | Virtual     | Secretariat |
| 27 May           | Ministers Responsible for Industry  | Virtual     | Secretariat |



Manzini trade hub

## Delegates Discuss Review of the COMESA Fund

COMESA Fund Technical Committee met on 12th May 2021 to discuss the progress made in the implementation of various projects. The meeting was attended by delegates from, Comoros, Kenya, Malawi, Madagascar, Mauritius, Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe.

They noted the achievements attained through COMESA Adjustment Facility over the years, including the ongoing construction of the Manzini Trade hub in Eswatini and border export zone structures across four border markets in Uganda. This is in addition to supporting to the leather clusters in DR Congo, Eswatini, Madagascar, Malawi, Sudan, Zambia and Zimbabwe.

Addressing delegates at the virtual meeting, Assistant Secretary General in charge of COMESA programmes Dr Kipyego Cheluget, said the COMESA Fund was put place with support of the European Union to facilitate such a regional response and it was now opportune to review the mechanism for

continued delivery on its mandate.

He said the challenges surrounding the operationalization of the Infrastructure Fund under this facility are being addressed following the decisions and amendments of the COMESA Fund Protocol. The amendments allow a clear distinction of the role of Member States under the COMESA Infrastructure Development Fund (CIDF).

"It is COMESA's hope that given the years that have passed, and the opportunities missed, COMESA is now going forward to provide a framework that allows support at a large scale for its infrastructure development," Dr Cheluget said adding that time was of essence to quickly position the Fund as a viable instrument.

At the same function, Chairperson of the COMESA Fund Mr. Peter Obol said that most Member States have suffered the effects of the Coronavirus and therefore, the key issue now was how to continue such support in the face of the pandemic's impact and the need to strategically launch into the continental and global integration.

He further stated that when trying to address the development of regional infrastructure, the demand for resources remains a challenge that has to be addressed if the links that will facilitate development have to be achieved.

The deliberations of the meeting will provide technical guidance to the COMESA Fund Ministers when it meets for decision-making.

## Regional Apex Banks' Staff Trained on Stress Testing

Staff of Central Banks from the COMESA region have been trained on macro and micro stress testing which are key tools for assessing the stability of the financial system. The virtual training was conducted by the COMESA Monetary Institute from 10 – 14 April 2021.

Forty six delegates from 10 Central Banks from the Democratic Republic of Congo, Kenya, Libya, Madagascar, Malawi, Mauritius, Tunisia, Uganda, Zambia and Zimbabwe participated.

The training familiarized the participants with stress testing tools, which focuses on identification of channels through which shocks are transmitted between the financial sector and the real economy, and within and between financial systems.

They learned to link changes in macroeconomic and financial variables with financial results and measure their relative impact on the health of the banking system. Besides, the training will enable them to assess the resilience of individual banks and the financial system to solvency, liquidity and contagion risks and their interaction. Ultimately, the trained staff will be able to analyze the health of commercial banks and assess their interconnectedness.

In his address to the delegates, Director of CMI Mr. Ibrahim Zeidy underscored the importance of systemic risk assessment as pertinent in uncovering direct exposures between banks that can cause instability in the entire financial system.

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Members of the Kenya National Cohesion and Integration Commission and Parliamentary Committee, at the COMESA training in Livingstone, Zambia.

## Kenya's Cohesion Team and Legislators Trained on Peace Building Ahead of Elections Next Year

Kenya is set to become the second country in COMESA, after Zambia to undergo structural vulnerability and resilience assessment as part of capacity building to prevent occurrence of conflicts. In preparation, a Kenyan delegation comprising members of the National Cohesion and Integration Commission (NCIC) and the Parliamentary Committee on National Cohesion and Equal Opportunities is attending a five-day training on the COMESA/African Union Structural Vulnerability Assessment and Resilience Assessment framework (SVRA).

The training opened Monday, 17 May 2021 in Livingstone, Zambia. It is organized by COMESA in collaboration with the African Union and the Save the Children International. Its key objective is to train the two institutions, which are key in building cohesion and integration in Kenya, to develop a roadmap of the implementation of the SVRA process in the country.

COMESA has been implementing an early warning system (COMWARN) that provides forecasts on the structural drivers that could lead countries towards higher or lower levels of peace and prosperity. The model, which is anchored on the COMESA Peace and Prosperity Index has the overall goal of supporting member states to build resilience.

Speaking at the opening of the training, the

Chair of the NCIC Rev. Dr. Samuel Kobia said violence has become a common means of expressing opposition and dissent on most issues especially in African where there are young democracies.

"One of the identified roadblocks to a violence-free election in Kenya is inadequate or total lack of immediate interventions to curb escalation of violence," Dr Kobia said. "In our election's roadmap, we want to strategically disrupt violence by establishing a robust election early warning and rapid response system that will tap into the existing sub-systems across the country."

As Kenya prepares for election next year, he said, it must address all potential sources of violence. This includes developing a social cohesion index using a set of quantitative indicators covering critical components such as equity and trust.

During the training, Zambia, which is the first country in COMESA to volunteer for the structural vulnerability and resilience assessment process of the AU and only the third in the Continent will share its experience with Kenya delegates. Zambia will also hold elections in August this year.

COMESA Secretary General Chileshe Kapwepwe

expressed hope that Zambia's lessons will provide enough incentives to hasten Kenya to incorporate the use SVAs into the national early warning system. She assured Kenya, that COMESA and the AU will jointly mobilize the necessary resources to ensure its success.

"Apart from equipping your situation room, which shall be done by the AU, we shall also support the meetings and workshops as well as the recruitment of a consultant who will be identified by Kenya once the country agrees to volunteer to the process," she said. "We shall also readily provide you whatever technical support that you shall need to ensure that the process is successful."

Save the Children International Representative Mr. Anthony Njoroge, observed that the most burdensome brunt of armed violence and warfare is borne by children, hence his organization's resolve to work with regional economic communities' efforts towards this objective.

Head of delegation of the Kenya Parliamentary Committee Hon. Prof Zadok Ogutu observed that politicians contribute to political conflicts and the involvement of the legislators in peace building initiatives was appropriate.

The training ends on Friday.



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