COMESA

Common Market for Eastern and Southern Africa

ANNUAL REPORT 2014

"Inclusive and Sustainable Industrialization"

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CONTENTS

ACRONYMS

AAMP	African Agricultural Markets Programme
AAPF	Australia-Africa Partnerships Facility
ACTESA	Alliance for Commodity Trade in Eastern and Southern Africa
AFOLU	Agriculture, Forestry and Other Land Use
AFSEC	African Electro-Technical Standardization Commission
AGOA	African Growth and Opportunity Act
AGRA	Alliance for a Green Revolution in Africa
APSA	Africa Peace and Security Architecture
AU	African Union
AUC	African Union Commission
BLO	Brussels Liaison Office
BIT	Bilateral Investment Treaties
CAADP	Comprehensive Africa Agriculture Development Programme
CAF	COMESA Adjustment Facility
CBC	COMESA Business Council
CCC	COMESA Competition Commission
CCIA	COMESA Common Investment Area
CEMES	Common Exchange Marketing Electronic System
CET	Common External tariff
CEWS	Continental Early Warning System
CM	Council of Ministers
CMR	Customs Management Regulations
COMWARN	COMESA Conflict Early Warning System
CPIA	Country Policy and Institutional Assessment
CSA	Climate Smart Agriculture
CTN	Common Tariff Nomenclature
CVTFS	COMESA Virtual Trade Facilitation System
DAFF	Department of Agriculture Forestry and Fisheries (South Africa)
DDA	Doha Development Agenda
DFID	Department for International Development (of the UK)
DTA	Double Taxation Agreements
EAC	East African Community
EAFA	East African Farmers Associations
ECCAS	Economic Community of Central African States
ECOWAS	Economic Community of West African States
EGNOS	European Geostationary Navigation Overlay Service
EPA	Economic Partnership Agreement
ESA-RFBS	The Eastern and Southern Africa Regional Food Balance Sheet
FAMIS	Food and Agricultural Marketing Information System
FAO	Food and Agricultural Organization of the United Nations
FDI	Foreign Direct Investment
FEMCOM	Federation of Women in Business in Eastern and Southern Africa
FEWSNET	Famine Early Warning System Network
FTA	Free Trade Area
GAFSP	Global Agriculture and Food Security Programme
GDP	Gross Domestic Product
GIS	Geographic Information System
GISAMA	Guiding Investments to Strengthen Agricultural Markets in Africa

HIV/AIDS	Human Immune Virus/Acquired Immune Deficiency Syndrome
IC	Intergovernmental Committee
ICT	Information and Communication Technology
IIA	International Investment Agreements
IITA	International Institute of Tropical Agriculture
IPA	Investment Promotion Agencies
IPCC	Intergovernmental Panel on Climate Change
IPPC	International Plant Protection Convention
IRM	Investor Road Map
MDGs	Millennium Development Goals
NAFSIP	National Agriculture and Food Security Investment Plans
NAIP	National Agricultural Investment Plan
NEPAD	New Partnership for Africa Development
NTBs	Non-Tariff Barriers
NEPAD	New Partnership for Africa's Development
NPPO	National Plant Protection Organisation (South Africa)
ODA	Official Development Assistance
PACA	Partnership for Aflatoxin Control in Africa
PPP	Public Private Partnerships
PTA Bank	Trade and Development Bank for Eastern and Southern Africa
RECs	Regional Economic Communities
REPSS	Regional Payment and Settlement System
RIPAs	Regional Investment Programmes for Agriculture
RCTG	Regional Customs Transit Guarantee
RKC	Revised Kyoto Convention
SACAU	Southern African Confederation of Farmers' Union
SACU	Southern Africa Customs Union
SADC	Southern Africa Development Community
SMEs	Small and Medium Enterprises
SAPP	Southern Africa Power Pool
SPS	Sanitary and Phyto-sanitary Standards
STDF	Standards and Trade Development Facilitation
STR	Simplified Trade Regime
SQA	Standards and Quality Assurance
TFTA	Tripartite Free Trade Area
TIFA	Trade and Investment Framework Agreement
TMSA	Trade Mark Southern Africa
TRIPDA	Tripartite Regional Infrastructure Projects Database
TTCID	Tripartite Technical Committee on Industrial Development
TTNF	Tripartite Technical Negotiating Forum
TWG	Technical Working Group
UEMOA	West African Economic and Monetary Union (French Acronym)
UN	United Nations
UNAIDS	United Nations Joint Programme on HIV&AIDS
UNCTAD	United Nations Conference on Trade and Development
UNECA	United Nations Economic Commission for Africa
UNEP	United Nations Environmental Programme
UNFCC	United Nations Framework Convention on Climate Change
USAID	United States Agency for International Development
WTO	World Trade Organisation
ZEP-Re	COMESA Re-Insurance Company

VISION

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

MISSION

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

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

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LETTER OF TRANSMITTAL FROM THE SECRETARY-GENERAL

His Excellency, Joseph Kabila Kabange,
President
Democratic Republic of Congo,
State House
Kinshasa

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 2014.

The Report highlights achievements of COMESA in 2014 and reviews the impact of world trade on Africa in general, and the COMESA region in particular, as well as its influence on our regional integration agenda. It covers the activities of the COMESA Organs and the COMESA-EAC-SADC Tripartite arrangement whose ultimate objective is the creation of an African Economic Community. The report provides the audited financial statements for the year 2012, the financial management for the year 2013, which will be audited during the course of 2014, and presented to the Policy Organs for their consideration.

Your Excellency will note from this Report that Member States have continued to implement the COMESA integration agenda in collaboration with the various COMESA Institutions. In addition, your Secretariat continues to receive the support of the Member States and the co-operating partners. This not only underscores the unflagging commitment of the Member States to COMESA's ideals, but also the confidence which our co-operating partners have in our institutions.

We are more than persuaded that this spirit of commitment, confidence and co-operation will prevail as we strengthen the region's integration agenda and build a stronger foundation for more advanced forms of integration.

Sindiso Ngwenya
SECRETARY-GENERAL
COMESA

MESSAGE FROM THE CHAIRMAN OF THE AUTHORITY

I have the pleasure and singular honor to present the Annual Report of the Common Market for Eastern and Southern Africa (COMESA) for the year 2014. I would like to express my deep gratitude to my colleagues, the Vice-Chairman and the Rapporteur of the Bureau of the Authority of Heads of State and Government, as well as to all the Heads of State of COMESA for their continued and unwavering support during the exercise of my mandate as head of this esteemed regional organization since February 2014.

My gratitude also goes to all our technical and financial partners for their continued support that has enabled our organization to make impressive headway towards the economic integration of our region.

In particular, the free movement of goods is already underway since the launch of the free trade area in 2000. Trade facilitation instruments and programmes such as the Customs Transit Guarantee Scheme, the Yellow Card, the Simplified Trade Regime and the One Stop Border Posts, have helped to raise the level of trade among our Member States. In 2013, intra-COMESA total trade grew by over 8% compared to 2012, rising from US $19 billion to US $21 billion.

In addition, the programmes aimed at improving the business climate in our region have greatly contributed to attracting considerably high levels of foreign direct investment over the past two years. In 2011, total foreign direct investment flows into the region were recorded at US $9.1 billion. The region also achieved over 100 percent FDI growth, the equivalent of US $20 billion in 2012, before settling at US $18.1 billion in 2013.

This report shares the progress made in the implementation of a range of programmes. Notably, with respect to the Comprehensive Africa Agricultural Development Programme (CAADP), out of our nineteen (19) Member States, fourteen (14) have already signed their compacts, and of those that have signed, nine have developed their food security investment plans.

Regarding our theme for 2014, which was: "Consolidating Intra-COMESA Trade through Micro, Small and Medium Enterprises",we strongly believe that our integration programmes have benefited micro, small and medium enterprises (MSMEs), which represent over 90 percent of the private sector.

In order to address our development problems we need to take a serious look at the constraints facing the MSMEs and as a priority lay particular emphasis on interventions that will assist this sector to grow. In light of this, the decision of the Authority of Heads of State and Government on 26 February 2014 to adopt a regional strategy for the MSMEs could not have come at a better time. In order to implement this strategy, we need to put in place appropriate funding mechanisms for the MSMEs, and mobilize as many partners as possible who demonstrate their willingness to work with us.

The consolidation of these efforts will be based on the following elements:

Expansion of COMESA's Free Trade Area and facilitation of intra-regional trade through accession of the five remaining Member States; and the strengthening of trade facilitation instruments and programmes including the construction of more One Stop Border Posts;

Operationalization of the Customs Union, which requires urgent special effort from all our Member States in the transposition of the COMESA customs Union instruments in our respective internal legislation;

Developing basic infrastructure in the region especially through the increase of our budgetary allocations and the mobilization of external resources for the development of basic infrastructure like water channels, roads, electricity and communication and ICT; in order to create the necessary conditions for the industrialization of the region. We should also strengthen co-operation with bilateral and multilateral partners to support our infrastructure development programmes;

A comprehensive COMESA wide industrial policy is under development. It is expected that the policy will be aligned to the African continent's broader industrialization policy. In particular, the focus of the regional COMESA industrialization policy should emphasize a range of interests, including Africa's need for diversification towards value addition. Industrialization of the COMESA region will require the promotion of global value chains and the creation of an environment for inclusive industrial development in the region;

The COMESA-EAC-SADC Tripartite Free Trade Area is another initiative which is expected to contribute to further integration efforts of our continent. Already, significant progress has been made in advancing the Tripartite negotiations. It is anticipated that at the forthcoming Third Tripartite Summit, the Heads of State will sign the Tripartite FTA Agreement, adopt the Post-Signature TFTA Implementation Roadmap and launch Phase II negotiations on issues including Trade in Services, Competition Policy, Intellectual Property Rights and Cross-border Investment.

I would like to end by congratulating the Secretary-General as well as the staff of COMESA Secretariat for their dedication to the cause of economic integration of our region and for the much-appreciated unwavering support given to me throughout my mandate as Chairman of the Authority of Heads of State and Government, since February 2014.

His Excellency, President Joseph Kabila Kabange
President of the Democratic Republic of Congo;
Chairman of the Authority of the COMESA Heads of State and Government

PART: 1 COMESA INSTITUTIONAL STRUCTURE

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Article 7 of the Treaty states that there shall be established as organs of the Common Market as follows:

The Authority;
The Council;
The Court of Justice;
The Committee of Governors of Central Banks;
The Intergovernmental Committee;
The Technical Committees;
The Secretariat; and
The Consultative Committee.

THE AUTHORITY

The Authority is the supreme organ of the Common Market and is composed of the Heads of States and Government of all the 19 Member States. The composition and functions of the Authority are enshrined in Article 8 of the COMESA Treaty.

Head of the COMESA Authority, 2014

During the year under review, His Excellency, Joseph Kabila Kabange, President of the Democratic Republic of Congo, took over the office of the Chairman of the Common Market Authority. He took over from His Excellency, Yoweri Kaguta Museveni, the President of the Republic of Uganda.

New Heads of State

On 17 January 2014, His Excellency Hery Rajaonarimampianina was officially declared newly elected President of the Republic of Madagascar, making him the latest member of the COMESA Authority.

The Seventeenth Summit of the Authority was held at the Cite de l'OUA in Kinshasa, in the Democratic Republic of Congo from 22-23 February under the theme: "Consolidating Intra-COMESA Trade through Micro, Small and Medium Enterprise Development". The final communiqué of the Seventeenth Summit of the Authority is available at www.comesa.int.

The Republic of Zambia suffered the loss of His Excellency Michael Chilufya Sata in November 2014. After successful elections in January 2015, His Excellency Edgar Chagwa Lungu became the sixth President of the Republic of Zambia.
His Excellency, Prof. Arthur Peter Mutharika, the President of Malawi; and the Prime Minister of Mauritius, His Excellency Anerood Jugnauth; also took office in 2014 after being democratically elected to lead Malawi and Mauritius respectively.

THE COUNCIL OF MINISTERS

The Council is composed of Ministers from the Coordinating Ministries of all the Member States. It is responsible for overseeing the functioning and development of COMESA and ensuring the implementation of agreed policies. In 2014, the Council held two meetings, one in the Democratic Republic of Congo in February and another in

Lusaka, Zambia in December. At the meetings the Council considered various administrative and programme implementation issues affecting the institution, ranging from the Simplified Trade Regime, to agriculture, environment and natural resources, gender and women's affairs; science, technology and innovation; the COMESA Innovations Council; immigration; infrastructure; transport, communications, information technology and energy; legal affairs; the Customs Union; inter-country markets; innovative means of financing; and relations with co-operating partners. All these considered issues are elaborated in this report under the focus areas for the year which are: removing barriers to factor mobility, and building productive capacity for global competitiveness.

The Council also considered the recruitment and renewal of contracts for professional staff, as well as the audited financial statements of all COMESA institutions.

Further, the various COMESA institutions were also deliberated on by the Council as well as the administration of the Secretariat.

THE COURT OF JUSTICE

The COMESA Court is established is an organ of the Common Market under Article 7 of the Treaty for COMESA. The Court is there to ensure the adherence to law in the interpretation and application of the Treaty.

As an organ for the adjudication of any matter over which it has jurisdiction it has an important, vital and impartial role in the observance of the rule of law within COMESA. The Court has adjudicated on a number of disputes and its decisions have been received with appreciation in Member States. In February 2014, Ms Lucy Nyambura was sworn in as Registrar, Court of Justice.

One of the objectives of the COMESA Court of Justice is to disseminate information on the workings of the Court to Member States through publicity seminars for various stakeholders. The Court will thus enhance its publicity efforts in all Member States. The seminars will be organized in conjunction with the national judiciaries, law societies, chambers of commerce and similar court users.
In the period under review the Court conducted a publicity seminar in Mbabane, Swaziland; as well as training for Judges in order to raise their capacity to resolve disputes in COMESA. Further work to be done includes building legal infrastructure required for the Court to review the current Rules of Court. The amended Rules of the Court were edited pro bono by the Law Development Commission of Zimbabwe in 2013 and will soon be presented to Ministers of Justice and Attorneys General for consideration before the final approval by Council.The Court of Justice also relocated to Khartoum, Sudan after completion and official hand over of the Court building by the Government of the Republic of Sudan.

THE COMMITTEE OF GOVERNORS OF CENTRAL BANKS

The Committee of Governors of Central Banks is governed by Article 13(b) of the Treaty. In 2014, the Committee held its Twentieth Meeting on 26-27 November 2014. The following are highlights of the meeting and its decisions:

The Governors emphasized the need for speedy utilisation of the Regional Payment and Settlement System (REPSS), and its benefits to all Member States. The meeting noted the progress made in regional integration and the phenomenal increase in intra-COMESA trade. The Governors also agreed that the COMESA Multilateral Fiscal Surveillance Framework is a useful instrument that will assist the region to achieve fiscal discipline. They underscored that this is crucial for the achievement of the COMESA Customs Union and the Common Market. In this regard, they noted that the implementation templates and guidelines of the COMESA Multilateral Fiscal Surveillance Framework were developed and validated by the Joint Meeting of the COMESA Fiscal Affairs and Monetary Affairs Committees.

The Governors also reviewed the implementation status of the COMESA Monetary Integration Programme and approved the 2013/14 work plans of the Monetary and Exchange Rate Policies and Financial System Development and Stability Sub-Committees; and approved the Medium Term Strategic Plan for COMESA Monetary Institute for the period 2013-2017.

THE INTER-GOVERNMENTAL COMMITTEE

The Inter-Governmental Committee is governed by Article 14 of the Treaty. The Committee develops the programmes and action plans in all sectors of co-operation, except in the finance and monetary sectors. The Committee is also required to monitor, constantly review the functioning and development of the Common Market and to oversee the implementation of the programmes in accordance with the provisions of the Treaty. In exercising this power, the Committee may request a technical committee to investigate any particular issue, or the Secretary-General to undertake specific investigations.

The Council received and considered the report of the Thirty First Council of Ministers held on 18-20 February 2014 in Kinshasa, DRC, as well as that of December 2014. The report was presented by the Chairperson of the Intergovernmental Committee, Ambassador Julius Onen, the Permanent Secretary of the Ministry of Trade, Industry and Co-operatives, Uganda. The presentation covered the reports of the ministerial and technical meetings, as well as implementation of various COMESA programmes. The Intergovernmental Committee made recommendations for consideration by the Council. The recommendations of this Committee are, therefore, reflected in the Council's reports of February and December 2014.

THE TECHNICAL COMMITTEES

The Technical Committees are governed by Articles 15 and 16 of the COMESA Treaty. These Committees are responsible for the preparation of comprehensive implementation programmes and timetables, which serve to prioritise the programmes with respect to each sector. In addition, they monitor and review the implementation of the programmes on co-operation and may request the Secretary-General to undertake specific investigations. The Technical Committees submit reports and recommendations to the Inter-Governmental Committee, which subsequently submits to the Council. These recommendations are also reflected in the Council's Report. Articles 15 and 16 of the Treaty stipulate that the Technical Committees of the Common Market shall be the following:

(a) The Committee on Administrative and Budgetary Matters;
(b) The Committee on Agriculture;
(c) The Committee on Comprehensive Information Systems;
(d) The Committee on Energy;
(e) The Committee on Finance and Monetary Affairs;
(f) The Committee on Industry;
(g) The Committee on Labour, Human Resources and Social and Cultural Affairs;
(h) The Committee on Legal Affairs;
(i) The Committee on Natural Resources and Environment;
(j) The Committee on Tourism and Wildlife;
(k) The Committee on Trade and Customs;
(l) The Committee on Transport and Communications; and
(m) The Committee on Statistical Matters.

THE SECRETARIAT

The COMESA Secretariat is headed by the Secretary-General, who is appointed by the Authority. The Secretary-General is the Chief Executive Officer of the Common Market and represents the institution in the exercise of its legal personality. In performing their duties, the Secretary-General, Assistant Secretaries-General and the staff of the Secretariat shall not receive any instructions from any Member State or from any other authority outside the Common Market. In the exercise of his or her powers, the Secretary-General is required to service and assist the organs of the Common Market in the performance of their functions and, in consultation with the Inter-Governmental Committee, submit reports on the activities of the Common Market to the Council and the Authority. Further, the Secretariat implements a number of COMESA programmes, and these are also reflected in this report under the various thematic areas.

THE COMMITTEE ON PEACE AND SECURITY

The Member States established a committee comprising senior officials in the Ministries of Foreign Affairs called the "Committee on Peace and Security". This Committee sits at least once a year to discuss the modalities of peace and security in the region. Its recommendations are discussed by the Ministers of Foreign Affairs. The Committee and the Ministers' meetings serve to enhance greater accountability and promote good governance. The meeting of the Ministers of Foreign Affairs at a policy level agrees on issues on the existing conflicts and how best to address them. The Ministers also discuss post-conflict reconstruction as a way of ensuring conflict prevention. The COMESA Authority considers its recommendations and takes decisions.

In recognition of the complexity of the conflicts in the region, the Authority further directed the COMESA Secretariat to ensure greater collaboration and consultation among a wide range of stakeholders, which includes the civil society, business community and parliamentarians. In compliance with the directive, COMESA established a network of civil society and private sector organizations through a process of accreditation to the COMESA Programme on Peace and Security; and the establishment of a COMESA Inter-Parliamentary Forum.

The Committee of Elders at an ealier meeting held at the secretariat in Lusaka in 2013

PART 2: PERFORMANCE OF THE WORLD ECONOMY

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2.1 Global Growth and Economic Developments in 2014

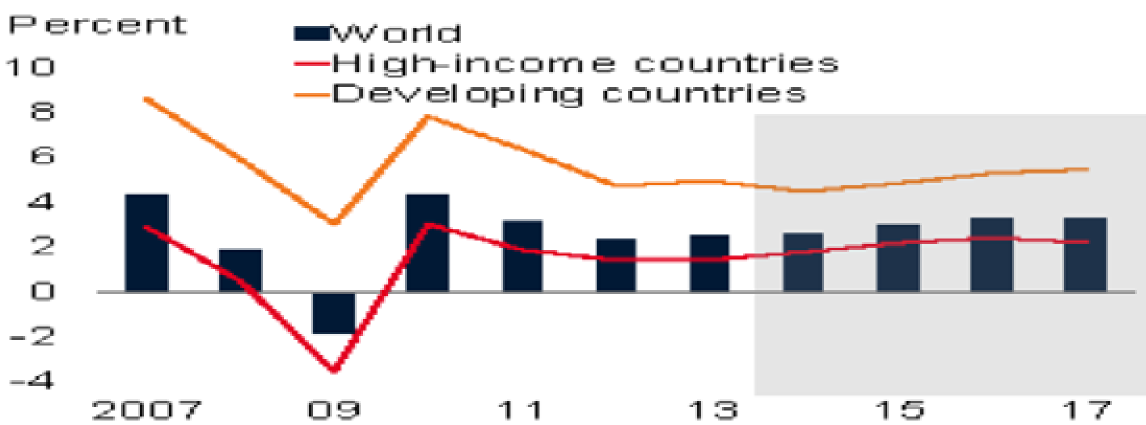
Global activity strengthened somewhat in the second half of 2013 due to the impulse of advanced countries and the expected improvements forecasted at the time. However, recovery in the forecast period of 2014 remained rather uneven. The world economy struggled to gain momentum in 2014 as many high-income countries continued to grapple with long term effects of the global financial crisis. Recovery in high-income economies was uneven, as the growth experience of some countries (the United States and the United Kingdom) exceeded pre-crisis output peak levels, but others (the Euro Area, Japan and parts of Latin America) recorded lesser growth outcomes below earlier estimated peaks.

The global inflation outlook remained relatively tame. However, rates of change in inflation were still elevated in a dozen developing countries, some economies in transition, and indeed some developed economies in the euro area, even though there were credible risks of deflation to emerge in those countries. Nevertheless, for the outlook period of 2014, global average inflation was expected to wander close to the level observed over the previous past two years of about 3 percent.

The economies of middle-income countries were also less dynamic compared to the past, not only on account of cyclical reasons, but also due to a structural slowdown. Growth in middle and low-income countries slipped to 4.4 percent in 2014. The slowdown in several large middle-income economies mainly reflected cyclical factors, domestic policy tightening, and political tensions. While deeper, structural factors, including a trend slowdown in productivity, dampened growth prospects over the medium-term, low-income countries however continued to grow in a more robust manner, despite challenges posed by the global environment.

The outturn of a lacklustre global recovery in 2014 was generally attributed to accommodative monetary policies, declining commodity prices and weak overall global trade. As a result of the modest growth outlook, commodity prices were expected to remain low and the growth in trade weak. In particular, following the sharp drop in growth prospects in the second half of 2014, soft oil prices were expected to persist and to a certain extent support global growth, while dampening prospects for oil-exporting countries. These conditions are expected to persist well into 2015 and beyond due to downside risks induced by the fragility of economic recovery.

Figure 1: Recent Developments and the Global Outlook



Sources: World Bank and Bloomberg

A couple of key developments shaped the global economic outlook during 2014. First, oil prices declined by about 55 percent due to partly unexpected demand weakness in some major economies; and in particular, in emerging market economies as reflected in declines in industrial metal prices.

Second, while global growth increased broadly as expected to 3.75 percent in the third quarter of 2014, up from 3.25 percent in the second quarter, this trend marked growth divergences among major economies. Specifically, the United States recovery was stronger than expected, while economic performance in all other major economies—most notably Japan—fell short of expectations. The weaker-than-expected growth in these economies was largely seen as reflecting ongoing adjustments to diminished expectations regarding medium-term growth prospects.

Third, was a combination of a more marked growth divergence across major economies and a rise in interest rates and risk spreads in many emerging countries. With regard to the former, the US dollar appreciated in real effective terms by about 6 percent, while in contrast, the Euro and the Yen depreciated by about 2 percent and 8 percent respectively. Many emerging market currencies also weakened, particularly for commodity exporting countries. As to the latter, interest rates and risk spreads rose in many emerging market economies, notably in commodity exporting countries, while at the same time risk spreads on high-yield financial instruments and other products exposed to energy prices also widened.

On account of these developments, there appeared to be conflicting implications for global growth forecasts beyond 2014. On the upside, the decline in oil prices driven by supply factors was expected to boost global growth over the medium term by lifting purchasing power and private demand in oil importing countries. On the downside, the boost from lower oil prices was expected to be more than offset by likely adjustments to lower medium-term growth levels in most major economies, other than the United States.

2.2 Growth Projections and Prospects of the World Economy

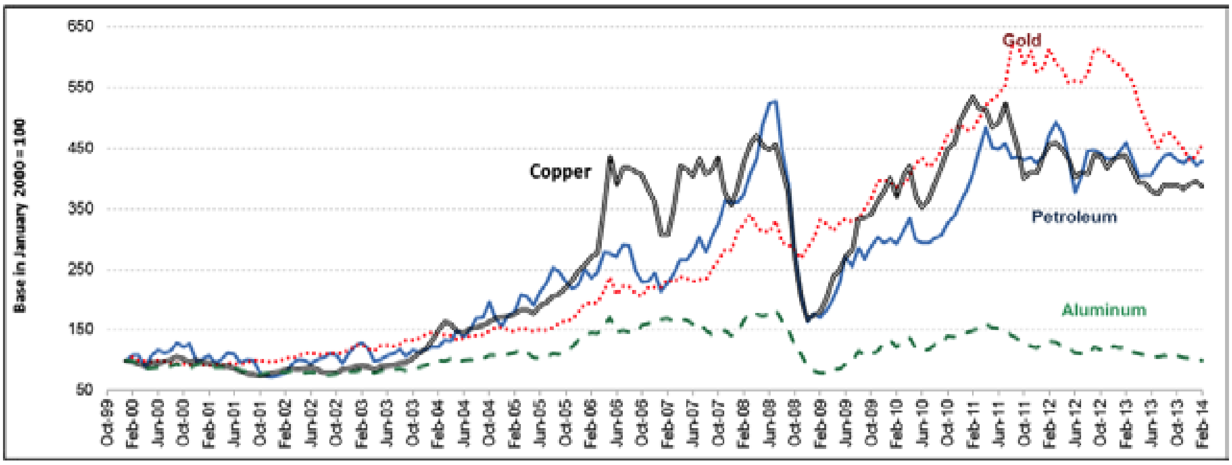
Overall, global growth is expected to rise in 2015 to about 3.0 percent, and to be sustained at 3.2-3.3 percent in 2016-17. This forecast was supported by continued recovery in the United States, a gradual acceleration of activity in the Euro area, and receding headwinds to growth among slower growing developing regions. Nevertheless, the sharp decline in oil prices was projected to be sustained and to contribute to global growth, assuming significant income shifts from oil-exporting to oil-importing economies occur.

Growth in emerging market and developing economies was, therefore, projected to increase modestly from the second half of 2014 well into 2015, supported by stronger domestic demand as well as a potential recovery in external demand associated with faster growth in advanced economies. This means that as in the past, emerging market and developing economies are expected to continue to account for the lion's share of global growth in the medium term, even at market exchange rates.

2.3 Global Trade Patterns and International Commodity Prices

The pattern of growth in world merchandise trade remained subdued in 2013 at 2.2 percent, nearly identical to the previous year's increase of 2.3 percent. The increases in both 2012 and 2013 were less than the 20-year average of 5.3 percent in 1993–2013, and were also well below the 6.0 percent average for the 20 years preceding the 2008–09 global crisis. The volume of world merchandise trade continued to climb slowly in the opening months of 2014, with an increase of 2.1 percent in the first quarter compared with the same period in 2013. The increase for the year as a whole was strongly expected to be greater than in 2013 as the global economy picked up momentum.

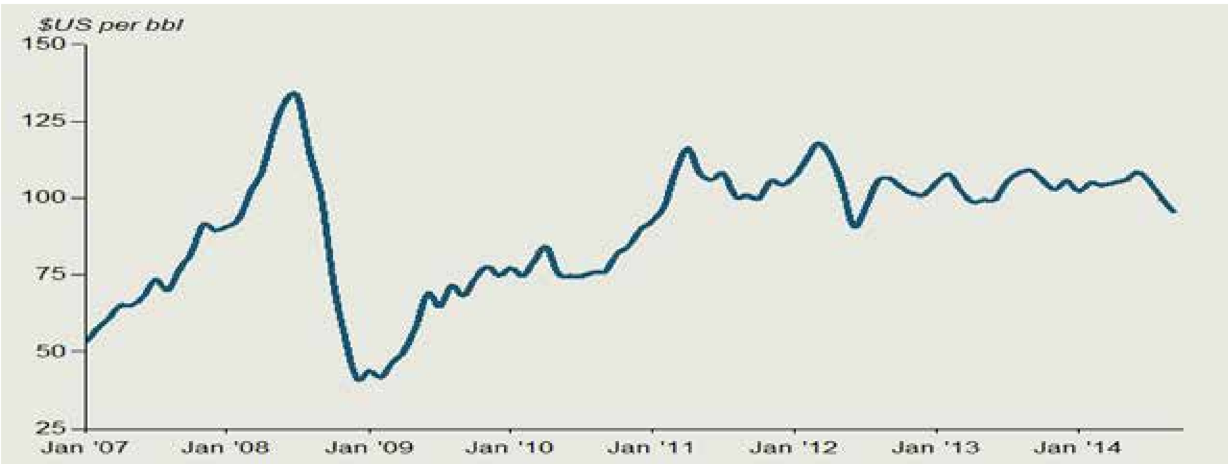
Figure 2: World Commodity Prices



Source: World Bank

Commodity prices were expected to remain weak for the remainder of 2014 and, perhaps through much of 2015. Crude oil saw one of the sharpest declines in history, down more than 20 percent to US $83/barrel (bbl) by October 2014. Average international prices of primary commodities were on a downward trend, and no measurable upturn was projected for 2015–2016. Agricultural prices, in particular weakened, down 6 percent by about the end of 2014, even though metal and precious metal prices remained relatively stable. Energy and food price indices also dropped to about 6 percent each in the third quarter of 2014.

2.3.2 Oil Prices and Related Shocks



Source: World Bank

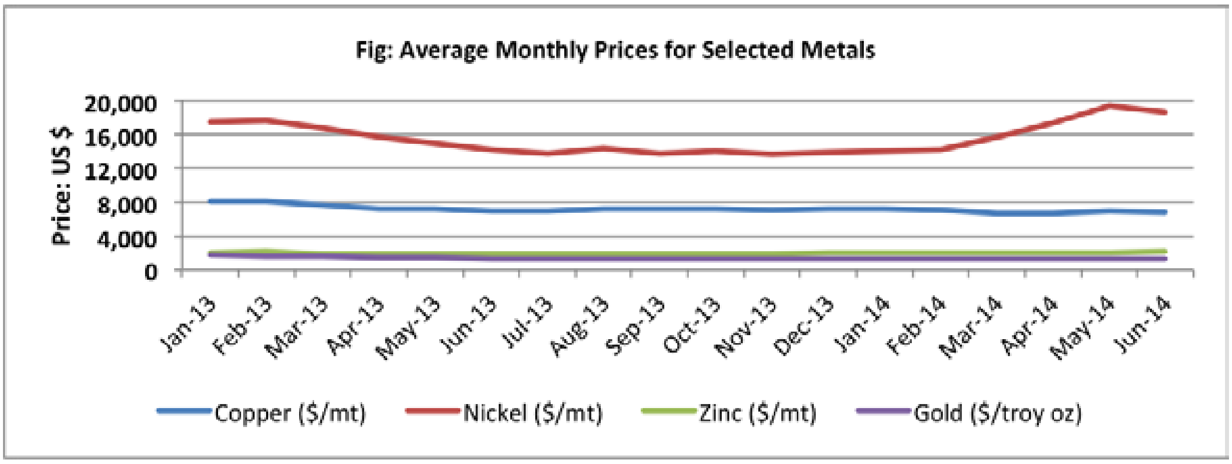
2.3.2 Other Commodity Developments

Commodity prices continued to further edge downwards beginning in 2013 well into 2014 due to continued relatively weak demand from advanced countries and from emerging countries. Episodes of large price declines of agricultural products, metals and other primary raw materials prices were observed during 2013-14 following their peaks in the first quarter of 2011. As a result, commodity prices were expected to remain weak for the remainder of 2014 and, perhaps through much of 2015. A slowdown in the Euro area and emerging economies, a strong US dollar, and good crop prospects for most agricultural commodities contributed to the market gyrations in the year 2014.

Minerals and Metals

The metal price index made only marginal gains, while precious metal prices changed little in 2014, effectively declined by about 4.5 percent from the previous year's level. Metal prices were expected to decline by 5.5 percent and similar decline was forecasted in precious metals as institutional investors continued to look at them less as "safe haven" investment vehicles, coupled with reduced demand from China which together contributed to weakness in the metals market.

Figure 4: Average Monthly Prices of Selected Metals



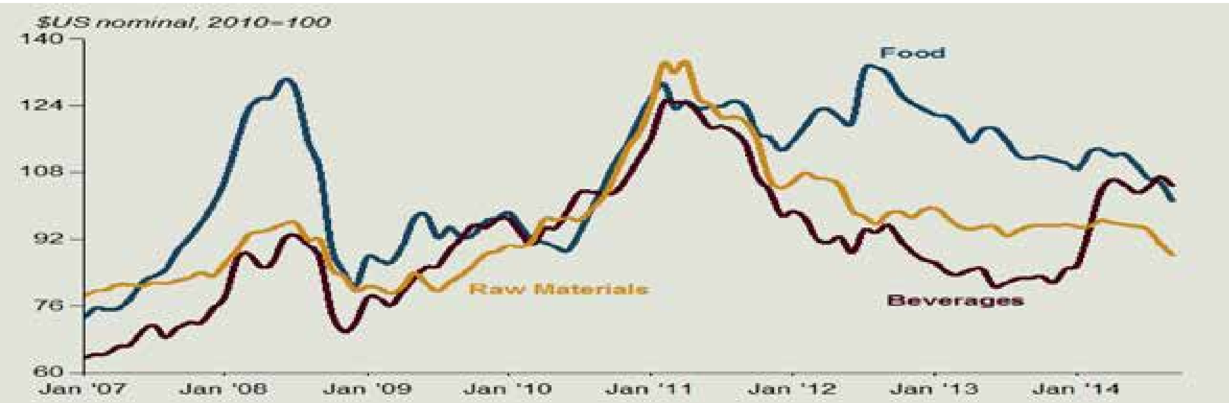
Source: World Bank

Agricultural Products

Agricultural prices experienced broad-based declines in 2014 with the overall agricultural price index down 5 by the fourth quarter of 2014 due to health crop conditions. Other food items, however, gained 7 percent in the quarter, led by sharp increases in the meat category, notably beef and shrimp. Some variations were nevertheless expected across different other types of crops.

Grain prices, for example, declined by almost 20 percent in 2014, while prices of edible oils and meals dropped by about 6 percent. Prices of other food items, however, gain through large increases in the meat category. Among key grains, the wheat and maize markets were however pretty well supplied. With regard to beverages, prices reflected a rally in coffee prices due to adverse weather conditions in Brazil.

Figure 5: Agriculture Price Indices



Source: World Bank

PART 3: PERFORMANCE OF DEVELOPED ECONOMIES

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3.1 The United States of America

Among major advanced economies, growth in the United States rebounded ahead of expectations after some contraction was recorded in the first quarter of 2014; and unemployment declined further, while inflation pressure stayed more muted- also reflecting the appreciation of the dollar appreciation and the decline in oil prices. Growth for 2015-16 was projected to exceed 3 percent- supported by likely increased domestic demand due to lower oil prices, more moderate fiscal adjustment, and continued support from an accommodative monetary policy stance, despite a projected gradual rise in interest rates.

3.2 The Euro Area

In the Euro area, growth in the third quarter of 2014 was modestly weaker than expected, largely on account of weak investment, as inflation and inflation expectations continued to decline. Activity was however supported by lower oil prices, a quantitative easing policy, a more neutral fiscal policy stance, and the euro rather rapid depreciation. However, the impact of these factors were somehow offset by weaker investment prospects, partly reflecting the impact of weaker growth in emerging market economies on the export sector, and a slower recovery process in Europe.

3.3 Japan

In Japan, the economy fell into a technical recession during the third quarter of 2014. Private domestic demand did not accelerate as expected after the increase in the consumption tax rate earlier in the year, despite a cushion from increased infrastructure spending. Japanese macroeconomic policy responses (marked by additional quantitative and qualitative monetary easing and the delay in the second consumption tax rate increase effected in the year) may have triggered some gradual rebound in towards the end of year. This, coupled with the boost due to the oil price decline and the Yen's depreciation at the time, was expected to strengthen to above trend in 2015–16.

3.4 Emerging Economies

Towards the end of 2014, projected rebounds in growth in many emerging and developing commodity exporters were weaker or delayed as the impact of lower oil and other commodity prices on terms of trade and real incomes was expected to take a heavier toll on medium-term growth. Nevertheless, growth expectations in many of the countries were predicted to remain broadly stable at 4.3 percent in 2015 and to increase to 4.7 percent in 2016. For instance, investment growth in China declined in the third quarter of 2014, and leading indicators pointed to a further slowdown. Slower growth in China would have important regional effects in the near term ahead. In India, the growth forecast was broadly unchanged due to offsetting factors of the decline in oil prices and a possible pick up in external demand and growth in industrialization and investment. As for Russia, a much weaker outlook emerged because lower oil prices and increased geopolitical tensions in the region.

PART 4: PERFORMANCE OF AFRICAN ECONOMIES

The continent demonstrated considerable resilience in the face of the slow recovery of the global economy, with growth well spread out in all its sub-regions. Natural resources continued to power growth in 2013, especially among major oil producing regions. But also notable was the good performance of countries that are not richly endowed with natural resources, depending increasingly on good policies to attract domestic and foreign investment. Some isolated examples of economic setbacks indicated the need for diligence in addressing deep-seated economic inequalities and in the provision of social services. Economic prospects looked good on the whole, given the strengthening of the global economic recovery. Africa was expected to grow at 4.8 percent in 2014 and is expected to grow by 5.7 percent in 2015. Future growth needs to be higher and more diversified to create a firmer basis for structural transformation.

4.1 Overall African Developments

Africa's growth compared favourably with that of other developing regions of the world and the major economies. Domestic demand was an important growth factor, and so was better macro-economic management. With a few exceptions, countries maintained relatively low rates of inflation, while fiscal deficits were largely manageable. The higher inflows of financial resources to Africa in recent years, both from remittances and Foreign Direct Investment (FDI), have more than compensated for the generally low levels of domestic savings. A key driver of growth has been high demand for Africa's minerals, oil and gas from the emerging markets.

4 .2 Real GDP Growth

In 2013, Africa maintained an average growth rate of about 4%, a reduction of two percentage points compared to 2012. In 2014, Africa's macro-economic prospects remained favourable. Growth in sub-Saharan Africa was 5 percent, excluding South Africa at about 6 percent. Africa's performance compared favourably with that of the rest of the world in 2013, given declining growth among emerging economies in Asia (6.6 percent) and Latin America and the Caribbean (3 percent), and slow recovery in the developed world—notably the US (1.5 percent), the Eurozone (where it actually fell by 0.4 percent) and Japan (2 percent). Growth on the continent has also been well distributed among sub-regions.

The prices of oil, gas and other commodities have been key factors in Africa's recent growth, and the continent's mineral and oil exporters continued to register trade surpluses. However, new natural resource projects are emerging in more places in Africa than ever before, and they will continue to reflect on the growth picture for years to come. It should be borne in mind that Africa, as a whole, needs to maintain average growth rates of above 7 percent in the medium to long term to generate the employment and incomes required to reduce mass poverty.

4.3 Africa's Growth Typologies 2013-2014

Africa is a continent of wide variations in terms of economic structure, natural resource endowment, and level of development. While average growth rates provide a good overall assessment of Africa's current and medium-term prospects, they obscure a number of features crucial for understanding the nature of its recent progress. According to the African Development Bank (AfDB), Regional Member Countries (RMCs) have been divided into four broad categories, which though not exclusive, do provide good examples of variations in performance across the continent:

i. Those that can access the Bank's Fragile States Facility, typically countries with low average scores on the

Country Policy and Institutional Assessment (CPIA);

ii. Factor-driven economies (usually low income and exporters of raw commodities);
iii. Major oil exporters; and
iv. Investment-driven economies (also called emerging economies, typically countries in transition towards manufacturing and services as basis for the economy).

Growth in post-conflict and conflict-affected economies was relatively high in 2013. For instance, growth rates of above 8 percent were recorded for the Democratic Republic of Congo, Côte d'Ivoire, Liberia, Sierra Leone and South Sudan. Natural resources, which were sometimes in the past a cause of conflict for many of these countries are now providing a basis for reconciliation and national reconstruction in some of them. Fourteen of the eighteen countries that can access the Bank's Fragile States Facility (not all chose to do so) posted growth rates of three percent or above in 2013.

In 2013, Africa continued to demonstrate resilience in the face of slow recovery of the global economy, although with broad variation across countries and regions. Growth in sub-Saharan Africa was 5 percent, and excluding South Africa, about 6 percent West Africa registered the highest rates of growth, about 7 percent (same level as recorded in 2012), followed closely by East Africa with about 6 percent, about 2 percentage points above those of 2012. Central Africa grew at about 4 percent (compared to 6 percent in 2012) with the eruption of armed conflict in the Central African Republic reducing growth prospects for the sub-region in the near term. North Africa grew by 1.9 percent, a decline of approximately 8 percentage points compared with 2012. In Southern Africa, growth averaged 3.0 percent, indicating little change from 2012. Low-Income Countries (LICs), including Fragile States, grew by about 5 percent on average. Among major oil exporters, growth was highest for Angola, Gabon and Nigeria, at 5 percent or above. The investment-driven economies, that are countries transitioning toward manufacturing and services as drivers of the economy, grew at between 3 to 7 percent.

Macro-Economic Management

African policy makers continued to pursue cautious macro-economic policies in 2013, characterized by low inflation and, on the whole, manageable fiscal positions. It is notable that fiscal discipline was exercised by countries in all sub-regions, including those well-endowed by natural resources. Resource mobilization was a key preoccupation, although revenue effort for many countries remained below that in other developing regions.

Inflation

Africa's average inflation fell by 2 percentage points to 6.7 percent in 2013, compared to 2 percent in the US and the EU, and to a global average of 6 percent. Overall, countries maintained a cautious fiscal stance. The average fiscal deficit as a percent of GDP rose to 3.9 percent in 2013 from 2.9 percent in 2012. The current account deficit increased to 2.5 percent of GDP in 2013 from 1.5 percent in 2012. Net oil-exporting countries saw their current account surplus as a percentage of GDP fall from 2.3 percent in 2012 to 0.8 percent in 2013, while the current account deficit was 8 percent of GDP for oil importers, compared to 7.6 percent in 2012.

External Financing

In spite of the financial crisis, remittances and Foreign Direct Investment (FDI) have continued to flow to Africa in relatively high volumes in recent years. Remittances reached US $65 billion in 2013, an increase of 5 percent over 2012. They have reflected a resilience that is beginning to attract the interest of governments and the private sector in Africa. Net FDI flows grew by about 9 percent to US $57 billion in 2013. The latter reflects the search for value by investors in the West in a climate of generally low interest rates. The bulk of the FDI went to mineral prospecting and capacity building in the extractive industries across Africa. However, in spite of the shortage of capital for investment on the continent, substantial amounts of resources continue to flow out of the countries illicitly.

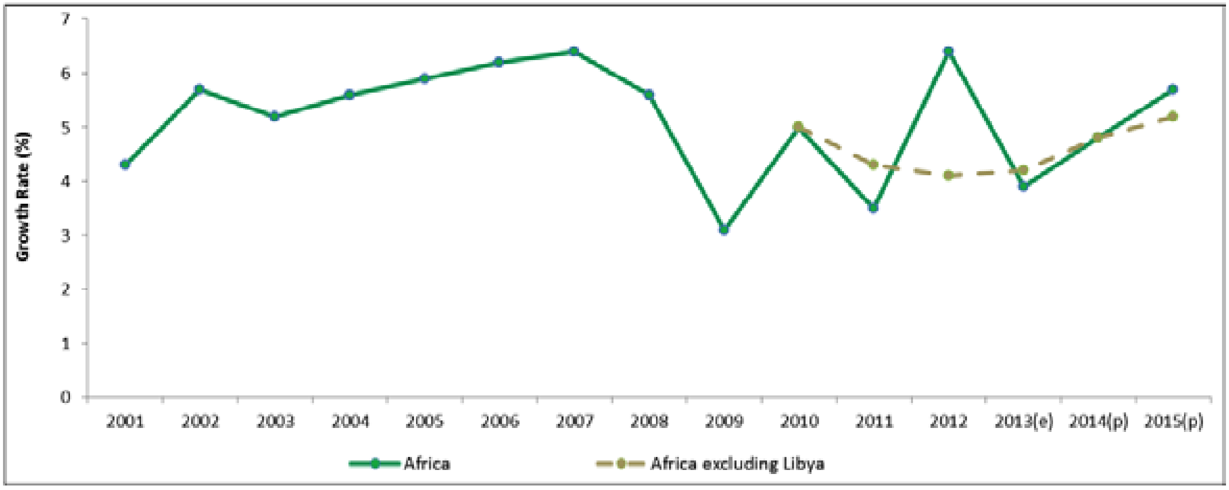
Growth Prospects

Africa's growth was projected to be about 4.8 percent in 2014 and 5.7 percent in 2015. Growth in Central Africa was expected to be about 6 percent in 2014 and 2015, although the armed conflict in the Central African Republic lowered these prospects. East Africa was expected to grow at about 6 percent in 2014, but rates could rise with the new oil and gas discoveries in the region, expectations of increased investment in prospecting and transport infrastructure. North Africa was expected to grow by 3.1 percent in 2014 and 5.5 percent in 2015, contingent to socio-economic developments in the region.

Southern Africa as a whole was expected to grow at 4 percent in 2014 and 4.4 percent in 2015, with some countries such as Zambia posting growth rates of above 7 percent. South Africa, the regional motor, was projected to grow at 2.7 percent and 3 percent in 2014 and 2015, respectively—that is somewhat higher than in the recent past. Average growth in West Africa was projected at about 7 percent in 2014 and 2015, on the back of expanding natural resource sectors and diversification efforts.

Growth in private consumption and investment was expected to remain the key drivers of GDP growth across all five sub-regions and all economic groupings. Net exports would however continue to moderately pull down growth. Inflation in the continent would remain flat, at an average of 6.9 in 2015, in light of moderating global prices for commodities, food, oil and industrial imports, assisted by prudent monetary policies. Fiscal balances were expected to remain negative, owing to infrastructure spending, public wage bills and social sector projects. Broadly, therefore, some internal and external risks to growth in the continent would remain. These could include: the continued slow recovery in the developed countries, a slowdown in China, tighter global financial conditions, the Ebola outbreak, political instability, terrorism and weather-related shocks, among others.

Figure 6: Africa's Economic Growth



Source: African Development Bank

Post-MDG Agenda

Although Africa has made some progress towards meeting the Millennium Development Goals, including reduction in child and maternal mortality, attainment of universal primary education, and improvement in gender parity, countries are looking toward a Post-MDG agenda that emphasizes economic inclusion and structural transformation. In 2011, the African Development Bank, the African Union Commission (AUC), the Economic Commission for Africa (ECA), and the United Nations Development Program (UNDP) initiated a series of consultations on the Post-2015 Development Agenda. The emerging "Africa's Common Position" underlines the following four items: (1) structural transformation and green growth; (2) Innovation and technology transfer; (3)

human capital development; and (4) sustainable financing and partnerships.

4.4 Prospects and Challenges for Africa Ahead

Throughout 2013 and 2014, Africa's macroeconomic prospects remained favourable. Over this two year period, Africa maintained an average growth rate of about 4%, which underscored the resilience of the continent to unforeseen shocks. However, growth performance varied widely across country classifications and regions. Growth in sub-Saharan Africa was 5% in 2013 and about 6% in 2014 (excluding South Africa, these figures were adjusted to about 6% and 7%, respectively). East and West Africa recorded the fastest growth in 2013, above 6%; and it was projected that continental growth would attain a level of 5%-6% in 2015 - a level last seen before the onset of the 2009 global recession.

In terms of the continental Africa price level, and on account of stabilized energy costs as well as the moderation of food prices, the continent's inflation decelerated. Nonetheless, in some countries, inflation remained relatively high, due to the weakening of various currencies. As a result, monetary policy was eased in many countries in response to lower inflation. In some cases where some currencies weakened, monetary policy was tightened to stem inflationary pressures. The fiscal policies also differed between countries: although many African countries endeavoured to pursue prudent fiscal policies in order to avert or reduce budget deficits, while in others, fiscal policies remained expansionary to boost growth.

Africa's trade performance also improved in the years under review, although exports remained dominated by primary commodities. In particular, trade in agricultural goods and trade in services remained below potential. From a regional perspective, substantial progress in trade was made through heightened progress in regional integration arrangements within the continent, which delivered significant growth in intra-African trade, especially in manufactured goods.

The medium to long term challenge for Africa remained to ensure that global value chains impact positively on the continent through socially inclusive development. This objective would be achieved through the integration of Africa in a bid to participate in global value chains. In this regard, it was envisaged in 2014 that African countries would liberalize their economies to trade, modernize infrastructure, promote SMEs and invest in human capital.

4.5 Policy Strategies for the Medium Term

Governments in the region should pursue policies that preserve economic and financial stability. In view of the heightened risks, the need for governments to act as a buffer for stabilization force is paramount, yet large fiscal deficits and inefficient government spending are sources of vulnerability in much of the region. The basic need is to strengthen fiscal positions, and restore fiscal buffers to increase resilience against exogenous shocks.

On the monetary policy front, given the favourable inflation outlook, many countries appeared to have reasonable space to maintain an accommodative monetary policy stance. In some countries, policy tightening helped to stem vulnerabilities and contained the potential inflationary impacts of exchange rate depreciation episodes. With terms of trade deteriorating and terms of trade worsening for a number of countries during the year, tighter monetary policies managed to ward off undesirable secondary effects of wage and price increases. There is, therefore, an urgent need across the region for structural reforms to increase potential output growth. An acute infrastructure deficit has been a drag for the continent for too long. Countries across the African region should therefore rightly increase their public investment mainly in infrastructure, as they strive to boost potential growth and broaden alternatives for reducing poverty.

PART 5: COMESA IN REGIONAL, AFRICAN AND THE GLOBAL ECONOMIES

PART 5: COMESA IN REGIONAL, AFRICAN AND THE GLOBAL ECONOMIES

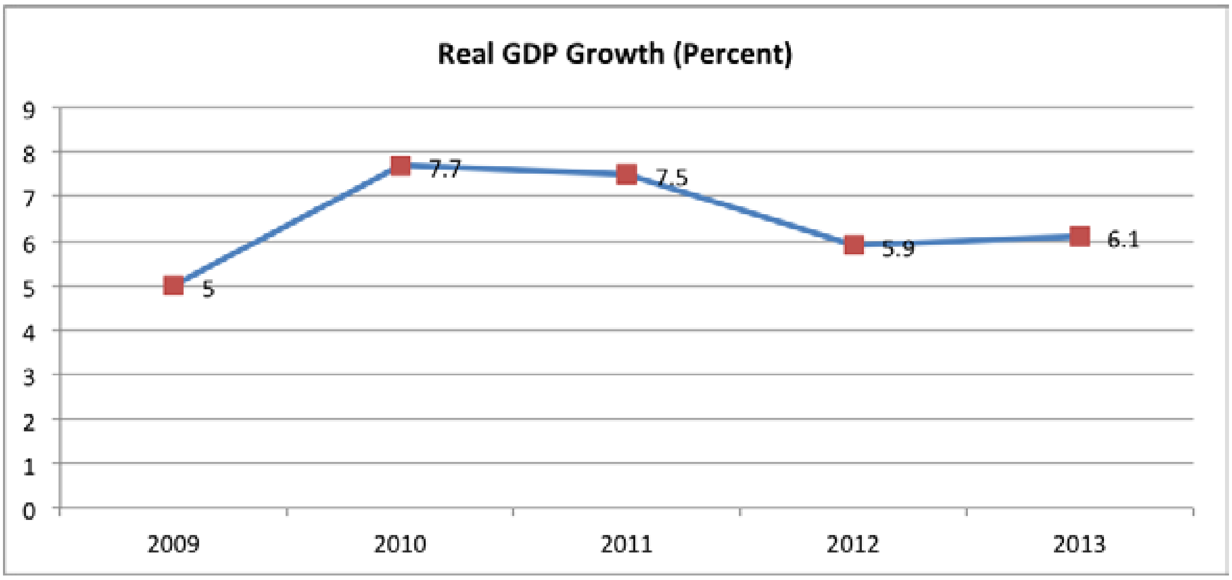
5.1 Performance of the COMESA Economy

5.1.1 Economic Growth

The COMESA region achieved an average growth rate of 6.6 percent in 2013, up from 5.5 percent in 2012 underscoring once again the region's resilience to global and regional headwinds. But growth performance varied widely across countries. The region's growth continued to benefit from relatively high commodity prices, increased trade and investment ties with emerging economies, greater domestic demand underpinned by new, urbanizing consumers with rising incomes, and public spending on infrastructure, improved economic governance and management which supported macro-economic stability and improved investment environment in many countries in the region.

The slight regional dip in economic growth in the reporting period was a reflection of the main risk to economic growth - a slowdown in global growth which particularly affected trade, FDI, ODA, remittances, and tourism. Overall, growth prospects for 2014/15 remain robust with average real GDP growth projected at 6.5 percent. Figure 7 below shows COMESA's average real GDP growth for the period 2009 – 2013 and Table 1 presents the growth rates per each Member State over the same period respectively.

Figure 7: COMESA Average Real GDP Growth (%)



Source: IMF Regional Economic Outlook Sub Saharan Africa

Table 1: Real GDP Growth (Percent)

Country	2009	2010	2011	2012	2013
Burundi	3.5	3.8	4.2	4	4.5
Comoros	1.8	2.1	2.2	3	3.5
Congo, Dem. Rep.	2.8	7.2	6.9	7.2	8.5
Djibouti	5	3.5	4.5	4.8	2.7
Egypt, Arab Rep.	4.7	5.1	1.8	2	8.6
Eritrea	3.9	2.2	8.7	7	1.3
Ethiopia	10	10.6	11.4	8.5	9.7
Kenya	2.7	5.8	4.4	4.6	5.6
Libya	-0.1	2.5	-61	121.9	3.6
Madagascar	-4.1	0.4	1.8	1.9	2.4
Malawi	9	6.5	4.3	1.9	5
Mauritius	3	4.1	3.8	3.3	3.1
Rwanda	6.2	7.2	8.2	8	5
Seychelles	-0.2	5.6	5	2.9	3.6
Sudan	3	5.2	2.7	-11.2	32.1
Swaziland	1.2	1.9	0.3	-1.5	2.8
Uganda	4.1	6.2	6.2	2.8	6
Zambia	6.4	7.6	6.8	7.2	6
Zimbabwe	8.9	9.6	10.6	4.4	3
COMESA	5.1	6.9	6.9	5.5	6.6

Source: IMF REO Sub Saharan Africa April 2014; IMF REO Update Middle East and Central Asia May 2014, Country Reports

5.1.2 Overall Fiscal Balance Excluding Grants

In 2013, the region's average fiscal deficit, excluding grants, increased marginally to 6.2 percent of GDP as compared to 5.6 percent in 2012. The 6.2 percent is above the agreed threshold of five percent in the COMESA macro-economic convergence criteria. Overall, the governments of the region faced pressure to continue spending on education, health and infrastructure, as well as in raising public sector wages. The fiscal breakdown per country is shown in Table 2 below.

Table 2: Overall Fiscal Balance, Excluding Grants (as a percent of GDP)

Country	2009	2010	2011	2012	2013
Burundi	-24.5	-15.8	-14.9	-20.8	-18.7
Comoros	-9.1	-7.8	-6	-6.2	-10.3
Congo, Democratic Republic	-10.1	-9.1	-10.2	-8.3	-6
Djibouti	–	–	–	–	–
Egypt, Arab Republic	–	-8.5	-9.6	–	–
Eritrea	-17.3	-21.3	-19.4	-14.7	-13
Ethiopia	-5.3	-4.6	-4.9	-2.9	-5.2
Kenya	-6.2	-6.3	-5.6	-6.8	-6.9
Libya	–	–	–	–	–
Madagascar	-4.2	-1.5	-4.8	-3.8	-3.1
Malawi	-5.1	-1.6	-3.5	-16.6	-17

Mauritius	-5.2	-3.9	-3.9	-2.5	-3.9
Rwanda	-11.4	-13.1	-13.1	-12.5	-11.1
Seychelles	-1.2	-1.7	0.1	-2.6	-1.3
Sudan	–	-4.7	-3.7	–	–
Swaziland	-6.7	-11.7	-5.8	3.5	-1.2
Uganda	-5	-9.6	-5.1	-5.7	-4.9
Zambia	-5.4	-4.8	-2.9	-5.2	-9.6
Zimbabwe	-3.4	0.9	-1.7	-0.7	-0.1
COMESA	-6.6	-6.6	-6.1	-5.6	-6.2

Source: IMF REO Sub-Saharan Africa April 2014; IMF REO Update Middle East and Central Asia May 2014 Country Reports

5.1.3 Inflation

Average inflation in COMESA dropped in 2013 to 6.3 percent compared to the rate of 13.0 percent in 2012 and 17.7 percent in 2011. The ease in inflation is attributed to improved economic governance and management, good agricultural harvests and increasingly stable international food and fuel prices. Although inflation decreased, the dependence on fuel products, food imports and commodity price inflation was a major challenge which complicated macro-economic management as experienced specifically in Ethiopia and Sudan. Ethiopia had a decrease in inflation of 16.1 percent, while Sudan had an increase in inflation of 13.3 percent.

According to IMF projections, inflation levels were expected to continue to vary widely but at least half of the COMESA Member States were projected to meet the region's primary convergence criteria of not more than five percent, while keeping inflation in the single digits. The inflation rates for each Member State were as tabulated below:

Table 3: Consumer Prices (Annual Average, Percent Change)

Country	2009	2010	2011	2012	2013
Burundi	4.6	4.1	14.9	11.8	8.8
Comoros	4.8	3.9	6.8	6.3	2.3
Congo, Democratic Republic	46.2	23.5	15.5	9.3	0.8
Djibouti	1.7	4.0	5.1	4.3	2.5
Egypt, Arab Republic	11.7	11.1	10.1	10.8	9.1
Eritrea	33.0	12.7	13.3	12.3	12.3
Ethiopia	8.5	8.1	33.2	24.1	8
Kenya	10.6	4.3	14.0	9.4	5.7
Libya	2.4	2.5	14.1	1.9	2.6
Madagascar	9.0	9.3	10.0	5.8	2.6
Malawi	8.4	7.4	7.6	21.3	27.7
Mauritius	2.5	2.9	6.5	3.9	3.5
Rwanda	10.3	2.3	5.7	6.3	4.2
Seychelles	31.7	-2.4	2.6	7.1	4.3
Sudan	11.3	13.0	18.1	23.2	36.5
Swaziland	7.4	4.5	6.1	8.9	5.6
Uganda	13.1	4.0	18.7	14.0	5.4
Zambia	13.4	8.5	8.7	6.6	7.0
Zimbabwe	6.2	3.0	3.5	3.7	1.6
COMESA	12.2	7.1	17.7	13.0	6.3

Source: IMF REO Sub-Saharan Africa April 2014; IMF REO Update Middle East and Central Asia May 2014 Country Reports

5.1.4 Reserve Accumulation

External reserves in COMESA were under pressure in a number of Member States in 2013. The average reserve level across the region was only capable of meeting approximately three months of imports of goods and services. This is less than the agreed upon convergence criteria of not less than four months' reserves. This is a slight drop from 2012 when it was at 3.1 percent. The accumulation of sufficient foreign exchange reserves is necessary to cushion against external shocks, ensure orderly conditions in the exchange market and also a comfortable balance of payments position and space for macro-economic adjustments in an unpredictably changing economic environment.

Table 4: Reserves (Months of Imports of Goods and Services)

Country	2009	2010	2011	2012	2013
Burundi	4.4	4.1	3.2	3.9	3.5
Comoros	6.6	5.7	5.8	6.7	5.6
Congo, Dem. Rep.	1.2	1.3	1.4	1.8	1.5
Djibouti	–	–	–	–	–
Egypt, Arab Rep.	–	–	–	–	–
Eritrea	2.2	2.3	2	3.4	3.4
Ethiopia	2.2	2.5	2.7	2	2
Kenya	3.4	3.2	2.9	3.8	4.1
Libya	–	–	–	–	–
Madagascar	4.2	3.8	4	3.6	2.6
Malawi	0.7	1.6	1	1.1	1.8
Mauritius	4.3	4	4.1	4.2	4.8
Rwanda	5.4	4.5	5.1	3.7	4.4
Seychelles	1.9	2.2	2.6	2.7	4.1
Sudan	–	0.6	1.2	–	–
Swaziland	4.4	3.2	2.7	3.6	4
Uganda	5.8	4.4	4.1	4.7	4.3
Zambia	4	3.3	3	3.4	2.6
Zimbabwe	1.7	1	1.1	0.9	0.9
COMESA	3.3	3	2.9	3.1	2.9

Source: IMF REO Sub Saharan Africa April 2014; IMF REO Update Middle East and Central Asia May 2014 Country Reports

5.1.5 Savings

In COMESA, most of the Member States' savings are at below 20 percent of GDP which is very low compared to other parts of the developing world. A major reason may be that a large proportion of the population is not connected to the financial system and, therefore, has no access to savings instruments. Increasing the domestic private saving rate in the region will entail expanding the financial system to reach the majority of citizens through appropriate innovative financial reforms.

Table 5: Gross National Savings (Percent of GDP)

Country	2009	2010	2011	2012	2013
Burundi	21.8	7.8	6.3	2.5	-3.2
Comoros	4.6	9.7	5.5	9.5	13.6
Congo DR	7.4	15.4	9.5	16.4	11.2
Djibouti	26.4	14.5	10.5	14.1	16.3
Egypt	16.8	17.5	14.5	13.6	12.1
Eritrea	1.7	3.7	10.8	12.2	8.9
Ethiopia	19.0	20.7	27.3	28.1	22.2
Kenya	13.8	15.0	10.4	12.1	12.2
Libya	55.2	59.1	29.2	47.2	18.4
Madagascar	13.0	18.9	18.8	15.1	19.2
Malawi	20.7	24.7	9.4	12.7	16.9
Mauritius	13.9	13.3	12.5	14.5	14.1
Rwanda	15.0	16.2	14.9	11.4	15.7
Seychelles	17.5	13.6	12.4	17.3	18.7
Sudan	11.4	18.0	18.7	7.9	9.4
Swaziland	0.3	1.3	-0.1	13.0	15.5
Uganda	14.7	12.0	12.5	14.7	14.7
Zambia	21.0	22.6	25.0	26.4	25.5
Zimbabwe	4.6	-4.4	-25.6	-1.4	-5.7
COMESA (SSA Members)	13.8	15.5	15.6	16.9	16.1

Source: IMF World Economic Outlook Database April 2014

5.1.6 Investment

In 2013, the average overall investment as a percent of GDP fell from 25.1 percent in 2012 to 23.9 percent. The investment performance for countries, which is less than 20 percent, underscores the challenge facing policy makers in the region to implement a set of policies that would move the economies into a virtuous cycle of higher investment and higher growth.

Table 6: Total Investment (Percent of GDP)

Country	2009	2010	2011	2012	2013
Burundi	19	19.2	19.3	19.5	19.6
Comoros	12.4	15.4	14.9	16.8	19.7
Congo, Dem. Rep.	18	23.5	20.5	26	21.1
Djibouti	35.7	19.8	24.6	26.4	29.6
Egypt, Arab Rep.	19.2	19.5	17.1	16.4	14.2
Eritrea	9.3	9.3	10	9.5	8.8
Ethiopia	21.5	23.6	27.2	34.6	28.3
Kenya	19.9	20.9	20.7	21.4	20.5
Libya	40.3	39.6	20.0	17.0	21.1
Madagascar	34.1	28.6	25.7	23.4	25.2
Malawi	25.6	26	15.3	17.1	20.4
Mauritius	21.3	23.6	25.7	24.7	23.2
Rwanda	22.3	21.7	22.2	22.9	23.0
Seychelles	27.3	36.6	35.1	39	36.4
Sudan	21.0	20.1	19.1	18.7	20.0
Swaziland	14.4	11.8	8.9	9.2	10.0
Uganda	22	23.1	25	25.2	26.4
Zambia	21	22.6	25	26.4	25.5
Zimbabwe	15.1	24.3	25.6	24.8	14.0
COMESA	20.7	22	22.9	25.1	23.9

Source: IMF REO Sub Saharan Africa April 2014; IMF REO Update Middle East and Central Asia May 2014, Country Reports

5.1.7 External Current Account Excluding Grants

The current account positions remained largely unchanged in the COMESA region, averaging about 11.2 percent of GDP in 2013, and 11.1 percent in 2012. The average deficit for the region stood at 11.34 percent of GDP for the period from 2008 to 2012. The lack of significant change 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. In a few cases it is caused by the late disbursement of external aid flows faced by most Member States.

It is worth noting, however, that the sustainable current account deficit to GDP ratio is desirable, if it is the result of national investment growth rather than a savings decrease, especially when the national savings are low.

Table 7: External Current Account excluding Grants (% of GDP)

Country	2009	2010	2011	2012	2013
Burundi	-13.7	-29.5	-25.4	-30.2	-31.2
Congo, Dem. Rep.	-13.6	-8.8	-9.2	-10.9	-15.1
Comoros	-10	-14.6	-9.4	-3.8	-8.9
Djibouti	–	–	–	–	–
Egypt, ArabRepublic	–	–	–	–	–
Eritrea	-10.2	-10.8	-2.6	1.1	-0.2
Ethiopia	-10	-10.6	-6.6	-10.7	-9.2
Kenya	-6.5	-8	-11.7	-10.9	-8.3
Madagascar	-19.6	-8.8	-6.3	-6.5	-4.9
Libya	–	–	–	–	–
Malawi	-14.2	-17	-12.2	-18.1	-16.4
Mauritius	-8.5	-10.9	-14.1	-8.8	-9.5
Rwanda	-17.2	-17	-19	-19	-16
Seychelles	-27.7	-25	-29.3	-29.6	-20.5
Sudan	–	–	–	–	–
Swaziland	-16.9	-19.8	-19.4	-20	-15.7
Uganda	-8.7	-12.6	-13.2	-10.9	-12
Zambia	2.2	5.9	2.9	2.9	0.7
Zimbabwe	-47.6	-22.7	-31	-21.7	-21.3
COMESA	-11.3	-10.5	-11.2	-11.1	-11.2

Source: IMF REO Sub Saharan Africa April 2014; IMF REO Update Middle East and Central Asia May 2014, Country Reports

PART 6: IMPLEMENTATION OF COMESA PROGRAMMES

PART 6: IMPLEMENTATION OF COMESA PROGRAMMES

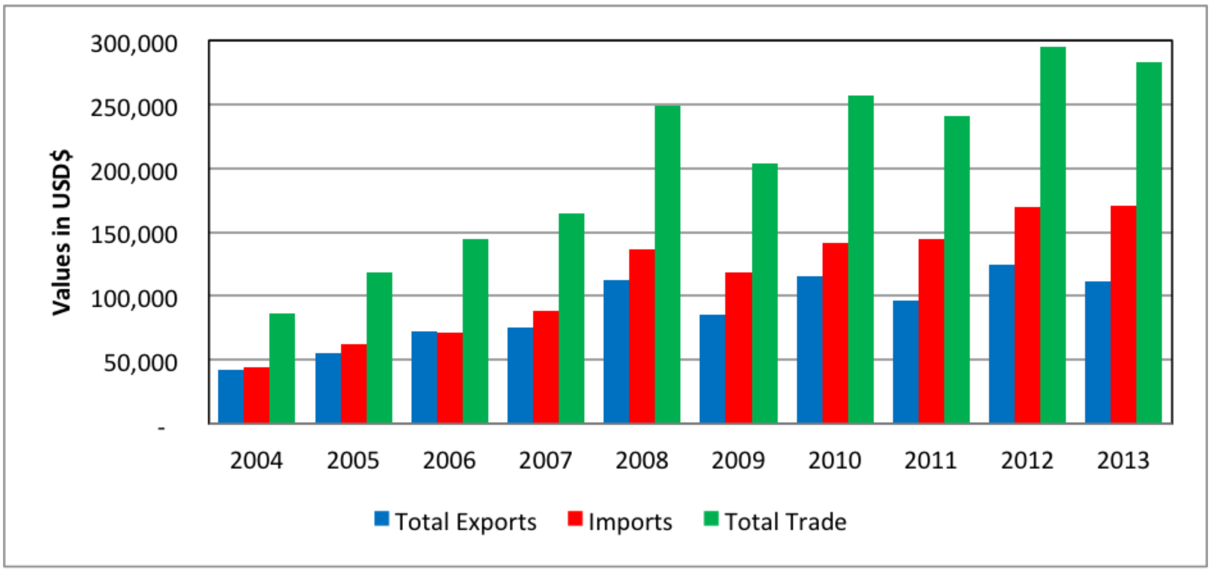
6.1 TRADE AND CUSTOMS

6.11 Trade in Goods

Global COMESA Trade

It should be noted that COMESA trade with the rest of the world declined by 4% from US $295 billion in 2012, to US $283 billion in 2013. Total exports over the period under review dropped from US $125 billion in 2012 to US $113 billion in 2013 while imports remained at the same level of about US $170 billion in 2013. The drop in exports is mainly attributed to a decline in Libya's exports of oil due to the internal political crisis in the country. Figure 8 below depicts the performance of COMESA's global trade over the period 2004 – 2013.

Figure 8: Global COMESA Trade, 2004 - 2014



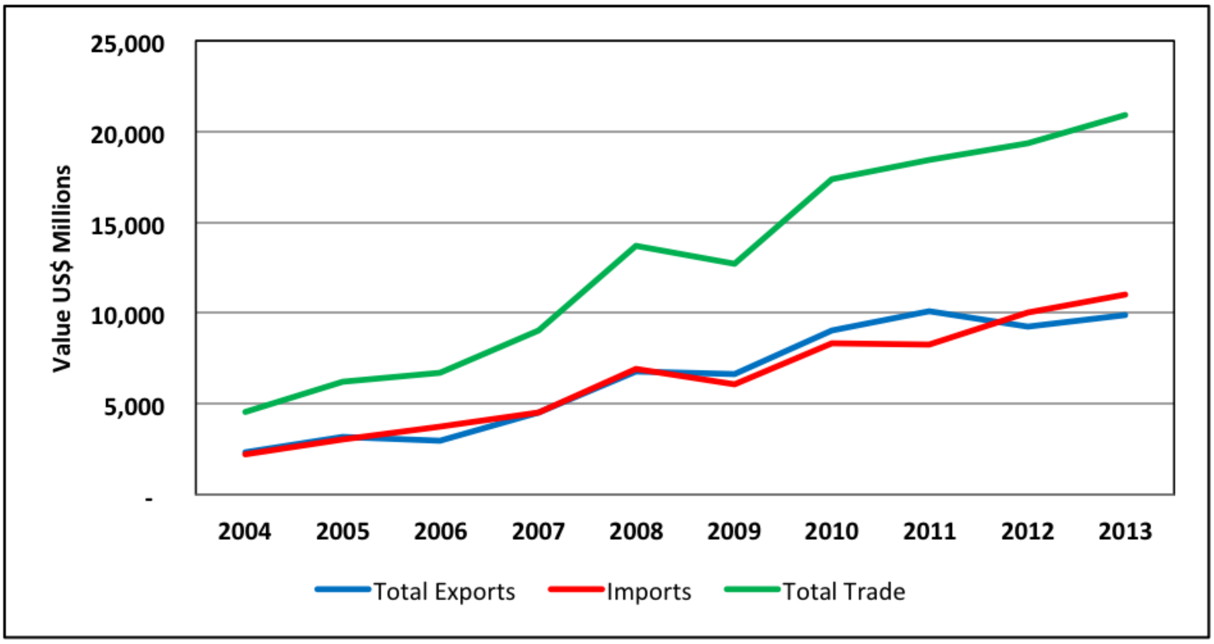
Source: COMSTAT Database and UN COMTRADE

Regarding exports, Member States that registered notable positive growth in 2013 were Djibouti, Sudan, Ethiopia, Madagascar and Rwanda. However, some Member States experienced significant declines in their exports, mainly Eritrea, Comoros, Libya, Burundi and Seychelles. The majority of Member States recorded positive growth in their global imports in 2013 with the exception of Djibouti, Egypt, Ethiopia, Comoros, Seychelles, Malawi and Kenya. Annex Table 1 depicts global-COMESA trade performance by country from 2011 to 2013; and the percentage changes in 2013. In 2013, COMESA countries that recorded favourable terms of trade with the world were only Libya, Swaziland and Zambia, with ratios of 1.4, 1.1, and 1.0 respectively. The rest of the COMESA countries had unfavourable terms of trade with the world.

Intra-COMESA Trade

In 2013, intra-COMESA trade grew by over 8% increasing from US $19.3 billion to US 20.9 billion; when compared to 2012. Contributing to this regional growth were the following Member states: Swaziland, Madagascar, D R Congo, Zambia, Burundi and Comoros. Figure 9 below depicts the performance of intra-COMESA trade over the period 2004 – 2013.

Figure 9: Intra-COMESA Trade Performance, 2004 - 2013



Note: Total Exports = Domestic Exports + Re-Exports

Source: COMSTAT Database

In 2013, both Swaziland's intra-COMESA exports and imports grew by 177% and 165% respectively. Similarly, exports and imports for Madagascar grew by 77% and 5% respectively while those of Congo D R increased by 41% and 49% respectively. Annex Table 2 depicts intra-COMESA's trade by country for the period 2012-2013 and the percentage change in 2013. Notably, Egypt registered the biggest share of 24% in 2013 for intra COMESA export market. However, this was a drop from the previous year's share of 27%. Zambia dislodged Kenya for the second largest intra COMESA market share. Kenya was third; followed by Congo D R that maintained its fourth place. Egypt also exported products worth US $2.4 billion while Zambia and Kenya's intra-COMESA exports stood at US $1.8 billion each. On the import side, Zambia maintained its rank with the biggest market share of 25% in 2013, up from the previous year's share of 19%. Congo D R displaced Libya for the second rank while Kenya displaced Egypt for the fourth largest import market share. Zambia's intra-imports were mainly copper ores and concentrates from D R Congo.

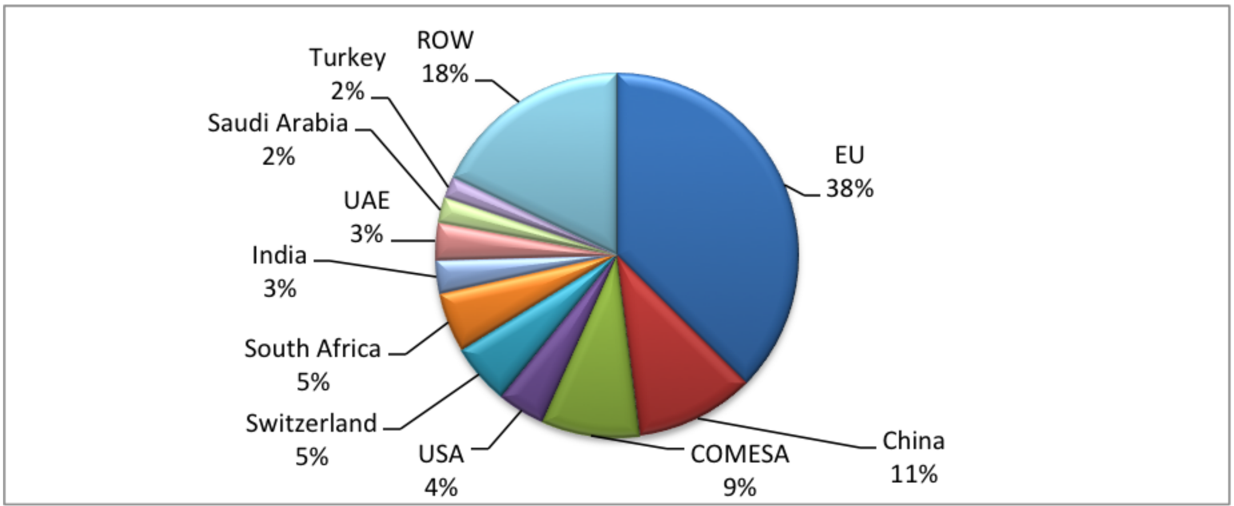
For the fourth year running, Copper ores and concentrates have topped the table for the most exported products in value terms within the COMESA region in 2013 as depicted in Annex Table 3. Second to the copper ores and concentrates was Portland cement followed by other black fermented tea and sulphuric acid. The percentage of intra-COMESA trade to total COMESA trade continued to grow albeit slowly from regional levels of 5% in 2004 to the current 7% in 2013 as depicted in Annex Table 4. At country level, Member States that traded more within the region in 2013 were Burundi (31%, up from 19% in 2012), Rwanda (29%, down from 34% in 2012), Congo D R (28%, up from 20% in 2012) and Zambia (22%, up from 19% in 2012).

COMESA Trade with Key Markets

Looking at major export markets for COMESA originating products, the EU was still ranked as number one with total exports from COMESA amounting to US $42 billion in 2013. These accounted for 38% of COMESA total exports. This however represented a 21% drop from US $53 billion recorded in 2012. Major exports to the EU are primarily petroleum oils and natural gas and refined copper in the form of cathodes. The major exports to China included oil, oil products, ores and metals.

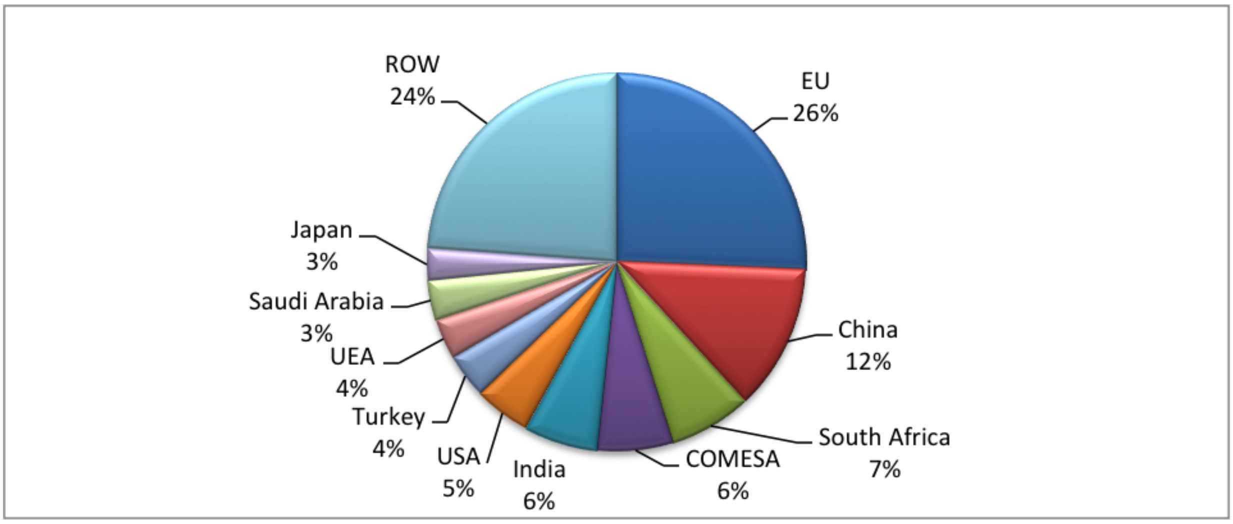
Ranked in second position after the EU was China with COMESA originating exports worth over US $11.8 billion in 2013, a decline of 4% from US $12.3 billion exported the previous year. The COMESA region was ranked third with intra-COMESA exports worth US $9.9 billion, recording an increase of 6.5% from 2012 and accounting for 9% of total COMESA exports. Figure 10 below shows COMESA's major export trade markets shares for 2013.

Figure 10: COMESA Key Export Market Shares, 2013



On the import side, the EU ranked number one as major source of imports into the COMESA region. Imports from the EU, which mainly included manufactured goods increased slightly from US $43 billion in 2012 to US $44 billion in 2013. These imports accounted for 26% of COMESA's global imports in 2013. Ranked after the EU as major sources of imports into COMESA, were China, South Africa, the COMESA region and India in that order. The imports from China were mainly manufactured products.

Figure 11: COMESA Key Import Market Shares, 2013



6.1.2 The Customs Union

The COMESA Authority of Heads of State and Government, at its Seventeenth Summit in February 2014, urged Member States to domesticate and implement the customs union decisions, in particular the CMR and the CTN, and requested Member States to provide annual updates on the status of implementation and domestication of the customs union instruments. Hence, the Secretariat's top priority for 2014 was to support Member States in the implementation of the COMESA Customs Union.

In collaboration with the World Bank, the COMESA Secretariat undertook a number of analytical work and organized regional and national workshops to raise the awareness of stakeholders and the private sector, as well as to brainstorm on how the region can address implementation challenges faced by Member States for purpose of developing national action plans.

The findings of the analytical work and outcomes of the national workshops were as follows:

Based on gap analyses between the CMR and current international standards, no fundamental conflict was discerned between the COMESA CMR and current international best practices such as the WTO's Agreement on Trade Facilitation and the World Customs Organization's Revised Kyoto Convention (RKC). The COMESA CMR was determined to be more than 90% compliant with the provisions of the WCO RKC and the WTO TFA.

The national gap analyses of 18 COMESA Member States highlighted that on average 97% of national customs laws articles are compliant with the COMESA CMR. Table 8 below provides a summary of results of analytical work undertaken on customs provisions which are not yet fully compliant with the COMESA CMR or may require further refinement:

Table 8: Summary of Results of the CMR Gap Analysis

COMESA Member States (*those which had National Workshops)	Needs Improvement	Not Compliant	Percentage % Compliant	COMESA Member States Average Compliance: 97 %
Burundi*	6	0	100%	
Comoros*	0	0	100%	
Democratic Republic of the Congo	23	19	92%	
Djibouti	22	21	91%	
Egypt	12	22	90%	
Eritrea*	22	9	96%	
Ethiopia	43	11	95%	
Kenya*	6	0	100%	
Madagascar*	25	4	98%	
Malawi*	16	1	100%	
Mauritius	30	11	95%	
Rwanda*	6	0	100%	
Seychelles	12	0	100%	
Sudan*	17	11	95%	
Swaziland	24	20	91%	
Uganda*	3	0	100%	
Zambia*	14	1	100%	
Zimbabwe	16	12	95%	

Based on results of a TRIST analysis, the Member States studied would gain from increases in revenue collections on account of trade-related tariffs upon implementation of the COMESA CET1, as shown in Figure 12.

1 *Total trade-related tariffs include all revenue from tariffs, plus customs excise duties, and VAT. In particularly, the study found the following revenue increases for respective countries- Madagascar (1.7%), Zambia (3.0%), Ethiopia (3.4%), Djibouti (21.8%), Malawi (22.2%), Eritrea (38.9%), Egypt (59.1%), Comoros (64.9%), Mauritius (64.5%), and Seychelles (129.2%). The only exceptions were Sudan and Zimbabwe that would be exposed to small decreases in revenue collections of 4.8% and 0.3%, respectively.*

Based on results of a comparative study on the EAC and COMESA customs union, EAC Member States had recorded increased revenue collections, coupled with increased trade among themselves since the formation of the EAC Customs Union in 2005. Additionally, COMESA CETs are identical to EAC's both in text and in rates by up to 74%.

In spite of the above, the COMESA region continues to face challenges with the implementation of the customs union amidst continued domestication efforts, even though the timeframe of December 2014 as set by the Summit has already elapsed. In this regard, it was proposed that the timeframe for implementation be moved to 2015. As a way forward, the continuing dialogue should allow for the continuation of the processes of domestication in Member States, while additional capacities should continue to be built in order to facilitate implementation of the Customs Union.

6.1.3 Trade in Services

The COMESA Regulations on Trade in Services are modelled along the General Agreement of Trade in Services of the WTO. The Committee on Trade in Services, established in September 2009 is responsible for preparation and implementation of the programmes in the sector. In addition, the Committee adopted the COMESA Guidelines on Negotiations on Trade in Services. The Guidelines provide for priority sectors, in compliance with Article V of the GATS, rounds of negotiations and some disciplines.

In 2014 the completed schedules of commitments from the Member States were submitted to the WTO. The comments by the WTO have been factored in and eleven Member States have submitted their reviewed schedules. The reviewed schedules were adopted by the Council of Ministers in December 2014 and annexed to the COMESA Regulations on Trade in Services ready for implementation.

Share of Services in GDP for COMESA Countries

The services sector is critical for COMESA economies as depicted by the significant share in the GDP. Table 9 below shows the varied extent to which services contribute to the GDP of the Member States. Although the figures are available for different years for the countries, on average services contributes 51% of COMESA GDP. However the contribution of services to GDP is quite varied ranging from 20% in Libya to 82% in Seychelles.

Table 9: COMESA Share of Services in GDP

S/N	Country	Services as % of GDP	As of Year	5 years Ago
1	**Burundi**	43	2012	43
2	**Comoros**	42	2009	38
3	**D R Congo**	33	2012	40
4	**Djibouti**	79	2007	80
5	**Egypt**	46	2013	49
6	**Eritrea**	63	2009	54
7	**Ethiopia**	41	2012	39
8	**Kenya**	53	2012	54
9	**Libya**	20	2008	28
10	**Madagascar**	59	2009	56
11	**Malawi**	54	2013	51
12	**Mauritius**	74	2013	69
13	**Rwanda**	52	2013	53
14	**Seychelles**	82	2012	82
15	**Sudan**	41	2012	41
16	**Swaziland**	45	2011	45
17	**Uganda**	46	2013	48
18	**Zambia**	45	2013	44
19	**Zimbabwe**	56	2013	55

Source: https://www.quandl.com/c/economics/services-share-of-gdp-by-country visited on 21 February 2015

6.1.4 The COMESA Immigration Programme

The Immigration programme is in charge of the following priorities:

i. Following up on adoption of Model Law on immigration by Member States;
ii. Updating the initial report (2001) on immigration practices of the Member States by indicating the level of compliance with the COMESA Protocols;
iii. Proposing ways in which a COMESA database could be established to monitor the movement of persons in COMESA, particularly the movement of undesirable persons;
iv. Proposing ways in which COMESA could develop a common travel certificate taking into account of the practices in ECOWAS, EU and the EAC;
v. Assisting in establishing the extent to which restricting free movement of persons and labour are a constraint to the attainment of genuine economic integration;
vi. Identifying legal and administrative restrictions to the movement of persons;
vii. Identifying measures that Member States would need to implement in order to remove restrictions to the free movement of persons; and
viii. Assessing the COMESA Council decision on COMESA labour policy and advising on how it should be implemented.

During the period under review, three countries namely Mauritius, Rwanda and Seychelles have waived visas to all COMESA citizens while Zambia has issued a circular waiving visas and visa fees for all COMESA nationals on official business. Further, four countries (Burundi, Kenya, Rwanda and Zimbabwe) have signed the protocol on the free movement of persons, although only Burundi has fully ratified it. Kenya and Rwanda are fully complying with the COMESA Protocol on the Gradual Relaxation of visas and are also applying most of the provisions of the Protocol on the Free Movement of Persons.

RÉPUBLIQUE DE DJIBOUTI
REPUBLIKA Y'U RWANDA
REPUBLIC OF RWANDA
REPUBLIQUE DU RWANDA
REPUBLIKA Y'U RWANDA
Republic of Mauritius
Passport
Republic of ZAMBIA
REPUBLIC OF KENYA
HARAMBEE
PASSPORT
URWANDIKO RW'ABAJYA MU MAHANGA
PASSPORT - PASSEPORT

With the assistance of African Development Bank, the Secretariat obtained US $70,000 to conduct direct consultations with Comoros, Djibouti, Kenya Malawi, Rwanda, Seychelles, Uganda and Swaziland on the implementation of the protocol on the free movement of persons. Consultative missions were undertaken between October and November 2013 for the purpose of raising awareness and promoting the signing and ratification of the Protocol. Subsequently, a draft strategy and related action plan were developed, for consideration by the Member States.

6.2 COMESA TRADE FACILITATION PROGRAMMES

6.2.1 The Simplified Trade Regime (STR)

The STR is meant specifically for small scale cross-border traders. The Regime allows these traders to benefit from the COMESA tariff preference regime for goods on a common list bilaterally agreed between two neighbouring States. The small scale traders play an important role to the economic and social development of Member States by exploiting economic opportunities through moving essential goods from one country to another by either supplying goods directly to the general public or supplying essential goods to shops for onward sale to the general public.

Under the STR there are basically four instruments, namely: a simplified customs document, a simplified certificate of origin, the common list of products and a threshold for the value of the consignment. In countries of southern part of COMESA, namely, Malawi, Zambia and Zimbabwe, the certificate of origin has been done away with since if goods are on the common list it is taken that they originate from the region. Not requiring a certificate of origin has greatly further simplified the trade.

In terms of the threshold, while Malawi and Zimbabwe apply a threshold of US $1000 per consignment per crossing by small scale cross-border traders, Zambia applies a threshold of US $2,000. In the northern corridor, Burundi, Kenya, Rwanda and Uganda do apply a threshold of US $2000 for trade under the Simplified Trade Regime. Of the ten pilot countries, D R Congo, Ethiopia and Sudan are yet to implement the Simplified Trade Regime with their neighbouring countries. It is noted that the common list of products that was greed between two neighbouring countries at the commencement of the STR has not been revised.

There is need for minimum standards for the treatment of small scale cross-border traders to reduce the challenges they face. In order to partly address the plight of the traders, the Regulations on the minimum standards for the treatment of small scale cross-border traders have been. The Regulations, adopted by Council in December 2014, are meant to address the challenges of lack of information; the applicable duties and taxes; and fair treatment of the small scale cross-border traders by border officials.

6.2.2 Trading For Peace Programme

The Trading for Peace project, supported by USAID and DFID, seeks to consolidate peace and security in the Great Lakes region. Since its conception in 2006, the project has supported the promotion of the COMESA Simplified Trade Regime by among other things developing, printing and disseminating an easy to use STR handbook in Kiswahili, French and English languages, and also convening bilateral meetings to enable respective countries to agree on a list of common products.

The project has made considerable progress in the area of continued support to the ten existing trade information desks at (Kasumbalesa (DRC), Kasumbalesa (Zambia), Goma (DRC), Bunagana (DRC), Bunagana (Uganda), Rubavu (Rwanda), Gatumba (Burundi), Kavimvira (DRC), Kasindi (DRC) and Mpondwe (Uganda) through regular payment of the salaries of the TID Managers, with the financial support from USAID East Africa (and the German Development Bank.The main outcomes are:

a. Resolutions of traders' conflicts by the TID Managers through addressing complaints by traders;
b. Increased access to trade information by small scale cross border traders, and responding to queries from cross-border traders;
c. Sensitization of the small scale traders by TID Managers on the importance of belonging to CBTAs/d.
d. Cooperatives, the advantages of using formal routes and on COMESA STR. Sensitization activities were conducted mainly at different markets near borders;
e. Training of TID Managers in data collection and reporting; and
f. Mobile phone data exchange between traders and the TID Manager in Goma.

More concretely, going forward the project will implement small-scale economic and administrative infrastructure and provide capacity building to beneficiaries at selected border posts in Goma/Rubavu, Bunagana/Bunagana, Kavimvira/Gatumba and Kenya/South Soudan.

6.2.3 Non-Tariff Barriers (Ntbs)

Within the context of the Tripartite Arrangement among COMESA, EAC and SADC, an online system of reporting, monitoring and eliminating NTBs was developed. It is a systematic way of capturing, storing, monitoring and tracing progress towards elimination of NTBs among the tripartite countries. This dynamic online system (accessible at: http://www.tradebarriers.org) provides a systematic and transparent process for identification and elimination of barriers to trade in the tripartite region.

The NTBs that are currently restricting trade in the region have been identified and placed in eight categories below:

a. Government participation in trade and restrictive practices tolerated by governments;
b. Lengthy customs and administrative entry procedures;
c. Technical barriers to trade;
d. Sanitary and phyto-sanitary measures;
e. Specific limitations including quantitative restrictions, and quotas, among others;
f. Charges on imports;
g. Transport, clearing and forwarding; and issues related to transit clearance; and
h. Other procedural restrictions.

Relative Frequency of Occurrence of Each of the NTB Categories

So far, 476 reported NTBs have been reported on the online system, of which 385 have been resolved and 84 are still pending in which seven are non-actionable. Of the reported NTBs, there is no NTB of the SPS related category, which implies that Member States apply the SPS measures judiciously.

Out of the 469 actionable ones, 175 (37%) were of category 2: customs and administrative entry procedures. These are followed by category 8: transport, clearing and forwarding with 81 (17%); and category 7: other procedural problems with 72 (15%) of the reported NTBs. These three categories accounted for 69% of the reported NTBs. Of the 469, the reported NTBs on rules of origin were 43. It is difficult to determine those that relate to the 35% value addition rule because either there is not enough information reported or it is difficult to infer from the information provided.

Only those NTBs that specifically mention that doubts on meeting the 35% value addition was the reason for not granting the COMESA tariff preferences are the ones that have been selected for the purpose of getting a sense of how prevalent this criterion is as an NTB. With regard to the active NTBs on the online system, there are only four which are related to Rules of Origin. These are: doubts on meeting the 35% value addition for soap from Mauritius by Madagascar; doubts on meeting the 35% value addition of pure palm-based oil from Kenya by Zambia; doubts on meeting the 35% value addition on Fridges and Freezers from Swaziland by Zimbabwe; and refusal to honour a certificate of origin on laundry soap from Kenya by Sudan.

As to NTBs resolved, only three were identified as relating to doubts on meeting the 35% value addition; and these are: Rwanda's doubt about whether galvanized steel sheets from Kenya meet the 35% value addition criteria; Sudan's doubt that shaving blades from Egypt meet the 35% value addition criteria; and Zambia's doubt that trailers and semi-trailers from Malawi meet the value addition criteria. Of the 39 resolved rules of origin related NTBs, only 3, representing 7.7%, of the rules of origin related NTBs were related to value addition. By comparison and in relation to the total NTBs reported on the online system, rules of origin related NTBs represented 9.2% and value addition related NTBs represented 1.3% of totals NTBs. In summary therefore, it could be inferred that the 35% value addition criterion is not the major source of NTBs as the 35% value addition rule of origin is the most commonly used criterion commonly familiar to the private sector especially, SMEs, hence the conclusion that this rule proved to be useful and the region should continue to maintain its application.

Progress Towards Resolving Ntbs In 2014

Part of the reason why reported NTBs take long to resolve is the different understanding the parties involved have regarding the NTB. For the long standing NTBs on soap between Madagascar and Mauritius; fridges and freezers between Zimbabwe and Swaziland; and pure palm-based cooking oil between Kenya and Zambia, the Secretariat engaged KPMG, Malawi to carry out an independent verification of origin of the goods involved. In all the three cases, KPMG found out that the goods involve met the rules of origin criterion and therefor ought to be accorded preferential tariff treatment under the COMESA FTA. Following the independent verification of origin, the case of soap between Madagascar and Mauritius was resolved while in the cases of fridges and freezers between Zimbabwe and Swaziland and pure palm-based cooking oil between Kenya and Zambia, the respective countries involved are yet to reach a common understanding regarding the way forward given the findings of the independent verification.

6.2.4 Regional Customs Transit Guarantee And Yellow Card Schemes

The COMESA Yellow Card Scheme, introduced in 1987, is the most successfully and widely recognized Regional Third Party Motor Vehicle Insurance Scheme in the Eastern and Southern Africa region. The Scheme provides insurance protection to inter–state travelling motorists within the region and beyond and facilitate the movement of vehicles, goods and persons and thereby reduce delays and the cost of doing business and ensure payment of compensation to road accident victims caused by inter-state motorists. The Scheme introduced several initiatives over the years and is growing from strength to strength. The establishment of the Yellow Card Reinsurance Pool to strengthen the capacity of member Insurance Companies, handle large claims compensation payments and manage Yellow Card funds has brought in efficiency in the operation of the Yellow Card Scheme. The introduction of emergency medical expenses cover for the drivers and the passengers, the extension of the Yellow card to include third party property damages and the automation of the operations of Scheme are key, among other innovations, successfully implemented over the years. Despite the successes, there are challenges of forged Yellow Cards in circulation and the variances in laws and practices of Member States governing the compulsory third party motor vehicle insurance.

Currently, the Yellow Card Scheme operates in thirteen COMESA and non-COMESA countries, namely: Burundi, Djibouti, the Democratic Republic of Congo, Eritrea, Ethiopia, Kenya, Malawi, Sudan, Rwanda, Tanzania, Uganda, Zambia and Zimbabwe and with over 200 Insurance companies participating in the scheme. The activities of the Yellow Card Scheme during 2014 included: over 150,000 Yellow Cards, were issued to travelling motorists generating a total annual premium income of US $10million and over 450 road accident victims caused by cross border motorists were paid in claims compensations. The Yellow Card Reinsurance Pool's total asset has increased to US $10.2 with an investment in money markets worth US $8.5 million. The performance of the member countries during 2014 was as follows:

Figure 13: Yellow Cards issued in 2014

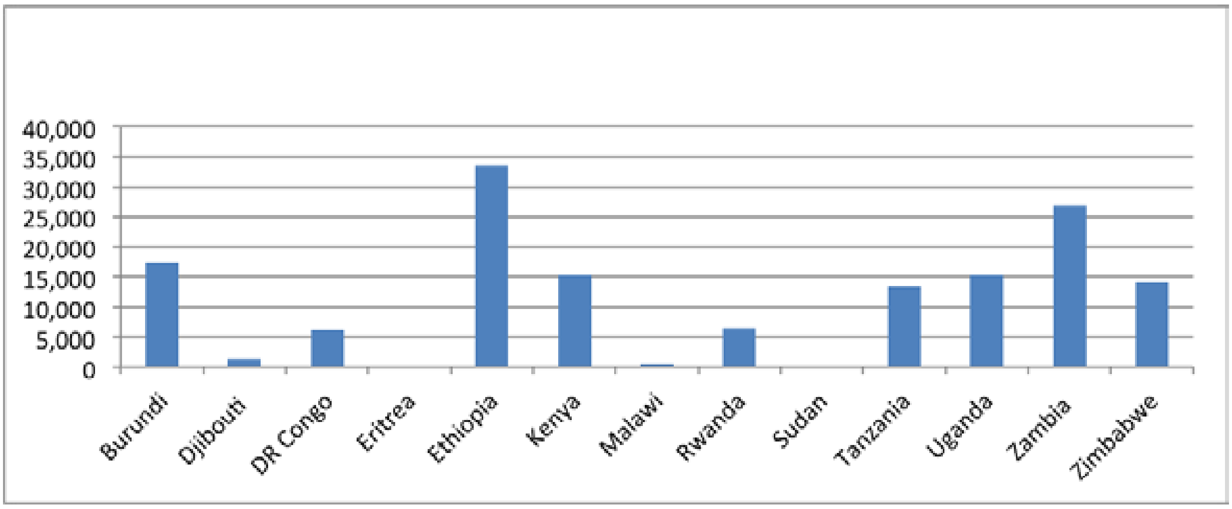


Figure 14: Premium Income Generated in 2014 in US $

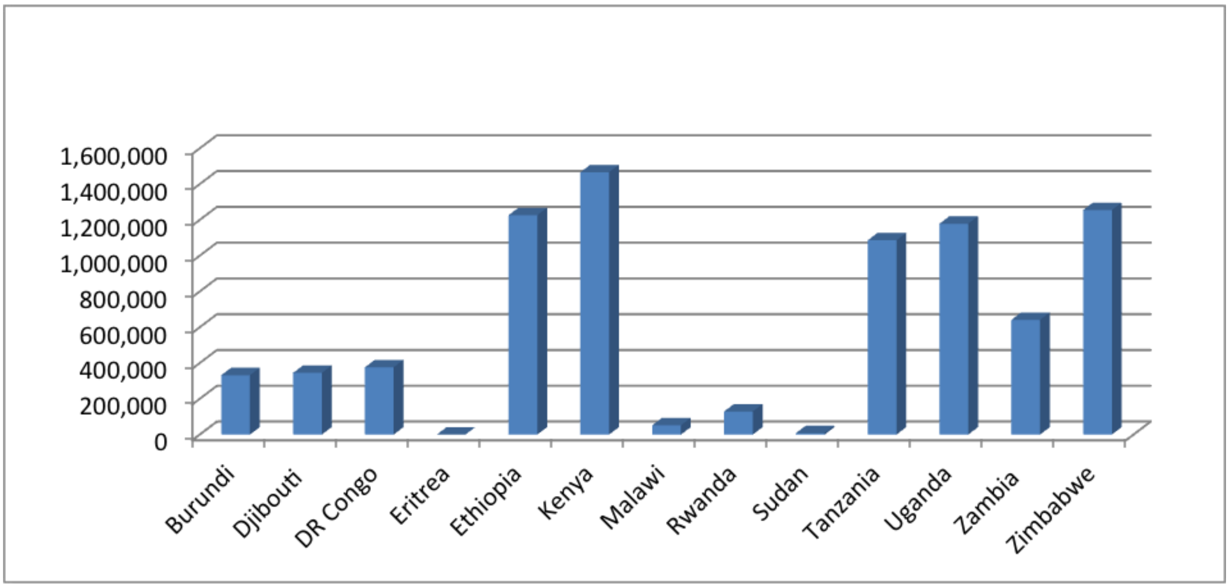


Figure 15: Number of Yellow Card Claims in 2014

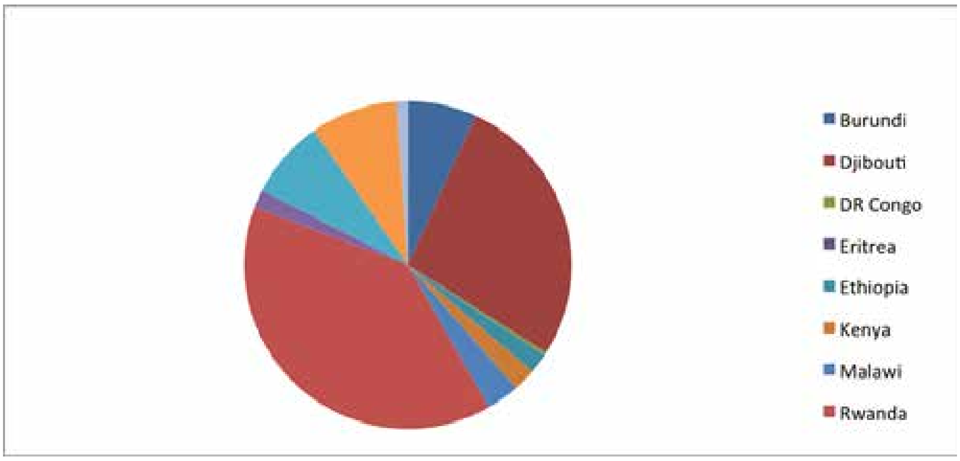


Table 10: Yellow Card Reinsurance Pool Financial Performance:

	As at Sept 2014	As at Sept 2013
	US$	US$
Gross premium income	2,239,200	1,983,580
Reserve fund	5,829,296	5,555,752
Total assets	10,204,300	9,013,713
Capacity subscription	275,000	350,000
Short-term investments	8,495,410	6,129,921

The Regional Customs Transit Guarantee (RCTG) Scheme

The COMESA Customs Transit Guarantee Scheme, popularly known as the RCTG CARNET is a customs transit regime designed to facilitate the movement of goods under customs seals in the region. The RCTG is a component of the COMESA Protocol on Transit Trade and Transit Facilitation, Annex I of the COMESA Treaty. The Member States which have ratified the RCTG Agreement and joined the Scheme are Burundi, Djibouti, Ethiopia, Kenya, Madagascar, Malawi, Rwanda, Sudan, Uganda and Zimbabwe. The main objective of the RCTG scheme is to provide the customs administrations with security to recover duties and taxes from importers and exporters should the goods be illegally disposed of for home consumption in the country of transit. The main benefits of the RCTG Scheme are:

- Reducing the cost of bond/guarantee and collaterals charged by Sureties;
- Reducing the cost of bond /guarantee charged by clearing agents;
- Reducing delays at border posts;
- Providing business opportunities to clearing and forwarding agents, insurance companies and banks;
- Minimising revenue leakages since customs administrations are required to make their claims within 60 days from the expiry of the transit time and any bond called up is paid within a short period of time; and
- Providing additional security or guarantee to all the stakeholders through its re-insurance pool.

Currently, the RCTG Scheme is operational in three countries; namely: Kenya, Uganda and Rwanda since 2012. During the year 2014, a total of 243 Regional (RCTG) Bonds with guarantee amounting to US $118.1 million were executed by clearing and forwarding companies and 6,915 RCTG Carnet were issued for transit goods from Mombasa, Kenya to Uganda and Rwanda and vice-versa. The performance of the member countries during 2014 was as follows:

Figure 16: Number of RCTG Bonds Executed:

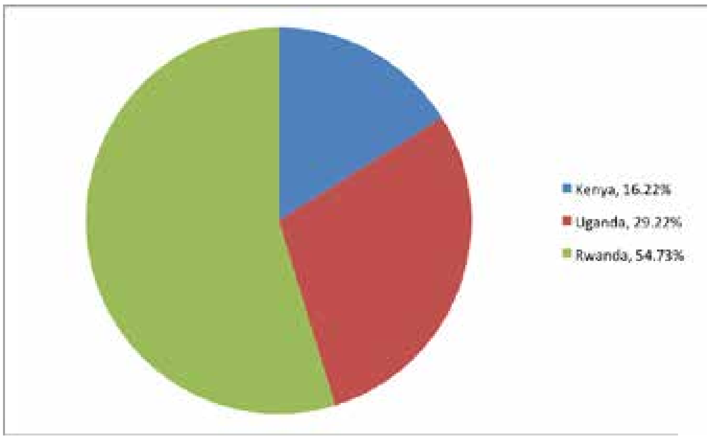


Figure 17: Amount of RCTG Bonds Executed (US$)

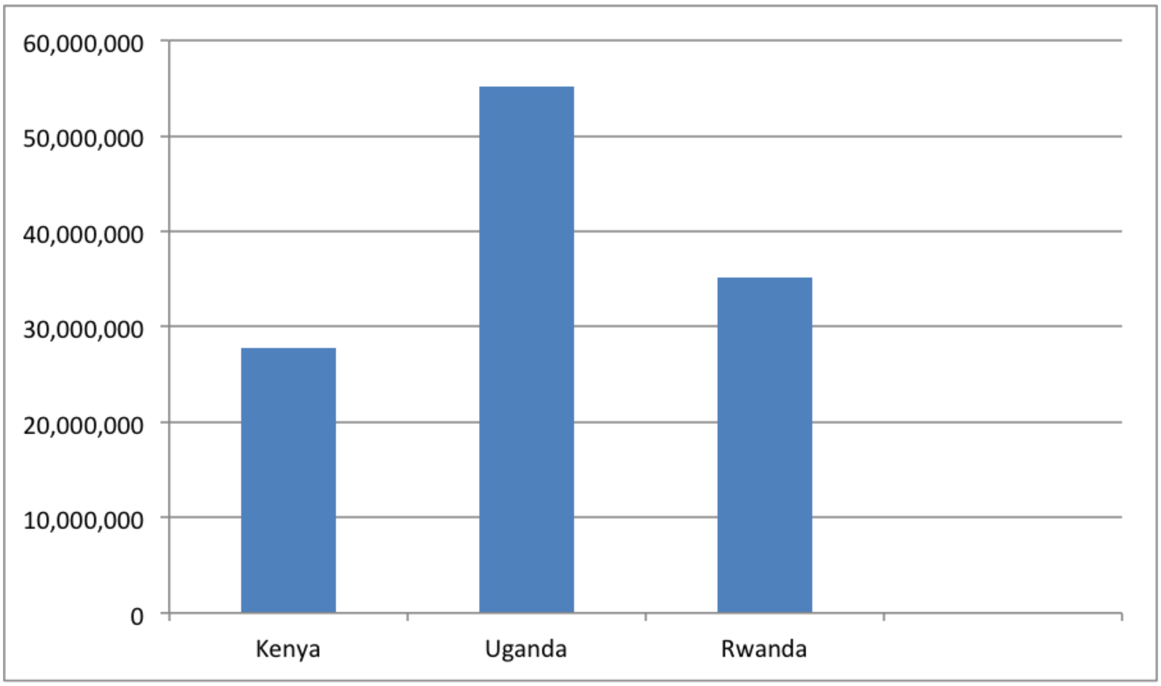
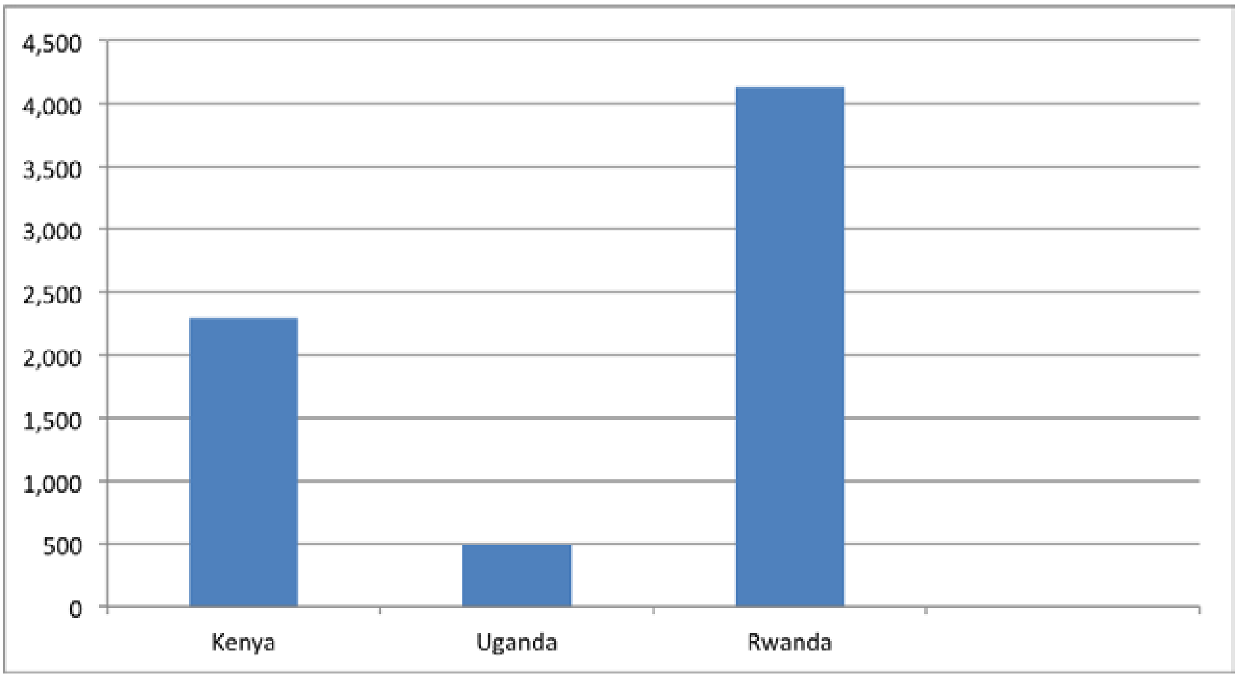


Figure 18: Number of RCTG Carnet Issued



At the time of writing this report the preparations for the implementation of the Scheme in Burundi and Tanzania had reached an advanced stage and the scheme was expected to be rolled out in the Central Corridor in early 2015. D R Congo was also at an advanced stage of ratifying the RCTG Agreement.

6.3 TRADE NEGOTIATIONS

6.3.1 The COMESA-EAC-SADC Tripartite Negotiations

Negotiations of the Tripartite Free Trade Area (TFTA) were launched in June 2011 but started in earnest in

December 2011 on Phase I issues - focusing on trade in goods. It was believed that Phase I of the negotiations for Trade in Goods TFTA (Market Integration Pillar) would be concluded expeditiously by June 2014. Negotiations were conducted over the last 34 months - a total of five (5) meetings of the Tripartite Committee of Senior Officials (TCSO), ten (10) meetings of the TTNF and some eighteen (18) meetings of the Technical Working Groups (TWGs) established by the TTNF to help it clarify specific technical negotiating issues.

Significant progress was made during the Tripartite Meetings held in October 2014 in Bujumbura, Burundi where the Draft TFTA was agreed. The Preamble and two Articles namely Article 1 (Interpretations) and Article 28 (Dispute Settlement) are to be finalized by the TTNF at their extraordinary meeting to be held prior to the 3rd Tripartite Summit in Egypt. The following annexes have been concluded; Annexes 3 on Non-Tariff Barriers, Annex 5 on Customs Cooperation, Annex 6 on Trade Facilitation, Annex 7 on Transit, Annex 8 on Technical Barriers to Trade and Annex 9 on Sanitary and Phyto-sanitary Measures. The following annexes are still under negotiation; Annex 1 on Tariff Schedules, Annex 2 Trade Remedies, and Annex 4 on Rules of Origin and Annex 10 on Dispute Settlement.

Tariff Offers were prepared by 15 of the 26 countries as at the time of the Tenth Meeting of the TTNF held in Bujumbura in 2014. Since then, SACU has produced an offer to open up 60% of tariff lines on which duties will be reduced to zero while 15% of tariff lines shall be reduced gradually over a period of 5 years. On Rules of Origin, an interim arrangement was discussed by the Eighth TWG on Rules of Origin and the options to be recommended to the Extraordinary TTNF are as follows:

To use agreed common rules and value addition rule of 35% ex-works cost as interim rules of origin of the TFTA to be launched at the 3rd Tripartite Summit;
To use agreed common rules for the launch of a Partial TFTA at the 3rd Tripartite Summit.

Table 11: Rules of Origin Analysis
Global and Intra-Tripartite Imports 2012 , Values in US$ millions

Tripartite Global Imports	Intra-Tripartite Imports	Extra-Tripartite Imports
323,876.30	42,877.90	280,998.40
Agreed 18 Chapters		
27,520.29	4,036.25	23,484.04
8%	9%	8%
Agreed 39 Headings		
6,454.64	1,721.68	4,732.95
2%	4%	2%
Total (Agreed chapters & headings	**5,757.93 (13%)**	**28,216.99 (10%)**

Table 11 above shows that the total tripartite imports in 2012 was worth US $323 billion out of which US $42 billion were intra-Tripartite imports and US$ 280 billion was extra-Tripartite imports. The Member/Partner States have already agreed on 18 chapters and 39 headings. The total tripartite imports for the 18 chapters in 2012 were US $27.52 billion accounting for 8% of the total Tripartite imports. The intra-Tripartite imports were US $4.04 billion accounting for 9% of the total intra-Tripartite Trade while the extra-Tripartite imports were US $23.5 billion accounting for 8%.The 39 headings total tripartite imports were US $6.5 billion accounting for 2% of the total Tripartite imports. The intra-tripartite imports were US $1.7 billion which accounted for 4% of the total intra-Tripartite imports and the extra-Tripartite imports were US $4.7 billion accounting for 2% of the total extra-Tripartite imports. This shows the intra-tripartite trade for the agreed chapters and headings is US $5,757.93 million, accounting for 13% of the total intra-tripartite imports, whichis still low.

Work of the Technical Committee on Movement on Business Persons had resumed with the committee having held two meetings in November 2014 and January 2015. In addition, the Technical Committee on Industrial Development had also resumed their work and had held one meeting in November 2014 and will have another one in February 2015. The Tripartite Technical Committee on Industrial Development (TTCID) in accordance with a directive from the 2nd Tripartite Summit developed a work programme and roadmap on the Tripartite Industrial Development Roadmap. Furthermore, the TTCID following a directive by the TSMC developed a draft modalities framework on cooperation on industrial development which should foster value addition and improve productive capacity of Member/Partner States.

The Ministers agreed that Phase I issues that were not exhaustively negotiated over the last two years would be concluded after the launch of the TFTA Agreement and a provision has been included in the draft TFTA Agreement for their continued negotiation. However, due to the unavailability of the Tripartite Chair (Zimbabwe) and need for further consultations by SADC, the scheduled Third Tripartite Summit was not held and was now scheduled for the first quarter of 2015 subject to the confirmation of dates.

On the basis of the progress attained, the 3rd TSMC meeting reaffirmed their commitment to launch the Tripartite FTA during the 3rdTripartite Summit based on the principle of variable geometry. It is expected that at the Third Tripartite Summit, the Heads of States of the Tripartite countries would sign the Tripartite FTA Agreement, adopt the Post-Signature TFTA Implementation Roadmap and launch Phase II negotiations on issues including Trade in Services, Competition Policy, Intellectual Property Rights and Cross-border Investment.

6.3.3 STATE OF PLAY OF ESA/EU EPA NEGOTIATIONS

On the emerging ESA/EU EPA progress stalled somewhat for a while with possible negative implications for the COMESA region's integration programme. However, towards the end of 2014, support was built from the region to resume negotiations with the EU in order to bring the process of negotiations of a full EPA with the EU to a close. In this regard, in December 2014, the COMESA ESA EPA Council of Minister resolved to build support for the EPA within the ESA group and directed senior officials in the region to resume to lay grounds for further negotiations with the EU within the spirit of securing the region's key interests in the subsequent negotiations with the view of concluding a full EPA with EU in the near future.

6.3.3 THE AFRICAN GROWTH AND OPPORTUNITY ACT (AGOA)

The US imports under AGOA increased from US $7.6 billion in 2001 to US $24.8 billion in 2013, and while volatile, grew roughly 10 percent annually on average. During 2001–13, crude petroleum accounted for almost 90 percent of US imports under AGOA. Other imports other than crude petroleum grew from US $1 billion to almost US $5 billion over this period.

As of September 2014, the twelve COMESA Member States, namely: Burundi, Comoros, Djibouti, Ethiopia, Kenya, Malawi, Mauritius, Rwanda, Seychelles, Swaziland, Uganda and Zambia were eligible for AGOA benefits while eight of them were eligible for the apparel benefits. With the current authorization of AGOA and the third country fabric provision expiring on 30 September 2015, the concern of African AGOA eligible countries is to secure a seamless extension of the AGOA for a sustainable period.

Kenya, Ethiopia, Mauritius, Swaziland, Malawi and Uganda have been relatively successful in utilizing the AGOA benefits while Zambia, Burundi, Djibouti, Seychelles and Rwanda have not been so successful in exploiting the opportunity created by AGOA as depicted in Table 10 below, which shows the AGOA exports (excluding GSP) to the US of the COMESA Member States:

Table 12: AGOA exports to the US ($'000)

Country	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Burundi													
Comoros													
D R C					0	0	39478	65234	0	71244	0	0	0
Djibouti	0	0	0	0	0	0	0	0	17	0	0	0	0
Ethiopia	215	1319	1706	3532	3646	5000	4741	9392	6723	6882	10887	18294	31711
Kenya	55225	123783	180529	279898	272131	264838	249450	252243	204982	220646	288273	287737	336535
Madagascar	92110	75647	186485	314533	273113	229541	281443	277051	210004	0	0	0	0
Malawi	24089	53534	58154	37888	41214	26662	28147	26693	42705	47191	56146	46307	47084
Mauritius	38874	106499	134958	147822	146815	145858	112354	97291	98747	117911	155982	160030	187895
Rwanda	265	0	0	0	1	0	0	5	63	10	17	8	9
Seychelles													
Swaziland	8314	74130	127477	175908	160269	165492	135736	125629	94718	92978	77121	62373	53940
Uganda	0	13	1444	4022	4854	1490	1189	473	222	345	787	64	56
Zambia	10	52	37	22	0	8	73	5	20	0	10	7	8

Source: US International Trade Commission

Despite the promising trends for trade under AGOA, it is generally agreed that AGOA has not reached its full potential. This is due to the constraints that African countries face which hampers them from full utilization of the AGOA benefits. The UNECA and the African Union in a White Paper Outlining Africa's Position on the AGOA Review Process (April 2014) clearly articulates the challenges being faced by the African countries which prevent them from utilizing AGOA to full potential. In summary, these constraints can be broadly classified as capacity constraints, infrastructural challenges, institutional issues, economic challenges, perceived political risks and problems related with US marketing requirements.

The US-Africa Leaders' Summit agreed on the importance of the prompt, long-term renewal of an enhanced African Growth and Opportunity Act (AGOA), and pledged to work together to increase its utilization by African countries. The leaders also agreed on the importance of increasing US investment in Africa and welcomed the announcements made at the US-Africa Business Forum, including over US $14 billion in new private sector deals. President Obama announced US $7 billion in new financing under the Doing Business in Africa Campaign that will support US trade with and investment in Africa over the next two years.

6.3.4 WTO, REGIONAL AND BILATERAL NEGOTIATIONS

Developments at the multilateral WTO trade negotiations level during the years under review were anchored around the outcome and progress of the Doha development negotiations. In December 2013, the ninth Ministerial Conference of the World Trade Organization (WTO) held in Bali adopted the 'Bali Package' which was received as a significant step towards the boosting of global trade. The Bali package contained, among others, an agreement on a broader Doha Development Agenda (DDA) and decisions that pertain to three broad pillars of international trade negotiations, namely: agriculture, development and trade facilitation. Overall, the package aimed at streamlining the conduct of multilateral trade by allowing developing countries more options for providing food security, boosting least developed countries' trade, and the bolstering of development in general. In this sense, the Bali Declaration provided a timely lifeline for the multilateral trading system to advance after a long period of slow progress.

During the conference Ministers also reached a breakthrough agreement on Trade Facilitation that was seen to render significant advantages towards the boosting of intra-Africa trade in the medium term. The terms of the agreement consisted of two vital sections: one covering provisions for expediting the movement, release and clearance of goods (by clarifying and improving relevant articles (V, VIII and X) of the General Agreement on Tariffs and Trade (GATT of 1994); and second, by providing for special and differential treatment provisions for developing and least-developed countries. Furthermore, the Bali package espoused binding commitments for developing countries to streamline customs and other trade systems that are expected to take advantage of certain flexibilities pegged to the development of acceptable implementation capacities.

Specifically, the Bali Trade Facilitation Agreement (TFA) arose as a result of new thinking about the need for a new multilateral trade dispensation that was needed to address the simplification and harmonization of international trade. The importance of the TFA is grounded mainly on arguments about cost, and to some extent the conduct of international best practice, that together translate to affect the cost of goods at points of consumption.

The elements of the Bali TFA could therefore be divided into two parts. One part addresses trade facilitation measures and obligations, and the second addresses issues of flexibility in implementation arrangements. The TFA recognizes the fact that some member countries of the WTO would require technical assistance before provisions of the agreement could be implemented by some or all of the obligations. As a result, it was agreed that commitments by developing and least developed countries would be implemented according to different categories of commitments. Accordingly, each developing and LDC member state would need to determine the timing of implementation of commitments, in line with the following categorizations of commitments:

Category A commitments - those that a Member State has designated for implementation upon entry into force of the agreement;

Category B commitments - those that a Member State has designated for implementation on a date after a transitional period; and

Category C commitments - those that a Member State has designated for implementation on a date after a transitional period and the acquisition of implementation capacity through the provision of technical assistance and support for capacity building.

This determination should be conducted on the basis of a 'negative list', where a member has to specifically identify and notify to the WTO its category B and C commitments. Any commitments not notified would be deemed to fall under Category A. For Category C commitments, each country concerned would need to seek from donor agencies the required technical assistance and/or capacity building needs it would require. Once such agreements are reached, each country concerned would then need to notify the WTO of its planned TFA implementation date.

6.3.5 COMESA-INDIA TRADE AND ECONOMIC RELATIONS

Following the decision of the COMESA Council in 2011 in Malawi for the COMESA region to establish a formal trade and economic cooperation with India, an MOU was subsequently signed in July 2012 between the COMESA Secretariat and India to advance the progress of the proposed cooperation. The MoU marked the launching of a COMESA-India Joint Study Group (JSG) Report to determine the feasibility of the proposed economic cooperation between India and the COMESA region for the advice of both parties prior to substantive negotiations. It is anticipated that the final report of the study will guide the two parties to determine the feasibility of the proposed economic cooperation between India and COMESA. At the appropriate time, after the completion of the JSG Report is completed, COMESA Member States will prepare begin negotiations on the proposed bilateral trade and economic cooperation between the COMESA region and India.

6.4 INVESTMENT PROMOTION

Inward Foreign Direct Investment

The COMESA region witnessed a decline in inward FDI flows of 16% in 2013 compared to 2012. This decline was as a result of lower investment inflows recorded in Egypt, Democratic Republic of Congo, Libya, Sudan and Uganda. These together accounted for 68% of inward FDI flows in 2013, with the rest of the share of FDI attributed to lower inflows recorded in Eritrea, Ethiopia, Malawi, Mauritius, Rwanda and Swaziland. Only Burundi and Djibouti recorded the highest inward flows of FDI, followed by Kenya, Comoros and Seychelles. In total, the region's share of inward FDI flows was dominated by Egypt (32%), followed by Sudan (13%), Democratic Republic of Congo (12%), Zambia (10%) and Uganda (7%). Figures 19 and 20; and Table 13 below indicate the trend of aggregate COMESA and the share of country specific FDI inward flows.

Figure 19: Total COMESA Inward FDI, 2003-2013

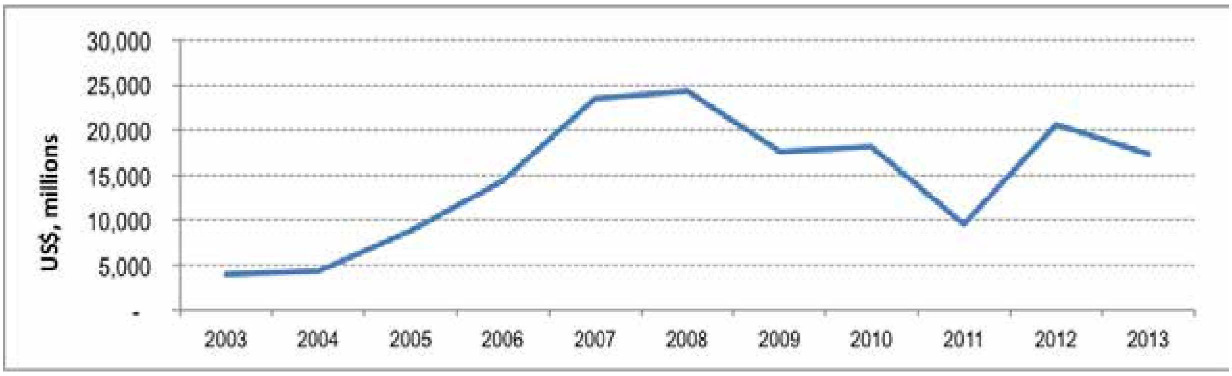


Figure 20: COMESA Country FDI Inflow Shares, 2013

Table 13: Inward FDI Flows by Country

Member State	2009	2010	2011	2012	2013	Growth rate (%) 2012 - 2013
Burundi	0	1	3	1	7	600.0
Comoros	14	4	7	10	14	40.0
Congo DR	243	2,742	1,687	3,312	2,098	-36.7
Djibouti	100	36	79	110	281	155.5
Egypt	8,113	6,386	-483	6,881	5,552	-19.3
Eritrea	0	56	19	74	44	-40.5
Ethiopia	227	286	619	970	953	-1.8
Kenya	111	172	330	255	507	98.8
Libya	3,310	1,909	0	1,425	702	-50.7
Madagascar	526	344	439	812	838	3.2
Malawi	49	97	129	129	118	-8.5
Mauritius	240	415	263	555	249	-55.1
Rwanda	119	42	106	160	111	-30.6
Seychelles	118	160	145	166	178	7.2
Sudan	2,662	2,894	2,692	2,313	2,179	-5.8
Swaziland	66	133	92	90	67	-25.6
Uganda	842	544	894	1,205	1,179	-2.2
Zambia	695	1,729	1,108	1,732	1,811	4.6
Zimbabwe	105	166	387	400	400	0.0
COMESA	**17,540**	**18,116**	**8,516**	**20,600**	**17,288**	**-16.1**

Source: COMESA and UNCTAD

The sectoral distribution of FDI inflows by sector showed that the estates' sector attracted the largest proportion of FDI, followed by coal, oil and natural gas, metals, communications and tourism. The top countries that invested in COMESA Member States between 2003 and December 2014 were the United Arab Emirates, UK, India, United States and China. The COMESA Regional Investment Agency (RIA) played a significant role as a catalyst in the mobilisation of investments of investments in the region and for Member States.

Intra-COMESA FDI Inflows 2007-2013

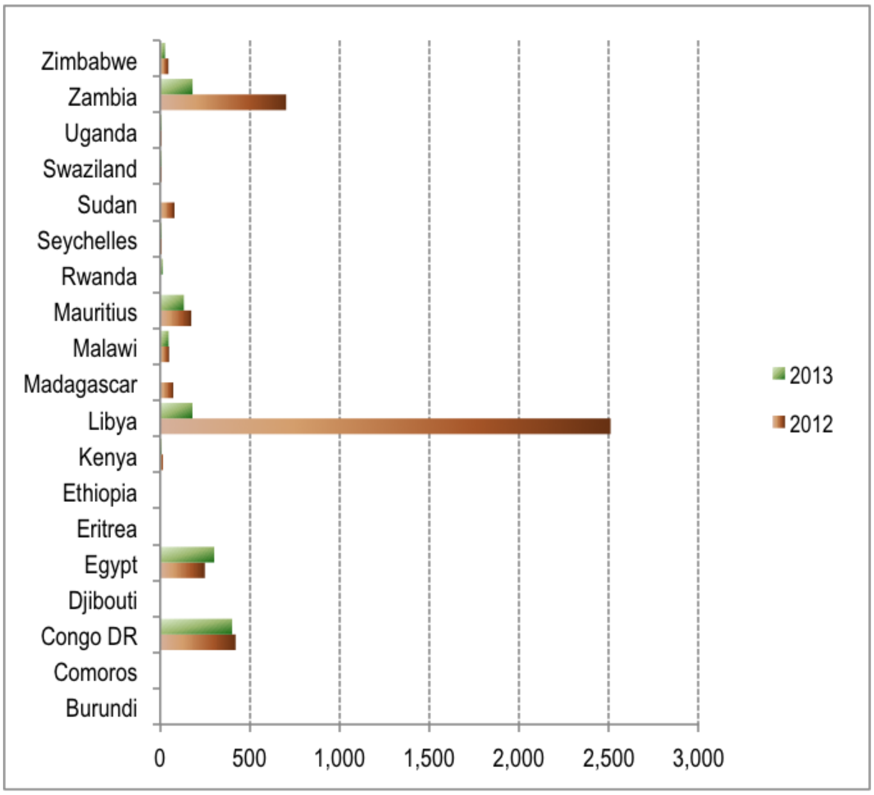
Intra-COMESA FDI flows showed that Egypt received the highest proportion of those African originating inflows amounting to US $38 million over the period 2007-2013; while Madagascar and Mauritius attracted US $94 million during the same period. In the case of Uganda, Africa originating FDI flows into the country between 2007 and 2012 amounted to US $47 million from the COMESA region and US $27 million from South Africa; while Zambia was also a notable beneficiary from investments from both COMESA Member States, and from South Africa amounting to US $22 million and US $92 million respectively.

Outward FDI

Overall FDI outflows for reporting countries in the COMESA decreased by 70% in 2013 compared to 2012. Countries with significant FDI outflows in 2013 were Congo D R (US $400 million), Zambia and Libya (US $180 million respectively) and Mauritius (US $132 million). Figure 21 below depicts the COMEA region's FDI outflows in 2012 and 2013.

COMESA FDI Outflows, in US $ millions

Figure 21: COMESA FDI Outflows, US$ millions



COMESA Greenfield FDI

COMESA Member States initiated 50 Greenfield FDI projects in 2012 accounting for 26% of the total Greenfield FDI projects by African countries. At the same time, 227 Greenfield FDI projects were initiated in COMESA Member States with the largest number being in Egypt (60) and Kenya (54). In terms of Greenfield investment destinations, COMESA countries accounted for 30 percent of total Greenfield projects in Africa. For instance, in Swaziland, the Royal Swaziland Sugar Corporation (Nigeria South-African owned company) invested US $40 million in 2013 on setting up a biomass power generation and ethanol plant. In addition, Salgaocar (Tty) Ltd, a Joint venture between Singapore, India and Swaziland, invested another US $50 million in an iron ore mining plant. In Djibouti, Golden Africa Djibouti, a Malaysia/Yemen company invested US $30 million in Palm oil processing, while an additional US $35 million was invested in a cement plant in the same country by a United Arab Emirates (UAE) owned company. Similar investments were made in Burundi (BUCECO invested US $25.9 million in a cement plant in 2013) and Uganda (BAKRESA Grain Milling invested US $22.8 million to set up a milling plant). In total, fifty five Greenfield FDI projects were initiated by COMESA countries in 2013 accounting for 23% of the total Greenfield FDI projects by African countries. Table 14 shows the number Greenfield FDI projects by COMESA source and destination country.

Table14: Number of Greenfield FDI Projects by COMESA Source/Destination country

Member State	COMESA Country as Source		COMESA Country as Destination	
	2012	**2013**	**2012**	**2013**
Egypt	14	11	60	44
Libya	-	-	10	10
Sudan	-	-	8	1
Burundi	1	1	3	5
Comoros	-	-	1	1
Congo, D.R.	-	-	7	8
Djibouti	-	-	2	3
Eritrea	-	-	-	-
Ethiopia	5	2	13	17
Kenya	24	27	54	71
Madagascar	-	-	3	2
Malawi	1	-	4	2
Mauritius	3	10	11	3
Rwanda	2	-	7	14
Seychelles	-	-	1	2
Swaziland	-	-	1	1
Uganda	-	1	17	21
Zambia	1	2	19	25
Zimbabwe	-	1	6	15
COMESA	51	55	227	245
Africa	191	244	773	762
World	14,215	13,919	14,215	13,919
COMESA as % of Africa	**27%**	**23%**	**29%**	**32%**

Source: UNTCAD

Mergers and Acquisitions by COMESA Seller and Purchaser Economies

Fifty four (54) mergers and acquisition net sale deals were made by COMESA based immediately acquired companies in 2013, representing 27% of M&A net sales transactions in Africa. From the purchasing economy perspective, 30 mergers and acquisitions deals were made by COMESA based ultimate acquiring companies. This represented 31 percent of the total number of such deals on the African continent in 2013.

Table 15: M&A Deals by COMESA Seller and Purchaser Economies 2012/2013

Region/Economy	M&A Deals by COMESA Selling economy		M&A Deals by COMESA Purchasing economy	
	2012	2013	2012	2013
Burundi	-	-	-	-
Comoros	-	-	-	-
Congo, D.R.	2	6	1	1
Djibouti	-	-	-	-
Egypt	23	25	5	3
Eritrea	2	-	1	-
Ethiopia	4	1	-	1
Kenya	8	6	2	2
Libya	1	-	-	-
Madagascar	0	4	-	1
Malawi	1	3	-	-
Mauritius	5	3	13	11
Rwanda	3	1	-	-
Seychelles	-	-	5	9
Sudan	1	-	-	-
Swaziland	-	-	1	1
Uganda	3	2	-	-
Zambia	4	-	-	-
Zimbabwe	10	3	3	1
COMESA	**67**	**54**	**31**	**30**
Africa	**202**	**198**	**113**	**96**
World	**9,794**	**8,624**	**9,794**	**8,624**
COMESA as % of Africa	**33%**	**27%**	**27%**	**31%**

Source: UNTCAD

Ease of doing Business Programme

In June 2010, Member States adopted a roadmap aimed at simplifying business procedures for reducing related costs. The 2014 COMESA Investment Report featured the recent regulatory reforms that affect business in Member states and tracks the progress made by COMESA Member states in achieving the optimal performance in selected components of the ease of doing business survey undertaken by the World Bank and the International Finance Corporation. The report observed that positive regulatory reforms are essential elements for improving the business environment and for providing incentives for potential investors. Mauritius was once again determined to top the COMESA group rankings although it dropped one slot down in its worldwide rankings. Rwanda was 32nd worldwide in 2012, moving up significantly from 52nd in 2011. Seychelles dropped from 74th in 2012 to 80th in 2013. Zambia moved up to 83rd from 94th in 2011. Among the other COMESA countries, the following improved their worldwide rankings; Ethiopia, Burundi and Zimbabwe, while the remaining Member States dropped in rankings with the exception of Swaziland and Comoros (as shown in Table 16 below):

Table 16: Ease of doing Business Rankings

Member State	Ranking 2013/2012	Ranking 2012/2011
Mauritius	20	19
Rwanda	32	52
Seychelles	80	74
Zambia	83	94
Swaziland	123	123
Ethiopia	125	127
Kenya	129	121
Uganda	132	120
Burundi	140	159
Madagascar	148	142
Sudan	149	143
Comoros	158	158
Zimbabwe	170	172
Malawi	171	157
Congo, Dem. Rep.	183	181
Eritrea	184	182
Egypt, Arab Rep.	128	109
Djibouti	160	171
Libya	187	-

Recent Initiatives for Developing Investment in the COMESA Region

One of the recent initiatives for propelling investment in the COMESA region was attributed to the COMESA Model Double Taxation Agreements (DTAs). In 2013 a COMESA Model Double Taxation Agreement (DTA) was adopted by Member States. The COMESA Model was developed based on the OECD and UN Models, taking into consideration existing cooperation modalities among COMESA Member States, information exchange and a strategy for fighting practices of fiscal evasion. The Model was designed to avoid the incidence of double taxation and to address the ills of transfer pricing concerns. For the number of DTAs signed and ratified by COMESA Member States, as shown in Annex Table 5.

6.6 COMESA INDUSTRIAL COOPERATION AND DEVELOPMENT

6.6.1 COMESA INDUSTRIAL POLICY

A comprehensive COMESA wide industrial policy was under development during the period under review. It is expected that the policy would take account of and be aligned to the African continent's broader industrialization policy which is now under discussion. In particular, the focus of the regional COMESA industrialization policy would emphasise a range of interests, including Africa's need for diversification towards value addition.

Since industrial development has been placed at the core of the integration agenda of COMESA with the acknowledgement that it is central to diversifying the region's economies; it is expected that the draft industrial policy will be adopted before the end of 2015. This is because industrial development holds a lot of promise for the enhancement of productive capacities, the creation of employment, education of poverty, and setting the economies on a more inclusive and sustainable growth path. The COMESA industrialisation policy is of paramount importance and enjoins Member States in addition to national initiatives, towards industrialisation, to co-operate at regional level to build a diversified, innovative and globally competitive industrial base.

6.6.2 SME CLUSTER PROGRAMME

COMESA Member States share the characteristic of having Micro, Small and Medium Size Enterprises (MSMEs), both formal and informal, contributing significantly to total economic activity. Sustained and effective SME support is imperative in ensuring that local enterprises are able to position themselves for possible linkages. This involves giving due consideration to the business environment to address regulatory matters and access to quality services at a competitive cost. It is in this regard that the Council of Ministers adopted in February 2014, in Kinshasa, D R Congo, the COMESA MSMEs Policy to address challenges facing MSMEs through following identified pillars:

i. Creating an enabling environment for MSMEs business operations;
ii. Improving MSME related Infrastructure Development;
iii. Promoting national and regional value chains;
iv. Investing in technological and innovative production capacity to upscale MSMEs;
v. Facilitating access to appropriate MSME financing;
vi. Facilitating access to market through among others subcontracting partnership for MSME development; and
vii. Institutional arrangements.

For the countries that do not have a related policy, the COMESA one will be used as a reference basis to design their own national MSME policy. Djibouti is the first country being supported in the domestication process of the COMESA MSMEs policy.

6.6.3 SCIENCE, TECHNOLOGY AND INNOVATION

The COMESA Innovation Council was launched on 08 April 2013 in Kampala, Uganda. The creation of the Innovation Council represented a landmark in Africa's institutional history for two important reasons. First, it was the first major political recognition of the critical role that technological innovation plays in enhancing Africa's global competitiveness. But more importantly; the advisory council is made up of African experts. This was a break from the past when such advisory functions would normally be performed by consultants or experts from international agencies.

Second, the timing of the creation of the Council was particularly strategic and would shape its mandate and activities. Africa's potential and COMESA region in particular for transforming itself and the world market through emerging technologies lies in the very nature of being a latecomer. The primary responsibility of the council is to provide advice to Member States relating to existing and new knowledge and innovations, and best ways of applying the knowledge and innovations in the Member States for economic development. The Council is responsible, in addition, for choosing winners of the COMESA Innovation Award, given annually. The Innovation Council comprises:

1. Prof. VenasiusBaryamureeba (Ugandan) - Chairperson
2. Dr DhanjayJhurry (Mauritian) – Vice Chairperson
3. Dr Jonathan M. Tambatamba (Zambian) - Rapporteur
4. Prof. AggreyAmbali (Malawian)
5. Prof. Lydia Makhubu (Swaziland)
6. Prof. Marie Claire Yandju (DRC)
7. Prof. MeoliKashorda (Kenyan)
8. Mr Mohammed El-Sayed Aboud (Egyptian)

9. Mr MichaelSavy (from Seychelles); and
10. Prof. Chris C Mutambirwa (Zimbabwean)

The Inaugural COMESA Innovation Awards

The Secretariat embarked on a new path to scientific and technological innovations. The approach is focused on promoting the harnessing of existing technologies and using them to create new enterprises that can export to regional and international markets. To achieve this target, Member States agreed to focus on an aggressive programme to foster the development of technology based new enterprises. It was envisaged that SMEs would serve as the vehicle for harnessing existing technologies and using them to enhance industrial production and commerce. The two main activities identified to kick start this process were the following: the innovation prize and innovation funds. The objective is to harness, and grow the innovative capacity of the population in the region for sustainable economic development.

The first Awards were given during the 17th Heads of State Summit, held in D R Congo in February 2014.

The winners in the group category, Ahmed Hassan and Mohammed Gouda receive their awards from HE Museveni.

Table 17: Winners of inaugural COMESA Innovation Awards

Name	Project Name	Country	Category
Mr Joshua Mwangemi	The Remote Weighing System - for safety of cargo and track that can save transit time and road maintenance cost	Kenya	Youth
Anthony Mutua	Mobile phone shoe charger- uses the body weight exerted on shoes to tackle cell phone battery charging challenge that	Kenya	Youth
Wilson Musonda	Fuel less domestic Electricity Generator –to provide off grid electricity to rural communities	Zambia	Youth
International Trade and Marketing Ltd- **Dr Amr Mohamed Helal**	Rice Bran Utilization – from waste material to marketable nutraceuticals and functional food	Egypt	SME
Nuru Energy Ltd - **Sameer Hajee**	NURU Energy- Simple pedal generator for charging ultra-portable light that can satisfy over 90% of a rural household's lighting needs.	Kenya, Uganda, Rwanda	SME
Ahmed Hassan and Mohammed Gouda	Sub-surface Landmine Detection Air Vehicle- to solve the landmine detection and removal problem which has a large impact on human life	Egypt	Group
Prof.MoustafaAlzantot and Moustafa Youssef,	Automatic Mobile-based indoor GIS- : Automatic construction of Indoor Floor plans- to leverage standard cell phones and their built-in sensors to automatically and transparently construct the indoor floor plans and collect the semantic information automatically	Egypt	Group
Kenya Medical Research Institute (**Dr James Kimotho**)	Elisa Kits (Hepatitis B & C)- affordable kits for screening and diagnosis both of Hepatitis B and Hepatitis C Viruses	Kenya	Institution
Kenyatta University Chandaria Business Innovation and Incubation Centre, (**Alex Kibet**)	Korio Energy - Chicken droppings-a Solid Battery Powered by Chicken Droppings to provide off grind energy for rural Africa	Kenya	Institution

6.7 INFRASTRUCTURE DEVELOPMENT

6.7.1 TRANSPORT, ENERGY AND TELECOMMUNICATIONS

COMESA recognises that regional trade liberalisation initiatives, on their own, cannot have the desired effects in promoting economic growth and poverty reduction. Inadequate investment in infrastructure, services and utilities, coupled with skills deficiency and inappropriate reforms of the policies and regulatory regimes among others, have led to depressed socio-economic development. Enhancing physical interconnectivity, therefore, is an important factor in speeding up development and facilitating intra-regional trade. The infrastructure programme is focused on designing harmonised policies and regulations, transit transport facilitation and infrastructural interventions along the corridors with the aim of reducing the costs of transport and cross-border trade. Moreover, providing

Tazara railway line

adequate infrastructure is certainly a critical component of an overall poverty reduction strategy.

With rapid globalization and the integration of regional markets, roads, aviation and railway networks can no longer be limited within national boundaries if they are to spur intra-regional trade and development. This is particularly important in COMESA, where many countries are landlocked. The critical shortage of power remains another major constraint to economic development. To this end, additional power generation capacity and inter-connected transmission infrastructure are needed to meet the growing power needs of the region.

The development of telecommunications infrastructure and services, in this digital era, is vital. The last decade has shown the critical importance of the telecommunications sector, not only as a growth industry itself, but also as an enabler for other economic activities, boosting trade and enhancing the remote communities' access to information, thereby empowering them to participate more fully in the development process.

The region's estimated annual investment level to construct and improve physical infrastructure is US $40 billion (covering various priority projects and programmes in roads, railways, maritime transport, civil aviation, ICT and energy) which have been identified for funding. This calls for urgent and diversified joint mobilisation of financial and technical resources.

6.7.2 PRIORITY PHYSICAL INFRASTRUCTURE PROJECTS

In 2010 COMEA adopted the Transport and Communications Strategy and Priority Investment Plan (TCS PIP) and the East Africa Power Pool Master Plan. These two documents comprise the blue print for the development and rolling out of priority regional infrastructure. These have been integrated into the Tripartite Regional Infrastructure Projects Database (TRIPDA). The Tripartite Regional Infrastructure Projects Database (TRIPDA) draws from the COMESA Priority Infrastructure Programme (PIP-2010), the SADC Regional Infrastructure Development Master Plan (RIDMP-2012), the Tripartite–IGAD Corridor Programme (TICP-2012) and the Tripartite Project Preparation and Implementation Unit's Tripartite Project Pipeline. At the continental level, the

TRIPDA has been fully integrated into PIDA which has identified a number of COMESA projects as priority projects under the PIDA Priority Action Plan (PIDA – PAP). The goal of PIDA is to have a consolidated, up-to-date and accessible information system for all of Africa's infrastructure projects, promoting sustainable investment for interconnected and integrated regions and the continent.

During the period under review, a number of successful international infrastructure investment conferences have been convened i.e. the COMESA High Level Infrastructure Investment Conference (2013), In addition the priority infrastructure projects contained in the PIP and Energy Master Plan were presented to various investment conferences and fora in 2013. These include the Summit of emerging national economies of Brazil, Russia, India, China and South Africa (BRICS) held in Durban, South Africa in March 2013; the Dubai Investment Forum held in Dubai, United Arab Emirates in May 2013 and Yokohama TICAD V Investment Forum held in Yokohama, Japan in May 2013.

COMESA also adopted a corridor approach in rolling out the priority regional infrastructure and identified the major regional. These corridors serve the major ports on the Indian and Atlantic oceans i.e. Durban, Maputo, Beira, Nacala, Mtwara, Dar es Salaam, Mombasa, Djibouti, Welvis Bay and Lobito. A new corridor has been identified and will serve the Port of Lamu, Kenya, Ethiopia and South Sudan. Member States, through their implementing agencies and support from the Secretariat, have been spearheading the implementation of the above priority projects.

6.7.3 POLICY AND REGULATORY HARMONIZATION

The main thrust of the policy and regulatory programme is to develop common guidelines and an operational framework that would facilitate harmonization of policies and regulations in the COMESA region in order to improve services, enhance efficiency and increase investment in infrastructure and services.

Transport Policies and Regulations

The main objective of the COMESA programme on air transport liberalisation that was adopted through Legal Notice No. 2 of 1999 on Air Transport Liberalisation is to create a "COMESA-wide regional domestic air transport market". This would result in the improvement of air transport services and enhancement of airline operations, efficiency, productivity and viability as well as fostering greater airline cooperation. Although the COMESA Legal Notice No. 2 precedes the AU Yamoussoukro Decision (YD) of 2000, it was based on the Yamoussoukro Ministerial Decision of Air Transport Liberalisation of 1999 that was later endorsed by the AU Summit and ratified in 2000. So the COMESA Legal Notice No.2 is in line with the YD of 2000.

During the reporting period, implementation of Phase 1 witnessed an explosion of services in the form of multiple designations and frequencies to the extent that most COMESA city pairs have more than two daily flight frequencies. The offshoot of this was that the air fares came down as the monopolies that had provided services were compelled to revise their air fares to compete with other service providers and also airports experienced increases in airport operations and revenue. COMESA in conjunction with EAC and SADC prepared and adopted the Competition Regulations and Implementation Guidelines for the implementation on Legal Notice No 2/YD and established a Joint Competition Authority (JCA). The JCA Board finalized the preparation of instruments and regulations that are required to operationalize the JCA.

Recent reviews of the status of implementation of the YD by COMESA and AFCAC/IATA have shown that all COMESA Member States are granting 3rd and 4th freedom traffic rights in line with phase 1 of legal notice No 2 and that many member states are also granting 5th Freedom traffic rights as per the provisions of Phase 2. The status of implementation of Legal Notice No. 2 by the Member States is shown in Table 18 below.

Table 18: Status of Implementation of Model Policies and Regulations

Policy & Regulation/ Country	Legal Notice no.2: 3&4 Freedom Traffic Rights	Legal Notice No. 2 : 5th Freedom Traffic Rights	Transport & Communications Strategy (TCS)	ICT Model Policy Guidelines & Bill	Broad Casting Policy Guidelines & Model Bill	Digital Migration	Cyber Security Policy Guidelines and Model Bill	Postal Policy Guidelines & Model Bill	Model Energy Policy Framework & NEPs	Road Sector Reform: Establishment Road Agency	Road Sector Reform: Establishment of Road Fund
Burundi	Yes	Yes	Yes	Yes	Yes	Not yet	Yes	Yes	Compliant	Yes	Yes
Comoros	Yes	Yes	Yes	Yes	Yes	Not yet	Yes		Initiated		
Congo DR	Yes	Yes	Yes	Yes	Yes	Not yet	Yes	Yes	Compliant	Yes	Yes
Djibouti	Yes	Yes	Yes			Not yet			Under review	Yes	Yes
Egypt	Yes	Yes	Yes	Yes		In progress	Yes		Compliant	Yes	Yes
Eritrea	Yes	Yes	Yes			Not yet	Yes	Yes		Yes	Yes
Ethiopia	Yes	Yes	Yes	Yes	Yes	In progress				Yes	Yes
Kenya	Yes	Yes	Yes	Yes	Yes	In progress	Yes	Yes	Under review	Yes	Yes
Libya	Yes	Yes	Yes	Yes		In progress	Yes			Yes	Yes
Madagascar	Yes	Yes	Yes	Yes		Not yet			Under review		
Malawi	Yes	Yes	Yes	Yes	Yes	In progress	Yes	Yes	Under review	Yes	Yes
Mauritius	Yes	Yes	Yes	Yes	Yes	complete	Yes	Yes	Compliant		
Rwanda	Yes	Yes	Yes	Yes	Yes	In progress	Yes	Yes		Yes	Yes
Seychelles	Yes	Yes	Yes	Yes	Yes	In progress	Yes	Yes	Compliant		
Sudan	Yes	Yes	Yes	Yes	Yes	In progress	Yes	Yes	Draft	Yes	Yes
Swaziland	Yes	Yes	Yes	Yes		Not yet			Compliant	Yes	Yes
Uganda	Yes	Yes	Yes	Yes	Yes	In progress	Yes	Yes	Compliant	Yes	Yes
Zambia	Yes	Yes	Yes	Yes	Yes	In progress	Yes	Yes	Compliant	Yes	Yes
Zimbabwe	Yes	Yes	Yes	Yes	Yes	In progress	Yes	Yes	Compliant	No	Yes

Energy Policies and Regulations

In the energy sector, COMESA has developed and adopted a model energy policy framework and member states are updating and reviewing the national energy policies using the COMESA policy framework guidelines.

Information and Communication Technology

In the ICT COMESA adopted the ICT Policy and Model Bill, Broadcasting Policy and Model Bill, Postal Policy and model Bill, Cyber Security Policy Guidelines and Model Bill and the Consumer Protection Policy Guidelines. Member states are using these COMESA policy guidelines and model bills to update and review their national policies in order to enhance the ICT sector reform. The policy guidelines have paved the way for the establishment of ICT regulators in member states and currently fifteen ICT regulators have been established in the COMESA Region.

COMESA is also implementing the Post Code and Addresses system in cooperation with the Universal Postal Union (UPU). In the year 2014, consultancy services were provided to Eritrea, Ethiopia, and Zimbabwe. The Member States implementing the projects so far are Egypt, Ethiopia, Kenya, Libya, Malawi, Mauritius, Sudan, Uganda, Zambia and Zimbabwe. At the national level, so far the Secretariat has supported the Republic of Sudan with experts in developing postal policy, regulations and market analysis.

Transport Facilitation

In order to enhance transport services in the region COMESA has over the years developed various facilitation instruments in order to remove the many bottlenecks which arise out of regulatory, licensing and administrative procedures for cross border and transit transport operations. The COMESA-EAC-SADC Tripartite negotiations, under the infrastructure pillar, aimed at harmonizing facilitation across the entire Eastern and Southern Africa region, are ongoing.

Air Transport Facilitation: COSCAP

The Co-operative Development of Operational Safety and Continuing Airworthiness Programme (COSCAP) is intended to improve the capacity of Member States to maintain safe, secure and efficient airworthiness, flight operations and aerodrome regulatory in line with the Convention on International Aviation and its related Annexes.

COMESA is working in conjunction with ICAO to implement the COSCAP programme which includes eight Member States that are not covered by the COSCAP projects of EAC and SADC. The countries which are covered by the COMESA COSCAP are Comoros, Djibouti, Egypt, Eritrea, Ethiopia, Sudan and Libya.

Inland Waterways

The following inland waterways projects were implemented during the reporting period:

i. The Shire Zambezi project is progressing;
ii. The study on the construction of the Lukuga Dam was finalized and the way forward is to mobilise resources to construct the Dam, which will stabilize the water level and ensure a sustainable navigation route across the Lake Tanganyika; and
iii. The North South Corridor under the auspices of the COMESA, EAC and SADC Tripartite has continued to progress well on the physical infrastructure and facilitation programme implementation along the various segments of the Corridor. COMESA has received US $4.5 million from the NEPAD-

Kariba Dam. Zambia/Zimbabwe

IPPF to construct and design five roads sections, which will contribute tremendously to realization of the Trans-Africa highway vision.

6.7.4 TRANSIT TRANSPORT FACILITATION

Transport facilitation across borders was actively undertaken in order to reduce the cost of doing business in the COMESA region. These include: the licensing of transit and cross-border transporters, harmonization of axle load limits, vehicle overload control, gross vehicle masses, vehicle dimensions and road user charges and the road sector reform programme. A review of the implementation of the facilitation instruments has shown that Member States have made good progress in implementing the instruments. The status of implementation of these instruments is shown in the Table 19 below:

Table 19: Status of Implementation of COMESA Facilitation Instruments

COUNTRY	Axle Load limits	Harmonized Road Transit Charges	COMESA Carrier License (CCL)	Max Vehicle Length: 22m	COMESA Transit Plates	CVTFS	AYSCUDA World	Postal Code Address	Public Key Infrastructure Protection (KPI)	Country Energy Profiles/Statistics
Burundi	Yes	Yes	No	No (18)*	No	In Progress	Yes	No	No	Submitted
Comoros	N/A.	N/A.	N/A.	N/A.	N/A.	No	In progress	No	No	Submitted
Congo DR	Yes	No	No	No (18)*	No	Yes	Yes	No	No	
Djibouti	Yes	Yes	No	No(18)	No	Yes	Yes	No	No	
Egypt	Yes	No	No	No(20)	No	No	N/A.	Yes	Yes	Submitted
Eritrea	Yes	Yes	Yes	Yes	Yes	No	No	No	No	
Ethiopia	Yes	No	Yes	No(18)*	Yes	Yes	No	Yes	In progress	Submitted
Kenya	Yes	Yes	Yes	Yes	Yes	Yes	N/A.	Yes	Yes	Submitted
Libya	N/A.	N/A.	N/A.	N/A.	N/A.	No	Yes	No	No	
Madagascar	Yes	No	No	NA	No	No	No	No	No	Submitted
Malawi	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	
Mauritius	N/A.	N/A.	N/A.	N/A.	N/A.	No	N/A.	Yes	Yes	Submitted
Rwanda	Yes	Yes	No	No (18)*	No	Yes	Yes		Yes	Submitted
Seychelles	N/A.	N/A.	N/A.	N/A.	N/A.	No	Yes	Yes	Yes	Submitted
Sudan	Yes	Yes	No	No (18)*	No	No	Yes	Yes	Yes	Submitted
Swaziland	Yes	No	Yes	Yes	No	In Progress	In progress	No	No	Submitted
Uganda	Yes	Yes	Yes	Yes	No	No	Yes	Yes	No	Submitted
Zambia	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Submitted
Zimbabwe	Yes	Yes	Yes	Yes	Yes	In progress	Yes	Yes		

Virtual Trade Facilitation System (CVTFS)

COMESA is implementing the COMESA Virtual Trade Facilitation System (CVTFS) along the designated corridors in the region. CVTFS is an online system of tracking cargo and transport equipment that involves the fitting of signal transmitting gadgets on to the vehicles or containers and enables them to be tracked as they move along the cargo routes. The CVTFS incorporates and integrates the features of other trade facilitation systems such as those for transit data transfer, regional customs bond guarantee, and electronic marketing systems.

The system uses GPS functionalities to show the position of the vehicles being tracked and can further provide information on the speed and direction in which the vehicle being tracked is travelling. The tracking system enables oversight authorities to determine whether a vehicle is travelling along its designated route and also note any violations with respect to change of routing or unaccounted for stoppages and delays. Vehicle and cargo owners are expected to benefit from this system for they can also utilise it to monitor the movement of their trucks.

The pilot testing of this system is currently on-going on the Djibouti and Northern Corridors and once it is fully tested and adopted, it will be rolled out along the other corridors in the region.

Trade in Energy among the Member States

COMESA has developed electric power standards and renewable energy guidelines to facilitate trade in energy services and create enabling environments for investment in and utilisation of renewable energy resources. The enabling environments developed from 2012 to 2014 include: Interconnection codes and power transmission standards, Baseline renewable energy database and report on the status of accessibility and affordability of electricity in the COMESA region. COMESA also developed four renewable energy guidelines in order to facilitate and encourage investment in and utilization of renewable energy sources. The four renewable energy guidelines are: Feed-in-Tariffs Guidelines (FiT), Power Purchase Agreement (PPA), Public Private Partnerships (PPP) and Joint Development of Projects.

Institutional and Human Resource Capacity Building

COMESA has established two regional associations of regulators in the ICT and Energy sectors i.e. ARICEA and REREASA respectively in order to enhance human resource capacity building and development of policies, standards and regulatory guidelines in these sectors at both national and regional levels.

The Secretariat facilitated the annual general meetings of the associations, organised workshops and study tours as well supported Member States with technical assistance and consultancy services in implementing the COMESA policies, regulations and facilitation instruments. For example the Secretariat organised the following special training sessions for ARICEA:

i. Study tour on cyber security to Estonia in April 2014 for regulators;
ii. Training on ICT usage in South Korea for postal operators and regulators; and
iii. Training session on PKI in Kenya, Nov 2013.

The Eastern Africa Power Pool (EAPP) is a specialized institution of COMESA in the field of electric power. The Secretariat facilitated funding for technical assistance and capacity building to the EAPP. The objective of the project on technical assistance and capacity building is to strengthen the capability of the EAPP Permanent Secretariat and to facilitate the institutional set-up of the EAPP Coordination Centre and Independent Regulatory Body.

6.8 AGRICULTURE AND CLIMATE CHANGE

6.8.1 THE COMPREHENSIVE AFRICA AGRICULTURE DEVELOPMENT PROGRAMME (CAADP)

The Comprehensive Africa Agriculture Development Programme (CAADP) seeks to support country-driven agricultural development strategies and programmes by, inter alia, establishing a clear commitment to deliver on investing ten (10) percent of annual national budgets to the agricultural sector, with a view to achieving six (6) percent annual sector growth. Although attaining the ten (10) percent budgetary allocation has remained a challenge in most countries, Ethiopia and Malawi surpassed this benchmark. The CAADP agenda further seeks to alter the manner in which stakeholders conduct business in the agriculture sector by enabling a critical review and transformation of institutional arrangements, related policies, as well as human capacities and competencies.

The COMESA Secretariat has been facilitating the implementation of CAADP in the region to guide public and private sector investments in agriculture, natural resource management, environmental development, rural infrastructure, trade, as well as food security and nutrition. The COMESA Regional Agriculture Policy and Investment Framework is the key reference document of the Regional COMESA CAADP Compact. As shown in Annex Table 6, by the end of 2014, fourteen (14) COMESA countries had signed their national CAADP Compacts (Rwanda, Burundi, Ethiopia, Swaziland, Uganda, Malawi, Kenya, Zambia, DRC, Seychelles, Djibouti, Sudan, Zimbabwe and Madagascar), while nine (9) of these (Rwanda, Burundi, Ethiopia, Uganda, Malawi, Kenya, Zambia, DRC, and Djibouti) have since finalized the design of their detailed and fully costed National Agriculture and Food Security Investment Plans (NAFSIPs). Eight (8) of these countries (Rwanda, Burundi, Ethiopia, Uganda, Malawi, Kenya, Zambia, and DRC) have held their CAADP Post Compact High Level Business Meetings for resources mobilization towards implementation of programmes contained in their NAFSIPs. Zambia and DRC received pledges from cooperating partners and the private sector amounting approximately, US $480 million and over US $1 billion, respectively. Furthermore, seven (7) member states (Rwanda, Ethiopia, Malawi, Burundi, Zambia, Uganda, and Kenya) have accessed funding totaling US $253.8 million from the Global Agriculture and Food Security Programme (GAFSP).

RWANDA'S CAADP SUCCESS STORY

Rwanda's reduced poverty levels, particularly in the rural communities, have been attributed to the country's commitment to the CAADP agenda.

The country's Gross Domestic Product has grown at an average of six (6) percent per annum, since 2009 and this has been largely attributed to the agriculture sector. Poverty reduction of 12 per cent has been recorded during the same period with agriculture contributing 65 percent. This saw over one million people lifted out of poverty.

Source: COMESA Interview with Rwanda's Former Minister of Agriculture and Animal Resources, 8th May, 2014

Rwanda pioneered the CAADP implementation agenda and has successfully implemented its National Agriculture and Food Security Investment Plan which emerged from its second Strategic Plan for Agricultural Transformation (PSTA II) (2008 - 12). The country embarked in June 2014 on implementation of the second cycle of its NAIP (under PSTA III), which is costed at US $2.5 billion. Meanwhile, the Republic of Zimbabwe will finalize its Investment Plan (costed at US$ 4.6 billion) in the first quarter of 2015, with support from COMESA. Zimbabwe is poised to become the 10th Member State to finalize its investment plan. Other Member States, soon to conclude their NAIP design include Seychelles, Sudan and Swaziland. Meanwhile, Comoros, Eritrea and Mauritius are advancing in the pre-Compact phase and are expected to sign the Compact in 2015. Egypt and Libya have also been engaged by COMESA to officially launch the CAADP processes.

6.8.2 VETERINARY GOVERNANCE PROGRAMME

COMESA is well endowed with livestock resources(as shown in Annex Table 7),and has continued to focus attention on ensuring that the vast animal resources of the region should make maximum contribution to the food security and long-term economic well-being of its populations. The vast majority of these animals are owned and raised by smallholder producers. The animals contribute to supporting livelihoods and play a critical role in the food and economic security of Member States through the provision of milk, meat, hides and skins, draught power, manure, fertilizer, traction and capital accumulation.

The majority of livestock trade goes largely uncontrolled and unmonitored as it moves through informal markets and across porous borders. Such movement makes control of trans-boundary animal diseases a challenging task, and service delivery and sectoral planning difficult. For example, official trade data indicates that in 2012, Member States generated an estimated US $580,308,000 from the export of animal and their products.

Table 20: Animal Products Export from COMESA Member States in 2012

Products	Quantity (Tones)	Value US $
Skin Goats	907	2,168,000
Skin Sheep	437	1,150,000
Hides/wet salted/dry	17,657	17,350, 000
Dairy product	192,776	498,180,000
Goats Meat	12,306	56,555,000
Sheep Meat	2,401	10,873,000
Beef	1,969	6,645,000
Sheep Wool	1,707	1,601,000
Eggs in shell	1,418	3,136,000
Total		**580,308,000**

Source, FAOSTAT: 2012

To improve the livestock production and trade, COMESA has worked with the African Union Inter-African Bureau for Animal Resources (AU-IBAR). The collaboration is in in the four strategic programmes of: animal health, disease prevention and control; animal resource production systems and eco-system management; and access to inputs, services and markets for animal and animal products.

Under the Veterinary Governance in Africa (VET-GOV) programme, the following has been achieved:

1. Institutional strengthening of veterinary services towards the establishment of adequate veterinary services at the national level; and
2. Strengthening of regional institutions to play a key role in coordination, harmonization, integration and support to countries with the aim of stimulating a more conducive environment for public and private partnerships in the livestock sector.

During the reporting period, a review and preliminary analysis of livestock and related policies, animal health strategies and veterinary legislations was conducted in each Member State, and entry points for improvement were identified. A COMESA Livestock Policy Framework is being formulated; and five Member States namely Comoros, Mauritius, Kenya and Uganda have been given grants for the implementation of an initial pilot activity. Further, several capacity building activities have been conducted, including training of trainers on policy analysis and formulation, and sanitary and phyto-sanitary standards setting processes.

6.8.3 FISHERIES AND AQUACULTURE PROGRAMME

Total fisheries production in COMESA in 2013 was estimated at 3,361,897tons. This comprised of 2.18 million tons from capture, and 1.17 million tons from aquaculture. The Member States traded 1,705,457 tons of fish amounting to US $1 trillion.

The Secretariat supported a national consultative meeting on the development of a comprehensive aquaculture policy in Uganda from 23-35 June 2014, which provided an opportunity for participants to develop a road map for the development of the nation's aquaculture policy framework. In most of the Member States, livestock and related policies are embedded under broad agricultural policies and the sector has not been given the due attention in the national budgets. Moreover, the sector is affected by poorly functioning institutional settings and weak implementation capacity of policies, regulations and standards. The evidence based approach has convinced policy makers on the contribution of livestock to livelihood and national economy. The establishment of Livestock Policy Hub whose members are from both governmental and non-governmental organizations has made the engagement of high level policy makers in the improvement of policies, strategies and veterinary legislation possible. On the way forward in 2015, COMESA should continue with harmonizing livestock policies in Member States and finalize the regional livestock policy framework. COMESA should also work on the prioritization of major trans-boundary animal disease control, and the development of a harmonized contingency plan.

6.8.4 SANITARY AND PHYTO-SANITARY PROGRAMME (SPS)

The objective of the COMESA SPS programme is partly tailored to leverage industry and the private sector in a bid to build adequate institutional and technical capacities to conduct pest risk assessments and establish effective surveillance programmes for mitigating the spread of plant pests and animal diseases in a timely and coordinated manner. A significant proportion of SPS barriers to trade that affected regional trade in the COMESA region and beyond were mainly due to technical and institutional factors as well as other challenges faced by Member States.

In order to address a range of SPS related constraints facing Member States, the Secretariat began a programme of collaboration with the Netherlands Development Organization to strengthen compliance with sanitary and phyto-sanitary measures in the honey sub-sector. The collaboration was intended to strengthen traceability and certification systems in order to enhance export opportunities. At the request of the African Development Bank (AfDB), the Secretariat also participated in the peer review of the collaboration programme and the related project proposal to ensure alignment with regional initiatives on SPS.

In the period under review, the Secretariat supported a range of SPS programmes which include: fruit fly surveillance programmes in Swaziland, Zimbabwe and Zambia, which paved the way for bilateral negotiations and agreements to be concluded on import conditions; the active participation of the private sector through the provision of data on pest risk analyses (PRAs) support offered to Madagascar, Ethiopia and Kenya; and other initiatives were planned for assisting Zimbabwe in resolving SPS related difficulties facing its exports, Ethiopia's strawberry exports, Madagascar's litchi exports and Kenya's processed chili exports into the Republic of South Africa. A similar collaborative arrangement was also underway in the region based on a PPP under the framework of the Australia-Africa Plant Biosecurity Initiative.

Further, efforts were directed to the building of compliance with aflatoxin limits for functional regional supply chains. This was done through leveraging private sector investments to help integrate smallholder producers in regional supply chains, establishing measures to reduce trading costs through improved SPS measures, mutual recognition of SPS measures, and equivalence agreements that can allow one time testing in exporting countries.

As a way forward, investments would inevitably be required to build appropriate SPS capacities preferably from regional resources; and Member States that have already demonstrated excellent abilities of mobilizing public and private resources for addressing similar existing challenges. In doing so, the Secretariat would continue to play a catalytic role in facilitating peer learning and the sharing of best practices and experiences. Table 21 below describes the major SPS issues affecting trade in the region; and Annex Table 8 shows the recent initiatives undertaken to support the implementation of COMESA SPS programmes.

Table 21: Major SPS Issues Affecting Trade in COMESA

Exporting Country	Importing Country	Commodity	SPS issue	Status
Animal health issues				
Tanzania	Comoros	Cattle and goats	Various diseases including Rift Valley Fever and Blue tongue.	Unresolved, status of disease in the country not known
Kenya	South Africa	Beef	Foot and Mouth Disease (FMD)	Unresolved, status of disease in the country not known
Uganda	Burundi, Rwanda, DRC	Cassava cuttings	Mosaic	Unresolved, pest status not known
Zambia	South Africa	Honey	Antibiotics in honey, restricted imports, irradiation of honey required	Unresolved, surveillance reports inadequate, food safety assurance lacking
Plant health/phyto-sanitary issues				
Uganda	Burundi, Rwanda, DRC	Bananas	Bacterial Wilt	Resolved
Kenya	South Africa	Avocado	Presence of *B. invadens* (fruit flies) where the avocado is host, restricted imports, cold sterilisation required	Unresolved, pest status in the country not known
Madagascar	Mauritius, Réunion	Citrus	Fruit fly	Resolved
SADC countries	Swaziland	Fruits e.g: mango,citrus	Potential introduction of Fruit flies (*Bactrocerainvadens*) in Swaziland	Resolved
Madagascar, Zimbabwe, Kenya	Seychelles	Beef	Introduction of animal diseases(e.g. FMD/ parasites)	Unresolved
SADC/COMESA countries	Seychelles	Fresh Fruits and veggies (tomato, grapes, apples etc)	Potential introduction of new species of fruit flies in Seychelles	Unresolved, pest status in the country not known

Zambia	Botswana	Maize bran	Foot and Mouth Disease, an additional cost of phyto-sanitary certificate required	Unresolved
Mozambique	Zimbabwe	Banana	Potential introduction of Fruit flies (*Bactrocerainvadens*) in Zimbabwe through import of fruits	Resolved
Kenya	Seychelles	Fruits and vegetables	Pests	Unresolved
Kenya	Scandinavian countries	Vegetables	MRLS – Minimal Residue Levels Dimethoate	Partially resolved – border inspections still apply
Sudan	Japan	Sesame seeds	Residues of fumigation	Unresolved
Food safety issues				
Kenya	Zambia	UHT Milk	Raw milk microbial count	Unresolved, inadequate assurance
Zambia	Kenya	Maize	Aflatoxin limits – multiple tests and inspections	Unresolved, lack of mutual recognition of analytical results/certificates of analysis
Malawi	Kenya	Maize	Aflatoxin limits – multiple tests and inspections	Unresolved, lack of mutual recognition of analytical results/certificates of analysis
South Africa	Zimbabwe	Poultry and poultry products	1. Food safety (GMO) poultry(live) and poultry products 2. Avian influenza	Resolved
Mauritius	South Africa	Canned tuna	Compliance with South African Requirements (6-7years)	Unresolved, inadequate assurance
Malawi	South Africa	Ground nuts	Food safety	Resolved, inadequate assurance
Malawi	South Africa	Horticultural crops	Food safety	Unresolved
Malawi	South Africa	Eggs	Food safety	Resolved
Uganda	Rwanda	Bananas	Banana wilt	
Uganda	Rwanda	Milk	Foot and Mouth Disease (FMD)	Resolved
Uganda	Egypt	Beef	Foot and Mouth Disease (FMD)	Unresolved, status of disease not known

6.8.5 CLIMATE CHANGE

It is a growing recognition and concern that the accumulation of Green House Gases (GHGs) in the atmosphere is having a significant impact on the global climate. According to the Intergovernmental Panel on Climate Change(IPCC) Climate Change Synthesis Report for policy makers (2014), warming of the Climate System is unequivocal. The atmosphere and oceans have warmed, the amount of snow and ice has diminished and sea levels have risen. Parts of Africa have been impacted differently by climate change. In the eastern and southern Africa region, climate change effects have included increased frequency of extreme weather events, flooding, storms, and droughts.

Adverse weather developments have significant, social, economic and political impact on food production, water availability, damaged infrastructure, massive displacements of people posing serious threats on the region's food security and its progress towards poverty reduction. The nature and extent of climate change may not only hinder human development and environmental conservation, but also pose a major threat to human security at regional and national levels. It is also understood that climate change may spark conflict between and within nations as resources become progressively scarce and as disasters destroy livelihoods. Under optimistic lower-end projections of temperature rises, climate change may as well reduce crop yields by between 10 and 20 percent. Increased incidence of droughts and floods may also lead to a sharp increase in prices of some of the major food crops by the 2050s.

Since the adoption of the United Nations Framework Convention on Climate Change (UNFCCC) in 1992 and its coming into force in 1994, parties to the Convention have progressively met to evaluate progress on the implementation of the Convention and adoption of further decisions to enhance its implementation. Notably, climate negotiations have proven complex and politically sensitive. That is why Africa and the COMESA region in particular have organized themselves in different clusters in order to impact the conduct of the negotiations. The region has been building the capacity of countries/parties in eastern and southern Africa to participate effectively in United Nations Framework Convention on Climate Change (UNFCCC) processes, including through continuous submissions to different subsidiary bodies, with the aim of cultivating a broad based understanding across the board of climate change issues, and for advancing work on negotiations in a transparent and inclusive manner.

Table 22: Submissions of the Member States in respect to various areas of concern as of December 2014

No.	Submissions to UNFCCC	Member Countries
1	National Adaptation Programme of Action (NAPAs)	Burundi, Comoros, D R Congo, Djibouti, Eritrea, Ethiopia, Madagascar, Malawi, Rwanda, Sudan Uganda, Zambia
2	Nationally Appropriate Mitigation Actions (NAMAs)	Ethiopia, Eritrea, Madagascar
3	National Implementing Entities (NIEs)	Rwanda, Kenya
4	Agriculture	Burundi, D R Congo, Rwanda, Kenya Uganda, Malawi, Sudan, Zambia
5	Gender	Burundi, Kenya, Malawi, Sudan
6	National Communications	Burundi, Comoros, D R Congo, Djibouti, Egypt, Eritrea, Ethiopia Kenya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Uganda Zambia, Zimbabwe

Table 23: Member States' Submissions to UNFCCC on Gender and Agriculture

No.	Submissions to UNFCCC	Member Countries
1	National Adaptation Programme of Action (NAPAs)	Burundi, Comoros, D R Congo, Djibouti, Eritrea, Ethiopia, Madagascar, Malawi, Rwanda, Sudan Uganda, Zambia
2	Nationally Appropriate Mitigation Actions (NAMAs)	Ethiopia, Eritrea, Madagascar
3	National Implementing Entities (NIEs)	Rwanda, Kenya
4	Agriculture	Burundi, DRCongo, Rwanda, Kenya Uganda, Malawi, Sudan, Zambia
5	Gender	Burundi, Kenya, Malawi, Sudan
6	National Communications	Burundi, Comoros, D R Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Uganda Zambia, Zimbabwe

Climate Change Funding

Funding for climate change under the UN Framework Convention on Climate Change (UNFCCC) is delivered through the Global Environment Facility (GEF) and recently the Green Climate Fund (GCF) as operating entities of the financial mechanisms for the convention. However, for developing countries to access funding from the GCF, they have to establish focal points at national levels whose task main task is to assess potential to determine eligibility for assistance to a country or organization for the purpose of achieving sustainable development goals. Unfortunately, most Member States have not accessed funding yet. Nevertheless, within the framework of the COMESA-EAC-SADC Climate Change Programme, the eastern and southern African region has benefited from some support from various development partners including the EU, Norway and DFID, which support has enabled Member States of the Tripartite not only to design climate change policies and action plans, but also to promote climate smart agriculture.

Matero Girls Tree planting. Lusaka, Zambia

Table 24: Summary on Support to Member States and other Funds Mobilized

Country	Climate Change Programme direct support[1] to member states on			Funds from other sources	LDC Funds in $ million
	Negotiations	NCCRS[2]	CSA		
Burundi	$49,717	$142,822	$203,712		13.19
Comoros	$17,361	$163,962			14.22
D R Congo	$34,722	$164,672	$20,116		14.67
Djibouti			$52,292		22.03
Egypt		$150,000			
Eritrea			$54,000		
Ethiopia	$63,897		$201,163	$64 million	16.43
Kenya	$55,991	$159,880	$652,491	$1.4 billion	
Libya					
Madagascar		$126,540	$221,337	$70 million	13.02
Malawi	$26,852		$559,926	$51.8 million	20.18
Mauritius			$52,204	$96.3 million	
Rwanda	$38,629	$39,750	$293,383	$110 million	14.63
Seychelles			$200,000		
Sudan	$17,361	$160,000	$75,000	$19 million	10.12
Swaziland	$9,491	$239,751	$488,088		
Uganda	$55,990	$39,750	$995,351	623.8 million	13.95
Zambia	$26,852	$64,190	$1,169,750	$44.4 million	8.79
Zimbabwe	$26,852	$215,600	$459,305	$3.8 million	
Total funds from other sources				**$2.5 billion as of June 2014[3]**	

Promoting Climate Smart Agriculture (CSA)

The programme supported financially and technically the setting up of the African Climate Smart Agriculture Alliance which feeds into the global CSA Alliance that was launched by the UN Secretary General in September 2014. Nine Climate Smart Agriculture projects were implemented in nine Member States across the COMESA-EAC-SADC region. The interventions are benefiting more than 150,000 beneficiaries of whom 58% are women and 30% children. In addition Eleven Climate Smart Agriculture National Task Forces were strengthened.

Table 25: Status of Climate Change Programme Interventions in the Member States

Country	Status of Climate Change Programme interventions per member state
Burundi	Supported the design of the NCCRS - completed
Comoros	Support on the design of the NCCRS started and is planned to be completed by December 2015
D R Congo	Support on the design of the NCCRS started and is ongoing.
Djibouti	Support on the regional centre of excellence for the dry lands carried completed.
Egypt	At contracting stage of the lead consultant to facilitate the NCCRS design process.
Eritrea	Completed the CSA training
Ethiopia	Overall climate change Baseline completed; CSA Task Force established National CSA scoping study undertaken
Kenya	Overall climate change Baseline completed; NCCRS completed CSA activities on-going through EAFF, ACT; CAWT Task Force established
Libya	Awaiting national request for areas to be supported
Madagascar	Baseline completed; CSA Pilot project on-going. CA national Task Force supported; CA Investment Framework initiated. Consultations for the NCCRS started
Malawi	Overall climate change Baseline completed; CSA Investment Framework and impact of CA adoption supported through FAO sub grant.
Mauritius	Overall climate change Baseline completed; Hosts the Carbon Fund
Rwanda	Baseline completed; Supported Mt Karisimbi - $50,000 carbon measurement. Prison Biogas project $70,000; CSA support through EAC
Seychelles	Initiated national CSA project through UNDP
Sudan	Baseline completed; NCCRS process started. Process to be completed Q3 of 2015
Swaziland	NCCRS completed; CSA Pilot Project on-going with NAMBaord and UNDP Draft NAIP finalized
Uganda	Baseline completed; Impacts on support to negotiation assessed CSA project on going with MoA and UNDP
Zambia	Overall climate change Baseline completed; CSA project supported through GART and PELUM. Mitigation project ongoing through CIFOR CSA Investment Framework and CA Task Force supported
Zimbabwe	Baseline completed; Impacts on support to Negotiation assessed; CSA project on going with FfF

Climate Change Technologies

With regard to climate technologies and in the spirit of the Marrakesh Accords, all parties are in agreement to work together on a set of technology transfer activities, under the UNFCCC. Developed and other developing countries agreed to take practical steps in promoting, facilitating and financing, as appropriate, transfers of, or access to, environmentally sound technologies and know-how to other parties, particularly developing countries, in order to enable them to implement the provisions of the UNFCCC Convention (Article 4.5). This commitment is already echoed in similar provisions under the Kyoto Protocol (Article 10 c). Although the transfer of technology to developing countries has been rather slow, the COMESA region has already undertaken its own initiatives to advance climate change objectives. In 2011, COMESA Ministers of Agriculture, Environment and Natural Resources decided that Regional Technology Centers be established that will support the acquisition of appropriate technologies to address climate change. Specifically, the COMESA Secretariat along with some Member States have implemented the following: established and equipped the Mt. Karisimbi Climate Observatory in Rwanda as a regional center of excellence on black carbon measurements as well as to train regional technicians in the field; and the COMESA Secretariat engaged consultants to explore the feasibility of setting up a Centre of Excellence for dry lands in Djibouti.

Overall, the programme on climate change adaptation and mitigation in the COMESA-EAC-SADC region has been able to demonstrate that through collaboration, much can be achieved. The programme was able to meaningfully contribute to the elaboration of climate change issues and interventions at the national level and to support the mainstreaming of climate change issues into national policies and strategies. Additional crucial support involved giving support for building capacity of national negotiators and the African Group of Negotiators to participate meaningfully in global climate negotiations in order to ensure that key concerns are taken into consideration. A lot more is yet to be done.

PART 7: PEACE AND SECURITY

PART 7: PEACE AND SECURITY

The Thirteenth Meeting of the Ministers of Foreign Affairs, which was held in Kinshasa on 24 February 2014 noted several outstanding achievements of the year, including the victory in the fight against negative forces that operate at the Great Lakes Region and the return of Madagascar to constitutional normalcy. However the outbreak of civil war in South Sudan, Africa's youngest country caused deep concern.

The Great Lakes Region continues to experience insecurity due to the presence of negative forces which include the Allied Democratic Forces (ADF), the Democratic Forces for the Liberation of Rwanda (FDLR), the Lords' Resistance Army (LRA) and more recently, the M23 Movement. Respective meetings of the Ministers of Foreign Affairs and other regional mechanisms have sought solutions to this problem.

The Eleventh Meeting of the COMESA Ministers of Foreign Affairs which was held in Lilongwe in 2011 agreed to consider the issues around negative forces as a separate topic to give it greater focus. The following year saw an upsurge of the M23 rebellion and at the fringes of the Twelfth Meeting of the COMESA Ministers of Foreign Affairs, a special Summit of the IGCLR was convened to address the issue. The final defeat of the M23 in November 2013, which was achieved through concerted efforts by the Congolese Army (FARDC) and the United Nations Peacekeeping Force (MONUSCO) Intervention Brigade, was therefore very encouraging binging hope for victory over the remaining negative forces. It is expected that the deeper collaboration and commitment for the stability of the region among the countries of the Great Lakes Region through the signing of a Peace, Security and Co-operation Framework will also play a significant role in the attainment of stability of the region.

Another important outcome for the year was the return of Madagascar to constitutional order following a process that culminated in successful democratic elections. In 2009 following an unconstitutional change of government in Madagascar that ousted former President Marc Ravalomanana the AU and respective RECs suspended Madagascar, pending its return to constitutional order. Following this outcome, the Thirteenth Meeting of the Ministers of Foreign Affairs congratulated the people of Madagascar, the political players and the interim institutions for the successful elections and their role in the return of Madagascar to constitutional order this was reiterated by the Summit of the COMESA Authority, which welcomed Madagascar back from suspension. The Minister of Foreign Affairs, Honourable Andriatinana Ulrich expressed delight at the participation of Madagascar in COMESA meetings and also appreciated COMESA for the role they had played in supporting the International Contact Group for Madagascar.

COMESA continued to play a significant role in supporting ongoing peace efforts and in the consolidation of democracy through its Committee of Elders. During the Thirteenth Meeting of the Ministers of Foreign Affairs in D R Congo in February 2014, the following five eminent persons were elected to serve for a four-year period as members of the COMESA Committee of Elders:

i. Honourable Immaculee Nahayo of Burundi (re-elected);
ii. Ambassador Bethuel Kiplagat of Kenya (re-elected);
iii. Mrs Mary Catherine Nkosi of Malawi;
iv. Ambassador Dr Mahjoub Al-Basha of Sudan; and
v. Honourable Felix Mutati of Zambia.

They joined Ambassador Ghebray Berhane of Ethiopia, Sir James Mancham of Seychelles, Ambassador SimbiMubako of Zimbabwe and Honorable Betty Bigombe of Uganda.

The ministers were particularly concerned over the civil war that broke out in South Sudan in December 2013. The conflict threatened to take on regional dimensions and had immediate effects at its neighbouring countries, all of which belong to COMESA. South Sudan is Africa's youngest state in July 2009.

The Ministers also reviewed the situation in Egypt and Libya. Regarding Egypt, the Ministers were concerned over the violence that had resulted in the loss of life and property but they looked forward to the positive developments on the path of implementing a Roadmap towards return to normalcy. In particular they noted the adoption of a new constitution and the preparations of the presidential elections and looked forward to speedy resumption of Egypt's participation at the African Union activities. The ministers also commended the cooperation extended by the Government of Egypt to the AU High Level Panel and looked forward to the panel's final report. Regarding Libya, the Ministers reiterated calls on the government to disarm the militia that still operate in Libya and called on the international community to support disarmament efforts. The Ministers also called on international marketers to avoid trading with the militia and to work with the proper government channels and institutions to trade on petroleum products. Both countries went through popular revolutions that swept the North African states disposing long serving leaders in 2011.

With respect to Democracy and governance, the Ministers were satisfied with the elections held during the 2013 and 2014 and took special note at the elections in Kenya, Zimbabwe and Madagascar, which also drew a lot of international attention. The Kenyan and Zimbabwe elections - because they were the first elections since the 2007 and 2008 elections that resulted in negotiated settlements and the Madagascar - because it was the first election after the unconstitutional change of government in 2009. These elections, although highly competitive were peaceful and professionally managed by the respective electoral management bodies and overall successful thus supporting the consolidation of democracy in the region.

The security situation was however a mixed bag. While the region noted a reduction regarding incidents of piracy, the ministers expressed grave concern over the continued threats of terrorism in the region including incidents in Egypt, Kenya, Libya and Somalia and called on the International Community to support the fight against terrorism especially given that terrorism is a global problem. The Ministers noted that in 2013 piracy had hit a six-year low and attributed this to the stabilizing effect of Somalia. The 17th Summit of the COMESA Authority, in their communique issued on 26 February 2014 reiterated its appreciation to the AMISOM troop contributing countries Burundi, Djibouti, Ethiopia, Kenya, Uganda and Sierra Leone. The Heads of States also directed the Secretariat of COMESA to initiate discussions with Somalia government towards re-joining COMESA. Somalia is one of the founder members of the Preferential Trade Area, COMESA predecessor but could not join COMESA when it was founded in 1993 because its government had collapsed.

PART 8: CAPACITY BUILDING AND INSTITUTIONAL DEVELOPMENT

8.1 THE COMESA-AFRICA CAPACITY BUILDING FOUNDATION (ACBF) REGIONAL INTEGRATION CAPACITY BUILDING PROJECT

In 2008, COMESA Secretariat submitted a funding proposal regarding COMESA Regional Integration Capacity Building Programme under the: "Enhancing Capacity of the COMESA Secretariat to Support Economic and Trade Policy Analysis and Research". This was a successor project to the one entitled: "Strengthening Capacity for Trade Policy Development within COMESA" which was implemented from June 2003 to March 2009. The project supports COMESA to implement its Medium Term Strategic Plan 2011-2015. The 44th Regular Meeting of the ACBF Executive Board held on 1 – 3 December 2010 approved a grant of US $3 million intended to enhance the capacity of the Secretariat in economic and trade policy research and analysis. Following this approval the grant agreement was signed between the two parties in February 2013.

The specific sector covered by the capacity building intervention is to provide institutional strengthening and enhance the capacity of the Secretariat in economic and trade policy research and analysis as well as enhance the capacity of Member States in trade negotiations. The project falls within ACBF's mandate and is contributing to the achievement of the objective of the Foundation's proposed strategic framework, which is to enhance the capacity of Africa's regional economic communities and institutions in respect to the implementation of regional cooperation and integration programs and the management of regional public goods and services.

This project was launched on 11-13 August 2014 in Nairobi Kenya during which research areas were identified and partnerships and networks with leading policy research think tanks and training institutes were made. As a result of the ideas emanating from the workshop, the COMESA Research Agenda was developed. The project has so far registered the following progress and achievements:

i. The Research Unit has been set up by the recruitment of researchers to undertake and coordinate research and analysis of trade and economic policies;
ii. Two studies have been finalized; an audit of the existing NTBs among COMESA Member States and assessment of their impact on COMESA and Intra-trade potential analysis study was completed. The research Unit also prepared a draft COMESA engagement policy with the United States;
iii. The research Unit is also preparing COMESA engagement policy with other emerging economies like the BRICS, Turkey and Japan;
iv. The Research Unit has supported the Secretariat in undertaking in-house analysis and studies including: the sugar competitiveness study, analysis of the CET harmonization between the 4 EAC member States and COMESA, Trade flows for the Tripartite for the agreed chapters and headings and the ongoing COMESA industrialization policy;
v. The Research Unit has established research collaborations with existing policy research institutions like the Economic Commission for Africa (ECA), and the United Nations African Institute for Economic Development and Planning (IDEP).
vi. A consultant to develop Harmonized System of National Accounts (SNA) guidelines for Member States in the financial sector has been hired and is expected to finalize the work by April 2015.
vii. The project carried out capacity building interventions;
    a) Capacity building for the Madagascar government in areas for liberalization in Trade in Services.
    b) Training for Secretariat staff and officials from Member States in Trade Policy Analysis using E-Views software.
    c) Internal training in COMESA Secretariat on trade policy analysis using various software at the

Trade, Customs and Monetary Affairs Division

vii. Preparatory work to undertake the COMESA Common Market Study is in progress. A baseline study on the COMESA Market is already being done.

In 2015 the project will undertake the following activities: the second phase of the Intra-regional trade flow analysis which involves a survey to identify obstacles to intra-COMESA trade. The field surveys will identify obstacles to boosting intra-COMESA Trade and possible solutions to overcome the obstacles; field surveys for NTB studies to be carried out in at least 5 countries; carry out work on the liberalization of Trade in Services for which Member States require development and enhancement of their capacities; conduct a study on the customs union focusing on industrial rebates; conduct detailed studies that will identify areas of cooperation, the depth and extent of cooperation, as well as the possible impact of cooperation with emerging economies, with a focus on BRICS (Brazil, Russia, Turkey, China, and South Africa) countries; conduct a comprehensive study on establishment of the COMESA Common Market; institute a Call for Papers to culminate into the holding of the first Annual COMESA research Forum under the following themes: trade facilitation, global preferences for Africa and its effects on intra-regional trade, COMESA market potential, the role of SMEs and informal cross border trade in promoting intra-regional trade in COMESA; and training sessions jointly organized with identified training institutions like TRAPCA, TRALAC, ESAMI, Harvard Kennedy School of Government, and The United Nations African Institute for Economic Planning and Development (IDEP), for imparting skills in important trade analysis tools useful for trade negotiations.

8.2 THE COMMONWEALTH SECRETARIAT HUB AND SPOKES II PROGRAMME

The Hub & Spokes II Programme of the Commonwealth Secretariat, an innovative Aid for Trade initiative, has been in place to help strengthen trade capacity in the Africa, Caribbean and Pacific (ACP) group of states. Technical assistance is being provided through the deployment of experienced trade advisers at regional organizations as well as national ministries.

Since 2004, this joint initiative of the Secretariat of the ACP Group, the European Union, the Commonwealth and the Organization Internationale de la Francophonie (OIF) has been assisting participating ACP countries to develop, negotiate and implement trade policies and agreements that both reflect national priorities and are effective in a global trading system. The first phase of the programme ran through 2004 to 2012, and due to overwhelming support for the continuation of this Programme, Hub & Spokes II Programme was launched to cover the period July 2012 – December 2015. The prospect of Phase III is still under consideration by development partners. The overall objective of the programme is to contribute to sustainable economic development and poverty reduction in ACP countries through closer regional integration and increased participation in international trade.

PART 9: CROSS CUTTING ISSUES

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9.1 GENDER AND SOCIAL AFFAIRS

COMESA recognises that the achievement of its regional integration goals and the economic empowerment of its approximately 460 million people require the full integration of women, men and the youth into the development agenda. During the period under review, the institution adopted a number of key policy frameworks to serve as entry points for the implementation of gender equality and equity programmes. The programme of gender equality and women empowerment responds to the COMESA Treaty which acknowledges that women specifically make significant contribution towards the process of socio-economic transformation and sustainable growth and that it is impossible to implement effective programmes for rural transformation and improvements of the informal sector without the full participation of women (Article 154 and 155 of the COMESA Treaty).

The overall goal of the COMESA Gender Policy is to foster gender equity, equality and the advancement of gender at all levels of regional integration and co-operation programs in order to achieve sustainable, socio-economic development in the region. The policy commits Member States of the region to fulfill their obligations under the various international and regional instruments such as the African and Beijing Plat Form of Action (BPFA), Convention on the Elimination of all Forms of Discrimination (CEDAW), Social Summit for Sustainable Development, the AU Solemn Declaration on Gender Equality in Africa, the Millennium Development Goals and the new commitments under New Partnership for Africa Development (NEPAD).

To this effect, the organization strongly believes that gender mainstreaming is important for the effective realization of the regional economic integration agenda. The gendered approach to regional programmes responds to the principles of inclusive development for economic growth and wealth creation at micro and macro levels. This approach takes into consideration the effective participation and contribution of small and medium scale entrepreneurs, the majority of whom are women, to the regional economic growth and well-being of the citizens. For this reason, among others, the Gender and Social Affairs programme exists to provide leadership in facilitating the mainstreaming of gender into all policies and programmes.

During the period under review, the Secretariat accelerated the implementation of awareness-raising including advocacy. The Table below highlights the summary of key achievements including activities, outputs and results of the gender mainstreaming and social affairs programme:

Table 26: Key Achievements of the Gender Programme (2013-2014)

Interventions/Activities	Outputs	Result
Women's Empowerment		
Establish a COMESA special fund for women to alleviate the challenges faced by women to access financial resources including access to credits to enhance their businesses.	Established COMESA Women Economic Empowerment Fund (WEEF).	The Convergence Committee of Central Bank and Ministers of Finance included the WEEF on the agenda of the Central Bank Governors and Ministers of Finance Meeting held in Nairobi in November 2014, and adopted the recommendation that the PTA Bank should manage the WEEF to accelerate its implementation.
Gender Mainstreaming		
Capacity Building/Activities	**Outputs**	**Outcomes/Impact**
Sensitization program for National CAADP Focal points and Gender Experts from Member States	25 CAADP Focal Points and Gender Experts trained on gender and CADDP	Gender experts and CAADP focal persons produced action plans for joint implementation at country level. This has resulted in improvement in the area of gender mainstreaming in national agriculture frameworks.
Training for Gender programing for programme officers at Secretariat and Gender Focal Point Persons from COMESA Member States.	Program Officer and Representatives from 15 Member States trained on Gender programming: (Burundi, Comoros, Congo DR, Djibouti, Egypt, Ethiopian, Madagascar, Rwanda, Seychelles, Sudan, Kenya, Mauritius, Swaziland, Zambia and Zimbabwe).	Enhanced capacity of COMESA Secretariat Programme Officers and gender focal point persons from Member States in gender analytical skills.
Provide standard guide for annual country gender progress reports to member States.	Guidelines were developed and shared with all member States. Deadline for report submission set for end of February every year.	Increased reporting on gender mainstreaming and women empowerment by member States. During the period under review, Secretariat received gender progress reports from Ethiopia, Kenya, Malawi, Mauritius, Seychelles, Sudan, and Zimbabwe. In the reports, the member States highlighted progress with regards to gender equality measure and women empowerment initiatives. Some member States who did not submit reports made presentations of the achievements during technical and ministerial meetings held in Lusaka. Summary achievements are presented in the table below.
Gender analysis training for Project Managers of COMESA Institutions and Programmes Coordinators	Eleven managers of COMESA Institutions trained on gender analysis. Beneficiaries included Managers of CADDP, ATI, LLPI FEMCOM, ACTESA	Enhanced knowledge of basic concepts and gender analytical skills among COMESA Institution managers. This has resulted in improved consideration of gender in the Institutions programmes. For instance, all institutions that participated have gender as a cross-cutting issue in their programs and report on it.
Develop and Disseminate gender mainstreaming tools, guidelines and strategic frameworks.	Regional Strategy for Mainstreaming Gender into Agriculture and Climate Change (RESTRAP) was developed and disseminated at different levels	Improved knowledge of gender and its associated concepts among COMESA Secretariat Staff, Member States. This has enhanced gender-sensitivity in planning, budgeting, and strengthened collaboration and harmonization of best practices with other RECs such as NEPAD, SACAU, EAFA and regional farmers unions in the Agriculture sector.
Advocacy and Policy measures	**Outputs**	**Outcomes/Impact**
Creating Enabling policy and legal environment to promote gender equality and social inclusion in COMESA Programmes		

Review existing COMESA Gender Policy to incorporate new/emerging priorities and goals on gender	Revised COMESA Gender Policy drafted and presented for inputs to various stakeholders	Consideration of new/emerging priorities and goals on gender equality and women empowerment such the Beijing plus 20, AU Decade for Women, Post 2015 Sustainable Development, AU Agenda 2063, among others. Creation of ownership for the COMESA Gender Policy among Member States and other stakeholders to ensure its popularization and implementation
Develop and adopt COMESA Social Charter	COMESA Social Charter developed and adopted by the COMESA Council of Ministers in 2014 DRC	Increased involvement of COMESA Secretariat in the African Union Social Affairs Programmes and meetings including: health; education; HIV/AIDS; Youth; employment; among others. Consideration of the provisions of the COMESA Social Charter in COMESA Youth Programme and pilot projects on youth empowerment
Promote Gender mainstreaming in Climate Change Initiatives	Promoted gender mainstreaming in climate change programs	COMESA recognized as lead in Gender and Climate Change in the region. As a result, NEPAD included COMESA Secretariat as a key partner in the New Gender and Climate Change program. Marry Robinson Foundation and UN Women partnered with COMESA Secretariat to showcase some of the good practices on gender and climate change at the UN General Assembly in 2014.
Promote gender balance in the climate change negotiations under the United Nations Framework Convention for Climate Change (UNFCCC)	COMESA, in close collaboration with the CGIAR Program on Climate Change and others hosted a meeting at BONN for the head of delegation of the AGN	Discussed the need to strength African Group of Negotiators dealing with gender. As a result, it was agreed that Africa must play an active role in ensuring that gender is well captured in the 2015 Climate Change Agreement and other UNFCCC work streams. COMESA Ministers of Agriculture have adopted a decision on capacity building on gender and climate change for regional teams of climate change negotiators.
COMESA Social and Cultural Programmes		
Popularize the COMESA Social Charter among member States	Secretariat disseminated the Social Charter to all COMESA member States and encouraged them to sign and ratify the Charter to enable its implementation.	All Member States acknowledged receipt of the Social Charter. Mauritius expressed readiness to sign the Charter in 2014 but postponed the event to a later date due to elections that were taking place in the country. Some Member States requested Secretariat to undertake sensitization on the need to sign and ratify the Charter, while others were making internal consultations on the document and process on signature and ratification.
Develop Youth program and Pilot Projects on Youth Empowerment to ensure the integration of youth in the regional integration process	COMESA Youth Programme was developed with technical and financial support from United Nations Industrial Development Organization (UNIDO)	Youth Programme responds to various challenges facing the youth in the region including unemployment, skills development, and limited civic and political participation, among others. The program contributes to the realization of the African Youth Decade Plan of Action (2009 – 2018)

Partner with Private Sector on Development and Implementation of Pilot Projects on Youth Empowerment	Signed an MOU with Global Peace Foundation (GPF), Kenya Chapter to develop and implement pilot projects on youth empowerment	Developed two pilot projects on youth empowerment in partnership with GPF. One project is on Waste Management and Afforestation for income generation. The other project is on Character and Creativity Initiative – focusing on behaviour change and skills development for youth in school prepare them to be creative, build entrepreneurship skills, leadership skills, spirit of volunteerism, and many more. The projects will be replicated to all Member States.

Table 27: Achievements and Good Practices at Member States Level

Member State	Gender Equality Initiatives	Women Empowerment Initiatives	Institutional Mechanism for the promotion of Gender Equality and Women Empowerment
DRC	Enshrined gender equality rights in the constitution. National Legal Reforms provided for the national gender policy, gender-based violence strategy, and gender profiles.	DRC is implementing the simplified trade regime (STR) in its borders to assist small scale cross border traders National Fund for the promotion of women and children.	National programme for the promotion of Congolese women's empowerment, and a matrix for the training of women on gender issues.
Djibouti	Have a National Gender Policy; Strategic Plan National Strategy to STOP FGM	Skills Training for girls and women; Provision of tool kit for girls and women graduate from training center.	National Training Center for out of School Girl-Child; National Center for survivors of all forms of violence, especially FGM. Zero Tolerance against FGM. Criminalization of FGM Practice.
Egypt	The 2013 Constitution review provided for protection of basis rights for women despite marital status; equal opportunities for all citizens with discrimination; 25% quota seats for women in local council; protection from wage discrimination on the grounds of gender and sex.	Established a Center to economically empower women through the provision of skills, training and also support them to access micro finance services.	Twenty-five departments in the government ministries were created to provide equal opportunities for women and men at the work place and to mainstream gender in different sectoral programmes. Developed a National Strategy to fight Gender Based Violence (GBV)
Ethiopia	Have appropriate legal and policy frameworks for gender equality.	Developed the first five years Growth and Transformation Plan (GTP) in order to facilitate the transition of the country from low to middle income country by the year 2020. One of the strategic pillars in the GTP is women and youth empowerment and that all the other pillars integrate gender and youth.	Existence of the Ministry of Women, Children and Youth. Gender Budgeting and accountability mechanism in all government ministries.
Kenya	Constitution stipulates that one- third of either gender must be represented in the parliament and in all Government appointments. He stated that this has successfully brought the percentage of women in representative positions from 9.9 percent in 2007 to 25 percent in 2014.	30% preference and reservations in government procurement for women, youth and persons with disabilities. Establishment of the Women Entrepreneurship Fund which has benefitted a lot of Kenyan women.	Gender Machinery in Kenya is strategically located in the office of the President and that it is represented in every government Ministry by Gender officers who have been placed in central planning and project monitoring unit.

Rwanda	Rwanda laws and policies across all sectors are gender sensitive	Rwanda's success story of women's participation in political decision making such as the 64% women representation in Parliament is due to quota and Zebra system. More women own small and medium scale industry and processing businesses than men in Rwanda due to supportive system in place in economic sector.	Strong political will, strong gender machinery institutions, home grown solutions, and gender sensitive laws and policies.
Malawi	Reviewed the law on marriage to move the minimum age for marriage from 16 to 18. National Gender Policy	Development of a National Women Economic Empowerment Action Plan	Scholarships for students to study degree and diploma courses in gender.
Mauritius	National Gender Policy; Equal Opportunities Act; New Local Government Act which stipulates that at least **1**out of **3** candidates to be fielded for elections at local level should be of the opposite sex.	Popularize COMESA Trade facilitation programmes among women; Develop marketing tools and websites for women entrepreneurs; Organization of trade missions; Creation of an on-line directory for women entrepreneurs.	25 Ministries formulated sectoral gender policies in line with the National Gender Policy Framework (NGPF). A National Steering Committee on Gender Mainstreaming; An Equal Opportunities Commission and an Equal Opportunities Tribunal have been set up.
Sudan	laws and legislations on the quota system have caused an increase of women's participation at the national assembly to 30%.	Protection of women and children to access land Involvement of women in peace talks at national level.	Gender machineries and policies favourable to the empowerment of women are among the priority areas for Sudan
Seychelles	Embarked on the development of the first National Gender Policy.	44% women representation in Parliament. Seychelles is fourth in the world and first in SADC on this indicator. Seychelles has the first female governor of the Central Bank, and a number of women districts leaders. Training of women in value addition on products. Provision of free vaccination against cervical cancer for girls in primary school.	Gender machineries promoting gender equality and empowerment of Women.
Swaziland	Policy and legislative environment to combat violence against women.	Different mechanisms put in place to promote Gender Equality, the Economic Empowerment of women and Social Development Agenda.	Establishment of a High level Task Force to provide guidance and leadership on combating violence against women.

Zambia	Existence of National Gender Policy; Anti-GBV Act;	Women Economic Empowerment Fund; Establishment of Women's Bank;	High-level Permanent Secretaries Committee on Gender Equality, Mainstreaming and Women Empowerment Capacity Building for Gender Mainstreaming; GBV Survivor Support Mechanism
Zimbabwe	Has legal and policy in place to support women empowerment and gender equality	Facilitates access to markets for women by coordinating their participation in national regional and international exhibitions	Formation of Women in Agriculture Apex Board

9.2 STATISTICAL DEVELOPMENT

Statistical development in the region has been driven by a gradual, sector based strategy, which implies that individual statistical clusters are developed over a series of work programmes based on identified priorities linked to COMESA's policies on regional integration. Articles 139 and 140 of the Treaty provide the policy context for development of statistics in the COMESA region. Critical to the work envisaged in those provisions are the aspects of provision of regular, timely and harmonized statistics for the purpose of monitoring the: "efficient implementation of the objectives of the Common Market". The financing of statistical activities has largely depended on partner support mainly from the European Union and the African Development Bank for long term technical assistance and capacity building. Trademark Southern Africa assisted in the provision of funds for technical assistance and statistical dissemination.

Achievements in 2013/14

The 2010-2013 Multi-annual statistical work programme, which focused on selected clusters of statistics, ended in 2013 and below is the progress made so far:

i. The programme on international merchandise trade statistics involved assisting Member States implement the latest United Nations Manual on International Merchandise Trade Statistics. By the end of 2013, Ethiopia, Madagascar, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda and Zimbabwe were implementing most of the recommendations on making available selected trade data fields and additional nomenclature reporting. Other countries are not fully implementing the recommendations but work is in progress in assisting them do so.
ii. The COMESA-UNCTAD programme on development of foreign direct investment statistics involved a dedicated capacity building programme to enable Member States implement the recommendations of the following international frameworks; the IMF Balance of Payments Manual and the OECD Benchmark definition of foreign direct investment and manual on statistics of international trade in services. Subsequently as a result of this programme, eight (8) Member States are now consistently funding national FDI surveys. Those countries are: Rwanda, Uganda, Kenya, Mauritius, Zambia, Malawi, Swaziland and Madagascar. Burundi and Zimbabwe initiated their surveys in 2013.
iii. The COMESA region was part of a worldwide survey known as the International Comparison Programme (ICP) which focused on determining the purchasing power parities of economies. Seventeen (17) Member States participated in this and results on the real size of COMESA economies soon to be published. These are: Egypt, Sudan, Ethiopia, Kenya, Uganda, Rwanda, Burundi, DRC, Zambia, Malawi, Zimbabwe, Seychelles, Mauritius, Swaziland and Madagascar.
iv. Inflation monitoring remains a key component of national macro-economic policy. In order to have regional comparison of this, COMESA started a process of harmonizing inflation measurement in 2010 and this culminated in a comprehensive COMESA harmonized consumer price index (HCPI) for fifteen (15) Member states at the end of 2013. This index is disseminated monthly by the Secretariat.

Development of infrastructure statistics in COMESA over the duration of the multi-annual work plan involved both capacity building through training workshops and actual survey implementation in Member States. COMESA was part of the AfDB led Africa wide survey called the Africa Infrastructure Knowledge Programme in all Member States, except Libya and Eretria, participated. The actual survey implementation was completed in most countries by end of 2013 and results will be disseminated in 2014.

vi. Statistics on international trade in services have generally not been as developed as the merchandise trade statistics. COMESA undertook a study on developing these statistics with an initial core group of four countries. Consequent to this study a regional workshop was held composed of statisticians and trade policy analysts and a roadmap of the minimum recommendations of the Manual on Statistics on International Trade in Services can be implemented in each Member State.

vii. The statistical data portal (http://comstat.comesa.int) continues to serve as the premier dissemination tool for available statistics in the region. Another related achievement in 2013 was the publication and dissemination of the following flagship publications, the 2013 COMESA International Trade Statistics Bulletin, 2013 COMESA Infrastructure Statistics Bulletin and the 2013 COMESA Investment Report.

viii. The Secretariat provided technical assistance to the SACU Secretariat on merchandise trade statistics in South Africa, Botswana, Namibia, and Lesotho. Technical assistance related to utilization of trade data for Tripartite trade negotiations was also provided to the EAC Secretariat.

ix. Data sharing arrangements were implemented with Southern African Development Community (SADC), African Union (AU), United Nations Statistics Division (UNSD), the European Union Statistical Office (EUROSTAT) and International Trade Centre (ITC).

x. COMESA collaborated with the African Development Bank (AfDB) through the Multinational Building Capacity for MDG Monitoring and Results Measurement Program. Further, the institution managed and disbursed funds to seven Member states under its supervision as well as provides technical assistance related to the programme.

xi. Further collaboration was with the European Union Statistical Office (EUROSTAT), the United Nations Statistics Division (UNSD), the United Nations Conference on Trade and Development (UNCTAD), the Food and Agriculture Organization (FAO), Southern African Development Community (SADC), African Union (AU) and the East African Community (EAC) on common clusters of statistics.

xii. Secretariat staff attended international conferences related to statistics in New York-USA (United Nations Statistical Commission), Nice-France (PROGNOZ User Conference), Rabat, Morocco (African Commission on Agricultural Statistics (AFCAS) Conference) and Paris-France (SDMX Global Conference).

Programme Impact

The statistical programme's impact is measured by the ability to change or transform practice so as to conform to international best practices as well as improvement of availability of statistics. Over US $9 million was allocated to statistical activities in the period 2010-2013, with 70 percent of this being direct grants to Member States for capacity building. The balance of funds was managed by the Secretariat for the provision of technical assistance and regional capacity building initiatives.

Table 28: Summary of Statistical Programme Impact

Programme Area	Impact
International Merchandise Trade Statistics(IMTS)	Nine (9) Member States are now implementing the most core recommendations of the UN Manual on Merchandise Trade statistics. Country capacity was enhanced in the compilation of IMTS.
Foreign Direct Investment Statistics	Eight Member States are now consistently funding and executing FDI surveys, which are a critical source of FDI data based on international best practice and recommendations. Two countries initiated their surveys in 2013. National capacity also enhanced on concepts and definitions of FDI statistics. In all, over 300 officials from central banks, statistics offices, investment centers and related ministries were trained in FDI related concepts during the course of the multi annual work programme.
International Comparison Program	Estimates of comparable PPP based GDP available for seventeen (17) Member states. Statistical offices' capacity to undertake ICP surveys was enhanced and over 38 statisticians were trained.
Harmonized Consumer Price Index	From a situation of a non-existent comparable index COMESA now has a harmonized CPI for 15 Member States. Statistical offices in these countries have inculcated the computation of the HCPI in their regular statistical work flow. Over 50 statisticians have been trained in methodologies of the HCPI.
Infrastructure Statistics	From scanty infrastructure data in 2010, more comprehensive infrastructure data is now available in 17 Member States. Over 160 sector ministry experts and statisticians were trained on the manual of infrastructure statistics.
Statistics on International Trade in Services	As a result of a COMESA study, a national roadmap of how to achieve the minimum core recommendations of the manual on statistics of international trade in services is now available. Thirty eight trade negotiators and statisticians were trained on the implementation of the roadmap.
Dissemination	COMSTAT data now available to policy makers as evidenced by an average of 631visits per month in 2013, the initial year after redevelopment. Annual flagship publications now available for policy makers in soft and hard copy.

Focus for 2015

The Council of Ministers at its Thirty Second Meeting in February 2014 approved the COMESA Statistics Strategy and an initial work programme, which will focus on:

i. Deepening interventions in prior approved work from the 2010-2013 multi annual work programme for countries where domestication had not taken place. This is particularly so in the areas of international merchandise trade statistics, harmonized consumer price indices, statistics on international trade in services, infrastructure statistics and statistics on foreign direct investment;

ii. Commencement of interventions in new clusters, that is, agriculture, environment and industrial statistics. These will consist mainly of assessments and roadmaps on the regional dimension of development of these statistics; and

iii. Ongoing work on data compilation and dissemination, including the dissemination of statistical knowledge products on the COMSTAT data portal.

9.3 LEGAL AND INSTITUTIONAL AFFAIRS

Legal and Institutional Affairs is charged with providing legal advisory services to all COMESA Policy Organs and the COMESA Secretariat in the implementation of the COMESA Treaty. Its functions include:

i. Provision of legal advisory services to all COMESA programmes and institutions;
ii. Drafting of legal instruments for the implementation of COMESA programmes;
iii. Drafting of legal frameworks for co-operation with development partners;
iv. Representing COMESA in all legal proceedings for or against the organization;
v. Management of the legal depository including the provision of technical assistance to Member States on domestication of COMESA legal instruments at the national level; and
vi. Negotiating commercial contracts for the provision of goods and services.

During the period under review, there were concerted efforts to follow up on various COMESA legal instruments with the purpose of promoting the domestication of these instruments by Member States in line with commitments in the Treaty. The process involved a review of the status of signature, ratification and domestication of legal instruments that have been adopted by the COMESA Council of Ministers. The first workshop to carry out such a review was held by the Republic of Mauritius in December 2014. Notably, the domestication is the responsibility of Member States, and it is expected that more Member States should ensure that all COMESA legal instruments that have been signed, ratified and domesticated.

Further, issues involving the Secretariat and the various COMESA institutions were also addressed. These included: negotiation, conclusion and implementation of host agreements; and the provision of advisory services in the construction of the COMESA Court of Justice in the Republic of Sudan. Notably, the construction of the Court Building was completed by the Republic of Sudan; and the COMESA Court of Justice relocated back to Sudan, which is its permanent seat.

9.4 PUBLIC RELATIONS

The role of the Communication and Public Relations is to enable COMESA to build mutual understanding between the organization and the public through consistent communications. This is achieved by packaging and disseminating information through the most appropriate media. During the reporting period, this was achieved through:

The Secretariat enhanced media coverage through interviews with the press; press releases; opinion articles; and a media breakfast were undertaken. The Member States where media coverage improved remarkably were: Uganda, Rwanda, Kenya, Sudan, Zimbabwe, Swaziland, Mauritius, Malawi, Seychelles, Egypt and D R Congo. The East African weekly newspaper that circulates in four counties carried the most extensive and consistent coverage of COMESA.

During the period under review, a media awards campaign was carried out to recognize and award regional journalists who have contributed to regional integration. In 2013, two journalists from Uganda emerged the best. Mr Julius Barigaba of the Nation Media Group and Mr Francisco Ahabyona of the *Uganda Broadcasting Corporation.In 2014 three journalists from the Burundi National Radio and Television RTNB, EastAfrican Regional newspaper,and the Daily Mail of Zambia, won the awards.*

The Secretariat produced over 25 publications in English, French and Arabic on COMESA programmes and activities. Copies of the publications were distributed at the various workshops, meetings and trade fairs around the region and beyond. A list of the publications is detailed in Table 29 below:

Table 29:Publications Produced and Disseminated (2013/14)

ITEM	TITLE	QUANTITY
1	2012 Annual Report English/French/Arabic	2,250
2	Key Issues on Regional Integration Vol. 2 and Vol. 3	2,000
3	COMESA Success Stories/FR/AR	1,000
4	COMESA News Vol. 1 2013 and Vol. 2 2014	2,000
5	The Gazette Volume 18	1,000
6	Key Economic Infrastructure Projects	1,000
7	Guidelines on the Conduct of COMESA Election Observation (FR/EN)	1,000
8	Revised Treaty (French/English)	1,000
9	Pre-Summit Magazine/FR/AR	2,000
10	COMESA User IT Policy	1,000
11	Innovation Awards Booklet	1,000
12	CAADP News Bulletin Vol. 1	5,000
13	Brief on COMESA-SADC-EAC Tripartite Climate Change	5,000
14	Forest Strategy booklet	2,000
15	5th CBTA Bulletin	1,000
16	COMESA in Brief 2014	1,000
17	Japanese Companies set to tap high growth in COMESA Region	1,000
18	COMESA Seed Harmonization Booklet	1,000
19	Pre-Summit Magazine/FR/AR 2014	1,000
20	2014 Summit magazine	1500
21	CAADP News Bulletin Vol. 1	5,000
22	Regional Integration Support Mechanism brochure	1,000
23	Climate Change Newsletter	2,000

The Secretariat further produced 11 audio/visual documentaries covering various COMESA programmes and events. These productions, enumerated below, were disseminated through regional and national media broadcasters:

i. Pre-Summit documentary
ii. 2014 Summit documentary
iii. Achieving the CAADP Agenda Mini Documentary
iv. COMESA Climate Change Initiative: Green House Technology-Maximizing Yields
v. Responding to Community Needs: COMESA Donates to Siavonga Fish Sellers
vi. COMESA compensates accident victims of Sange, South Kivu in Congo DR
vii COMESA High Level Infrastructure Investment Conference
viii. Enhancing Minerals Development - COMESA & Western Australia
xi. Summit Documentary 2014
x. Breaking Barriers - A COMESA SPS Initiative
xi. Tools of trade facilitation RCTG-CVTFS

Other documentaries included: the Yellow Card Scheme, the Leather and Leather Products Institute, achieving the agenda of the Comprehensive Africa Agriculture Development Programme (CAADP), Climate Change and Africa Global Business Forum; the International Women's day, and the Support to Siavonga women fish traders.

The Secretariat also carried various advertisements aimed at reaching mass audiences within the region. In the reporting period, advertisement with key messages on integration was placed in regional newspapers including the New African magazine, China Investment Magazine, Msafiri (KQ) inflight magazine, Selamta (Ethiopian Airline inflight magazine) and local newspapers in Member States. Further, the Secretariat maintained the billboard at the Kenneth Kaunda International Airport and a new billboard was put up at the Secretariat to mark the 20 years' anniversary.

PART 10: COMESA INSTITUTIONS

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10.1 THE EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT (PTA) BANK

The PTA Bank was established as an autonomous specialized institution by the PTA Bank Charter on 06 November 1985, pursuant to the provisions of Chapter 9 of the COMESA Treaty. The Bank's broad objectives are to provide financial and technical assistance and promote social and economic development and trade among Member States, in accordance with the provisions of the COMESA Treaty. The PTA Bank's mandate is to finance and foster trade, socio-economic development and regional economic integration. Its Charter also provides for the establishment and administration of special purpose funds in the region. The Bank implements its mandate by complementing the activities of national development agencies of Member States and co-operating with other institutions and organizations, public and private, national and international, which are interested in the economic and social development of the Member States.

The Bank currently has 28 shareholders:18 African sovereigns from COMESA, EAC and SADC, 8 institutional investors, namely the African Development Bank, ZEP/COMESA Reinsurance Company, Africa-Re, the National Pension Fund of Mauritius, Mauritian Eagle Insurance Company, Seychelles Pension Fund, Rwanda Social Security Board (RSSB) and Banco Nacional de Investemento (BNI) and two other non-regional members, namely China and Paritetbank (Belarus). BNI, which is wholly owned by the Mozambique Government, is a landmark transaction that marks the start of a mutually beneficial relationship with a new country in the region.

Country/Institution			
Borrowing Shareholders		Tanzania	7.8%
Burundi	1.8%	Uganda	5.1%
Comoros	0.0%	Zambia	6.4%
Djibouti	0.5%	Zimbabwe	8.3%
Congo DRC	3.3%	Institutional Shareholders	
Egypt	8.0%	AfDB	9.4%
Eritrea	0.2%	Seychelles Pension Fund	1.0%
Ethiopia	8.0%	RSSB	3.0%
Kenya	8.0%	Africa-Re	0.7%
Malawi	2.0%	BNI	1.2%
Mauritius	2.3%	Mauritian Eagle Insurance	0.4%
Rwanda	1.9%	NPF - Mauritius	2.5%
Seychelles	0.4%	Non-Regional Members	
Somali	0.2%	China	10.0%
Sudan	7.3%	Belarus	0.03%

In 2012, the PTA Bank's Charter was amended to align it with the COMESA-SADC-EAC Tripartite Agreement, in terms of membership and the wider regional integration framework around trade and infrastructure development; as well as to update and modernize the institutional framework to enable the Bank to attract more capital from institutions with surplus investible capital. It is also the case that the African character of the Bank is preserved by providing that the President and majority of staff are nationals of Member States and by requiring a two-thirds vote by African Member States for any amendments to the Charter.

Recent Performance of the PTA Bank

As at 31 December 2014, the Bank's balance sheet had risen by 42% to US $3.5 billion, reflecting another record increase in the volume of financing to Member States, spread across various sectors and countries. As a result the Bank's profitability has continued to strengthen while its financial position and capacity to attract greater funding in support of expanded financing activities has improved further, as reflected in Table 30 below.

Table 30: Audited financials from 2009 to as at December 2014

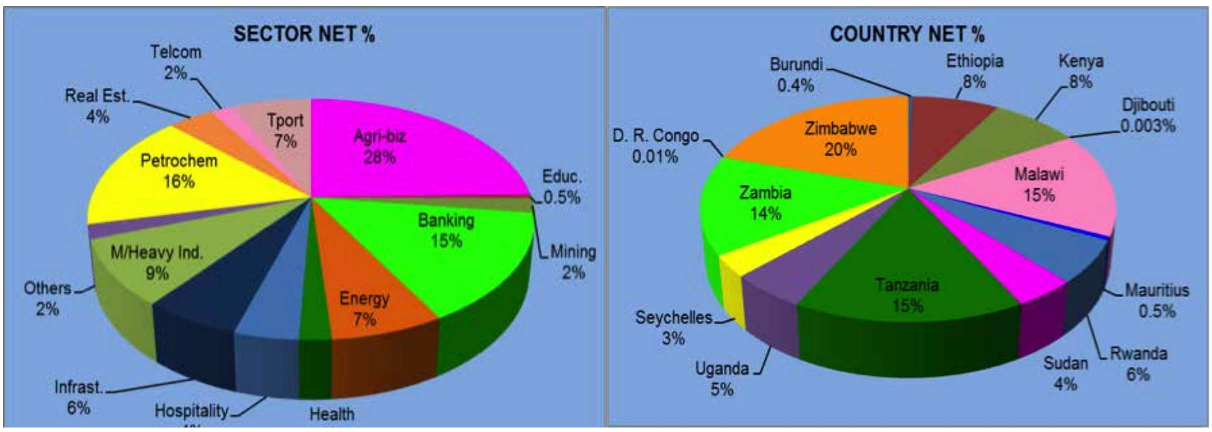
PTA Bank Financial Highlights					
US$'000 (*unless stated otherwise*)	**2010**	**2011**	**2012**	**2013**	**2014***
Operating Income	46,052	63,535	89,149	101,184	121,722
Profit for the Year	20,321	34,365	51,229	66,630	76,051
Total Assets	1,043,439	1,370,411	1,843,671	2,536,282	3,538,470
Total Liabilities	833,198	1,092,044	1,499 ,200	2,059,303	2,921,532
Total Equity	210,241	278,366	344,252	476,979	616,938
Return on Equity (%)	10.00	13.89	16.46	16.23	14.08
Return on Assets (%)	2.08	2.81	3.19	3.04	2.55
Debt/Equity (%)	303.00	349.00	371.00	381.00	449.00
Capital Adequacy Ratio (%)	36.0	37.0	35.0	34.7	33.50
Earnings per Share	390	596	892	1,110	1122

*Financials: FY 2014 - Unaudited

The balance sheet and profits of the Bank more than doubled in the past three years, with the former rising to an estimated all-time high of about US $3.5 billion. An important element of the Bank's strong performance is the improved quality of its assets, which is evident in the continued reduction of non-performing loans, which has declined from a high of 11.6% in 2009 to 3.04% as at December 2014.

Guided by the Bank's mandate to strengthen intra–regional trade and drive economic growth in sub-Saharan Africa, the Bank's exposure was distributed across public and private sector entities. The Bank's exposure to government and quasi-government projects remained significant at 53%, largely driven by the deliberate focus on the agribusiness, infrastructure and petrochemical sectors. The sectors are targeted mainly because they drive economic growth within Member States, and the loan portfolio mix by country and sector at the end of 2014 was as shown in Figure 22 below.

Figures 22: The PTA Bank's Loan Portfolio Mix (as at end 2014)



With growing confidence, the Bank's existing and new shareholders paid-in a record level of US $66 million of equity capital in 2013, comprising new subscriptions and payments for previously subscribed shares. A new capital increase of US $100 million was also adopted by the Bank's current shareholders in September 2013, to be implemented over a three year period. Further, following the introduction of a new category of shares, the African Development Bank took the lead with a US $20 million investment in the Bank's new class B shares. The Bank has also attracted several new shareholders, namely the National Pension Fund of Mauritius, Mauritius Eagle Insurance, the National Bank of the Republic of Belarus and ZEP Reinsurance.

Further efforts were made in engaging new prospective countries, notably Mozambique, Angola, South Sudan and Madagascar, where a financial institution such as PTA Bank has much to offer in the context of COMESA, the Tripartite and the Bank's member country mobilization strategy. The Bank was also successful in mobilizing new institutional members. The Bank will continue negotiations for further subscriptions from Member States, development finance institutions, sovereign wealth funds, national pension funds and private investors whose long term interests are aligned with the Bank's mission to integrate and advance the economies of the region.

In 2014, the Bank's shareholders' funds grew 29%, from US $140 million to US $617 million, exceeding the 24% growth in the Bank's net loan assets. This compares favourably with and surpasses the 17% (US $525 million) projected for 2014 in the Bank's corporate plan. Of the US $140 million increase in total equity, US $63 million was in the form of new capital subscriptions including share premium, while US $77 million was from retained earnings for the year. Long term funding was raised from existing strategic partners such as the African Development Bank and China Development Bank, while new partnerships were forged with KfW of Germany, the European Investment Bank and AFD of France. New relationships have also been initiated with BNDES of Brazil, China EXIM Bank, while existing relation with US Exim Bank is being expanded with new long term funding.

In terms of market funding, in November 2013, PTA Bank successfully issued and listed on the Luxembourg Stock Exchange, a second 5-year US $300 million Eurobond. The transaction marked yet another milestone in the Bank's resource mobilisation strategy of accessing international capital markets to raise significant volumes of medium and long term funding; and reaffirms the Bank's eminent position as an African issuer of internationally traded bonds. The Bank issued its debut Eurobond of US $300 million in November, 2010 as part of a US $1.0 billion Euro Medium Term Note (EMTN) programme while in October 2012 US $150 million was raised through a syndicated loan transaction. Unlike the 2010 debut Eurobond issue whose proceeds went entirely to fund balance sheet growth, the 2013 issue combined both a balance sheet funding objective as well as a Liability Management Exercise (LME). Essentially, the LME involved an exchange process in which several investors of the 2010 bond were convinced to have their bonds redeemed early using proceeds of the new 2013 bond. The hit rate finally closed at a successful rate of 67% showing that the large majority of existing holders of the bonds were keen to extend duration and move into a new 5-year transaction. The Liability Management Exchange transaction was the first by a non-sovereign borrower in Africa aside from South Africa.

With a yield of 6.375%, the transaction was priced at the tight end of price guidance and at an exceptional zero basis points new issue premium based on the trading levels of the outstanding 2010 bonds pre-announcement. The new bond was also over 100 basis points inside the reoffer yield for the existing bond at the time of issuance in 2010 reflecting the Bank's improved credit ratings of Ba1, BB+ and BB by Moody's, Global Credit Ratings and Fitch Ratings respectively. The strength of the transaction and the following of the PTA credit was shown through the new issue order book which was 2.5x oversubscribed. The Bank was keen to diversify the investor base and the roadshow was successful in delivering 17% distribution to Asia 3% Middle East, 74% Europe and 9% US Offshore. Distribution by investor type was 64% Private banks, 33% Funds and 3% Banks.

Further in October 2014, the Bank also closed its 2nd international syndicated loan facility, which was initially launched at a size of US $200 million, but resulted in 1.6 times over-subscription from the initial launch amount. The strong support that PTA Bank enjoys among its correspondent banking partners was further demonstrated by the fact that 12 banks joined the general syndication, with strong African participation from Egypt, Nigeria and South Africa, as well as China and the Gulf. Notably, the Bank was able to drive down the cost of funding by 25% from the levels achieved in 2012. As at 30 December 2014, total resources available for lending amounted to US $2.8 billion.

International Credit Rating

The PTA Bank was rated by two international rating agencies, namely: Fitch and Moody's. In 2012, Fitch Ratings revised the Bank's outlook from stable to positive and, in 2013upgraded the international long term rating from BB- to BB with a stable outlook. In October 2014, Fitch re-affirmed the upgraded rating of BB, with a stable outlook while Moody's maintained its Ba1 rating. Both rating agencies cited the Bank's expanding capital base and strong liquidity among the critical strengths taken into consideration. Also cited was the Bank's improved risk management and governance framework and practices as new developments that led to the positive rating. In 2012, Global Credit Rating Agency (GCR), a South African based ratings agency upgraded the Bank's rating to BB+, just one notch below investment grade, reflecting an improvement in the Bank's risk profile.

The PTA Bank's Interventions in the COMESA Region

The Bank's interventions in the COMESA region covers a range of activities including: project and infrastructure financing; trade in services financing; establishment of an infrastructure fund; the formation of a new trade finance fund for attracting investment in the COMESA region; and capacity building activities. On infrastructure funding, the Bank finances infrastructure transactions with minimum capital borrowing requirements of US $1 million while the upper limit is determined based on an exposure not exceeding a maximum of 10% of the Bank's balance sheet size. However, for infrastructure and strategic sovereign backed investments, the Bank's exposure to any one project is limited to 25% of the balance sheet size. The aim is to identify and implement viable projects that help to harness resources from various long term financing partners including export credit agencies.

During the first two years of the corporate Plan (2012-2017), the Bank approved a total of 47 projects totalling US $886 million and committed 41 projects, US $655 or 74% of the total approved for the period. The following tables and schematics also show project and infrastructure approvals by sector and country in 2014.

Figure 23: Project and Infrastructure Approvals by Sector (2014)

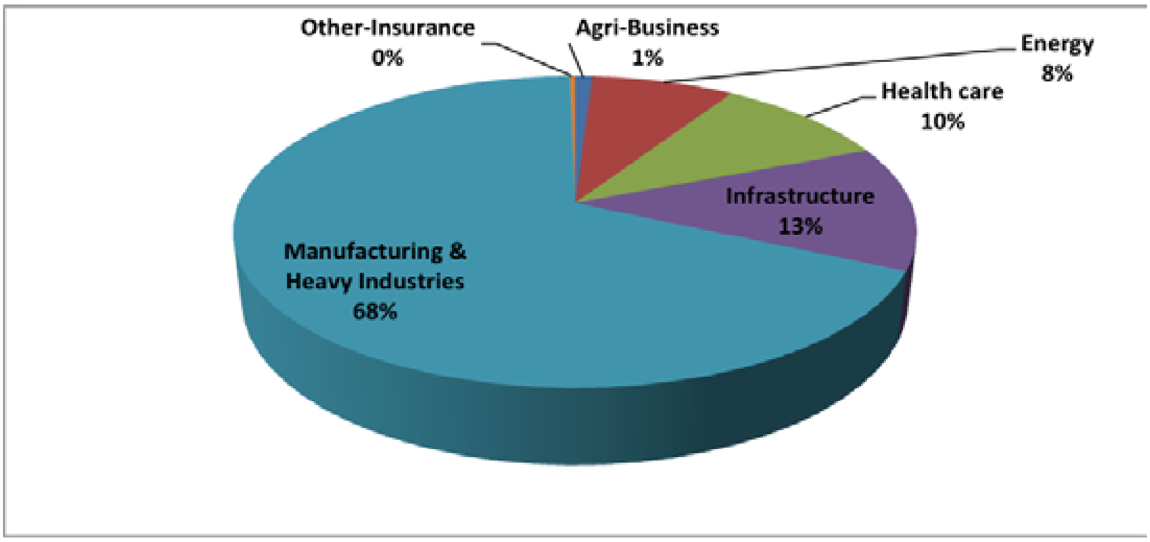


Figure 24: Project and Infrastructure Approvals by Country (2014)

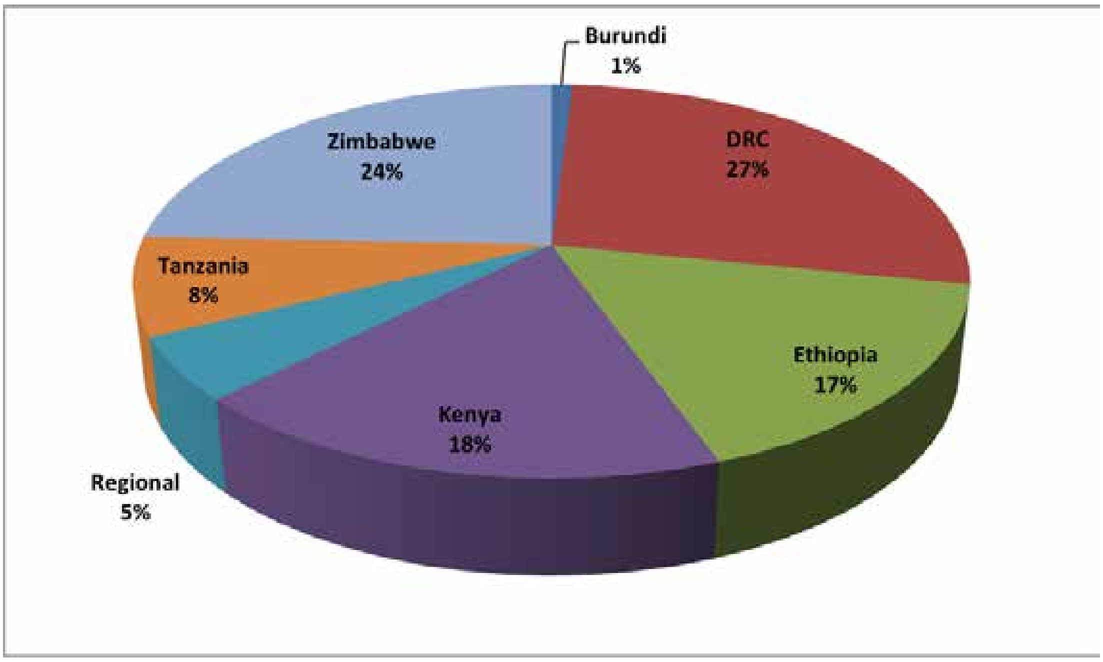


Table 31:Approvals by Sector (2012-2014)

	2012		2013		2014		TOTAL	
SUMMARY APPROVALS	USD	#	USD	#	USD	#	USD	#
Agribusiness	49,500,000	3	6,000,000	1	3,000,000	1	58,500,000	5
Banking & Financial Services	13,552,260	3	11,808,970	2	900,000	1	26,261,230	6
Education	8,400,000	1	-	0	-	0	8,400,000	1
Energy	25,000,000	1	107,100,000	4	25,000,000	1	157,100,000	6
Health Services	17,000,000	1	-	0	30,500,000	1	47,500,000	2
Hospitality, Hotel & Tourism	-	0	22,500,000	2	-	0	22,500,000	2
ICT	-	0	13,267,058	1	-	0	13,267,058	1
Infrastructure	65,000,000	2	10,000,000	1	40,000,000	2	115,000,000	5
Manufacturing & Heavy Industries	49,300,000	5	25,700,000	2	209,700,000	3	284,700,000	10
Real Estate	49,700,000	5	40,000,000	1	-	0	89,700,000	6
Transport & Logistics	10,000,000	1	53,000,000	2	-	0	63,000,000	3
Total	287,452,260	22	289,376,028	16	309,100,000	9	885,928,288	47

Table 32: Summary of Commitments by Sector (2012-2014)

	2012		2013		2014		TOTAL	
SUMMARY COMMITMENTS	USD	#	USD	#	USD	#	USD	#
Agribusiness	20,000,000	1	69,500,000	4	6,000,000	1	95,500,000	6
Banking & Financial Services	23,232,323	4	10,552,260	2	900,000	1	34,684,583	7
Education	8,400,000	1	-	0	-	0	8,400,000	1
Energy	-	0	45,000,000	2	26,000,000	1	71,000,000	3
Health Services	-	0	17,000,000	1	-	0	17,000,000	1
Hospitality, Hotel & Tourism	5,500,000	1	-	0	7,500,000	1	13,000,000	2
ICT	-	0	13,267,058	1	-	0	13,267,058	1
Infrastructure	50,000,000	1	15,000,000	1	10,000,000	1	75,000,000	3
Manufacturing & Heavy Industries	37,300,000	5	25,700,000	2	159,200,000	2	222,200,000	9
Real Estate	4,730,000	3	37,000,000	2	-	0	41,730,000	5
Transport & Logistics	-	0	63,000,000	3	-	0	63,000,000	3
Total	149,162,323	16	296,019,318	18	209,600,000	7	654,781,641	41

The disbursements of project infrastructure financing in 2014 totalled US $495 million out of which 40% was disbursed to energy, infrastructure, manufacturing and heavy industries sectors. With regard to trade in services' financing, the Bank used both reserve management instruments and the medium term note facility to finance both trade and projects. The structure of the Medium term note facility involves the purchase, by PTA Bank, of medium term treasury notes issued by the Government of Malawi The maturities of the notes are for 36 months, while redemptions are allowed through two channels: direct redemption by the Government of Malawi upon due date of the notes; and/or through a partial sell-back of the notes by PTA Bank for purposes of raising local currency (currency swap) required by PTA Bank's exporting clients who may need working capital under various facilities amounting to US $350 million. The Bank also has deposit placement arrangements in place, which serve as part of a larger package, assuring countries of a higher rate of return than if they had placed the funds with their traditional bankers.

Support for Small Scale Farmers

The Bank has been working through trading companies to support small scale farmers by making available agricultural inputs such as seed, fertilizers and equipment. In this regard, the following lines of credit were provided to small scale farmers: US $110 million for Malawian farmers; US $40 million for Kenyan farmers; US $45 million for Tanzanian farmers; US $62 million for Zambian farmers; US $19 million for Zimbabwean farmers; and US $13 million for Zimbabwean farmers.

Status of the Infrastructure Fund

The COMESA Infrastructure Fund (CIF) was launched in 2010 to invest in infrastructure projects in Member States. The CIF set out to attract investments from COMESA sovereigns and institutions as well as multilaterals, private and public enterprises. The Fund's target is to raise US $1 billion in tranches, with the first tranche of US $200-250 million expected to close in mid-2016. The following are some of the milestones achieved so far in the course of the implementation of the CIF:

- The Bank has established an office in Mauritius where the CIF is hosted;
- CIF funds held by COMESA have been transferred to the Fund's account;
- Service providers were selected and approved by the CIF Interim Advisory Board;
- The Chief Executive Officer of the Fund was appointed;
- The Board of the Bank approved the seed capital investment of US $15 million; and
- Privileges and immunities protocols were negotiated with the host government.

On capacity building initiatives, the Bank was engaged in several training and development workshops. The Bank undertook 12 interventions targeted at Bank staff, board members and regional stakeholders. The latter included the Mastering Trade Finance course the SAP end-user training, fraud, enterprise risk management; balanced scorecard; and business continuity training. Further training was conducted in environmental and social awareness delivered by UNEP.

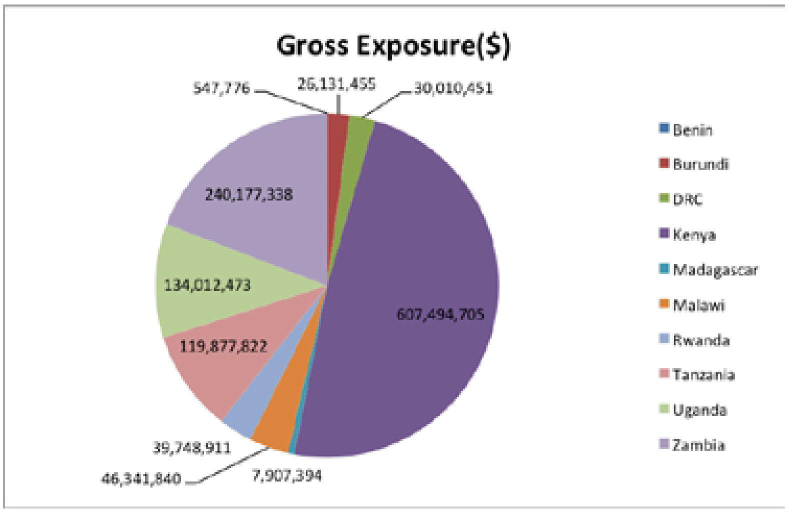
The Bank's five year strategic plan, covering 2013-2017, is expected to accelerate economic development and trade in the region since it introduced innovation, reforms and new initiatives to diversify further and expand the Bank's sources of capital and funding.

10.2 AFRICAN TRADE INSURANCE AGENCY (ATI)

The African Trade Insurance Agency (ATI) was established as a COMESA initiative to fill a market gap and boost investor confidence not only in the COMESA region but across the African continent. Demand for political and credit risk insurance continues to grow as investors, suppliers, contractors and exporters and, in particular their funding banks are looking for ATI to offer reliable financial solutions to cover their political, sovereign and credit risks.

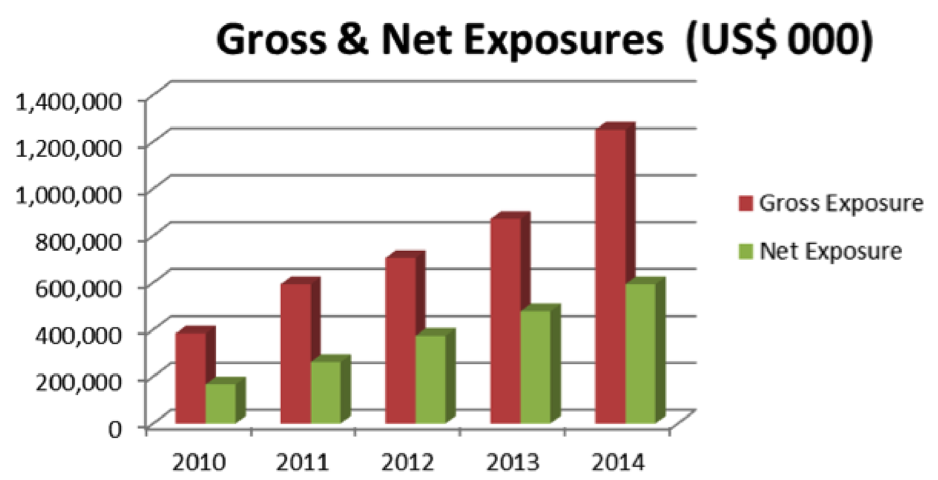
In the past a majority of ATI business came from international companies based outside Africa, who were typically familiar with trade and investment insurance products. During the period under review the picture was rather different partly due to the expansion and diversification of local and regional companies and financial institutions. International, local banks and regional development banks are currently in a better position to provide adequate trade and project finance using ATI's risk mitigation instruments. This is consistent with the objective of ATI increasing financing for private sector led growth. Access to ATI political and credit risk insurance has facilitated not just additional but better financing terms for trade and investment activity in ATI member countries. During the period under review, ATI posted positive records in key performance areas and made significant improvement in its operational processes, while concluding new strategic partnerships. Over the last five years, the Agency facilitated trade transactions and investment projects worth over US $16 billion.

Figure 25: Gross Exposure per Country (2014)



Over the last five years, there was consistent growth in the Agency's business, which reflected the strong foundation upon which the business model was built and showed that the Agency was on track to achieve long term financial stability. During the period under review, ATI offered guarantees for trade and investment projects in virtually all sectors of the economy, including in energy, mining, oil, manufacturing and road infrastructure and telecommunications sectors. A key milestone was the payment of some very large claims for example the sovereign default on infrastructure contracts and physical damage loss resulting from the Westgate mall terrorist attack in Kenya.

Figure 26: Gross and Net Exposures (2010-2014)



The gross and net premium for the last five (5) years, as shown in the Figure 27, the Agency is financially sound since it continued to deliver a comfortable net written premium in FY2014 compared to prior.
Figure 27: Gross and Net Premium (2010-2014)

The Agency has also seen a constant increase in its capital stock, which stood at US $180,500,000 as at 31 December 2014. It was expected that as new countries acquire membership, the Agency's capacity to support business in Africa would be similarly improved.

For the last seven (7) consecutive years, the Agency has been assigned by Standard & Poor's a long term "A Strong", rating for both its Counterparty and Insurer Financial Strength Ratings, with a 'Stable' outlook. During the year under review, Standard & Poor's Ratings Services re-affirmed its "A" Stable long-term for both Counterparty Credit Rating and Financial Strength Rating. The outlook remained stable. This made ATI the second highest rated institution in Africa and it was a confirmation that ATI's capital base and business model remained robust. There is no doubt that the rating would encourage more utilization of ATI products and services by banks, importers, exporters and investors worldwide.

Country membership expansion within and outside the African region remains a key priority for ATI's growth and development strategy. The Agency's growth strategy, which aims at expanding the institution's reach, places ATI in an ideal position to achieve even greater results in the years to come.
In this regard, the ECOWAS Council of Ministers resolved to request all ECOWAS Member States to join ATI. ATI Management and the ECOWAS Commission have embarked on a membership drive that will see all the ECOWAS Member States take up membership in ATI. This development would no doubt facilitate the attainment of the Continental Free Trade Area.

10.3 COMESA COMPETITION COMMISSION

The COMESA competition law as contained in Chapter six of Article 55 of the COMESA Treaty provides for the establishment of the COMESA Competition Commission charged with the enforcement of regulations governing the enforcement of competition laws, policies and disciplines in Member States. This is implemented through national competition laws (national legal orders comprising of respective bodies of legal rules within each of the COMESA Member States) and a regional legal framework (comprising of the body of legal rules created at the COMESA level, including COMESA Competition Regulations). National competition laws apply to the enforcement of anti-competitive practices at national levels, while the regional framework is generally invoked to address anti-competitive practices that have cross-border implications and impacts. The objective of the Commission's work is to ensure that Member States enjoy the benefits of increased competition, open and contestable markets, private sector investment, and improved consumer welfare as ingredients for enhancing regional integration in the Common Market.

One of the major functions of the COMESA Competition Commission is to regulate mergers and other forms of acquisitions. The parties to a notifiable merger are required to notify the Commission in writing of any proposed transaction which satisfies the requisite threshold as defined in Article 23 (3) (b) of the Regulations. In 2013, a total of 13 merger notifications were assessed and cleared. The transactions affected a range of sectors covering agriculture, electronics, insurance, pharmaceuticals, and others. In 2014, 44 notifications were made, which signaled a significant increase of 239% compared to 2013 notifications.

The sharing of merger filling fees among Member States is done according to approved rules which define a mechanism for equitable revenue sharing. Between January 2013 and December 2014, the Commission collected approximately US $10.6 million in earnings from merger filling fees, of which the Commission retained 50 percent and the balance of the 50 percent was disbursed to Member States. Member States were advised to use these disbursements to enhance the enforcement capacities of their respective National Competition Authorities. Table

33 shows the status of mergers and acquisitions in the region; while Table 34 depicts revenue sharing between Member States and the Commission over the period under review.

Table 33: Status of Mergers and Acquisitions Notifications (January 2013-Dec 2014)

	Mergers and Acquisition	Sector	Member States
	Merger between Koninklijke Philips Electronics N.V. and Funai Electric Company Limited	Electronics	Egypt, Ethiopia, Libya, Madagascar, Seychelles, Uganda, Zambia
	Merger between Cipla Limited ("Cipla India") and CiplaMedpro South Africa (Proprietary) Limited ("CiplaMedpro")	Pharmaceutical	Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia, Zimbabwe
	Acquisition of Cooper Tire & Rubber Company by Apollo Tyres Limited	Rubber	Egypt, Ethiopia, Eritrea, Kenya, Libya, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia, Zimbabwe.
	Merger between PPC International Holdings Proprietary Limited ("PPC International") CIMERWA Limited ("CIMERWA")	Cement	Burundi, Rwanda, Zambia and Zimbabwe
	Eurasian Resources Group B.V. and Eurasian Natural Resources Corporation PLC	Mining Sector	Democratic Republic of Congo, Malawi, Mauritius, Seychelles, Zambia and Zimbabwe.
	Transaction between Old Mutual (Africa) Holding (Pty) Limited ("OMAH") and Oceanic Insurance Company Limited ("Oceanic Insurance")	Insurance	Kenya, Malawi, and Swaziland
	Transaction between Old Mutual (Africa) Holding (Pty) Limited ("OMAH") and Provident Life Assurance Company Limited ("Provident")	Insurance	Kenya, Malawi and Swaziland
	Transaction between Roots Group Arabia PJSC (RGA) and Ideal Standard International Holding Sarl (ISIH)	construction	Egypt, Kenya, Libya, Mauritius, Rwanda, Sudan, Uganda
	Acquisition of Tractor and Grader Supplies Proprietary Limited and Tractor and Grader Supplies (Swaziland) Proprietary Limited by Torre Industrial Holding Limited	Construction	Swaziland, Zambia and Zimbabwe
	Acquisition by Total Egypt LLC ("Total Egypt") of the Entire Issued Share Capital of Chevron Egypt SAE ("Chevron Egypt")	Petroleum	Democratic Republic of Congo, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Swaziland, Uganda, Zambia and Zimbabwe
	Acquisition by Total OutreMer S.A of the Entire Issued Share Capital of Shell Marketing Egypt and Shell Compressed Natural Gas Egypt Company	Petroleum	Democratic Republic of Congo, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Swaziland, Uganda, Zambia and Zimbabwe
	Merger between FedEx Corporation and Supa Swift (Proprietary) Limited	Courier Delivery Service	Malawi, Swaziland and Zambia
	Merger between AGRI Group Holdings Proprietary Limited and AFGRI Limited[4]	Agriculture	Swaziland, Zambia and Zimbabwe

	Acquisition of Adcock Ingram Holdings Limited by CFR Invesiones.	Pharmaceutical	Kenya, Uganda, Rwanda, Swaziland, Zambia and Zimbabwe
	Acquisition of the Entire Issued Share Capital of Intervate Holdings Proprietary Limited (Intervate) by T-Systems South Africa Proprietary Limited (TSSA)	Telecommunications	Kenya, Swaziland and Malawi
	Proposed Group restructuring of the AutoXpress Group	Tyres	Kenya, Mauritius and Rwanda
	Proposed Acquisition by the Mauritius Union Assurance Company Ltd of the Entire Issued Share Capital of Phoenix Transafrica Holdings Limited	Insurance	Mauritius, Kenya Uganda and Rwanda
	Aercap Ireland Limited and International Lease Finance Corporation	Airlines	Egypt, Ethiopia, Kenya, Mauritius and Rwanda
	Merger between YAR International ASA and OFD Holdings (Abocol Group)	Agriculture	Burundi, DRC, Egypt, Ethiopia, Kenya, Libya, Rwanda, Seychelles, Sudan, Uganda, Zambia and Zimbabwe.
	Acquisition of the selected Asset of Marryat & Scott by Kone Kenya Limited	Elevators, Escalators and Moving Walkways	Kenya Uganda and Rwanda
	Acquisition by Mobile Telephone Networks Holdings Proprietary Limited and Millicom International Cellular SA of Africa Internet Holdings GMBH	E-Commerce	DRC, Ethiopia, Kenya, Mauritius, Rwanda, Sudan, Swaziland, Uganda and Zambia
	International Hotel Licensing Company S.A.R.L. and various entities with Protea Group of Companies.	Hotel	Egypt, Libya, Rwanda
	Merger betweenSandvik, Inc and Varel International Energy Services, Inc	Mining and Oil and Gas	DRC, Egypt, Eritrea, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe.
	Al Futttaim and Auto Machinery Company LLC and CMC Holding Limited	Automotive and Machinery	Uganda and Kenya
	Acquisition of Assets by Barloworld Equipment Zambia Limited	Construction and Earth Moving	Zambia and Zimbabwe
	Acquisition by Lenovo of International Business Machines (IBM) X86 Server Business	Information Technology	Egypt, Kenya, Rwanda, Seychelles, Uganda, DRC, Madagascar and Malawi
	Merger betweenZoomlion Heavy Industry Science and Technology Co. Ltd and Saint – Gobain Weber GMBH	Construction	DRC, Djibouti, Ethiopia, Egypt, Kenya, Libya, Malawi, Mauritius, Rwanda, Sudan, Uganda and Zambia.
	Merger between CSSAF Holdings I/IAFPEF JJ Limited and Lift Logistics Holdco	Transport	Zambia and Zimbabwe
	Merger between Continental Aktiengesellschaft and Veyance Technologies Inc.	Tyres	Democratic Republic of Congo, Egypt, Kenya, Libya, Madagascar, Malawi, Mauritius, Swaziland, Zambia and Zimbabwe

	Merger between Torre Industrial Holdings Limited and Control Instruments Group Limited	Construction, Earth Moving and Automotive	Kenya, Mauritius, Malawi, Swaziland, Zambia, Zimbabwe.
	Merger between Africell Holdings SAL and Orange Uganda Limited	Mobile Telecommunications	Democratic Republic of Congo, Uganda
	Merger between Holcim Limited and Lafarge SA	Construction	Democratic Republic of Congo, Egypt, Kenya, Madagascar, Malawi, Mauritius, Uganda, Zambia, Zimbabwe
	Merger between Robert Bosch GmbH and Hytec Holdings (Pty) Ltd.	Motor and Industrial Technology	Egypt, Ethiopia, Kenya, Libya, Malawi, Mauritius, Sudan, Uganda, Zambia, Zimbabwe
	Merger between L1E Acquisitions GmbH and RWE Dea A.G	Energy	Egypt, Libya
	Merger between Baker Hughes Pipeline Management Group Inc and Weatherford Pipeline and Specialty Services	Energy	Democratic Republic of Congo, Egypt, Ethiopia, Libya, Kenya, Madagascar, Sudan, Uganda
	Merger between Puma Energy Mauritius Investment Limited and Chevron Swaziland	Petroleum	Democratic Republic of Congo, Malawi, Swaziland, Zambia, Zimbabwe
	Cannon Assurance Limited and Metropolitan International Holdings Proprietary Limited	Insurance	Kenya, Malawi, Swaziland, Zambia
	Merger between Improchem Proprietary Limited and Clariant Southern Africa's Water Treatment Business	Water	Democratic Republic of Congo, Ethiopia, Kenya, Malawi, Mauritius, Swaziland, Uganda, Zambia, Zimbabwe.
	Merger between Telkom SA SOC Limited and Business Connexion Group Limited	Information and Communications Technology.	Egypt, Ethiopia, Kenya, Malawi, Mauritius, Rwanda, Swaziland, Uganda, Zambia, Zimbabwe.
	Merger between Platform Specialty Products Corp and ArystaLifescience Limited	Agro-Chemicals	Democratic Republic of Congo, Egypt, Kenya, Malawi, Seychelles, Sudan, Uganda, Zambia and Zimbabwe.
	Merger between Grohe Luxembourg Four S.A and Main Street 1254 (Proprietary) Limited	Construction	Democratic Republic of Congo, Kenya, Mauritius, Seychelles, Swaziland, Uganda, Zambia and Zimbabwe.
	Merger between African Development Corporation AG and the Rwanda Bank and ATMA Co-Nvest	Banking	Rwanda, Zambia, Zimbabwe
	Merger between CFR Inversiones SPA and Adcock Ingram Holdings Limited	Pharmaceutical	Democratic Republic of Congo, Kenya, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia, Zimbabwe
	Merger between Robert Bosch GmbH (" Bosch") and Hytec Holdings (Pty) Ltd ("Hytec")	Industrial Technology	Egypt, Ethiopia, Kenya, Libya, Malawi, Mauritius, Sudan, Uganda, Zambia and Zimbabwe.
	Acquisition byChlor – Arkali Holdings Proprietary Limited ("CAH") of KhumoBathong Strategic Investments No 2 Proprietary Limited ("KhumoBathong") and Star Focus Proprietary 115 Proprietary Limited ("Star Focus")	Salt Mining	Democratic Republic of Congo, Swaziland, Zimbabwe

Table 34: Merger Revenue Sharing among Member States

CONSOLIDATED TABLE FOR TOTAL REVENUE ACCRUING TO EACH MEMBER STATE		
COUNTRY	REVENUE DUE TO EACH MEMBER STATE	REVENUE ALREADY DISBURSED TO MEMBER STATES
Burundi	4,364.31	-
Comoros	466.74	-
Democratic Republic of Congo	364,823.79	
Djibouti	13,735.94	-
Egypt	945,665.41	945,665.41
Eritrea	100,317.77	-
Ethiopia	269,666.07	269,600.62
Kenya	766,204.82	766,204.82
Libya	80,118.07	-
Madagascar	38,799.07	-
Malawi	375,984.86	374,279.62
Mauritius	142,152.01	-
Rwanda	120,677.99	-
Seychelles	18,758.13	18,120.12
Sudan	69,221.34	-
Swaziland	180,888.61	180,888.61
Uganda	364,463.68	-
Zambia	827,086.01	827,086.01
Zimbabwe	597,592.49	597,592.49
TOTAL	**5,280,987.11**	**3,979,437.70**

Note: The amounts due to some Member States have not been disbursed because relevant authorities of respective Member States have not provided their bank account details to facilitate transfers due to them.

10.4 COMESA MONETARY INSTITUTE

The COMESA monetary cooperation programme is predicated on the COMESA Treaty Article 4(4) which mandates the gradual establishment of a Monetary Union. The Article states that: "In the field of monetary affairs and finance, Members should co-operate in monetary and financial matters and gradually establish convertibility of their currencies and establish a payments union as a basis for the eventual establishment of a monetary union". This mandate is further reinforced in Articles 76-78 which, respectively reflect on COMESA Monetary and Fiscal Policy Harmonization programmes, the establishment of currency convertibility and the formation of an exchange rate union. Based on the above mandate, the COMESA Committee of Governors of Central Banks set up a COMESA Monetary Institute to conduct all activities related to the achievement of macroeconomic and financial stability in the region, and ultimately a monetary union. The COMESA Monetary Institute (CMI) became operational in March 2011.

For the medium term, the activities of the Institute were directed towards the development and implementation of a COMESA Multilateral Monetary and Fiscal Surveillance Framework (to ensure the viability and sustainability of the COMESA Monetary integration agenda) and a COMESA Financial System Development and Stability Plan (to achieve regional financial integration).

The benefits of a monetary co-operation programme within the framework of the COMESA regional integration agenda are multifold: to enhance the region's market integration pillar of integration; to improve the region's cross border economic infrastructure pillar; to facilitate, not only, the increase in capital flows but also equalize prices and returns on traded financial assets in Member States; to facilitate local financial institutions to grow into regional, continental and subsequently even global players in financial markets; to enhance the maturity and depth of the region's financial system in a manner as to hasten economic growth through private sector development; to enhance the harmonization of "soft financial infrastructure" within the region, as well as facilitate the financing of regional physical infrastructure through the flotation of regional infrastructure bonds and the formation of intra-regional Private-Public Partnerships (PPPs).

The CMI's interventions during 2013 and 2014 were aimed at research and capacity building intended to enable Member States: to formulate and implement economic policies based on solid evidence; to develop their own appropriate macro-economic frameworks; develop models for monitoring their monetary transmission mechanisms and fiscal deficit management indicators; ensure countries have robust public finance management framework reform programmes and action plans; embed the regional trade agenda into fiscal surveillance frameworks; ensure implementation and effective coordination of the medium term financial programmes (including the medium term fiscal framework, the medium term budget framework and the medium term expenditure framework); and ensure that Member States diversify their financial systems and build capacity for financial stability assessments. Table 35 shows CMI's activities conducted during 2014:

Table 35: CMI Activities Conducted in 2014

Activity	Impact
Training on International Reserve Management in collaboration with Central Bank of Egypt.	Enabled participants in Member States' Central Banks gain deeper practical as well as theoretical understanding of International Reserve Management.
Trainings on modelling panel data and transmission mechanism of monetary policy	Provided participants with necessary analytical tools on modelling transmission mechanism of monetary policy and panel data econometrics.
Training on Modelling and forecasting volatility in Financial Markets	Provided participants with analytical tools for modelling and forecasting volatility in financial markets.
Training on Macro-prudential policy tools relevant to COMESA member countries	Equipped participants with macro-prudential tools and instruments that have been implemented in various parts of the world and recommended tools that are relevant to COMESA member countries.
Training on S.H.I.E.L.D.S rating based on full-fledged country case study	Provided participants with practical hands-on training on the S.H.I.E.L.D.S rating system in order to facilitate the implementation of the COMESA Framework for Assessing Financial System Stability
Training on Microfinance Policy and Development in Collaboration with African Development Bank and Alliance Forum Foundation	Provided participants from Central Banks and Microfinance practitioners on how to enhance microfinance outreach in their respective countries. A knowledge product on Microfinance Development in the region is being prepared.
Undertook research on the following:	Approaches on how to calculate exchange rate volatility optimal threshold affecting macroeconomic stability were discussed.
i) Exchange Rate volatility and its effect on macroeconomic management;	Recommendations made on how to minimize exchange rate volatility in member countries;
(ii) Empirical Assessment of the effectiveness of monetary policy regimes in selected COMESA member countries;	Challenges faced by member countries as related to the existing monetary policy framework were identified and recommendations made to address the challenges
iii) Review of macroeconomic developments in the COMESA region in 2013.	Identified challenges in macroeconomic management in member countries
iv) Survey of major challenges facing Micro-finance Institutions in the COMESA region	Identified challenges in microfinance development in the region and recommended microfinance development strategy for the region

In 2014 Member States made reasonable progress in implementing the COMESA Monetary Integration agenda. Some of the achievements were: the full operationalization of the COMESA Regional Payment and Settlement System (REPPS) which went live in a number of Member States; greater efforts by Member States to introduce financial innovations; the creation of the COMESA Convergence Council that is charged with spearheading progress towards macro-economic convergence while emphasising the trade agenda; commitments by Member States to undertake legal and institutional reforms to facilitate the implementation of medium term macro-economic frameworks and to create financial stability units in their respective Central Banks to conduct macro-prudential analyses; adoption of international best practices in the supervision and regulation of their financial the sectors; commitment to promote financial inclusion; establishment of national credit reference bureaus in some countries; and strengthened banks and firm commitments to appropriately sequence plans for modernizing financial sector infrastructure.

10.5 COMESA CLEARING HOUSE

The objective of the COMESA Clearing House (CCH) pursuant to Article 73 of the COMESA Treaty is to facilitate the settlement of trade and services payments amongst Member States. CCH subsequently introduced the Regional Payment and Settlement System (REPSS) which was designed to allow Member States to transfer funds more efficiently and effectively within the region. REPSS is built on open standards and is also accessible to non-Member States. COMESA has the vision of gradually making the system the single gateway for Central Banks within the region to effect payment. REPSS is thus a multilateral netting system with end-of-day settlement in a single currency (US$ or Euro) that allows for settlement in a multi-currency environment (US$, Euro or any other specified currency).

The main aim of the payment system is to stimulate economic growth through increased intra-regional trade and a capacity to enable importers and exporters to settle and receive payment for goods and services through an efficient and cost effective platform. Local banks in Member States are able to access the payment system through their Central Banks. Any participating bank is, therefore, able to make payments to, and receive payments from, any other participating bank. The linkages through Central Banks are designed to circumvent otherwise complex payment chains that in many cases are conducted through correspondent banking arrangements. Table 36 shows the current status of the implementation of REPSS at Central Bank levels and action required for increased utilisation of the system.

Table 36: Current Status of REPSS Implementation

PARTICIPANT	STATUS AS AT DECEMBER 2014	ACTION REQUIRED
Central Bank of Kenya	Live and transacting on REPSS. System very well received by commercial banks	More commercial banks needed on board
Reserve Bank of Malawi	Live on REPSS; No transaction yet since going live	Transactions needed
Bank of Mauritius	Live and transacting on REPSS	More transactions needed
National Bank of Rwanda	Live on REPSS; No transactions in 2014	More transactions needed
Central Bank of Swaziland	Live on REPSS; No transactions in 2014	Start transacting
Bank of Uganda	Live on REPSS; Receiver, yet to send payments on REPSS	Start transacting
Bank of Zambia	Went live in December 2014	Start transacting
Banque de la République du Burundi	Testing is underway	Internal preparations to be completed
Banque Centrale du Congo	Testing is underway	Internal preparations to be completed
Central Bank of Egypt	Internal preparations in progress	Final tests for live operations
Central Bank of Sudan	Internal preparations in progress	Final tests for live operations
Banque Centrale de Djibouti	Staff trained	Start preparations for live operations
Banque Centrale de Madagascar	Preliminary tests done	Sensitisation and internal preparations needed
Bank of Tanzania	Preliminary tests done	Further tests needed; Sensitisation of stakeholders
Reserve Bank of Zimbabwe	Preliminary tests done	Internal processes to be completed
Central Bank of Libya	Staff members trained before political landscape changed	Start preparations for REPSS
Central Bank of Seychelles	Advised CCH that not ready yet due to RTGS preparations	Advised that RTGS not a prerequisite
Banque Centrale des Comores, Bank of Eritrea, National Bank of Ethiopia	Yet to start REPSS preparations	Start preparations for REPSS

The major benefits of COMESA REPSS include: guaranteeing the prompt execution of payments for exports as well as other transfers through the Settlement Bank (Bank of Mauritius); espousing confidence among traders given the involvement of Central Banks, which in turn increases trade within the region; reducing foreign funding as the amount to be paid at the end of the day; reducing foreign counterparty exposures; and reducing collateral requirements since Central Banks are directly involved in the system.

In terms of performance, the Central Banks of Kenya and Uganda started using REPSS in 2014, bringing the total number on board the live REPSS platform to six. Table 37 below shows projections of likely savings that would accrue to each Member State for the period 2015-2020 if intra-COMESA payments are channelled through REPSS.

Prospects for 2015 are very encouraging, particularly following evidence of growing stakeholder support, sensitisation and training offered jointly by Central Banks, the Clearing House and the Secretariat on the functionalities of the system. It is anticipated that REPSS would further grow as the Central Banks of DRC, Egypt, Sudan and Zambia begin live operations on the platform during the first half of 2015. In the meantime, emphasis is being placed on capacity building at Central Banks to facilitate the joining of other Member States.

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ABLE 37: MEMBER STATES SAVINGS ON ADDITIONAL TRADE WHEN CHANNELLING PAYMENTS THROUGH REPSS 2015-2020

COUNTRY	Total Imports (Actual)	Projected Imports (2020)	Estimated Transaction Costs including LC confirmation costs (5%)		REPSS Charges Total: 2013 - 2014 (0%)	REPSS Charges Total: 2015 (0.25%)	REPSS Charges Total: 2016-2020 (0.5%): 0.25% (CCH 0.2%, Central Bank 0.05%)		REPSS Charges Total: 2016-2020 (0.5%): Funding of Regional Integration Projects 0.25%		Savings by Member States through REPSS (where LC Confirmation is not required)		Estimated Transaction costs when trading through Open Account (1%)		Savings by Member States through REPSS by Trading through Documentary Collection & ultimately on Open Account	
	US$ M		US$ M		US$ M		US$ M		US$ M		US$ M		US$ M		US$ M	
	2013	2020	2013	2020	2013-2014	2015	2016	2020	2016	2020	2015	2020	2015	2020	2015	2020
BURUNDI	307.0	457.3	15.4	22.9	NIL	0.9	0.9	1.1	0.9	1.1	3.4	4.6	3.4	4.6	12.8	16
COMOROS	24.0	35.7	1.2	1.8	NIL	0.1	0.1	0.09	0.1	0.09	0.3	0.4	0.3	0.4	1.0	1.25
CONGO DR	2,000.0	2,978.9	100.0	148.9	NIL	5.6	5.9	7.4	5.9	7.4	22.3	29.8	22.3	29.8	83.5	104
DJIBOUTI	92.0	137.0	4.6	6.9	NIL	0.3	0.3	0.3	0.3	0.3	1.0	1.4	1.0	1.4	3.8	5
EGYPT	654.0	974.1	32.7	48.7	NIL	1.8	1.9	2.4	1.9	2.4	7.3	9.7	7.3	9.7	27.3	34
ERITREA	13.0	19.4	0.7	1.0	NIL	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.1	0.2	0.5	1
ETHIOPIA	194.0	289.0	9.7	14.4	NIL	0.5	0.6	0.7	0.6	0.7	2.2	2.9	2.2	2.9	8.1	10
KENYA	712.0	1,060.5	35.6	53.0	NIL	2.0	2.1	2.7	2.1	2.7	7.9	10.6	7.9	10.6	29.7	37
LIBYA	1,405.0	2,092.7	70.3	104.6	NIL	3.9	4.1	5.2	4.1	5.2	15.6	20.9	15.6	20.9	58.6	73
MADAGASCAR	153.0	227.9	7.7	11.4	NIL	0.4	0.5	0.6	0.5	0.6	1.7	2.3	1.7	2.3	6.4	8
MALAWI	236.0	351.5	11.8	17.6	NIL	0.7	0.7	0.9	0.7	0.9	2.6	3.5	2.6	3.5	9.9	12
MAURITIUS	149.0	221.9	7.5	11.1	NIL	0.4	0.4	0.6	0.4	0.6	1.7	2.2	1.7	2.2	6.2	8
RWANDA	374.0	557.1	18.7	27.9	NIL	1.0	1.1	1.4	1.1	1.4	4.2	5.6	4.2	5.6	15.6	19
SEYCHELLES	51.0	76.0	2.6	3.8	NIL	0.1	0.2	0.2	0.2	0.2	0.6	0.8	0.6	0.8	2.1	3
SUDAN	682.0	1,015.8	34.1	50.8	NIL	1.9	2.0	2.5	2.0	2.5	7.6	10.2	7.6	10.2	28.5	36
SWAZILAND	14.0	20.9	0.7	1.0	NIL	0.0	0.0	0.05	0.0	0.05	0.2	0.2	0.2	0.2	0.6	0.73
UGANDA	703.0	1,047.1	35.2	52.4	NIL	2.0	2.1	2.6	2.1	2.6	7.8	10.5	7.8	10.5	29.3	37
ZAMBIA	2,803.0	4,174.9	140.2	208.7	NIL	7.8	8.3	10.4	8.3	10.4	31.2	41.7	31.2	41.7	117.0	146
ZIMBABWE	416.0	619.6	20.8	31.0	NIL	1.2	1.2	1.5	1.2	1.5	4.6	6.2	4.6	6.2	17.4	22
TOTAL	**10,982.0**	**16,357.1**	**549.1**	**817.9**	**-**	**30.6**	**32.4**	**40.9**	**32.4**	**40.9**	**122.2**	**163.6**	**122.2**	**163.6**	**458.4**	**572**

Notes

Imports will grow by 5% between 2013-2014 and by 6% between 2015-2020

REPSS charges in 2013 & 2014 are nil, 0.25% in 2015 and 0.5% from 2016-2020 (of import value)

Savings by Member States through REPSS (where LC Confirmation is not required) are 1% of the import value

Savings by Member States through REPSS by Trading through Documentary Collection & ultimately on Open Account is total transaction cost (5%) less the total of the REPSS cost (0.5%) and the cost of trading through open account (1%)

10.6 COMESA REGIONAL INVESTMENT AGENCY (RIA)

Since its launch, COMESA RIA has been active in promoting the COMESA region as a Common Investment Area, building a positive image of the region to a worldwide audience, and improving Member States' ability to do the same.

More specifically, COMESA RIA has been able to contribute to the improvement of Member States' investment and business climates through various capacity building programmes targeting mainly the regions' investment promotion agencies. Programmes have included: training on various topics related to investment promotion, development of websites and investors' tracking systems, development of various publications and the completion of in-depth studies. The capacity of investment promotion agencies was strengthened to promote their respective countries to attract new investment and retain the existing investment base.

Also contributing to these efforts are the various promotional activities which have been organized over this time span. Examples include organization of high-level international COMESA investment forums and ministerial road shows; participation at key events and support to Member States' events; development of an investor portal now attracting over 150,000 visitors yearly; various country-level and regional investors' guides and other promotional tools; promotion of specific investment opportunities and projects as well as the dissemination of positive news and information about facilities, regulatory frameworks, incentives, and procedures. These promotional efforts have succeeded in bridging the gap between perceptions and reality. They have also raised the profile and image of the region and its Member States, as destinations where it is easier to do investment and also where the return on investment is higher than anywhere else in the world.

Table 38: RIA Activities in 2014

Member State	Activity	Source of funding	Impact
Burundi	Support to Burundi's Investment Promotion Authority (API) to participate to the 5th EU-Africa Business Forum (Brussels, March 31-April 1 2014) which attracted more than 600 high-level participants from across the European and African business community. More specifically, COMESA RIA, with the support of APSA, financed the participation of API's CEO to participate.	APSA	Promotion of Burundi as an attractive investment destination through network and B2B meetings
Comoros	Support to the Comoros National Investment Promotion Agency (ANPI) to participate to the 5th EU-Africa Business Forum (Brussels, March 31-April 1 2014) which attracted more than 600 high-level participants from across the European and African business community. More specifically, COMESA RIA, with the support of APSA, financed the participation of ANPI's CEO to participate.	APSA	Promotion of Comoros as an attractive investment destination through network and B2B meetings
D R Congo	Support to D R Congo's Investment Promotion Agency (ANAPI) to participate to the 5th EU-Africa Business Forum (Brussels, March 31-April 1 2014) which attracted more than 600 high-level participants from across the European and African business community. More specifically, COMESA RIA, with the support of APSA, financed the participation of ANAPI's CEO to participate.	APSA	Promotion of D R Congo as an attractive investment destination through network and B2B meetings

Ethiopia	Development of an Investor Tracking System (ITS) for the Ethiopian Investment Corporation (EIC), Ethiopia's Investment Promotion Agency Development of EIC's Investment Portal National training workshop in Addis Ababa for EIC staff on the administration and management of ITS and portal Regional training workshop in Cairo, Egypt, on the importance of online investment promotion, organisation of the agency's work through the ITS and level of responsiveness to investor inquiries	EU-ACP Business Climate Facility, Bizclim	Through the ITS, improved ability of agency to optimize and make the most out of the process of tracking and managing the different types of investor requests and contacts from taking care of initial contacts to the delivery aftercare services Through their new investment portal, improved capacity of agency to reach investors in a timely manner with needed information in a user-friendly and cost-effective manner and can ultimately result in the generation of an important amount of leads Through trainings, improved understanding of workflow organization and responsiveness Improved overall capacity of EIC to attract investment
	Development of an Investor's Guide to Ethiopia	Regular budget	Strengthened portfolio of high-quality promotional tools at the disposal of the Agency Availability of organized doing business contents/ text/ information at the disposal of the agency to improve quality and speed of responsiveness to investor inquiries Improved overall capacity of EIC to attract investment

Kenya	Development of an Investor Tracking System (ITS) for the KenInvest, Kenya's Investment Promotion Agency Development of a road map and improvement recommendations for the development of KenInvest's Investment Portal National training workshop in Nairobi for KenInvest staff on the administration and management of ITS and road map to develop improved investment portal Regional training workshop in Cairo, Egypt, on the importance of online investment promotion, organisation of the agency's work through the ITS and level of responsiveness to investor inquiries	EU-ACP Business Climate Facility, Bizclim	Through the ITS, improved ability of agency to optimize and make the most out of the process of tracking and managing the different types of investor requests and contacts from taking care of initial contacts to the delivery aftercare services Through the road map to develop improved KenInvest's investment portal, improved capacity of agency to reach investors in a timely manner with needed information in a user-friendly and cost-effective manner and can ultimately result in the generation of an important amount of leads Through trainings, improved understanding of workflow organization and responsiveness Improved overall capacity of KenInvest to attract investment
	Development of an Investor's Guide to Kenya	Regular budget	Strengthened portfolio of high-quality promotional tools at the disposal of the Agency Availability of organized doing business contents/ text/ information at the disposal of the agency to improve quality and speed of responsiveness to investor inquiries Improved overall capacity of KenInvest to attract investment
Madagascar	Training of the Economic Development Board of Madagascar (EDBM), Madagascar's Investment Promotion Agency, on investment promotion best practices, in Antananarivo. More specifically, EDBM's staff and government officials were trained on the FDI context, the investor's decision-making process, the evaluation of their website, a systematic approach to investors' requests, planning and organizing, investor aftercare services, investor targeting, and investment facilitation. Development of an Investor Tracking System (ITS) for EDBM and organisation of national training workshop in Antananarivo on the administration and use of the ITS	APSA	Improved understanding of EDBM of FDI context, investor decision-making process, online promotional tools management, responsiveness to investors, investor aftercare, workflow organisation and working with other government institutions, etc. Through the ITS, improved ability of agency to optimize and make the most out of the process of tracking and managing the different types of investor requests and contacts from taking care of initial contacts to the delivery aftercare services Improved capacity of EDBM to attract investment
	Support to EDBM to participate to the 5th EU-Africa Business Forum (Brussels, March 31-April 1 2014) which attracted more than 600 high-level participants from across the European and African business community. More specifically, COMESA RIA, with the support of APSA, financed the participation of EDBM's Director of Promotion to participate.	APSA	Promotion of Madagascar as an attractive investment destination through a presentation, networking and B2B meetings

Malawi	Support to the Malawi Investment and Trade Centre (MITC), Malawi's Investment Promotion Agency, in the organisation of its mission to the Emirates. More specifically, COMESA RIA helped MITC secure meetings with Emirati private sector.	Regular budget	Promotion of Malawi as an attractive investment destination
Mauritius	Support to the Board of Investment of Mauritius (BOI), Mauritius' Investment Promotion Agency in the organisation of the Mauritius Africa Partnership Conference (Port-Louis, 25-27 June 2014), the first African conference gathering the CEOs of African IPAs. More specifically, COMESA RIA supported BOI in mobilising African investment promotion agencies and facilitating their participation	Regular budget	Greater cooperation between African IPAs established at the institutional level and promotion of African cross-border investments
Rwanda	Support to the Rwanda Development Board (RDB), Rwanda's Investment Promotion Agency, in the organisation of the Rwanda Services Investment Forum, organised under the theme of Rwanda Gateway for Investments in the COMESA region (Kigali, 1-2 December 2014). More specifically, COMESA RIA supported RDB with the needed contacts to mobilise African investment promotion agencies, disseminated the event through its contacts, provided investment projects and opportunities in the services sector and other sectors to disseminate during the conference and developed for RDB an event planning action plan	Regular budget	Promotion of the services sector as an attractive investment sector in Rwanda and COMESA
Sudan	Development of an Investor Tracking System (ITS) for Sudan's National Investment Authority (NIA), Sudan's Investment Promotion Agency Development of NIA's Investment Portal National training workshop in Addis Ababa for NIA staff on the administration and management of ITS and portal Regional training workshop in Cairo, Egypt, on the importance of online investment promotion, organisation of the agency's work through the ITS and level of responsiveness to investor inquiries	EU-ACP Business Climate Facility, Bizclim	Through the ITS, improved ability of agency to optimize and make the most out of the process of tracking and managing the different types of investor requests and contacts from taking care of initial contacts to the delivery aftercare services Through their new investment portal, improved capacity of agency to reach investors in a timely manner with needed information in a user-friendly and cost-effective manner and can ultimately result in the generation of an important amount of leads Through trainings, improved understanding of workflow organization and responsiveness Improved overall capacity of NIA to attract investment

Swaziland	Development of an Investor Tracking System (ITS) for the Swaziland Investment Promotion Authority (SIPA), Swaziland's Investment Promotion Agency Development of SIPA's Investment Portal National training workshop in Manzini for SIPA staff on the administration and management of ITS and portal Regional training workshop in Cairo, Egypt, on the importance of online investment promotion, organisation of the agency's work through the ITS and level of responsiveness to investor inquiries	EU-ACP Business Climate Facility, Bizclim	Through the ITS, improved ability of agency to optimize and make the most out of the process of tracking and managing the different types of investor requests and contacts from taking care of initial contacts to the delivery aftercare services Through their new investment portal, improved capacity of agency to reach investors in a timely manner with needed information in a user-friendly and cost-effective manner and can ultimately result in the generation of an important amount of leads Through trainings, improved understanding of workflow organization and responsiveness Improved overall capacity of SIPA to attract investment
The COMESA Region and all Member States	Promotion of investment projects and opportunities through the COMESA Investment Teaser 2014-15 Promotion of the COMESA region as an attractive investment destination through the dissemination of information, new laws, and positive news through COMESA RIA's online investment promotion tools (investment portal, twitter, direct mails, etc.). COMESA RIA's online investment promotional tools have a reach of 150,000 viewers every year.	Regular budget	Enhanced visibility of COMESA and its Member States as attractive investment destinations
	Support to the organisation of the 5th EU-Africa Business Forum (Brussels, March 31-April 1 2014) which attracted more than 600 high-level participants from across the European and African business community. COMESA RIA collaborated with BizClim- the forum's organizer- to promote the forum by mobilising high-level speakers and supporting the participation of the IPAs of Burundi, Comoros, D R Congo and Madagascar to participate.	Regular budget and APSA	Enhanced COMESA RIA visibility Promotion of the COMESA region as an attractive investment destination through network and B2B meetings
	Development of various proposals aiming to mobilise resources from various development partners in view of organising 2015-16 capacity-building activities for Member States and to attract investments to the COMESA region.	Regular budget	

10.7 COMESA LEATHER AND LEATHER PRODUCTS INSTITUTE (LLPI)

During the COMESA Heads of State Summit held in DRC on 26-27 February 2014, COMESA/LLPI was directed to assist Member States to formulate national leather value chain strategies aligned with the regional strategy. The pricipal objective was to revitalise the regional leather sector by enhancing value addition at Member State level. To achieve this, LLPI adopted the Triple Helix Approach as mechanism of building strong and closer collaboration linkages that would faciliate a sustainable development of the leather value chain in the region.

The Triple Helix Approach advocates for the shift from a dominating industry-government dyad in the industrial society, to a growing triadic relationship between university-industry-government in the knowledge society. The approach asserts that the potential for innovation and economic development in a knowledge society lies in the realms of universities and specialized institutions; and in the hybridization of industrialization and development processes.

In 2014, COMESA/LLPI designed eight (8) strategies through a holistic participatory process of value chain stakeholders anchored on the Triple Helix methodology. The government, private sector and academia participated in formulating these strategies as equal partners, and they are all expected to play important roles in the implementation at respective national levels. In order to legitimise and give a formal meaning to these new relationships, COMESA/LLPI was proactive and signed MoUs with chambers of commerce, universities and leather associations in pursuing the critical aspect of incubating technology transfers and sustained capacity building initiative.

The Annex Table 9 depicts a summary of activities, outputs and impacts directly influenced by LLPI. It also lists the national institutions, which COMESA/LLPI is working with in the spirit of upholding the Triple Helix philosophy. The execution of the work was funded directly by COMESA/LLPI and included activities such as one-to-one meetings with enterprises, specialaised institutions, academia and government line ministries. Two workshops were held, which were attended by stakeholders drawn from all segmenents of the value chain. The unpacking of the strategies that are set to be implemented in 2015, would entail working with the three institutions in designing responsibility matrices, which allocates roles among government, private sector and academia to ensure the attainment of the vision.

Of the strategies mentioned, seven were national strategies for Burundi, Eritrea, Malawi, Kenya, Uganda, Rwanda and Sudan. The other strategy was for a major SME cluster in Ethiopia. The implementation of the strategies would require resources; and the LLPI continued to engage potential funding partners to assist in this end. The focus in 2015 would be to unpack the national strategies developed by the Member States and translate them into tangible results for the SMEs in the leather sector.

10.8 COMESA FEDERATION OF WOMEN IN BUSINESS (FEMCOM)

The FEMCOM Secretariat continued to promote value addition by supporting the formation of national and regional clusters in agro processing as a vehicle for boosting job creation, intra-regional trade and contributing to the achievement of the Millennium Development Goals (MDGs), especially MDG Goal One on the eradication of extreme poverty and hunger. During the reporting period, the cluster programme was piloted in: Burundi, D R Congo, Ethiopia, Kenya, Madagascar, Malawi, Rwanda, Uganda, Zambia and Zimbabwe. The COMESA Cluster Initiative was aligned with all Member States' programmes on promotion of SME clusters in the cassava and textiles/garments sub-sectors.

The programme continued to deliver support in business and technical training and acquisition of equipment. Much of this support has been in the form of capacity building in commodity processing and production, post-harvest handling of cassava; improvement of finished textile products, and management of waste related to raw materials in the textiles and garments clusters. Value addition equipment was also procured for the clusters to enable them improve on the quality, quantity and sales of their products.

One of the components of the Clusters Programme is the Business Incubator for African Women Entrepreneurs (BIAWE) Project. This is a two year initiative implemented through FEMCOM and funded by NEPAD. It is aimed at supporting women entrepreneurs in Africa through upgrading and building capacities of business incubator(s) in eight[2] selected countries and was piloted in: Burundi, Kenya, Sudan and Swaziland. At the same time, the BIAWE Project is being aligned to the ongoing cluster development programme (Cassava, textiles and garments) for synergies and sustainability of the two COMESA pilot projects.

FEMCOM continued to embark on collaborative activities for example with the Gracia Machel Trust which advocates for the full and effective participation of women in the fields of economic and social development programmes aimed at removing negative cultural practices, laws and barriers that impede women’s full participation in development activities. The institution also collaborated with the African Women in the Mining Association (AWIMA).

10.9 PTA REINSURANCE COMPANY ZEP-RE

The PTA Reinsurance Company (ZEP-RE) is mandated to promote and develop the insurance industry of the region through re-insurance business. The key objectives of the company include: fostering the development of the insurance and reinsurance industry in the region; promoting the growth of national, sub-regional and regional underwriting and retention capacities, ultimately supporting regional economic development.

The institution currently has 36 shareholders comprising; six (6) governments, ten (10) government owned insurance and reinsurance companies, 16 private companies, two (2) COMESA institutions (the COMESA Secretariat and the PTA Bank); and two (2) development finance institutions. It also 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. In addition the company has three country offices in Douala, Cameroon, Lusaka, Zambia and Khartoum, Sudan (which also caters for Sharia compliant reinsurance business).

The vision of ZEP-RE is to become a world-class leading reinsurer in Africa and to achieve this objective the company directed its focus on various key strategic business objectives including: identifying, developing and maintaining a sustainable business growth model that emphasizes profitability; enhancing shareholder value; adopting and implementing best risk management and governance practices; and improving the company’s image and brand.

As of end December 2013, ZEP-RE recorded a 22% growth in business underwritten, from US $81.7 million in 2012 to US $100.2 million in 2013. It also achieved an underwriting profit of US $8.4 million and an overall profit of US $15.4 million. There was a 34% and 30% growth in its shareholder funds and total assets respectively. Table 28 below shows the key performance areas for the years 2011 to 2013:

2 Burundi, Djibouti, Kenya, Malawi, Sudan, Swaziland, Zambia and Zimbabwe

Table 39: ZEP-RE Key Performance Areas (2011-2013)

	2013	2012	2011
Gross Premium	100,181,402	81,714,820	63,536,571
Net Premium	83,964,961	66,307,584	49,846,359
Net Claims Incurred	40,667,775	30,355,413	26,103,374
Underwriting Profit	8,411,639	5,989,550	3,104,193
Investment & Other Income	14,921,584	15,255,819	11,083,593
Total Assets	201,843,403	154,088,372	130,337,123
Shareholders' Funds	105,728,865	78,774,839	66,656,019
Net Profit	15,363,153	11,681,683	8,776,828
Combined Ratio	85.2%	85.3%	90.2%

A spread of business underwritten by ZEP-RE in 2013 is shown in Figure 28 below. Property was the largest class of business underwritten followed by casualty and marine. The three classes accounted for 88% of the business underwritten by the company.

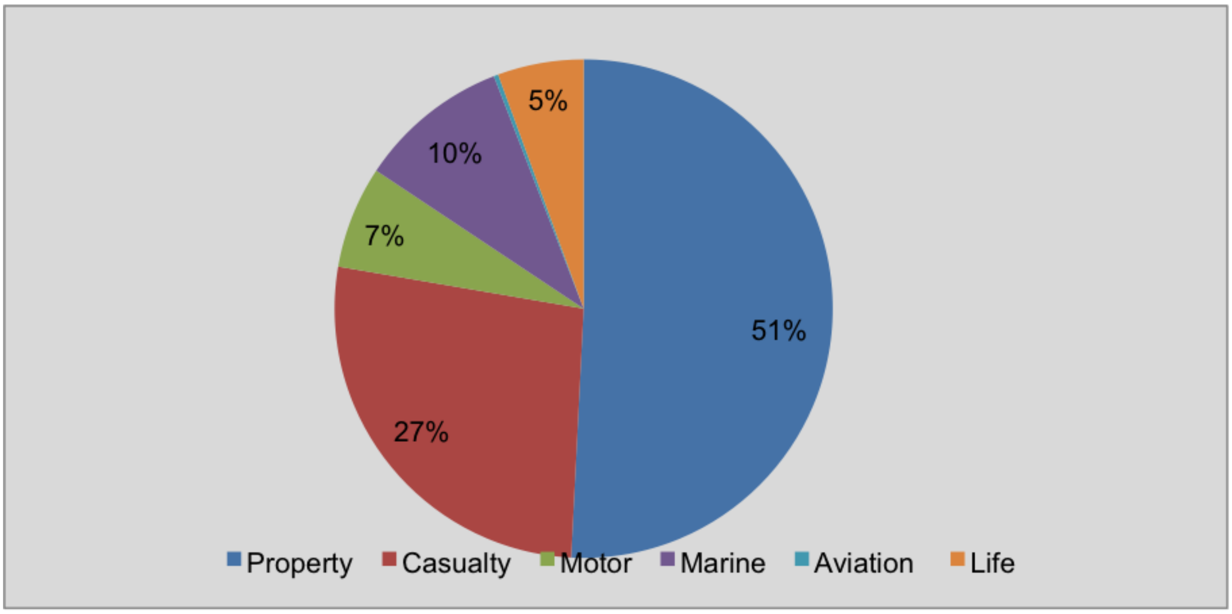
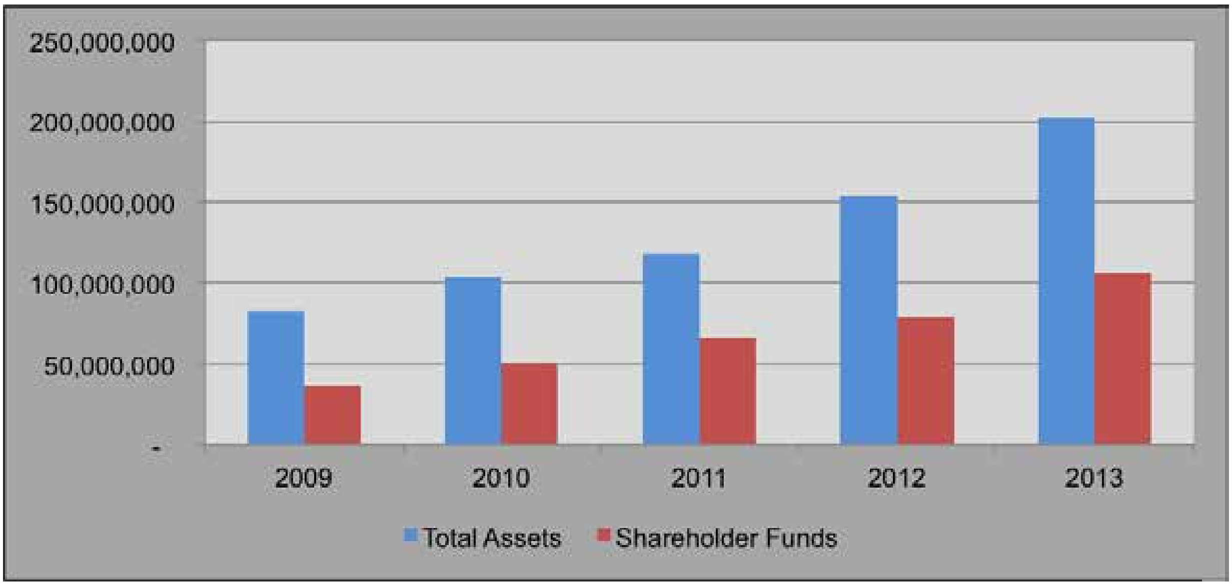


Table 40 below shows that as at 31 December 2013, business from the COMESA region represented over 68% of the business underwritten by ZEP-RE:

Region	2013		2012	
	Gross premiumUSD	%	Gross premiumUSD	%
COMESA	68,263,181	68.14	58,445,133	71.52
Non – COMESA (Africa)	14,876,871	14.85	11,547,019	14.13
Other regions	17,041,350	17.01	11,722,668	14.35
Total	100,181,402	100.00	81,714,820	100.00

Increased business and profitability by ZEP-RE translated into returns for shareholders, growth in equity and an increase in the assets of the Company. Figure 29below shows movement in equity and assets of the company during the last five years.



ZEP-RE is currently rated “B+” (financial strength) and “bbb-” (credit rating) by AM Best. These ratings place the company among the few in the African region with an internationally recognized investment grade rating. The good rating was attributed to the company’s well-balanced risk adjusted capitalization, good underwriting performance, a robust risk management framework and a favourable strategic position as a reputable reinsurer in the region.

ZEP-RE’s business focus going forward is to consolidate its gains in the key traditional markets while diversifying into non-traditional target markets that offer good profitable business. To this end the company intends to ensure dominance in its core markets of the COMESA region and grow more business from new markets. Subsequently, the company restructured its operations and created three key hubs meant to ensure that the two pronged approach with regard to business growth is sustainable. ZEP-RE has, however, not lost sight of its founding goals and the promotion and development of the insurance industry in the region will remain a key focus area. In addition ZEP-RE will seek to further enhance the partnership it has established with development finance institutions, especially with regard to equity support and technical assistance.

10.10 ALLIANCE FOR COMMODITY TRADE IN EASTERN AND SOUTHERN AFRICA (ACTESA)

The Alliance for Commodity Trade in Eastern and Southern Africa (ACTESA), a specialized agency of COMESA, was set up to handle staple food production and marketing in the region. In the period under review, the Agency continued to implement a range of programmes aimed at enhancing national and regional staple food production and trade for the purpose of speeding up growth in agriculture and accelerating broad-based poverty reduction in the region.

ACTESA Seed Harmonization Programme

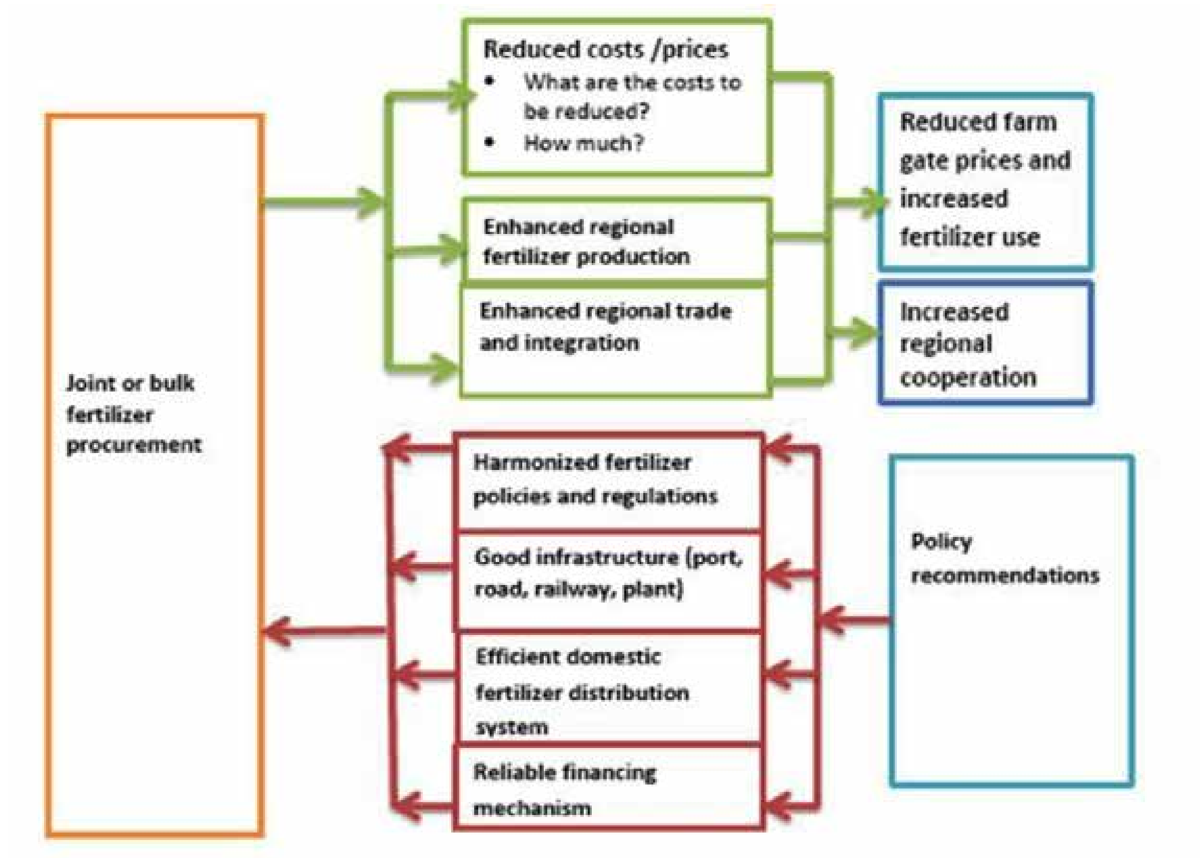
With the assistance of co-operating partners, ACTESA focused on policy formulation and a strategy for increasing the productivity of farmers to ensure food and income security. A plan of supporting the Member States in the domestication of the COMESA Seed Trade Harmonisation Regulations in D R Congo, Ethiopia, Djibouti, South Sudan, Burundi, Rwanda, Malawi, Uganda, Zambia and Zimbabwe, was made with the help of DFID and USAID. With appropriate regulations in place, the ACTESA programmes would facilitate farmers’ access to improved varieties through simplified customs procedures, and speedier release and marketing of varieties without undue inhibitions on the grounds of quarantine requirements. Table 42 below shows the number of small holder farmers who accessed seed and improved average yields in selected COMESA Member States.

Table 42: Number of small holder farmers accessing improved seed and average yields in the selected COMESA countries

Country	GDP Growth (Annual % in 2013)	Economically Active population in Agriculture (2014)	Number of farmers accessing improved seed (23% of total) (2014)	Cereal Yields (Mt per ha (2013)	Cereal cropland(% of land area (2011)	Arable land (ha per person (2012)
Burundi	4.0	7,435,000	1,710,050	1.12	9.7	0.10
Kenya	4.6	14,512,000	3,337,760	1.66	4.7	0.13
Malawi	1.9	5,527,000	1,271,210	2.087	19.9	0.23
Rwanda	7.3	4,947,000	1,137,810	2.16	17.8	0.11
Uganda	-	12,542,000	2,884,660	2.02	10.1	0.19
Zambia	7.3	3,642,000	837,660	2.6	1.6	0.25
Ethiopia	-	37,026,000	8,515,980	1.7	10.1	0.16
Madagascar	-	8,345,000	1,919,350		3.8	-
South Sudan	-49.0	1,843,000	423,890		-	-
Swaziland	-	137,000	31,510			-
Zimbabwe	5.3	3,571,000	821,330	0.855	5.0	0.31

Fertilizer Development Programme in the COMESA Region

In response to the 2006 Abuja Declaration on the need to avail and increase the use of fertilizers by small scale farmers to increase agricultural productivity, ACTESA in conjunction with the support of the United Nations Food and Agriculture Organization (FAO) developed a framework for a joint fertilizer procurement tagged as the COMESA Joint Fertilizer Procurement Initiative (JFPI) as illustrated below:



To address some of the recommendations of the JFPI, in 2014 ACTESA also implemented the harmonization of fertilizer regulations and policies; and the fertiliser marketing and distribution programmes, in collaboration with the African Fertiliser Agribusiness Partnership (AFAP).

Biotechnology and Bio-Safety

In 2014, the global cultivation of genetically modified (GM) crops reached 182 million hectares in 28 countries representing a steady annual growth rate of 3 – 4%. In the COMESA region, Egypt approved the cultivation of insect resistant GM-Maize, and Sudan had earlier commercialized Bt-cotton, while Swaziland, Kenya, Uganda and Malawi were at greenhouse to confined field trial stages that included bt-cotton, bt-maize, virus-resistant cassava and sweet potato, bacterial wilt resistant banana and drought tolerant (water efficient) maize. In 2014, ACTESA developed an implementation plan on biotechnology and bio-safety that it would support Member states to implement. Table 43 below provides a summary ACTESA's support to Member States and key stakeholders.

Table 43: Summary of ACTESA's support to member States on biotechnology on biosafety activities

Member States	Activity	Objective	Funding		Implementation Status
			Amount (US$)	Source	
Ethiopia, Kenya, Malawi, Sudan, Swaziland, Zambia Participants: 19 - Male (12) and Female (7) - Private sector = 9	Study tour in Burkina Faso Bt-cotton cultivation and seed system	Awareness creation and capacity building	$25,000	USAID	Continuous
Zambia (Zambia Cotton Development Trust)	Public awareness and understanding survey on GM technology in general and insect resistant Bt-cotton in particular	Measure awareness level and identify best means of communication to cotton farmers	$21,000	USAID	Will continue in other interested member States
Zimbabwe (National Biosafety Authority)	Parliamentarians workshop	Sensitize high-level policy makers on issues of biotechnology and biosafety	$18,000	USAID	Will continue in other member States
Swaziland	Visit to Sudan	Experience sharing	$6,000	USAID	Completed
Burundi, D R Congo, Djibouti, Egypt, Ethiopia, Kenya, Malawi, Mauritius, Sudan, Swaziland, Rwanda, Uganda, Zambia and Zimbabwe	Baseline survey	Assess the status of biotechnology R&D and biosafety regulatory regimes	$21,000	USAID	Completed
All member states	Regional Communication workshop	Identify possible Strategic Objectives and activities for the COMESA Policy on Biotechnology and Biosafety	$90,000	USDA	Completed

Development of Commodity Value Chains

In line with COMESA ministerial decisions, ACTESA, in collaboration with UNECA, agreed to establish a regional programme designed to address bottlenecks identified in the regional livestock and maize value-chains.

10.11 COMESA BUSINESS COUNCIL (CBC)

The establishment of COMESA Business Council (CBC) is mandated by the COMESA Treaty as the consultative committee of the business community and other interested parties. The Council's objectives are focused on private sector development, through apex and sectoral business associations, to facilitate private sector participation in regional trade policy dialogue. The CBC was established in 2005, and became operational in 2010. It is constitutionally managed by a board of directors from nine of the COMESA Member States.

The CBC is currently supported by key development partners – United States Agency for International Development (USAID), International Trade Center (ITC) Investment Climate Facility (ICF) and the private sector which forms the CBC's business membership. The institution has grown substantially over the past four years (2010- 2014), and has achieved the following results:

i. Established a secretariat for private sector interests formed with four strategic pillars focusing on business, policy advocacy, business support services, membership development and institutional development;
ii. CBC governance and operational structure established with a particular focus on the establishment of a CBC permanent secretariat;
iii. Increased staff base to four in four years;
iv. Membership from over 50 associations and companies present in more than one country: including appropriate co-operation mechanism between CBC and its members; and
v. Established demand driven services that have increased institutional ownership and advocacy presence in the manufacturing sector, SMEs, agro industry, and selected services industries.

More information on the CBC is available at *www.comesabusinesscouncil.org.*

PART 11: CO-OPERATING PARTNERS

PART 11: CO-OPERATING PARTNERS

During the period under review, COMESA continued to strengthen and broaden the base of its co-operating partners that continued to assist with the implementation of regional integration programmes. Much of this effort was conducted through: strengthening domestic resource mobilization via innovative financing channels; diversification of co-operation with existing and new development partners; heightening triangular co-operation with emerging countries and blocks including the BRICs, Japan, Arab countries and other international organisations; and the commencement of the development of a secure and easy to access technical co-operation data base.

With regard to resource mobilization achievements, COMESA negotiated, among others, a resource envelope under 11th EDF (RISM-2, RISP-3, implementation of a regional maritime security programme (MASE)); the World Bank agreed to provide financial support for regional workshops on the Customs Union key instruments particularly on the Customs Management Regulations in Malawi, Kenya, Madagascar, and Zambia; and €33 million was mobilized under the 10th EDF RISM Consolidation programme.

During the reporting period, COMESA strengthened and diversified its co-operation with development partners through participation in international fora and signing of different agreements that have leverage financial support for the institution, as stated below:

On 09 October 2013 the Board of Directors of the African Development Group granted UA 5 million (US $7.5 million) from the African Development Fund, to support the COMESA-EAC-SADC Tripartite capacity building programme.

On 16 July 2013, a memorandum of understanding was signed between COMESA and the African Management Services Company’s African Training and Management Services Project of the UNDP. The purpose of the agreement was to strengthen ATMS/AMSCO support for private sector development in the COMESA region; and it is in line with Member States’ resolution to work with the Secretariat to provide capacity building to the private sector, particularly SMEs across the region; help Member States trade better and achieve sustainable economic growth.

On 31 May 2013, two memoranda of understanding were signed between COMESA and the Alliance Forum Development Programme (AFDP) and between PTA Bank and the AFDP. These will serve as the basis for COMESA-Japan co-operation in trade and industry development.

The 31 May 2013 African Leaders and CEO’s Summit put face to face African Heads of States and Governments, and the CEOs of Japanese companies. The forum was co-organized by COMESA and AFDP and focused on the theme: “solid business partnership between Japan and Africa - sustainable win-win growth”. COMESA also participated in the TICAD V meeting in Yokohama, Japan from 31 May to 03 June 2013. At the forum, His Excellency Shinzo Abe, Prime Minister of Japan announced that his country will support African growth through public and private means, to the tuned of US $32 billion, including ODA of 14 billion of other public and private resources, and US $2 billion worth of trade insurance. In addition, infrastructure investment, particularly roads, railways, transport and energy, were the focus of discussions. Japan will provide US $6.5 billion over the next five years to the development of infrastructure in Africa.

COMESA participated in the BRICS Leadership Summit held in Durban, South Africa on 27 March 2013. At the meeting the eThekwini Action Plan was adopted. This strengthens, among others, the financial co-operation among BRICS and between BRICS and non-Members. There was mention of increasing global efforts towards infrastructure financing and investment through the instrumentality of adequately resourced Multilateral Development Banks (MDBs) and Regional Development Banks (RDBs). The COMESA region will benefit from the implementation of these programmes.

On 21 February 2013, a grant agreement for US $3 million was signed between COMESA and the African Capacity Building Foundation (ACBF) to enhance COMESA institutional capacity to effectively implement planned activities on economic policy research, trade analysis and negotiation and generally contribute towards the development of the sub-region.

The Trading for Peace programme secured €8.4 million from the German Development Bank (KFW) through the African Union Commission for a five year period; and US $962,885 from the African Development Bank (AfDB) for a two year period. Funds from the German Development Bank (KFW)/AU supported the construction of cross-border trade related infrastructure. The funds from AfDB were used for the development of four new trade information desks, capacity building for CBTAs, the enhancement of the implementation of COMESA Simplified Trade Regime in DRC borders with her neighbours and the development of a 6-year business plan.

On new co-operating partners that came on board, these included: TUSKON (Confederation of Businessmen and Industrialists of Turkey; the China Africa Business Council (CABC) to promote trade between COMESA and china; CARICOM (Caribbean Community), a sister regional economic community with which COMESA forged relations; and the African Agricultural Technology Foundation (AATF). As to the strengthening of cooperation with existing partners, the Indian Government invited COMESA Member States to host a range of capacity building institutions (centers of excellence) that India had committed to support. These included: soil, water and tissue testing laboratories; farm science centers; and an agricultural seed production-cum-demonstration center. Additionally, COMESA Member States were also invited to submit their capacity building needs to Indian Government. For the first time, the Indian Government also offered to grant capacity building opportunities to COMESA Secretariat staff based on their technical needs.

ANNEXES:

Table 1: Global COMESA Trade by Country, 2011 - 2013, Values in US$ millions

	2011			2012			2013			% Change (2013)	
Country	Exports	Re-Exports	Imports	Exports	Re-Exports	Imports	Exports	Re-Exports	Imports	Total Exports	Imports
Burundi	184	14	858	232	12	798	192	5	912	*-19.2*	*14.3*
Comoros	24		201	45		217	12	0	208	*-72.7*	*-3.9*
Congo DR	5,417		5,399	6,076		6,610	5,880		7,185	*-3.2*	*8.7*
Djibouti	462	1,069	1,591	79		3,002	723	4	1,046	*820.6*	*-65.2*
Egypt	30,607		58,934	29,259		64,282	28,505		61,382	*-2.6*	*-4.5*
Eritrea	309		480	364		450	24	2	458	*-92.8*	*1.9*
Ethiopia	2,573	62	8,765	1,939	14	11,876	2,648	263	11,391	*49.0*	*-4.1*
Kenya	5,761	839	14,914	6,230	1,053	16,406	6,111	1,033	16,110	*-1.9*	*-1.8*
Libya	16,791		7,687	52,341		23,361	35,158		25,414	*-32.8*	*8.8*
Madagascar	1,360	96	2,904	1,202	35	2,486	1,753	85	3,086	*48.6*	*24.1*
Malawi	1,404	6	2,423	1,232	2	2,858	1,185	4	2,805	*-3.6*	*-1.9*
Mauritius	1,828	344	4,977	1,702	379	5,116	1,963	465	5,524	*16.7*	*8.0*
Rwanda	371	47	1,359	417	92	1,654	502	142	1,782	*26.6*	*7.8*
Seychelles	693	193	1,606	476	183	997	447	138	966	*-11.3*	*-3.2*
Sudan	8,979	2	9,546	3,366	2	6,190	5,873	0	6,868	*74.4*	*11.0*
Swaziland	1,594	58	1,803	1,891	57	1,640	1,862	57	1,671	*-1.5*	*1.9*
Uganda	2,199	539	5,126	2,294	413	6,088	2,406	430	6,115	*4.8*	*0.4*
Zambia	8,644	372	7,179	8,939	706	8,818	9,365	1,242	10,224	*10.0*	*15.9*
Zimbabwe	3,534	49	8,540	3,913	44	6,743	3,976	92	7,747	*2.8*	*14.9*
Total	**92,735**	**3,691**	**144,290**	**121,997**	**2,992**	**169,594**	**108,584**	**3,962**	**170,895**	***(9.96)***	***0.77***

Source: COMSTAT Database and UN COMTRADE Database

Table 2: Intra-COMESA Trade by Country, 2012-2013 (Values in US $ million)

Country	2012			2013			% Change (2013)		
	Exports	Re-Exports	Imports	Exports	Re-Exports	Imports	Exports	Re-Exports	Imports
Burundi	33	7	157	36	4	309	*7.9*	*-45.0*	*97.1*
Comoros	1		33	2	0	24	*66.4*		*-24.8*
Congo DR	1,209		1,348	1,703		2,004	*40.9*		*48.7*
Djibouti	15		99	1	0	92	*-94.6*		*-6.9*
Egypt	2,480		781	2,359		654	*-4.9*		*-16.2*
Eritrea	7		92	4	1	13	*-38.3*		*-86.0*
Ethiopia	262	2	236	276	2	195	*5.4*	*-17.8*	*-17.6*
Kenya	1,598	273	726	1,568	268	712	*-1.9*	*-1.9*	*-1.9*
Libya	127		1,587	90		1,405	*-29.1*		*-11.5*
Madagascar	38	2	146	59	5	154	*53.9*	*100.3*	*5.3*
Malawi	168	0	428	142	0	237	*-15.6*	*-8.6*	*-44.7*
Mauritius	102	105	149	112	101	183	*9.5*	*-3.3*	*22.7*
Rwanda	225	82	421	242	92	374	*7.5*	*12.1*	*-11.1*
Seychelles	5		45	4		51	*-23.9*		*13.5*
Sudan	276	0	582	160	0	688	*-42.1*	*1,259.0*	*18.2*
Swaziland	45		5	124		14	*176.5*		*164.7*
Uganda	358	135	714	422	114	703	*18.0*	*-16.0*	*-1.4*
Zambia	1,422	165	1,872	1,640	202	2,803	*15.4*	*22.3*	*49.7*
Zimbabwe	108	13	641	130	6	416	*19.7*	*-55.0*	*-35.0*
Total	**8,479**	**784**	**10,063**	**9,072**	**794**	**11,032**			

Source: COMSTAT Database

Table 3: Intra-COMESA Top Domestic Export Products and Rankings, 2009 - 2013

No.	SITC	Description	2013 Values (USD Million)	R13	R12	R11	R10	R09
1	2831	Copper ores and concentrates	1,250	1	1	1	1	3
2	66122	Portland cement	359	2	2	5	3	2
3	07414	Other black tea (fermented) and other partly fermented tea, whether or not flavoured	344	3	3	3	2	1
4	52232	Sulphuric acid; oleum	255	4	4	42	78	64
5	3346	Petroleum oils and oils obtained from bituminous minerals	220	5	5	10	14	4
6	52255	Cobalt oxides and hydroxides; commercial cobalt oxides	193	6	6	13	10	98
7	28793	Cobalt ores and concentrates	151	7	7	18	8	13
8	66245	Glazed ceramic flags and paving, hearth or wall tiles; glazed ceramic mosaic cubes and the like, whether or not on a backing	147	8	8	75	27	14
9	1211	Tobacco, not stemmed/stripped	135	9	9	16	16	6
10	06129	Other beet or cane sugar and chemically pure sucrose …other	130	10	10	12	13	12
11	07111	Coffee, not roasted, not decaffeinated	127	11	11	20	24	17
12	0449	Maize (not including sweet corn), unmilled …. other	126	12	12	14	77	341
13	06111	Cane sugar, raw	123	13	13	7	4	7
14	66134	Marble, travertine and alabaster and articles thereof, simply cut or sawn, with a flat or even surface.	115	14	14	152	125	512
15	54293	Medicaments, n.e.s., put up in measured doses or in forms or packings for retail sale	109	15	15	23	23	20
16	89319	Articles for the conveyance or packing of goods, n.e.s.; stoppers, lids, caps and other closures	99	16	16	29	36	34
17	2225	Sesame (Sesamum) seeds	96	17	17	21	22	22
18	3510	Electric current	81	18	18	101	115	63
19	78219	Motor vehicles for the transport of goods, n.e.s.	69	19	19	49	58	46
20	55141	Concentrates of essential oils in fats….of a kind used in the food or drink industries	69	20	20	35	26	15

Table 4: Intra-COMESA Trade as a % of Total Trade by Country, 2004-2013

Country	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Burundi	21	18	17	26	22	26	25	19	19	31
Comoros	4	3	9	3	5	5	8	5	13	12
Congo DR	13	8	12	18	17	22	21	22	20	28
Djibouti	6	9	1	8	4	18	28	37	4	5
Egypt	2	2	2	2	4	4	4	3	3	3
Eritrea	1	9	13	5	13	17	33	13	12	4
Ethiopia	4	6	8	5	5	4	5	5	4	3
Kenya	16	16	12	11	11	11	12	12	11	11
Libya	0	1	1	1	2	3	3	3	2	2
Madagascar	5	6	4	5	3	5	7	5	5	4
Malawi	13	14	13	15	9	10	13	14	15	9
Mauritius	4	4	4	5	5	5	4	5	5	5
Rwanda	25	32	48	38	40	37	33	29	34	29
Seychelles	4	2	2	3	4	6	4	12	3	4
Sudan	7	5	5	5	4	4	5	6	9	3
Swaziland	3	2	5	9	9	6	4	3	1	4
Uganda	25	28	20	22	20	21	21	21	14	14
Zambia	13	13	9	12	16	16	17	17	19	22
Zimbabwe	6	13	5	10	7	6	7	5	7	5
Total	**5**	**5**	**5**	**6**	**6**	**6**	**7**	**8**	**7**	**7**

photo

Table 5: Double Taxation Agreements (DTA) signed and ratified by COMESA countries

	Countries	Counterpart countries		Total DTA number
		With Third countries	With COMESA countries	
1.	Burundi	-		
2.	Comoros	France (1970)		1.
3.	Djibouti	-		-
4.	D R Congo	Belgium in 2007; South Africa in 2005; Spain (air transport) in 1969		3
5	Egypt	Armenia 2005; Austria 1962; Belgium 1991 Bulgaria 2003; Canada 1983; China 1997; Croatia 2005; Cyprus 1993; Czech Republic 1995; Denmark 1989; Finland 1965; France 1980; Georgia 2010; Germany 1987; Hungary 1991; India 1969; Indonesia 1998; Iraq 1968; Italy 1979; Italy 1979; Japan 1968; Korea 2000 ; Korea Republic 1992; Lebanon 1996; Macedonia 1999; Malaysia 1997 ; Malta 1999; Morocco 1989; Netherlands 1999; Norway 1964; Oman 2000 ; Poland 1996; Romania 1979; Senegal 2001; Serbia 2005; Singapore 1996; Slovakia 2004; Slovenia 2009; Spain 2005;Sweden 1994; Switzerland 1987; Syria 1991; Thailand 2006; Tunisia 1989 ;Turkey 1993; United Arab Emirates 1994; United Kingdom 1977; United States 1980;Uzbekistan 1999	**Sudan 1970**	49
6	Eritrea	Qatar 2000		1
7	Ethiopia	Algeria 2002; China 2009; Czech Republic 2007; Iran 2005;Israel 2004; South Africa 2004; Tunisia 2003; Turkey 2005; United Kingdom 2011;		9
8	Kenya	Canada 1983; Denmark 1972; France 1996; Germany 1977; India 1985; Italy 1997; Norway 1972; South Africa 2010; Sweden 1973; United Kingdom 1973	**Zambia 1968**	11
9	Libya	Algeria 1988; Belarus 2008; India 1981; Italy 2009; Malta 2008; Morocco 1984; Pakistan 1975 ; Serbia 2009; Singapore 2009; Slovakia 2009; Ukraine 2008 United Kingdom 2008		12
10	Madagascar	France 1983	**Mauritius 1996**	2
11	Malawi	Denmark 1959; France 1963; Switzerland 1965; United Kingdom 1955; South Africa 1971; Sweden 1954; Netherlands 1969; Norway 2009;		8
12	Mauritius	Bangladesh 2009; Barbados 2004; Belgium 1995; Botswana 1995; China 1994; Congo Rep 2010; Croatia 2002; Cyprus 2000 ; Denmark 1954 France 1980; Germany 1978; India 1982; Italy 2010; Kuwait 1997 ; Lesotho 1997 ; Luxembourg 1995 ; Malaysia 1992 ; Mozambique 1997 ; Sri Lanka 1996; Sweden 1992; Namibia 1995 ; Nepal 1999; ; Norway 1955; Oman 2008; Pakistan 1994; Qatar 2008; Russian Federation 1995; Senegal 2002; Singapore; 1995; South Africa 1996; Thailand 1997; Tunisia 2008; United Arab Emirates 2006; United Kingdom 1981	Rwanda in 2001; Madagascar in 1994 ; Seychelles in 2005; Swaziland in 1994; Uganda in 2003; Zambia in 2011; Zimbabwe in 1992	41
13	Rwanda	Belgium 2007	**Mauritius in 2001**	

14	Seychelles	Bahrain 2010; China 1999; Indonesia 1999; Japan 1970; Malaysia 2003; Monaco 2010; Norway 1955; Oman 2003; South Africa 1998; Switzerland 1963; Thailand 2001; Vietnam 2005; United Arab Emirates 2006	**Mauritius in 2005**	14
15	Sudan	Bahrain 2006; China 1997; Korea Republic 2004; Lebanon 2004; Malaysia 1993; Syria 2001; Tunisia 2003; Turkey 2001; United Arab Emirates 2001; United Kingdom 1975	**Egypt in 1970**	11
16	Swaziland	Botswana 2010; South Africa 2004 Sweden 1972; United Kingdom 1968	**Mauritius in 1994**	5
17	Uganda	Belgium 2007; Denmark 2000; Norway 1999; India 2004; Italy 2000; South Africa 1959; United Kingdom 1992; Netherlands 2000;	**Mauritius in 2003** **Zambia in 1968**	10
18	Zambia	Canada 1984; China 2010; Denmark 1973; Finland 1978; France 1963; Germany 1973; India 1981; Ireland 1971; Italy 1972; Japan 1970; Netherlands 1977; Norway 1971; Poland 1995; South Africa 1956; Sweden 1974; Switzerland 1961; Tanzania 1968; United Kingdom 1971	**Kenya in 1968** **Mauritius in 2011** **Uganda in 1968**	21
19	Zimbabwe	Bulgaria 1988; Canada 1992; France 1993; Germany 1988; Malaysia 1994; Netherlands 1989; Norway 1989; Poland 1993; Serbia 1996; South Africa 1965; Sweden 1989; Switzerland 1961; United Kingdom 1992	**Mauritius in 1992**	14

Source: CCOMESA Database

Table 6: CAADP Programme Implementation Status

Country	Key CAADP Milestones	Results against Key CAADP Targets							
		Budgetary Allocation to the Agriculture Sector (%)[5]				Agriculture GDP Annual Growth Rate (%)[6]			
		2010	2011	2012	2013	2010	2011	2012	2013
Burundi	Compact Signature: August 2009; National Agriculture Investment Plan (NAIP) Technical Review: August 2011; Business Meeting: March 2012 GAFSP recipient in May 2012 - $30M to improve water management and irrigation in drought-prone regions	6.5	7.4	11.3	9.1	1.9	0.8	5.2	3.9
Comoros[7]	Compact Signature: Compact not yet signed. COMESA has supported Comoros in conducting the stocktaking exercise of its agriculture sector.	<2	<2	<2	<2	-0.7	4.1	4.1	4.1
DRC	Compact Signature: March 2011; NAIP Technical Review: April 2013; Business Meeting: November 2013 (more than US$1B pledged by the private sector, financing institutions and development partners) Launch of the Bukanga Lonzo Agro-Industrial Park with a direct investment portfolio of US$120M as part of National Agriculture Investment Plan implementation	2.42	2.5	5.0	2.66	3.0	3.0	3.0	3.5
Djibouti	Compact Signature: April 2012; Technical Review: November 2012. Finalizing NAIP.	3.10	2.68	4.52	5.0	-4.1	-2.7	ND	ND
Egypt[8§]	The country has not yet launched the CAADP process.	1.8	1.5	1.2	1.0	3.5	2.7	2.9	3.0
Eritrea[§]	Launched the CAADP process in September 2012. Compact Signature: Compact not yet signed.	5.6	5.1	5.2	4.9	33.1	-2.9	6.8	ND
Ethiopia	Compact Signature: September 2009; NAIP Technical Review: September 2010; Business Meeting: December 2010 GAFSP recipient in November 2010 - $51.5M to develop the untapped potential of well-endowed areas, including strengthening key advisory services, encouraging farmer organizations, and improving small scale infrastructure Grow Africa beneficiary – support to the "Agricultural Growth Project" New Alliance for Food Security and Nutrition beneficiary.	16.8	19.4	18.4	16.3	7.6	9.0	4.9	7.1

Country	Key CAADP Milestones	Results against Key CAADP Targets							
		Budgetary Allocation to the Agriculture Sector (%)[5]				Agriculture GDP Annual Growth Rate (%)[6]			
		2010	2011	2012	2013	2010	2011	2012	2013
Kenya[§]	Compact Signature: July 2010; Investment Plan Technical Review: September 2010; Business Meeting: September 2010 GAFSP recipient in November 2014 - $24 Mto increase agricultural productivity and commercialization in four arid and semi-arid counties that suffer from chronic food deficits. Grow Africa beneficiary – contribution towards the “Lamu Port – South Sudan – Ethiopia Transport Corridor” (LAPSSET) as a driver of agricultural growth in Northern Kenya	3.7	3.6	3.1	3.1	6.3	1.5	3.8	ND
Libya	The country has not yet launched the CAADP process.	ND	ND	ND	ND	-0.9	-69.0	ND	ND
Madagascar[9]	Launched the CAADP process in November 2011. Compact Signature: October 2013.	ND	ND	7.0	4.1	-3.4	0.7	1.5	-6.1
Malawi	Compact Signature: April 2010; Investment Plan Technical Review: September 2010; Business Meeting: September 2011 GAFSP recipient in May 2012 - $39.6M to promote irrigated rice and horticulture production as well as crop diversification and value chain development for selected commodities. New Alliance for Food Security and Nutrition beneficiary.	12.2	11.5	13.1	21	6.8	6.7	-2.3	6.1
Mauritius[§]	CAADP official launch is planned before end 2013.	3.7	2.3	2.3	2.4	-0.8	4.1	-0.2	4.7

Country	Key CAADP Milestones	Results against Key CAADP Targets							
		Budgetary Allocation to the Agriculture Sector (%)[5]				Agriculture GDP Annual Growth Rate (%)[6]			
		2010	2011	2012	2013	2010	2011	2012	2013
Rwanda[10]	Compact Signature: March 2007; Investment Plan Technical Review: December 2009; Business Meeting: December 2009 (more than 100% pledged by various cooperating partners to bridge the NAIP financing gap) Rwanda has completed implementation of the first NAIP and is currently developing a second NAIP covering the period 2013 – 2017 to be launched in December 2013. GAFSP recipient in June 2010 - $50M to implement hillside irrigated agriculture and bolster productivity in an environmentally sustainable manner. Grow Africa beneficiary – promotion of agri-business investment in priority commodity value chains using the "Food Basket" approach.	6.8	6.1	5.1	4.8	5.1	4.3	2.7	3.1
Seychelles	Compact Signature: September 2011. Preparation of NAIP in progress Received from NEPAD a grant of US $168,000 for the second phase of the Mariculture Master Plan to be undertaken by the Seychelles Fishing Authority (SFA).	1.22	1.82	2.53	2.23	-6.2	3.5	-3.8	ND
Sudan[§]	Compact Signature: July 2013. Formulation of NAIP in process.	3.9	3.4	2.9	2.6	11.7	3.4	5.7	3.5
Swaziland	Compact Signature: March 2010. Formulation of NAIP in process.	5.2	3.8	3.6	4.0	5.9	21.5	-2.5	ND

Country	Key CAADP Milestones	Results against Key CAADP Targets							
		Budgetary Allocation to the Agriculture Sector (%)[5]				Agriculture GDP Annual Growth Rate (%)[6]			
		2010	2011	2012	2013	2010	2011	2012	2013
Uganda[11]	Compact Signature: March 2010; NAIP Technical Review: September 2010; Business Meeting : September 2010 GAFSP recipient in September 2013 - $27.6M to support the government to link agriculture, nutrition, health and education through school-based demonstration gardens, nutrition education, and small gardens.	5.1	4.7	3.8	3.3	2.1	1.0	-0.9	ND
Zambia	Compact Signature: January 2011; NAIP Technical Review: April 2013; Business Meeting: May 2013 (approx. $480M pledged by various cooperating partners to bridge the NAIP financing gap) GAFSP recipient in September 2013 – US $31.1 million to improve food production, develop value chains, and buildcapacity in districts with the highest levels of poverty and food insecurity.	7.28	6.63	5.9	5.8	6.6	8.0	6.8	-7.4
Zimbabwe	Launched the CAADP process in August 2009. Compact Signature: November 2013. Preparation of both Compact and NAIP documents done concurrently; National Validation Workshop for NAIP held in July 2013.	14.0	4.44	8.43	3.8	7.2	5.0	4.1	ND

Table 7: Livestock and chicken population in COMESA Member States (2013)

Member Countries	Cattle	Goats	Sheep	Chicken	Camels	Pig
Burundi	777,786	2,489,304	352,722	2,705,000	-	434,204
Comoros	50,000	122,000	24,000	520,000	-	-
DRC	750,000	4,100,000	910,000	21,000,000	-	1,050,000
Djibouti	298,000	514,000	470,000	-	70,000	-
Egypt	4,950,000	4,350,000	5,450,000	126,100,000	107,000	10,600
Eritrea	2,080,000	1,800,000	2,300,000	1,400,000	350,000	-
Ethiopia	54,000,000	25,000,000	26,500,000	51,000,000	1,102,120	33,000
Kenya	19,500,000	30,000,000	18,500,000	32,500,000	1,350,000	360,000
Libya	198,500	2,600,000	7,200,000	34,850,000	57,000	-
Madagascar	10,030,000	1,472,000	839,000	27,000,000	-	1,500,000
Malawi	1,241,744	5,356,545	255,928	17,200,000	-	2,754,414
Mauritius	7,000	27,000	16,500	14,500,000	-	14,500
Rwanda	1,140,000	2,680,000	810,000	4,700,000	-	990,000
Seychelles	300	5,500	-	450,000	-	5,550
Sudan* 2012	29,618,000	30,837,000	39,296,000	35,000,000	4,751,000	-
Swaziland	635,000	270,000	36,000	3,700,000		35,000
Uganda	13,000,000	14,500,000	2,000,000	37,572,000		2,439,100
Zambia	3,100,000	2,500,000	240,000	38,000,000		730,000
Zimbabwe	5,150,000	2,750,000	375,000	36,000,000		650,000
Total	146,526,330	131,373,349	105,575,150	484,197,000	7,787,120	11,009,368

Source, FAOSTAT 2013, Sudan* Official

Table 8: Summary of initiatives to support implementation of SPS measures in the COMESA region

Initiative	Member States involved	Outputs	Results/outcomes
Support to COMESA horticulture exports to access the South African market	Kenya, Zimbabwe Ethiopia and Madagascar were supported to expand horticulture exports into the Republic of South Africa (RSA); prepared chilies, stone fruit, strawberries and litchis respectively	Pest Risk Analysis (PRA) was concluded on all commodities, import conditions were drafted, bilateral negotiations and industry consultations on draft import conditions were held	Ethiopia concluded negotiations on import conditions and secured an import permit with the RSA. Currently one Ethiopia exporter reported 60 tons of strawberry exports in 2013/2014. Madagascar and Kenya are still engaged in bilateral negotiations on import conditions. COMESA exporters established a direct link with the South Africa Fresh Produce Importers Association, to access market information and sources of improved varieties
The COMESA aflatoxin proficiency testing scheme	Laboratories in Malawi, Zimbabwe Zambia, Kenya, Rwanda, Democratic Republic of Congo (DRC) participated in the aflatoxin analysis proficiency testing (PT) scheme to enable mutual recognition of analytical results and one time testing in the exporting country	Laboratory evaluations were concluded, PT samples were procured for all the laboratories and the PT scheme is currently running	With the exception of DRC, all the Laboratories had capacity to participate in the PT scheme. The Rwanda Bureau of Standards laboratory stood out with exceptional capacity and will be utilized to extend technical support to DRC. By the end of the initiative, it is envisaged that there would be mutual recognition agreements to remove multiple testing and reduce overall trading costs
Developing risk based, simplified SPS measures	Sudan (beef and oranges), Egypt (citrus), Kenya (milk and maize), Uganda (fish and maize) Zambia (maize and groundnuts), Malawi (maize and groundnuts), Zimbabwe (maize and fish)	Research on SPS measures implemented in along selected trade routes was carried out. Findings will inform development of simplified measures which will be integrated in border controls and regional trade facilitation instruments such as One Stop Border Posts (OSBPs) to reduce trading costs	Preliminary results show that a number of measures implemented are not risk based and do not serve any health objective but only increase the cost of trading. However these findings are still under validation by the countries.
The Australia-Africa plant biosecurity capacity building initiative	Uganda, Rwanda, Burundi, Kenya, Zambia, Tanzania, Zimbabwe, Ethiopia, Malawi and Mozambique will utilize Australia expertise to improve phyto-sanitary management.	A prioritization workshop was held October 2014 to identify areas of intervention for each country	Countries set their priorities, which included surveillance, diagnostics, pest risk analysis and pest identification (taxonomy)
The Market Access Prioritization tool; an economic analysis tool to prioritize capacity building options	Zambia, Malawi, Uganda, Kenya, Seychelles, Ethiopia and Rwanda	Countries prioritized SPS capacity building options based on the potential trade impact	In Rwanda and Seychelles, results of the analysis informed the Agriculture sector investment plan. In Malawi, bilateral partners supported the 3 top priorities that emerged.
Trade and Institutional Capacity Building in the Zambia Apiculture Sector (TICBAS)	Zambia. Results of the project will be scaled up to other member states through the SPS and trade facilitation initiative	The project has been approved for funding by the African Development Bank (AFDB)	The outcome of the initiative will be improved food safety controls on the honey value chain and enhanced food safety assurance through the Hazard Analysis Critical Control (HACCP) and traceability systems. It is anticipated that this level of assurance will lift the restrictions imposed by the RSA.

Table 9: Tabulations of Country Specific Activities towards Regional Leather Development

Country	Collaborating National Institutions (Triple Helix Approach)	Activities and Outputs	Recorded and Expected Impact
Burundi	Ministry of Trade, Industry, Post and Tourism; Department of Vocational Training; National Association of SMEs; Afritan	A Leather Value Chain strategy has been formulated, with the participation of Government, Private Sector and Academia; wherein each pillar is expected to perform mutually, reinforcing activities, which would support the growth of the leather value chain, through formation of clusters; 53 artisans have been trained in footwear making, out of which 25 have been employed by a new footwear factory and the other half are operating as a loose Cluster in Kamwenge; A curriculum for levels 1 to 3 and diploma, has been designed, which responds to the needs of the industry and also meets the minimum requirements as set by Government	Improved collaboration and networking between Government and the Value Chain Stakeholders, which was not in existence prior to the intervention by COMESA/LLLPI; Enforcement of raw hides and skins export restriction has improved supplies of raw hides and skins in the domestic market, consequently pushing up tanning capacities to around 80% from 40%; Regulatory policy reforms and enforcement have led to two new foreign investors currently constructing two tanneries; 2014 also marked the production of finished leather in Burundi, with the opportunity of feeding the domestic market and also exporting to Rwanda, Uganda and other surrounding countries. A full-fledged footwear manufacturing company was officially opened in 2014; targeting to attain 1000 pairs per day by mid-year 2015; The Leather Value Chain Strategy and Curriculum, targeting skills development for youth, is scheduled to be launched in the first quarter of 2015; ***Increased exports of raw goat skins to COMESA countries from US$ 0 to US$ 113,000 between 2012 and 2013; 20 out of those trained provided with working opportunities in the new footwear factory; Individual SMEs trained to improve on their shoe production and increasing their market orientation at national and regional levels; Potential linkage of SMEs with the operating footwear factory built to adapt to cluster approach; New footwear design, which is 98% handmade revealed in Burundi. Innovation at its best.***

Table 9: Tabulations of Country Specific Activities towards Regional Leather Development

Country	Collaborating National Institutions (Triple Helix Approach)	Activities and Outputs	Recorded and Expected Impact
Eritrea	Ministry of Trade and Industry Eritrea Leather Industries Association University of Asmara Eritrea of Bureau of Standards	A Leather Value Chain strategy has been formulated, with the participation of Government, Private Sector and Academia; each pillar is expected to performing mutually reinforcing activities, which would support the growth of the leather value chain, through formation of clusters; The Strategy was officially launched in September 2014, and has received media attention; This has created a solid platform for collaboration among the three pillars namely Government, Private Sector and Academia.	The Leather Value Chain strategy was validated with the full participation of the Private Sector, which was a ground breaking event; There is improved collaboration between LLPI and the Eritrean Government, which is a positive development and would contribute to the improvement in the growth of the sector; A South African company, through the facilitation of LLPI, is set to set up a tannery off cuts collection center, which would assist in cleaning the environment of physical waste and also generate additional income to tanneries. The hides and skins off-cuts would be exported to South Africa and would be used in the production of gelatin, cosmetics etc; Feasibility to construct a gelatin manufacturing unit in progress. The project has the potential to recycle and reduce tannery waste and also increase employment and wealth creating opportunities.

Table 9: Tabulations of Country Specific Activities towards Regional Leather Development

Country	Collaborating National Institutions (Triple Helix Approach)	Activities and Outputs	Recorded and Expected Impact
Ethiopia	Ministry of Trade; Ministry of Industry EIFCCOS Ethiopian Leather Industries Association Ethiopia Leather Development Institute	A Leather Footwear Strategy was formulated through a participatory process for EIFCCOs Cluster, which has a Membership of 1200, employing approximately 3000 people; Supported focal points; The Strategy designed activities that are aimed at improving the performance of the Cluster, through support of Government, Academia, International Development Agencies and other technical institutions; 98 artisans were trained in entrepreneurial skills: record keeping, costing and pricing.	The Strategy is set to be launched in the first quarter of 2015, and is set to transform the operations of the Cluster in terms of volume and quality of footwear to be produced; The Cluster clinched orders to export 60,000 pairs per month to Kenya in 2013/2014; Enhanced the Leather Industries Development Institute (LIDI)'s profile as an emerging Centre of Excellence in capacity building and standardization in the regional market; Improved business management would enhance the performance of the enterprises with regard to profitability and volume growth; COMESA/LLPI recognized and received a certificate of appreciation from the EFFICOS Cluster Board of Directors; UNCTAD has invited COMESA/LLPI as an important partner to collaborate in supporting the Ethiopian Government to formulate agro processing value chains; Center for African Women Entrepreneurs of Ethiopia (CAWEE) working closer with LLPI to strengthen gender and youth empowerment in leather related SMEs; 14 Country representatives and Regional SMEs exposed to Ethiopian market through All Africa Leather Fair and avail the same market to show case their products; ***Exports from leather products from Ethiopia to the COMESA region has grown from US$ 672,000 to US$ 6,758,000 between 2012 and 2014.***

Table 9: Tabulations of Country Specific Activities towards Regional Leather Development

Country	Collaborating National Institutions (Triple Helix Approach)	Activities and Outputs	Recorded and Expected Impact
Kenya	Kenya Leather Development Council; Dedan Kimathi University; Kenya Footwear Association Kenya Bureau of Standards	A leather value chain strategy has been formulated, with the participation of Government, Private Sector and Academia; wherein, each pillar is expected to perform mutually reinforcing activities, which would support the growth of the leather value chain, through formation of clusters; The draft of the strategy was submitted to Kenya in October 2014; now waiting for their comments to enable us to finalize and launch it; An MOU was signed with Dedan Kimathi University, which is aimed at strengthening the University's support of enterprise development; Curriculum development for Dedan Kimathi is underway, which responds to the needs of both the SMEs and large enterprises; A Leather Value Chain Policy Framework was designed and submitted to Kenya in December 2014, upon request from the Kenya Leather Development Council Chairman; LLPI to assist in the development of a National Leather Development Policy under the Ministry of Industry for purposes of mainstreaming the leather sector alongside other agro-based commodities; Kenya Leather Development Council has been provided both national and regional presence in aspects of participation in Core Team, SME and specific trade related symposium; Established collaboration with 'Landolakes' to address issues related to pastoral communities in enhancing quality of raw hides and skins production;	The Strategy is scheduled to be launched in the first quarter of 2015; Improved collaboration and networking between Government and the Value Chain Stakeholders, which was not in existence prior to the intervention by COMESA/LLLPI; Kenya Foot Wear Manufactures to receive financial support from UNIDO in the form of a project, due to LLPI facilitation; Earlier efforts in SME training has provided new direction in the footwear design in Thika, Nairobi and Eldoret; ***Exports of products from the leather value chain has grown from US$ 20 million to US$ 120 million between 2002 and 2012 after the introduction of export tax on raw hides and skins.***

Table 9: Tabulations of Country Specific Activities towards Regional Leather Development

Country	Collaborating National Institutions (Triple Helix Approach)	Activities and Outputs	Recorded and Expected Impact
Malawi	Ministry of Trade and Industry Malawi Chamber of Commerce; Leather Association of Malawi	A leather value chain strategy has been formulated, with the participation of Government, Private Sector and Academia; each pillar is expected to perform mutually reinforcing activities, which would support the growth of the leather value chain, through formation of clusters; The draft of the strategy was submitted to Malawi in October 2014; now waiting for their comments to enable us to finalize and launch it; A total of 40 SMEs were trained in Footwear Making in Lilongwe and Blantyre; Initiated the setting up of the SMEs Association.	Improved collaboration and networking between Government and the Value Chain Stakeholders, which was not in existence prior to the intervention by COMESA/LLLPI; Enhanced participation of public and private sector players at both national and regional platform which has resulted in vibrancy of the sector in trade and product development; Establishment of Leather Footwear Association after training of SMEs; Opened trading links of SMEs to regional markets for leather and leather products; ***Exports of leather products to COMESA region grew from US$ 274,000 to US$ 495,000 between 2012 and 2013.***
Rwanda	Ministry of Trade and Industry; Masaka Incubation Centre; Association of SMEs Rwanda Development Board	A Leather Value Chain strategy has been formulated, with the participation of Government, Private Sector and Academia; each pillar is expected to perform mutually reinforcing activities, which would support the growth of the leather value chain, through formation of clusters; The draft of the strategy was submitted to Malawi in July 2014; now waiting for their comments to enable us to finalize and launch it; 52 artisans were trained at Masaka Incubation Center and Kigali; (21 in Footwear Making and 31 in Cluster Management).	Improved collaboration and networking between Government and the Value Chain Stakeholders, which was not in existence prior to the intervention by COMESA/LLLPI; Strategic linkages with Ethiopian exporters of finished leather and Kenyan upper shoe manufacturers of Kariokor with Rwandese SMEs facilitated; Facilitation by LLPI hosting various stakeholder groups to explore the Ethiopian Market at their request has developed closer trade integration amongst players in both countries; ***Leather and leather articles imports from the COMESA region has grown from US$ 6,483,000 to US$ 6,500,000 between 2012 and 2013;*** ***Raw hides and skins exports from Rwanda to the COMESA region has grown from US$ 3,660,000 to US$ 4,329,000 between 2012 and 2013.***

Table 9: Tabulations of Country Specific Activities towards Regional Leather Development

Country	Collaborating National Institutions (Triple Helix Approach)	Activities and Outputs	Recorded and Expected Impact
Sudan	Federal Ministry of Trade; Federal Ministry of Industry; Khartoum State Ministry of Human Resource Development; Khartoum State Ministry of Investment Kerari Vocational Training Centre; Khartoum Chamber of Industry and Commerce (Leather Chapter) Khartoum University of Technology	A Curriculum, which responds to the needs of the leather industry and also meets the requirements of Government was designed and launched in September 2014. Work is in progress to put down modalities of implementing it; A Leather Value Chain Strategy was submitted to Sudan in November 2014; now waiting for their comments to enable us to finalize and launch it; 20 artisans were trained by LLPI.	Improved collaboration and networking between Government and the Value Chain Stakeholders, which was not in existence prior to the intervention by COMESA/LLLPI; Export restrictions on the export of raw hides to West Africa for human consumption is now in force; it is reported that this has led to a reduction in the price of raw bovine hides and also availability; thus rechanneling 60% of the US$ 43 million worth of hides back into the leather value chain; The Strategy is scheduled to be launched in the first quarter of 2015; Through KERARI, youth development to support artisanal level training has been achieved; The University of Science and Technology of Sudan has endorsed its partnership with LLPI to fast track on innovation, capacity building and SME support to revitalize the leather sector; Out of 20 trainees trained in footwear 10 are in the pipeline of receiving funding support from the State of Khartoum, while the remaining 10 are already engaging themselves in footwear manufacturing at individual level after direct discussion with the Governor and State Ministers of Khartoum; The Private Sector has agreed to establish a Fund to support the improvement in the production of quality raw hides and skins.

Table 9: Tabulations of Country Specific Activities towards Regional Leather Development

Country	Collaborating National Institutions (Triple Helix Approach)	Activities and Outputs	Recorded and Expected Impact
Swaziland	SMEs Cluster; Ministry of Trade and Industry	Initiated and facilitated the participation of the Private and Public Sectors in the regional SMEs Committee; Facilitated the participation of both the Private and Public Sectors in Triple Helix Meeting, in order to generate their interest in working together; Working toward a community-based enterprise in product development and trade	Dialogue is now being developed between the Public and Private Sectors; Areas of cooperation and support already identified by LLPI awaiting Government approval to proceed; Through the private sector the potential of Swaziland in addressing poverty, youth educational and widow support has been established through fora organized by LLPI.

Table 9: Tabulations of Country Specific Activities towards Regional Leather Development

Country	Collaborating National Institutions (Triple Helix Approach)	Activities and Outputs	Recorded and Expected Impact
Uganda	Ministry of Trade, Industry and Cooperatives; Makerere University Business School; Footwear and Leather goods Manufacturers and Exporters Association; Training and Common Facility Centre	A leather value chain strategy has been formulated, with the participation of Government, Private Sector and Academia; each pillar is expected to perform mutually reinforcing activities, which would support the growth of the leather value chain, through formation of clusters; The draft of the strategy was submitted to Uganda in July 2014; now waiting for their comments to enable us to finalize and launch it; A total of 20 SMEs have been trained in footwear making; Initiated a capacity building program with the Makerere Business School; Knowledge sharing activities have also been undertaken, scaled at International level opening links with Canadian and Scottish Universities in entrepreneurship.	Improved collaboration and networking between Government and the Value Chain Stakeholders, which was not in existence prior to the intervention by COMESA/LLLPI; The above has led to the formation of the Uganda Leather Development Council (ULDC), which will spearhead the implementation of the Strategy; Tannery and Abattoir waste reduction, recycling and reuse in place toward gelatin production through the private sector; Interceding by LLPI for the SMEs has resulted in the Government providing a building, -free of charge, to the association. This will provide accommodation, strengthen its administrative and capacity building capability; Makerere University has initiated work related to entrepreneurship in conjunction with LLPI, targeted towards the SMEs; ***Imports of leather and leather products from the COMESA region has grown from US$ 7,656,000 to US$ 10,675,000 between 2011 to 2013;*** ***The imposition of the raw hides and skins export restriction tax has witnessed the growth of foreign currency earnings from US$25million in 2002 to US$ 65 million in 2012; this has been accompanied with a growth in the number of tanneries from 2 to 7 in the same period.***

Table 9: Tabulations of Country Specific Activities towards Regional Leather Development

Country	Collaborating National Institutions (Triple Helix Approach)	Activities and Outputs	Recorded and Expected Impact
Zambia	Ministry of Trade and Industry Zambia Development Board; Copperstone University Kitwe SMEs Cluster; Leather Industries Association of Zambia	MOU was signed with Copperstone University; A cluster of SMEs, is being nurtured under the University; Support to SMEs in capacity building and clusters; Participation of Public and Private Sectors in regional activities; Benchmarking engagements; Support of SMEs to participate in the Ethiopian markets has been extended annually for the last four years; LLPI is progressing fast to spearhead a cluster formation and product development for national and regional markets.	A new Private Sector Association has been reconstituted and registered in Kitwe; In January 2015 Zambia has made an official request to be assisted in formulating its own National Leather Strategy; Through LLPI and ITC – ZamBeef established an agreement for their leather to be certified by CLRI India (during benchmarking tour) which provided market entries globally that were not earlier available to them; A consultative group of value chain players have been formed to pursue a harmonized approach towards leather development in Zambia. The intention is to further formalize its operation to enhance a focused approach to the sector; ***Imports from COMESA grew from US$ 1,819,000 to US$ 2,753,000 between 2011 and 2012;*** ***Exports to COMESA grew by US$ 1,705,000 to US$ 2,462,000 between 2011 and 2012.***

Table 9: Tabulations of Country Specific Activities towards Regional Leather Development

Country	Collaborating National Institutions (Triple Helix Approach)	Activities and Outputs	Recorded and Expected Impact
Zimbabwe	Leather Institute of Zimbabwe; Zimbabwe Leather Development Council Ministry of Industry and Commerce	A total of 45 SMEs representatives have been trained in footwear making; A Leather Development Council has been established, which brings together Government, Private and Academia Sectors; in line with the Strategy document; Support of SMEs capacity and logistical support; Mainstreaming value addition; LLPI is pursuing strengthening leather trade by working closely with ZIMTRADE, awaiting the signing of the MoU to unlock the potential; Selected SMEs from the region have been exposed to the Market in Zimbabwe and results are encouraging, providing leather footwear market ranging from US$ 30 to 80 per pair higher than markets in Europe and Asia.	The Zimbabwe Leather Development Council was established and it will spearhead the implementation of the Strategy in partnership with Government; Support by LLPI in training of SMEs together with Zimbabwe Leather Institute has had very positive results. The formal grouping of the SMEs in Bulawayo is heading towards self-sustenance as they manage a fund generated and administered by themselves; Strengthened, through the Ministry of Industry and Trade, the governance of Zimbabwe Leather Institute which currently is concerting the efforts of SMEs; Local Zimbabweans are in the process of acquiring a tannery to start leather processing. This is an effort towards indigenization of the sector; ***Exports to the COMESA region grew from US$ 661,000 to US$ 1,384,000 between 2011 and 2012;*** ***Imports from the COMESA region grew from US$ 1,544,000 to US$ 2,250,000 between 2011 and 2012.***

Trade Data Source: ITC Trade Map

FINANCIAL STATEMENTS

COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA

SECRETARIAT

STATEMENT OF RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS

The COMESA Rules and Regulations requires the Secretary General to prepare:

* an audited statement of financial position;
* an audited statement of income and expenditure; and
* an audited statement of changes in the accumulated funds.

In preparing the financial statements, the Secretary General is required to:

* select suitable accounting policies and then apply them consistently;
* make judgements and estimates that are reasonable and prudent; and
* comply with International Financial Reporting Standards.

The Secretary General is responsible for ensuring that the COMESA Secretariat keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Secretariat. It is also responsible for safeguarding the assets of the Secretariat and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Secretary General is also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability for assets, and to prevent and detect material misstatements. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Secretary General to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

In the opinion of the Secretary General, the financial statements are drawn up so as to present fairly the financial activities of the COMESA Secretariat for the year ended 31 December 2013 and its financial position as at that date and have been prepared in accordance with International Financial Reporting Standards and in the manner required by the COMESA Financial Rules and Regulations.

Signed on behalf of COMESA by:

....) **Secretary General**

....) **Assistant Secretary General - Administration and Finance**

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA COUNCIL OF MINISTERS

Report on the financial statements

We have audited the financial statements of Common Market for the Eastern and Southern Africa Secretariat which comprise of the statement of financial position as at 31 December 2013, the statement of income and expenditure, statement of changes in accumulated funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Secretary General's responsibility for the financial statements

The Common Market for Eastern and Southern Africa Secretary General is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by COMESA Financial Rules and Regulations and for such internal control as the Secretary General determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Secretariat's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Secretariat's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA COUNCIL OF MINISTERS (CONTINUED)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the COMESA Secretariat as of 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the COMESA Financial Rules and Regulations.

Other matter

The supplementary information set out in Appendix I does not form part of the financial statements and is presented as additional information. We have not audited these schedules and accordingly we do not express an opinion on them.

Chartered Accountants

Wesley M. Beene

Name of Partner signing on behalf of the Firm

Lusaka

Date: 30 June 2014

COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA

SECRETARIAT

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2013

	NOTES	2013 COM$	2012 COM$
INCOME			
Member States contributions	4	11,475,361	10,895,390
Other income	5	489,140	230,442
		11,964,501	11,125,832
EXPENDITURE			
Administration	6	(4,167,120)	(3,288,969)
Secretary General	7	(2,217,959)	(1,820,071)
Meetings	8	(604,033)	(1,292,489)
Trade, customs and monetary harmonisation	9	(599,264)	(578,193)
Infrastructure development	10	(612,185)	(687,262)
Investment programme and private sector development	11	(367,711)	(395,943)
Information networking	12	(360,655)	(520,141)
Finance	13	(533,018)	(529,222)
		(9,461,945)	(9,112,290)
OPERATING SURPLUS		**2,502,556**	**2,013,542**
Other income (charges)			
Other gains	14	591,288	972,617
Amortisation of capital grants	23	78,395	42,409
Depreciation expense	15	(737,397)	(304,292)
Net other (charges)/income		(67,714)	710,734
SURPLUS FOR THE YEAR		**2,434,842**	**2,724,276**
Other comprehensive income			
Increase in fair value of equity investment	16	-	389,133
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2,434,842**	**3,113,409**

COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA

SECRETARIAT

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2013

	NOTES	2013	2012
		COM$	C OM$
ASSETS			
Non-current assets			
Property and equipment	15	19,558,579	1,566,541
Investment in equities	16	891,900	839,703
Total non-current assets		**20,450,479**	**2,406,244**
Contributions receivable	4	9,366,903	9,288,177
Other receivables	17	3,445,871	3,373,631
Amounts due from projects	18	405,117	511,066
Amounts due from a related party	19	-	831,445
Held to maturity investment	20	1,057,962	1,031,160
Contributions receivable for EPA Advisor	21	120,000	120,000
Bank and cash balances	22	24,557,898	20,028,743
Total current assets		38,953,751	35,184,222
TOTAL ASSETS		**59,404,230**	**37,590,466**
FUND BALANCE AND LIABILITIES			
Fund and reserves			
Accumulated fund		36,145,554	28,470,022
Capital reserve		60,000	60,000
Revaluation reserve		14,923,866	957,640
Total accumulated fund and reserves		51,129,420	29,487,662
Non-current liabilities			
Capital grants	23	250,688	174,891
		250,688	174,891
Current liabilities			
Account payables	24	8,024,122	7,927,913
		8,024,122	7,927,913
TOTAL EQUITY AND LIABILITIES		**59,404,230**	**37,590,466**

COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA

SECRETARIAT

STATEMENT OF CHANGES IN ACCUMULATED FUND FOR THE YEAR ENDED 31 DECEMBER 2013

	Accumulated fund COM$	Capital reserve COM$	Revaluation reserve COM$	Total COM$
Balance at 1 January 2012	25,745,746	60,000	568,507	26,374,253
Revaluation	-	-	389,133	389,133
Surplus for the year	2,724,276	-	-	2,724,276
Balance at 31 December 2012	28,470,022	60,000	957,640	29,487,662
Surplus for the year	2,434,842	-	-	2,434,842
Transfer from Comesa Centre (i)	5,240,690	-	13,966,226	19,206,916
Balance at 31 December 2013	**36,145,554**	**60,000**	**14,923,866**	**51,129,420**

(i) At the thirty second meeting of the Council of Ministers held on 22nd and 23rd February 2014 it was decided that the financial statements of the COMESA Centre be combined with the financial statements of the COMESA Secretariat. The combined financial statements resulted in net asset value of COM$19,206,915 being added to COMESA Secretariat. The net asset value is analysed as:

	COM$
Non current asset	18,407,431
Current asset	1,638,922
Current liabilities	839,438
Revaluation reserve	13,966,226
Accumulated funds	5,240,690

COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA

SECRETARIAT

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013	2012
		COM$	COM$
Cash flows from operating activities			
Surplus for the year		2,434,842	2,724,276
Adjusted for:			
Depreciation expense	16	737,397	304,292
(Profit)/loss on disposal of property and equipment		-	8,687
Interest income		(250,789)	(118,373)
Dividend income		(29,662)	(54,701)
Amortisation of capital grants	24	(78,395)	(42,409)
		2,813,393	3,210,905
Movements in working capital:			
Increase in contributions receivable		(32,766)	(1,043,350)
Increase in other receivables		1,440,650	(94,153)
Decrease in amounts due from projects		(72,240)	77,574
Decrease in contributions receivable for EPA Advisor		-	36,000
Decrease/(increase) in amounts due from a related party		-	(831,445)
Increase in accounts payable		104,202	1,585,397
Net cash generated from operating activities		4,253,238	2,551,795
Cash flows from investing activities			
Payments for property and equipment	16	(330,432)	(425,851)
Proceeds from disposal of property and equipment		17,947	2,200
Interest received		250,789	118,373
Increase in fair value of equity investment		52,197	(389,133)
Dividend received		29,662	54,701
Net cash used in investing activities		20,163	(250,577)
Net increase in cash and cash equivalents		4,273,401	2,301,218
Cash and cash equivalents at beginning of the year		21,059,903	18,758,685
Cash and cash equivalents at beginning of the year – COMESA Centre		282,556	-
Cash and cash equivalents at end of the year		25,615,860	21,059,903
Comprised of:			
Cash and bank balances	23	24,557,898	20,028,743
Held to maturity investments	21	1,057,962	1,031,160
		25,615,860	21,059,903

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