



**COMMON MARKET FOR EASTERN
AND SOUTHERN AFRICA**

MEDIUM TERM STRATEGIC PLAN

Towards an Integrated and Competitive Common Market

2011 - 2015

Foreword

This *Medium Term Strategic Plan* represents a bold statement of commitment, and a road map for the achievement of the goals of regional integration. A decade and half of steady progress has put COMESA on the verge of a truly transformative phase in its journey towards full economic integration. As we consolidate gains and embrace new historic opportunities, COMESA is determined to contribute to making this new decade the defining one for Africa's economic integration.

During the plan period, COMESA will continue to consolidate its internal market by making substantial progress in removing barriers to factor mobility, thus facilitating freer movement of goods, services, capital and people. Concurrently, it will continue to build a strong and competitive productive base by strengthening the key sectors of agriculture, industry and services with a specific focus on innovation and value-addition. In order to enhance regional trade and investment, structural constraints will be addressed and policies and regulations harmonized among member countries of COMESA.

The COMESA Customs Union, which was officially launched in June 2009, will become fully operational during the plan period. Similarly, the Tripartite Process involving policy and programme coordination and harmonization among COMESA, SADC and EAC should give rise to the establishment of a grand free trade area bringing together 26 African countries. Such a grand FTA will represent the most significant continental consolidation since the establishment of the Organization of African Unity in May 1963; it will be a substantive step towards the vision of an African Economic Community.

Bringing these goals into fruition is daunting but achievable provided political commitment and leadership remain steadfast, and provided the requisite technical competence and capacity continues to be built in all Member States and at the COMESA Secretariat.

Regional integration is a cooperation-intensive process. For this reason, COMESA will continue to strengthen ties with current partners while strategically cultivating new ones.

Finally, let this Strategy be a call to action; a rallying point for COMESA's internal integration as well as integration into the global economic system in service of the ultimate goal: the improvement in the living conditions of African people, in a secure and sustainable environment.

**His Majesty King Mswati III
King of the Kingdom Of Swaziland and
Chairman of the COMESA Authority
October 2010**

Acknowledgements

The development of this *Medium Term Strategic Plan* (MTSP) involved a rigorous, fifteen-month consultative process that started with a strategic staff retreat in June 2009. This was followed by an in-depth engagement with senior officials from Member States in a one-day meeting in September 2009. The priorities and key outcomes identified were sent with a questionnaire to Member States for review and additional input. A first draft of the Medium Term Strategic Plan was then put together and used as the basis for the final strategy and Regional Consultative Planning workshop in May 2010. The workshop was attended by the COMESA Secretariat and representatives from the public and private sector in member states and COMESA Institutions. Meanwhile, National Consultative Workshops were undertaken in six member states between 20th May and 23rd June 2010.

Throughout this process, we have been privileged to count on the support of many stakeholders. A majority of Member States have been fully engaged and contributed valuable input. We also received comments from many COMESA institutions. Within the COMESA Secretariat, the contribution from staff made an important difference; last but not least the COMESA Secretariat Taskforce which was entrusted with the finalization of this document. I thank you all.

Finally, we express our special thanks to the European Union and the World Bank whose grants, through the Regional Integration Support Programme (RISP) and the Institutional Development Fund (IDF) respectively, made possible the consultative processes which were crucial during the development of the MTSP. We thank USAID who has continued to support the Monitoring and Evaluation Unit which steered the Taskforce and the process to the end upto adoption of the MTSP by Council of Ministers in Swaziland. Further consultations with member states on the development of the online reporting system and strengthening of Monitoring and Evaluation of the MTSP will continue under the World Bank and cooperating partners' financial and technical assistance.

As we implement the plan, we count on continued support as well as the support of many other development partners and stakeholders because, ultimately, regional integration is a cooperative endeavor.

I thank you.

Sindiso Ngwenya
Secretary General

Abbreviations

AAMP:	African Agricultural Markets Programme
ACTESA:	Alliance for Commodity Trade in Eastern and Southern Africa
ADCP:	African Development Corridor Platform
AFOLU:	Agriculture, Forestry and Sustainable Land Use
AGOA:	African Growth and Opportunity Act
AMPRIP:	Agricultural Market Promotion and Regional Integration Project
APF:	Africa Partnership Forum
ASYCUDA:	Automated System of Customs Data and Management
ATIA:	African Trade Insurance Agency
AU:	African Union
CAADP:	Comprehensive Africa Agriculture Development Programme
CET:	Common External tariff
CEWS:	Continental Early Warning System
COMPETE:	Competitiveness and Trade Expansion Program
COMWARN:	COMESA Conflict Early Warning System
CU:	Customs Union
DDA:	Doha Development Agenda
EAC:	East African Community
EAPP:	Eastern Africa Power Pool
EPA:	Economic Partnership Agreements
ESA:	Eastern and Southern Africa
EU-ACP:	European Union-African Caribbean and Pacific grouping
FAO:	Food and Agricultural Organization of the United Nations
FDI:	Foreign Direct Investment
FEMCOM:	Federation of Women in Business in Eastern and Southern Africa
FOCAC:	Forum on China-Africa Co-operation
FOSS:	Free and Open Source Software
FTA:	Free Trade Area
GDP:	Gross Domestic Product
GIS:	Geographic Information System
HCPI:	Harmonized Consumer Price Indices
HIV/AIDS:	Human Immune Virus/Acquired Immune Deficiency Syndrome
ICT:	Information and Communication Technology
IMF:	International Monetary Fund
IMTS:	International Merchandise Trade Statistics
LLPI:	Leather and Leather Products Institute

COMESA Strategy 2011 -2015: Towards an Integrated and Competitive Common Market

MDGs:	Millennium Development Goals
NAMA:	Non-Agricultural services Market Access
NDTPF:	National Development Trade Policy Framework
NEPAD/APRM:	New Partnership for Africa's Development - African Peer Review Mechanism
OECD:	Organization for Economic Cooperation and Development
OSBP:	One Stop Border Post
PTA Bank:	Trade and Development Bank for Eastern and Southern Africa
RABESA:	Regional Approach to Biotechnology & Bio-safety for Eastern & Southern Africa.
RAERESA:	Regional Association of Energy Regulators for Eastern and Southern Africa
RCTG:	Regional Customs Transit Guarantee
REDD:	Reduced Emissions from Deforestation and Degradation
REFORM/CBT:	Regional Food Security & Risk Management/Cross Border Trade
RELPA:	Regional Enhanced Livelihoods in Pastoral Areas
RIA:	Regional Investment Agency
RPSS:	Regional Payments and Settlement Systems
SADC:	Southern Africa Development Community
SMEs:	Small and Medium Enterprises
SPS:	Sanitary and Phytosanitary Standards
STAR:	Strengthening Trade in Agricultural Inputs at a Regional Level in Africa
STR:	Simplified Trade Regime
TDP:	Trade Development and Promotion
TDTM:	Transit Data Transfer Module
TICAD:	Tokyo International Conference on African Development
TIFA:	Trade and Investment Framework Agreement
TRIPS:	Trade-Related aspects of Intellectual Property Rights
TSI:	Trade support institution
UN:	United Nations
UNAIDS:	United Nations Joint Programme on HIV&AIDS
UNCTAD:	United Nations Conference on Trade and Development
UN-DESA:	United Nations Department of Economic and Social Affairs
UNECA:	United Nations Economic Commission for Africa
UNICEF:	United Nations Children's Fund
WHO:	World Health Organization
WTO:	World Trade Organization
ZEP-Re:	COMESA Re-Insurance Company

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Overview

COMESA is at a critical juncture in its integration process. A decade and half of efforts to promote regional trade and investment have borne fruit in a range of areas – from customs management, transport and trade facilitation to project finance, institutional development, technical co-operation and capacity building. Progress has also been made in policy coordination and cooperation in the productive sectors. COMESA is now poised to consolidate its gains and embrace new opportunities. In this respect, the launching of the Customs Union in 2009 was an important milestone. Its successful implementation will demand exceptional focus and commitment from Member States, all COMESA organs and stakeholders.

The regional integration process has received fresh and welcome impetus from the Tripartite Process involving policy and programme coordination between COMESA, SADC and EAC. The prospects for a Tripartite Free Trade Area - and eventually a Customs Union – stretching across Africa from Libya to Swaziland look excitingly bright.

These regional dynamics are taking place against a backdrop of historic shifts: the coordinates of geo-economic power (and increasingly geo-political power) are now more dispersed, gradually shifting from the West to the East and increasingly led by the influential BRICs Quartet (Brazil, Russia, India and China). The shift is reflected in the greater prominence of G20 (group of 20) relative to the traditional G8.

Globally, a confluence of forces is converging to shape this decade and beyond: advanced economies are emerging slowly from the longest recession since the Great Depression; energy, food and climate are locked in an interlocking loop. Meanwhile, there is a sense of urgency to meet the Millennium Development Goals as 2015 approaches.

In the implementation of this strategy, COMESA will take a strategic perspective whether initiatives and interventions are heading towards intended goals (impacts) and react quickly to adjust the strategy or even the objectives in response to changed circumstances or failure. This will involve being clear and explicit about intervention logic and strategy.

In addition COMESA will endeavor to put in place practical and operational conditions for carrying out activities efficiently. Operations will be guided by the annual work programme which will be cognizant of council decisions and emerging issues that may necessitate adjusting the strategy.

This is part of the context against which this COMESA Medium Term Strategic Plan (MTSP) was developed and will now be implemented.

The MTSP is divided into five substantive chapters as follows:

Chapter One provides the historical background to COMESA and highlights its mission, vision and guiding principles. The progress in terms of growth in trade and increased cross-border investment is highlighted as well as the market potential of a region with an estimated population of over 400 million and a combined GDP of over USD 345 billion. It ends by summarizing the Planning and Programming Approach.

Chapter Two (Positioning COMESA in the Global Context) reviews the context - globally and regionally – under which the planning is taking place. Four inter-connected global issues are

viewed and their potential implications on COMESA's medium and long-term planning highlighted. These are: Global Economy, Social and Economic issues, Food and Nutrition Security (demand and supply dynamics around food, water, and energy), Environmental Protection and Climate Change, the role of new and existing technology, and, finally, COMESA's response to Global issues.

Chapter Three reviews the Status of Integration. It gives a brief Background, the Current Status, General Export Trends, Export Destination, Trade Facilitation, Trade Development and Consolidating the COMESA Market. It briefly reviews the main strategies for addressing the Supply Side Constraints related to Infrastructure; Agriculture; Industry, Investment and Private Sector Development; Peace and Security and Cross cutting issues

Chapter Four highlights the firm foundation of success upon which the MTSP is built. COMESA is today recognized as a successful regional economic bloc on account of commendable strides in the following broad areas of integration: removing barriers to factor mobility, building a competitive productive capacity, addressing structural constraints and harmonizing the regulatory and policy environment. Despite notable success, this Chapter recognizes the formidable challenges that remain: the need for steadfast political commitment, leadership, technical competence and capacity from Member States and the COMESA Secretariat.

COMESA's 'Theory of Change' - the conceptual logic guiding the way we believe positive change in the lives of people of the region will be achieved is highlighted. The ultimate success goal is the improvement in peoples' living conditions, in a secure and sustainable environment. The evidence of success that this objective is being met will be measured in terms of higher, sustainable economic growth with improved human development outcomes – healthier, better educated people that live longer productive lives in safer and sustainable environments. The platform for this success, is the attainment of a fully integrated and internationally competitive regional economic community whose pillars are: Improved market access made possible through elimination of barriers to factor mobility; competitive productive capacity; reduced supply-side (especially infrastructural) constraints; harmonized, enabling policy and regulatory framework, all resting on a foundation of competent, accountable governance.

The priorities identified for the medium term are consistent with COMESA's mission, vision and theory of change. The critical pillars for the pursuit of full integration are: Removal of Barriers to Factor Mobility; Building Competitive Productive Capacity; Addressing Supply-Side Constraints Related to Infrastructure; and undergirding the overall agenda through Cross-Cutting Programmes. These strategic pillars, along with institutional development, constitute the core priorities of the MTSP.

Chapter Five (Implementation Strategy) covers the Challenges and Opportunities Ahead, Addressing Implementation Challenges, Managing for Results (Guiding the Strategy, Putting in place Effective Operations, Creating a Learning Environment, Developing and Using an Effective M&E System); Performance Management Framework; Institutional Implementation Arrangements and ; Resource Mobilization Strategy.

As part of the strategy to secure sustainable financing for its programmes, COMESA will work with partners to strengthen the COMESA Fund as one vehicle for mobilizing resources in support for trade reform and infrastructure projects.

Chapter One: Introduction

1.1. Background

The Common Market for Eastern and Southern Africa (COMESA) is a regional economic grouping made up of 19 Member States¹ with an estimated population of 400 million people. COMESA was established in 1994 to succeed the Preferential Trade Area (PTA) for Eastern and Southern Africa that had been in existence since 1981. Recognized as one of the building blocs of the African Economic Community under the Abuja Treaty and the AU Constitutive Act, COMESA's principal focus is outward-oriented with the vision of promoting regional integration through trade development, investment promotion and sustainable utilization of natural resources for the mutual benefit of all the citizens of the region.

Since its establishment, COMESA has made considerable progress towards beneficial economic integration. Beyond achievements in trade liberalization and facilitation in general, notable progress has been made in the specific areas of customs management, transport facilitation, trade and project finance, institutional development, technical co-operation and capacity building. Progress has also been made in policy coordination and cooperation in the productive sectors. The net result has been tangible growth in trade and increased cross-border investment (see Chapter 3 below).

With an estimated population of over 400 million and a combined GDP of over USD 345 billion², the COMESA region is potentially one of the largest markets in the world.

1.1.1. COMESA 's Aims and Objectives

The aims and objectives of the Common Market as spelt out in Article 3 of the Treaty are to:

- a) Attain sustainable growth and development of the Member States by promoting a more balanced and harmonious development of its production and marketing structures;
- b) Promote joint development in all fields of economic activity and the joint adoption of macro-economic policies and programmes to raise the standard of living of its peoples and to foster closer relations among its Member States;
- c) Co-operate in the creation of an enabling environment for foreign, cross border and domestic investment including the joint promotion of research and adaptation of science and technology for development;
- d) Co-operate in the promotion of peace, security and stability among the Member States in order to enhance economic development in the region;
- e) Co-operate in strengthening the relations between the Common Market and the rest of the world and the adoption of common positions in international forums; and,
- f) Contribute towards the establishment, progress and the realization of the objectives of the African Economic Community.

¹ As of 2010 COMESA Member States are: Burundi, Comoros, DRC, Djibouti, Egypt, Ethiopia, Eritrea, Kenya, Libya, Malawi, Madagascar, Mauritius, Rwanda, Swaziland, Seychelles, Sudan, Uganda, Zambia and Zimbabwe.

² 2008 COMESA Annual Report

1.1.2. The Vision

COMESA's vision is:

To have a fully integrated internationally competitive regional economic community within which there is economic prosperity and peace as evidenced by political and social stability and high standards of living for its people.

1.1.3. The Mission

COMESA's Mission is:

To endeavor 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.

1.1.4. Guiding Principles

COMESA is guided by the principles expressed in Article 6 of the COMESA Treaty. These are:

- a) Equality and inter-dependence of the Member States;
- b) Solidarity and collective self-reliance among the Member States;
- c) Inter-State co-operation, harmonization of policies and integration of programmes among the Member States;
- d) Non-aggression between the Member States;
- e) Recognition, promotion and protection of human and peoples' rights in accordance with the provisions of the African Charter on Human and Peoples' Rights;
- f) Accountability, economic justice and popular participation in development;
- g) The recognition and observance of the rule of law;
- h) The promotion and sustenance of a democratic system of governance in each Member State;
- i) The maintenance of regional peace and stability through the promotion and strengthening of good neighborliness; and
- j) The peaceful settlement of disputes among the Member States, the active cooperation between neighbouring countries and the promotion of a peaceful environment as a pre-requisite for their economic development.

1.2. The Planning and Programming Approach

1.2.1. Planning Process

COMESA's work is guided by plans that have three (3) time horizons: the long-term vision expressed in the founding Treaty, a medium-term horizon - usually 5 years - and an annual planning cycle. Medium-term strategic plans (MTSPs) provide a framework within which detailed annual workprogrammes and Budget are developed. They also form the basis for in-depth multi-year plans for specific sectors.

Besides the COMESA Treaty, other development blue-prints and documents that guide COMESA's work include the following: the Abuja Treaty (1991) and the Constitutive Act of the African Union (2000), the United Nations Millennium Development Goals (MDGs), long-term development plans of individual Member States and the decisions of the COMESA Authority and Council.

This Plan builds on the preceding MTSP which covered the period 2007 -2010.

1.2.2. Programme Approach

The COMESA's approach to regional integration is the classical stage-by-stage gradual method of progressing from a preferential trade area, to a free trade area, a Customs Union, then a common market and eventually a monetary union. COMESA launched its Customs Union in June 2009 and hopes to enter into its Common Market by 2015. COMESA's programmes are dovetailed towards achievement of these milestones over time.

In the last few years, the Secretariat has made improvements in its programming process, in order to demonstrate a better linkage between the COMESA Strategic Plan, Annual Workprogramme & Budget and; Monitoring and Evaluation. The Consolidated Annual Work Programmes which were based on the 2007-2010 Strategic Plan maintained the eight Strategic Focus Areas of: Trade Development and Facilitation, Customs Union, Trade Related Issues, Transport and Communication, Industry and Energy, Agriculture, Monetary and Fiscal Affairs, and Economic and Social Affairs.

During the next five years, COMESA as a region will articulate its vision of becoming an integrated region that is internationally competitive and where living standards have improved. The approach to realizing this vision is designed to enable Member States realize the benefits of integration. This Strategic Plan adopts a comprehensive and multi-dimensional approach, comprising interlocking programmes designed to facilitate and enable factor mobility within a common investment space and production base in a convergent policy and regulatory environment.

The Medium Strategic Plan in addition focuses on addressing issues affecting the ordinary people such as poverty, public health, education, gender, children's welfare, equal opportunities, and international solidarity. Six Strategic (Priority) Areas have been identified as key drivers. These are:

- i) Removing Barriers to Trade;
- ii) Building Productive Capacity for Global Competitiveness;
- iii) Addressing Supply Side Constraints related to Infrastructure;
- iv) Peace and Security;
- v) Cross cutting issues (Gender and Social Affairs, Climate Change, Statistical Development, Knowledge Based Society and Human Capital, Coopération and Partnerships and Aid for Trade);
- vi) Institutional Development.

For enhanced sustainability, efforts will be made to particularly strengthen National Institutions which are responsible for the implementation of programs and ensuring coordination with the region through the Secretariat.

Chapter Two: Positioning COMESA in the Global Context

2.1 Global Issues

The global financial and economic crisis which occurred at a time when Africa was slowly recovering from the negative effects of the fuel and food crisis presents significant challenges for African countries. It also exposed weaknesses in the functioning of the global economy and led to calls for the reform of the international financial architecture. The impact of the global economic crisis has slowed the pace of both economic activity and poverty reduction in developing countries, and is hampering progress in achieving the other Millennium Development Goal (MDGs) targets. If not addressed, the global crisis will have further adverse implications on the region.

2.1.1 Global Economy

The financial crises continued to have a negative impact on the global economy in 2009. This was reflected by a global contraction of 2.2 per cent, reduction in trade volumes by 12.4 percent and a marked decline in foreign direct investment and development assistance flows mainly to developing countries. The impact of the crises was concentrated more in the developed countries which recorded a slump in GDP growth resulting in a rate of -3.5% against 1.9% for the developing countries. Africa recorded GDP rates of about 1.6 % which was forecasted to rise to 4.3% in 2010. It is important to note that outside the financial crises, the global trade figures indicated an overall decline in trade growth of 12%. For Africa, however, the total trade rose slightly from 2.8 in 2007 to 3.5% in 2008. The increase was attributed to the increased commodity prices that peaked in mid 2008. Nevertheless, Africa's contribution to global trade remains low at 2% of global trade.

Following increased oil prices and depreciation of the US Dollar, commodity prices declined in 2009. The affected commodities included food and beverages, agricultural produce and mineral ores. Crude oil prices fell by about 50% while copper, coffee, cotton and sugar prices fell by more than 20% between 2008 and 2009. The decline in the commodity prices was as a result of the reduced demand from the developed countries. However, demand from China helped in part to mitigate drastic reduction of prices and thus somehow cushioned the impact on African countries that mainly trade in unprocessed commodities. Linked to this was the decline in the inflation rate in all parts of the world with the global inflation being 1.3% in 2009. The inflation was lowest in developed countries at 0.1%, while developing and emerging markets recorded 4.3%.

Capital flows to developing countries were equally affected by the crises. The level of Foreign Direct Investment (FDI) was affected by the financial crises with a decline of 43%. The most affected were the developed countries with areas like East and South-East Asia also recording significant decline. For Africa, the FDI flows reduced by 11% and are expected to decrease further given the fiscal position of developed countries. Most FDI flows were directed to mineral and natural resource rich African countries, though the sharp drop in commodity prices constrained additional investments in these sectors in 2009. In addition, remittances whose significance is recognized in the developing world fell by 5.3% from 2008. Global unemployment levels were greatly affected with an increase from 5.9% to between 6.9% and 7.4%. However, the impact on Africa has been minimal as the structure of employment is concentrated in the agriculture sector (62%) and less so in the services (28%) and industry (10%) sector which are the most affected by the financial crises.

It is recognized that due to the weak link to the global finance system, African as a whole and the COMESA region in particular, have been cushioned from the full force of the impact of the crises. However, the expected slow global recovery means continued weak external demand and poor inflow of external private capital and remittances. The result will be sluggish and uncertain growth unless COMESA Member States employ the right mix of policy tools in parallel to measures being implemented by developed countries to speed up their recovery.

2.1.2 Social and Economic Issues

In 2009, Africa's GDP growth in general reduced, however, in some countries it increased. During the year, GDP for twenty nine (29) countries grew by 3% or less, while for seventeen (17) countries it grew by between 3% and 5% and in only two (2) countries i.e. Ethiopia and Democratic Republic Congo it expanded by 7% or more. This is a marked decline when compared to performance in 2007 and 2008 when GDP growth rates of more than 3% were recorded in the majority of the countries. The oil exporting countries however, fared relatively better than oil importing countries recording average GDP growth rates of more that 5%.

Key sectors were affected by the crises. The results have included reduced production in the mining sector which has seen huge layoff of workers and majority of foreign mining companies moving out or postponing investment. In the manufacturing sector, factories have scaled down capacity while tourism has seen a substantial decline in tourist flows. Though agriculture has seen limited impact, the expectation is that there are impending effects on the real economy through lowered demand for Africa's exports, falling commodity prices and decrease in investment.

Performance in meeting the MDGs has been mixed. Notable progress has been achieved in areas like primary school enrolment and reductions in HIV prevalence rates and some improvements in gender equality. Areas of poverty reduction, eradication of hunger and decreasing maternal mortality rate have seen limited progress. Further, as a result of the crisis, several key areas of the MDGs, including those related to hunger, child and maternal health, gender equality, access to clean water, and disease control, have been adversely affected and will continue to affect long-term development prospects well beyond 2015.

Substantial progress had been made in reducing extreme poverty before the crises hit. Global poverty had fallen by 40% since 1990 and the developing world was on target to achieving the MDG target of halving poverty. Sub-Saharan Africa was unlikely to reach the target as incomes were far below the poverty line and implementation of reforms started behind other regions, all the same, poverty had rapidly fallen. As a result of the crisis, 53 million more people will remain in extreme poverty by 2015 than otherwise would have been. However, the projections over the next five years are that the number of extreme poor could total around 920 million, marking a significant decline from the 1.8 billion people living in

Box 1: Selected Health Statistics (Sources: WHO, UNICEF & UNAIDS)

- One billion people worldwide lack basic health care.
- Tuberculosis killed about 1.3 million people worldwide in 2007, 33% of these in Africa.
- 4 million children under-five die each year from three treatable diseases: diarrhoea, malaria or pneumonia.
- In 2007, two million people died of AIDS, 75% in Sub-Saharan Africa.
- Malaria kills over one million people worldwide; with Africa accounting for 89% of the total.

extreme poverty in 1990. It is also expected that the hardest hit are likely to be females and female headed households.

As at 2008, employment rate reduced marginally to 7.9% from 8.5% in 2003 while in 2009 it reduced substantially due to job losses in labour intensive sectors such as textiles, construction and tourism as well as in capital intensive sectors such as mining. In terms of education, the primary school enrolment increased from 71% in 2006 to 74% in 2007 and this was mainly achieved through strong government commitment and support from the development cooperation partners. If current rates are sustained, the MDG target is likely to be achieved. However, this may be negatively affected by declines in ODA in view of the crises.

Indisputably, great strides have been made in human health over the last half century. On the whole, people are healthier and live longer today than they did 50 years ago but the challenges that remain are huge. (See Box 1 for selected statistics). Of these challenges, pandemics and the outbreak and spread of so-called superbugs (highly resistant disease agents) have the potential to cause the greatest global disruption and instability. This threat is made worse by the role of climate change in ecosystem instability – creating favorable conditions for disease outbreaks. Besides seasonal flu/influenza pandemics such as swine flu, bird flu, and severe acute respiratory syndrome, the greatest threat is posed by perennial and chronic pandemics such as the HIV/AIDS, Malaria and Tuberculosis.

2.1.3 Food and Nutrition Security

Estimates by various organizations indicate that the demand for food is expected to double by 2050 driven by population growth and rising incomes. Population is projected to grow by 34 percent from 6.8 billion today to 9.1 billion in 2050, with much of the relative increase coming from developing countries. To meet this demand, food availability in developing countries will need to increase by about 60 percent by 2030 and to double by 2050. Annual average net investment in agriculture needed to deliver this added production is USD 83 billion, according to FAO³.

Despite these seemingly formidable challenges, there is widespread agreement that the world has the resources and technology to ensure sustainability in food security. What is lacking is a concerted political and cooperative effort to develop and implement the right mix of strategies underpinned by sound policy. A direct link between food and nutrition is now being highlighted in the MDG debate given that food insecurity at the household level is viewed as one of the three main underlying causes of malnutrition. Fifteen (15%) per cent of the world's masses do not have sufficient food to meet their basic nutritional needs. This has resulted in an adverse impact on the social dimension of the world's economies including their human capital and performance, resilience to shock, productivity, mental and physical capacity, maternal health and survival. In addition, one in five children are undernourished in the developing world, while some 26,000 children die from conditions related to hunger and malnutrition with half of them dying under the age of five.

³ High Level Expert Forum: How to Feed the World in 2050. FAO. Rome. 2009

2.1.4 Environmental Protection and Climate Change

There is near unanimity on the fact that global temperatures are rising with increasing impact on weather patterns and sea levels. These changes are exacerbating weather-related disasters, pest and disease distribution patterns around the world and affecting resource availability – particularly food and water supplies. Equally accepted is the fact that the impact of climate change will vary by region. For a variety of reasons such as geographic, economic, technological and response capacity, countries in sub-Saharan Africa, including the COMESA region, are likely to bear a disproportionate share of the burden of the impact. The sectors at greatest risk are agriculture, water and health. The risks of a reversal of recent gains in livelihood challenges, particularly in developing countries, are real, making attainment of Millennium Development Goals a big challenge.

Meanwhile, growing demand for limited non-renewable, non-polluting energy is focusing attention on the need to develop low carbon or non-carbon sustainable sources of energy. In this respect, green technology in the energy sector is seen as the next great frontier that will power growth for this decade and beyond. For the COMESA region as with sub-Saharan Africa as a whole, water scarcity will be exacerbated by land-use and environmental practices that degrade soils, wetlands, water towers, forests and groundwater tables, leading to reduced water quantity and quality.

2.2 COMESA's Response to Global Issues

The MTSP strategic areas are well focused to address the above challenges not only in the context of global crises but also in order to achieve COMESA's Vision of becoming 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.

Therefore, the aim is to continually improve and increase COMESA member States trade volumes and values by expanding both the regional and international markets and producing diversified and competitive goods and services. This recognises the expected turn in economic activities as the global economy continues to recovery and global demand improves.

At the regional level, COMESA's response will include consolidation of the internal market, full implementation of Customs Union and preparations for the Common Market and Monetary Union. Some of the programmes to be implemented will address production and supply-side constraints related to productive capacities, technological capabilities and infrastructure, and laying a firm foundation for an innovative and knowledge-based economy; facilitating movement towards macroeconomic convergence; and aligning policy and regulatory frameworks consistent with the goals of the COMESA-EAC-SADC Tripartite Process of creating a grand FTA as a basis for a future grand Common Market that will contribute to the attainment of the African Economic Community.

The individual national level efforts will also play a significant role in providing a conducive environment for investment and trade through adoption and implementation of relevant policy reforms.

Chapter Three: Status of Integration

3.1 Background

COMESA launched Africa's first FTA with 9 member States on 31st October 2000. Within 9 years, the membership has grown to fourteen countries; namely; Burundi, Comoros, Djibouti, Egypt, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Sudan, Zambia, and Zimbabwe. The FTA countries account for 85% of COMESA's population and 87% of the regional Gross Domestic Product (GDP). By 2009, intra-COMESA trade had reached an estimated USD 15.2 billion, from USD 3.2 billion in 2000⁴. Total COMESA trade has continued to grow for both imports and exports over the past years. In 2007, total COMESA trade rose to US\$203 billion, from US\$179 billion in 2006, representing an increase of 14 percent. Between 2008 and 2009, the rate of growth was a robust 57 percent, reaching US\$ 307 billion.

The formal launch of the Customs Union by the COMESA Authority in June 2009 was a significant milestone on the way towards a Common Market and ultimately an Economic Community with a single currency. The fundamentals of the Customs Union are now in place. They include concrete agreement on the structure and rates of the Common External Tariff (0% for both capital goods and raw materials, 10% for intermediate goods, and 25% for final goods), the principles for a Common Trade Policy, the Customs Management Regulations, the revenue collection and sharing mechanism, and the institutional and administrative structures.

3.2 Current Status

Like the rest of Africa, the COMESA region registered growth averaging more than 5 percent from 2002 and 2007 before it was interrupted by the combined effect of the financial crisis and a spike in food and energy prices in 2008. Before the global recession, intra-COMESA trade had been trending upwards growing by an average of 10% reaching a high of USD 14.3 billion in 2008 from \$3.1 billion in 2005. Real growth in 2008 was 9.2% percent, marginally down from the 2007 growth rate of 11.3%, with twelve of the nineteen member states averaging growth rates above 5 percent.⁵

3.3 General Export Trends

For the period 2004 – 2008, COMESA total exports rose from US\$ 58 billion to US\$ 157 billion representing an increase of 169% (See Table 2 and Fig 1 below). However, these exports are beefed up by petroleum oils and natural gases exports which accounted for about 70 percent of total COMESA exports in 2008 as depicted in Table 3 below. When these fuels are excluded, COMESA's total exports grew from US\$ 20 billion to US\$ 45 billion over the same period and although the increase is high at 124%, the region still lags behind in trade.

⁴ 2009 COMESA Annual Report

⁵ COMESA Annual Report 2009. The 12 countries are: Mauritius (6.6%); Djibouti (5.2%), Ethiopia, (11.6%); Egypt (7.2), Madagascar (5.0%); Malawi (9.7%); Rwanda (11.2%), Uganda (9.5%); Zambia (6.0%); Congo D.R., (6.2%), Libya (6.8%), and Sudan (10.5 %)

Table 1 : COMESA Exports, 2004 - 2008, Values in US\$ Millions					
	2004	2005	2006	2007	2008
Total Exports					
Exports	57,004	75,355	99,023	105,044	154,563
Re-Exports	1,436	2,093	1,816	2,100	2,571
Total Exports	58,440	77,448	100,839	107,144	157,133
Non-Oil Exports					
Exports	19,422	20,060	25,706	31,514	43,175
Re-Exports	782	1,331	1,355	1,696	2,125
Non-Oil Exports	20,203	21,391	27,061	33,210	45,300

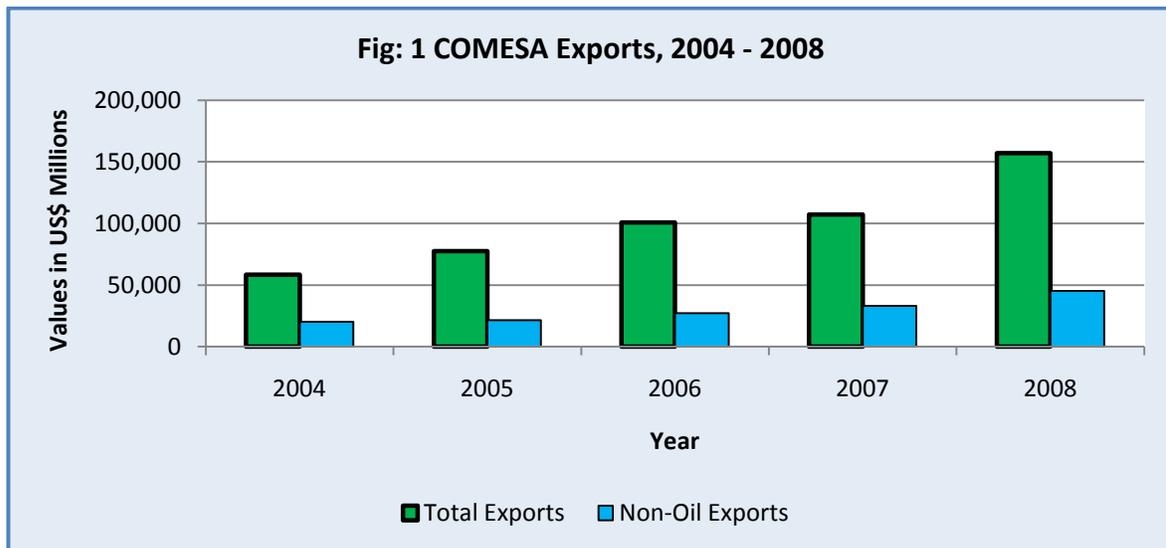
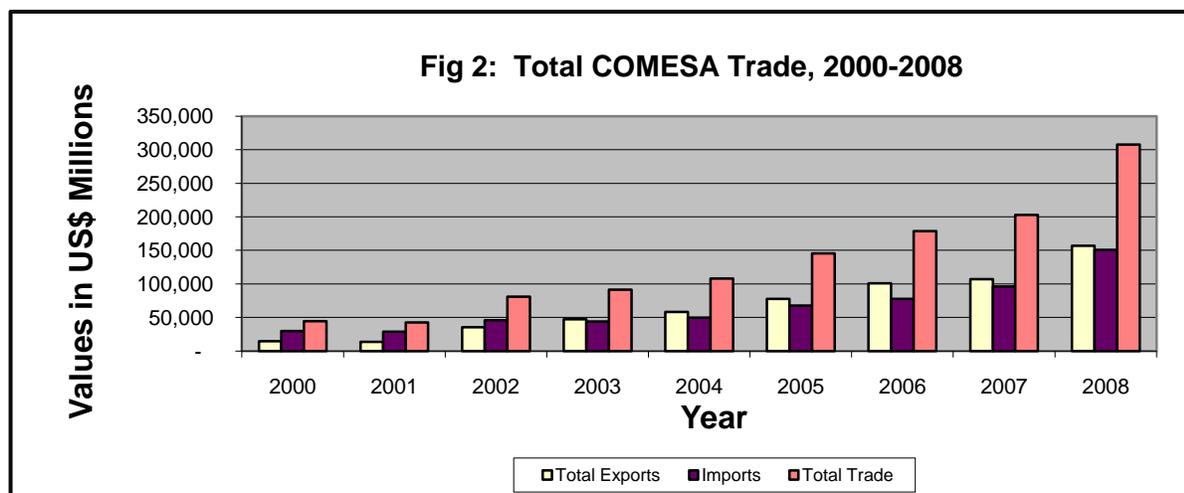


Table 2: Total COMESA Trade, 2000 - 2008, Values in US\$ Millions

IMPEXP	2000	2001	2002	2003	2004	2005 ²	2006	2007	2008
Exports	13,964	12,977	34,659	46,185	57,004	75,355	99,023	105,044	154,563
Re-Exports	650	876	702	1,152	1,436	2,093	1,816	2,100	2,571
Total Exports	14,613	13,853	35,361	47,337	58,440	77,448	100,839	107,144	157,133
Imports	29,881	28,704	45,650	43,906	49,599	67,891	77,677	95,962	151,574
Total Trade	44,494	42,557	81,011	91,243	108,039	145,339	178,516	203,105	308,707



As indicated in the fig2 and table2 above, COMESA recorded a positive trade balance of US\$ 5.5 billion in 2008, albeit when the crude petroleum products (which account for about 60% of total exports) are excluded, the bloc's trade balance is a deficit of US\$ 83.5 billion. The table3 below shows the disparity of trading between COMESA LDCs and Non LDCs. As the table shows, COMESA non-LDC countries accounted for over 80% of total exports in 2008 and registered a positive growth rate of 165% over the period 2004 – 2008. Without oils, however, exports of non-LDC COMESA countries accounted for 57% while those of LDC countries were 43% of total exports in 2008. Both groups of countries had positive growth rates of 130% and 120% for the bloc's LDC and non-LDC countries respectively.

Regarding trade balances, whereas the COMESA non-LDC countries registered a positive trade balance of US\$ 30.2 billion, the COMESA LDC countries on the other hand had a trade deficit of US\$ 28.7 billion in 2008. With oils excluded from the equation, both groups had negative trade balances of US\$ 26 billion and US\$ 57 billion for LDC and non-LDC respectively in 2008.

Table 3: Overview of COMESA Members States in terms of Exports, 2008

Exporter	Total Goods, Values in US\$ Million					Non-Oil Goods, Values in US\$ Millions			
	Total Exports	Oil Share in Total Exports	Share in Total COMESA	Trade Balance	Growth	Total Exports	Share in Total COMESA	Trade Balance	Growth
COMESA	157,133	71.2	100	5,560	168.9	45,300	100.0	-83,556	124.2
COMESA LDC	28,765	5.9	18.3	-28,778	180.6	19,509	43.1	-26,073	130.0
COMESA Non LDC	128,123	65.3	81.5	30,252	165.9	25,791	56.9	-57,482	120.0

Source: COMSTAT Database: Countries in highlight indicate non-LDCs. Non-Oil refers to goods excluding HS 27. Growth rate refers to the period 2004 - 2008.

The table below shows the top 10 export products for COMESA and their percentage share of the total exports. It is clearly shown that petroleum products (crude) are at the top of the list with a 59.9% share of the total exports. Furthermore, the table shows the top ten exports from COMESA region are unprocessed products whether petroleum, minerals or agricultural products. This underscores the need for COMESA's future strategic plans and initiatives to be directed at enhancing competitiveness in manufactured and processed products.

Table 4: COMESA Total Exports by Product and Value, 2008, Values in US\$ Millions

	HS2002	Product Description	2008	% of Total
1	270900	Petroleum oils and oils obtained from bituminous minerals, crude	94,143	59.9
2	271019	Medium oils and preparations, of petroleum or bituminous minerals, n.e.s.	6,700	4.3
3	271011	Light oils and preparations, of petroleum or bituminous minerals	5,019	3.2
4	271111	Natural gas, liquefied	3,765	2.4
5	740311	Copper, refined, in the form of cathodes and sections of cathodes	,305 ²	1.5
6	240110	Tobacco, unstemmed/unstripped	1,664	1.1
7	260300	Copper ores and concentrates	1,245	0.8
8	090111	Coffee (excl. roasted and decaffeinated)	1,201	0.8
9	090240	Black fermented tea and partly fermented tea, whether or not flavored,	1,188	0.8
10	740919	Plates, sheets and strip, of refined copper, not in coils,	982	0.6
		Other Products	38,922	24.8
		Total Exports	157,133	

3.4 Export destination

Although EU still leads as an export destination for COMESA products, COMESA region is increasingly becoming a key export market for the member States and ranks number two behind EU. In some countries such as Uganda, COMESA has taken over from EU as the export destination. South – South trade with emerging markets is also on the rise in the recent years, with most exports going to China and India. Over the period 2004 -2008, exports from COMESA to China and India increased by 533% and 402% respectively compared to an increase of 153% to the EU over the same period. Exports to South Africa however only increased by 8%. Collectively, the three developing countries absorbed almost 12% of COMESA's total exports in 2008.

Table 5: COMESA's Major Export Trade Markets (without HS-27), 2004 - 2008, Values in US\$ Millions

	Destination	2004	2005	2006	2007	2008	% of Total
1	EU	8,044.60	7,793.27	9,213.71	10,456.28	16,011.07	35.34
2	COMESA	1,923.33	2,751.65	2,785.05	4,208.00	6,710.67	14.81
3	Switzerland	696.77	848.68	1,972.88	2,461.64	3,091.59	6.82
4	South Africa	2,458.78	1,757.44	2,132.94	3,018.59	2,657.58	5.87
5	China	479.37	507.69	1,111.23	965.63	2,286.95	5.05
6	USA	1,513.29	1,255.49	1,540.49	1,443.31	2,007.34	4.43
7	Saudi Arabia	442.21	609.13	546.62	825.95	1,547.93	3.42
8	United Arab Emirates	229.41	631.51	863.09	728.42	1,363.07	3.01
9	Turkey	227.86	249.81	320.26	374.16	860.79	1.90
10	Tanzania	329.04	353.26	522.71	492.83	596.45	1.32
	Others	3,858.58	4,632.92	6,052.23	8,234.92	8,166.86	18.03
	Total Exports (less Oils)	20,203.24	21,390.86	27,061.21	33,209.73	45,300.30	

According to Table 6 below, COMESA's exports to the EU reached almost US\$ 100 billion in 2008; representing almost 63% of the total COMESA exports in 2008 and making EU the major export market for COMESA products over the years. Following the EU was China which recorded US\$ 12.2 billion (8% of total) worth of COMESA exports in 2008. Other notable markets for COMESA export products were the USA, Switzerland, India and South Africa.

Table 6: COMESA's Major Export Trade Markets, 2004 - 2008, Values in US\$ Millions

2008 Rank	Origin	2004	2005	2006	2007	2008
1	EU	38,871	51,453	66,080	69,362	98,844
2	China	1,932	3,462	7,000	3,079	12,237
3	COMESA	2,335	3,208	2,970	4,520	6,986
4	United States of America	2,071	3,548	4,865	5,201	6,636
5	Switzerland	1,266	1,823	3,214	3,714	5,885
6	India	548	693	1,948	1,854	2,793
7	South Africa	2,506	1,785	2,483	3,105	1,772
8	Japan	480	691	800	678	1,738
9	Country Unknown	1,418	2,144	3,176	5,298	1,732
10	Saudi Arabia	524	764	754	903	1,700
	Others	6,491	7,876	7,547	9,429	16,731
	Total Exports	58,440	77,448	100,839	107,144	157,054

Source: COMSTAT Database

The above positive trends in COMESA's extra and to a large extent intra regional trade have been facilitated by a number of instruments that have been put in place over a period of time. The range of these trade and transit transport facilitation instruments that have contributed to the reduction of the cost of doing business include; the COMESA Customs Document (COMESA-CD), the COMESA Carrier License for heavy goods vehicles and harmonized customs legislation (Common Customs Management Act), A Regional Customs Transit Guarantee (RCTG) scheme, COMESA Yellow Card vehicle insurance scheme, Automated System of Customs Data and Management (ASYCUDA) and the EUROTRACE (ASYCUDA++ and a Transit Data Transfer Module (TDTM), among others (see the table below for details)

3.5 Trade Facilitation and Trade Development

As we move forward, it is thus imperative that emphasis is put on strategies for improving market access and addressing supply-side constraints, especially related to infrastructure, productive capacity as well and technological capability.

Measures taken to improve trade and transport facilitation

Uniform rates for road transit charges	:	Introduction of uniform road transit charges in July 1991. The uniform rates have resulted in lower road user charges.
Yellow Card	:	The compulsory motor third-party liability insurance scheme has facilitated smooth movement of motor vehicles in the region and establishment of a common system for the settlement of claims arising from inter-state motor vehicle accidents.
COMESA Carrier License	:	Introduced in 1992 to replace road service permits required from haulers operating across borders, this has resulted in the liberalization and deregulation of the regional trucking industry leading to competitive freight rates.
Harmonized Axle Load Limits	:	This facilitates uniform axle load enforcement and exchange of information on violators of axle load limits.
COMESA Customs Document	:	Introduced in September 1996 to replace 13 different documents. It reduces documentation costs by 25 per cent and reduces delays at border crossings.
COMESA Customs Bond Guarantee Scheme	:	The scheme, introduced in October 1997, eliminates administrative and financial costs associated with the current practice of nationally executed customs bonds for transit traffic (Approximately \$1.2 billion belonging to clearing and forwarding agents and transport operators is tied up in financial institutions in Customs Bond Guarantees).
Advance Cargo Information System (ACIS)	:	This management information system enhances performance, communications and exchange of information between transport operators and shippers on one hand and between modes of transport on the other hand. It has improved the passage of goods, port and road transit operations.

- ASYCUDA-EUROTRACE (ASYCUDA ++)** : This is an automated or computerized customs data management and trade statistics system, introduced in 1993. It reduces the time taken to clear commercial consignments through customs. So far 15 out of 19 member states have installed and are using the system.
- The Web-based Transit Data Transfer Module (TDTM)** : This allows the extraction of transit data at the First Point of Entry in the COMESA Region and automatically uploads it into a Web-Server based at the COMESA Secretariat. Authorized users (by Customs administrations), will be able to access the transit information via an internet connection.
- Regional Customs & Transit Guarantee Scheme, RCTG** : This is a system designed to facilitate the rapid movement of transit goods within the COMESA region under a secure system with one bond irrespective of transit countries traversed.
- Simplified Trade Regime STR** : This was introduced to assist small scale cross border traders by simplifying the process of clearing goods through introduction of a simplified certificate of origin and a simplified customs document – duty is not payable on the declared goods of up to US\$500 that appear on the Common List.

3.5.1 Consolidating the COMESA Market

In order to bolster internal trade and consolidate the gains from the free trade arrangement, COMESA has steadily been laying the foundation for a Customs Union. The period 2000 to 2008 involved implementation of the FTA, putting in place essential structures for a functional Customs Union and laying the foundation for a Common Market. The years 2010 to 2012 are being used to work out the operational mechanics as part of the transition towards a fully functional Customs Union.

As part of the longer term objective to establish a strong market, COMESA has adopted a Protocol on Free Movement of Persons, Labor, the Right of Establishment and Residence. COMESA is working with Member States to develop the necessary policies required under the Protocol so as to remove all the barriers to factor movement in the COMESA region. These include policies on labor mobility, social welfare, immigration, and determination of rights of migrants.

COMESA is implementing a range of programmes aimed at achieving macroeconomic stability and integration of the financial and monetary sector. The monetary cooperation programme aims at creating the necessary macroeconomic conditions to promote the free movement of capital within the region. This has contributed to the adoption of a macro-economic convergence plan, a road-map to limited currency convertibility, a road map to fast tracking the Monetary Union by 2015, and a plan to create a Monetary Institute.

In order to facilitate and reduce payment transaction costs, COMESA, through the COMESA Clearing House, launched the Regional Payment and Settlement System which will be networked with Central Banks of the region to enable the clearing of hard currency transactions.

An efficient and integrated common market cannot thrive in an environment of restrictive, unequal and discriminatory competition policies and laws. It is in recognition of this fact that

COMESA has prioritized the development of a Regional Competition Policy and Law. A Competition Commission has been set up with the mandate to develop a regional competition policy and law that balances the need for market efficiency with fairness, given the different levels of development and economic structures of Member States.

In an economic grouping with such diversity in economic structures and levels of development as COMESA, it is recognized that the short-term costs of integration cannot be borne equally. Article 150 of the COMESA Treaty acknowledges this fact and provides for the establishment of a “Special Fund for Cooperation, Compensation and Development for tackling the special problems of underdeveloped areas and other disadvantages arising from the integration process”. As a result, the COMESA Fund was established in 2002 and made legally operational in 2006. The Fund operates under two windows: the COMESA Adjustment Facility (CAF) and the COMESA Infrastructure Fund (CIF). The Adjustment Facility aims at supporting COMESA Member States in implementation of their regional commitments. The CIF is being operationalized to address some of the infrastructural supply side constraints in the region.

3.5.2 Addressing Supply-Side Constraints Related to Infrastructure

As pointed out elsewhere, trade liberalization and facilitation, while improving market access, is a necessary but not a sufficient condition for increased regional investment and economic growth. Measures to open markets must be implemented alongside those of the productive and competitive capacity. Tackling supply-side constraints, especially those related to infrastructure, are essential components of a regional competitiveness strategy.

Working in collaboration with other regional economic groups and development partners, COMESA is making progress on policy and regulatory harmonization; facilitation; and development of physical regional infrastructure.

COMESA has developed and adopted a number of model policy and regulatory guidelines and infrastructure projects. Regional associations of regulatory authorities to facilitate policy and regulatory harmonization have been established to create regional corridors and one-stop-border posts (such as the Chirundu, OSBP on the Zambia/Zimbabwe border, launched in 2009) as well as increasing shipping capacity, developing a virtual telecommunications network and increasing cross-border trade in energy.

An integrated planning strategy in the development

Box 2: Examples of Infrastructure-related Supply-Side Constraints being addressed:

- Model Policies and Regulatory Guidelines in ICT, Postal Services and Energy
- Guidelines, Provisions and Procedures for the Implementation of Air Transport Liberalization within Tripartite Framework
- COMESA Carriers License
- Harmonized Road Transit Charges, Vehicle Dimensions; Axle Load Limits, and Overload Control and Road Design Standards and Road Signs
- Third Party Motor Vehicle Insurance - Yellow Card scheme
- Association of ICT regulators and the Joint Competition Authority for the Implementation of the Yamoussoukro Declaration in COMESA, EAC and SADC were established
- Aid for Trade programme for North South Corridor under the Tripartite Framework
- Corridor approach for devolvement of priority infrastructure programmes in the region
- One Stop Border Post concept to reduce dwell times at borders
- Compendium of Priority Regional Infrastructure Projects.

and use of renewable energy resources including nuclear energy in the COMESA region has been adopted. It involves working with Member States to harmonize energy policy and plans in accordance with the COMESA Model Energy Policy Framework and a regional energy master plan. The goal is to create a framework within which the energy sector will realize increased investment and improved efficiency. To facilitate the achievement of this goal, among the actions that have been taken include establishment of the Eastern Africa Power Pool (EAPP) and the Regional Association of Energy Regulators for Eastern and Southern Africa (RAERESA); a compilation (a compendium) of priority regional infrastructure and data; and the adoption of electrical standards (covering generation, transmission and distribution).

Recognizing that infrastructure alone constitutes a formidable challenge for the region to address due to the huge resource requirement, the Transport and Communication Strategy and the Priority Investment Plans are being developed. This will hopefully provide the framework within which the region will mobilize resources.

3.5.3 Agriculture

COMESA is implementing the Comprehensive Africa Agriculture Development Program (CAADP), a pan African policy framework for the development of agriculture in eastern and southern Africa. Established by the AU/NEPAD in July 2003, it seeks to transform agriculture into an engine of sustainable economic growth through its four pillars which are:

- i) Extending the area under sustainable land management and reliable water control systems;
- ii) Improving rural infrastructure and trade-related capacities for market access;
- iii) Increasing food supply, reducing hunger, and improving responses to food emergency crises;
- iv) Improving agricultural research, technology dissemination and adoption.

COMESA Secretariat is working with Member States to align their national agricultural policies (national compacts) to this common framework.

In an effort to boost regional trade in agricultural commodities, the Alliance for Commodity Trade in Eastern and Southern Africa (ACTESA) was established as a specialized agency of COMESA in 2009. The specific objectives of ACTESA are to:

- i) Improve the policy environment and competitiveness of the staple crop sector;
- ii) Improve and expand market facilities and services for staple foods; and
- iii) Integrate small farmers in national, regional and international markets. "Increase commercial integration of staple foods producers into national and regional markets.

ACTESA is poised to contribute to increasing agricultural productivity by focusing its efforts on building market information systems, providing services and increasing commercialization of smallholders in the grains and pulses; oil seeds; roots and tubers; livestock; forest and natural products; tree crops, and agriculture inputs sub-sectors.

3.5.4 Industry, Investment and Private Sector Development (Building a Competitive Productive Capacity)

Recognizing the private sector as the main driver of economic growth, COMESA is committed to programmes for building productive capacities and technological capabilities in order to enhance industrial and trade competitiveness especially for small- and medium-sized enterprises (SMEs).

The ability of firms in COMESA to compete in regional and global markets is critically dependant on their productive capacity and technological capability to produce goods and services that are competitive both in price and quality.

Table: Sectoral Value Added as a Percentage of GDP in 2007

Regions	Industry	Agriculture	Services	Manufacturing
E. Africa	18.93	27.49	53.18	8.43
S. Africa	38.82	13.50	47.68	15.85
N. Africa	33.31	16.08	50.62	12.68
W. Africa	26.15	30.73	43.09	7.53
C. Africa	49.97	18.69	31.34	9.22
Africa	31.98	21.98	45.94	10.78

Source: UNECA. Developing African Agriculture through Regional Value Chains. 2009.

However, studies indicate that the region, like the rest of Africa, has a more basic problem: low level of value-addition and a lack of a diversified production base. According to estimates by the United Nations Economic Commission for Africa, Africa still lags behind in manufactured and value added products especially in goods more than in services. In 2007 the lowest was 7.53 per cent for manufacturing in West Africa compared to services in East Africa with a value added percentage of 53.18. COMESA region is still largely underdeveloped and is traditionally characterized by a heavy dependence on exports of raw and semi-processed goods. Coupled with a legacy of import-substitution, this means that the region is yet to fully exploit its productive and competitive potential.

In order to have impact, COMESA is focusing its efforts on building a regionally integrated, diversified and competitive production capacity anchored on agriculture, industry and services sectors, and based on value addition, diversification, innovation and common regional standards.

COMESA approach to industrialization strategy is to facilitate the development of a comprehensive industrialization strategy that seeks to promote public – private partnerships, harmonize policy and regulatory frameworks, provide private sector support, strengthen small and medium-sized enterprises (SMEs) and create an information platform for networking and providing business and market intelligence.

Strengthening and harmonizing the quality and safety standards of products and services is an important component of the regional competitiveness strategy. To these ends, COMESA has been implementing a comprehensive programme to harmonize and strengthen quality, health and technical standards. Progress is being made in building technical capacity, including the establishments of regional reference laboratories and the enactment of a legal framework for sanitary and phytosanitary (SPS) certification. Part of the goal is to develop a COMESA Green Pass for agricultural and food products.

Due to a combination of structural and policy deficiencies, Africa's share of global foreign direct investment (FDI) remains very low - at about 3% in 2007. COMESA's share is about 1% of the global FDI6. The COMESA Common Investment Area, which was adopted in May 2007 by the COMESA Authority, aims to change this by promoting COMESA's attractiveness and competitiveness as an investment destination. This is in line with the objective of achieving harmonization of frameworks for investment regulations at member States level.

3.5.5 Peace and Security

In recognition of the foundational role of peace and security in building a socially and economically strong regional grouping and also in recognition that peace is a pre-requisite to sustained economic development, COMESA has an active peace and security programme. The objective of this programme is to work with Member States to develop effective regional mechanisms for conflict prevention; to anticipate and prevent the emergence of conflicts; to resolve ongoing conflicts and for post-conflict reconstruction and stabilization. COMESA is also addressing the relatively new conflict-related global challenges such as terrorism, piracy and the effects of climate change by developing strategies for the sub-region and forging strategic partnerships.

In addressing issues of peace and security, COMESA has put in place a structure that includes COMESA Ministers of Foreign Affairs as an exclusive policy organ, COMESA Parliamentarians, a Committee of Elders, civil society organizations and private sector and has constituted programmes in the areas of conflict prevention, conflict resolution, as well as post conflict reconstruction.

3.5.6 Cross-cutting Issues

Concurrent with the core integration agenda, COMESA implements a series of cross-cutting themes. They include gender, HIV&AIDS and other social sector issues; climate change; peace, safety and security; knowledge-based society and human capital; and cooperation and partnership. These issues are multi-sectoral in nature and provide the basic undergirding for the core integration agenda.

3.5.6.1 Gender

The imperative underlying the gender and social development programme is the need for equal opportunity and treatment for all segments of the population – especially, women, youth and marginalized groups. The adoption of a gender policy, the establishment of the Federation for Women in Business in Eastern and Southern Africa (FEMCOM), and the continued implementation of a comprehensive Gender Mainstreaming Strategy and the Action Plan (GMSAP) are laying the foundation for empowerment of women, youth and people living with HIV and AIDS.

3.5.6.2 Climate Change

Climate Change presents a clear and present danger to countries that have poor response capacity. In COMESA as in the rest of Africa and other developing regions, it is a threat to the attainment of MDG 1- Reducing Poverty and Hunger. It is for this reason that COMESA, under the tripartite arrangement with EAC and SADC, developed the Climate Change Programme

⁶ COMESA Annual Report 2008

within the framework of CAADP. The goal of the Climate Change Programme is to contribute to the region's vision and efforts to achieving economic prosperity, improved livelihoods and climate protection. Key objectives include; increasing advocacy and policy dialogue through the establishment of an African political platform to enhance Africa's position in climate change negotiations; increasing knowledge management & enhanced capacity on climate change; enhancing civil society engagement in climate change negotiation processes; and establishing an African Climate Change Finance Facility/Fund

3.5.6.3 Knowledge Based Society

With regard to building a knowledge based society, COMESA's statistical development programme is based on the COMESA Treaty's provisions for statistics to be the basis for monitoring the development of the Common Market. Hence statistical interventions have been based on development of statistical clusters that play this crucial role. The development of these clusters has been based on two principles: consolidation and addition. COMESA has gradually added new clusters to its statistical intervention whilst ensuring consolidation on already existing ones. Current and past interventions have been in the following clusters; international merchandise trade statistics (IMTS), harmonized consumer price indices (HCPI), international comparison indicators, statistics on foreign direct investment and activities of transnational corporations, national accounts and infrastructure statistics.

3.5.6.4 Statistics

Underpinning the COMESA statistical interventions is the identification of three thematic areas: availability, quality and harmonization of statistics. Hence the global objectives of the COMESA statistics program are: To ensure that statistics in the region are produced using harmonized frameworks and/or international standards in order to ensure comparability, To enhance the quality, availability and comprehensiveness of statistics in the region, To ensure a wide dissemination of statistical outputs for use by policy makers and COMESA member States in their review and monitoring of regional integration and development.

3.5.6.5 Deepening Regional Integration

Regional integration, by its very nature, is an intensely cooperative endeavour. COMESA's internal cooperation is guided by the principles of its founding treaty which envisions a gradually deepening level of mutually beneficial cooperation. The objective is to create a strong internal integration of economic structures while laying the foundation for greater social and political cohesion consistent with the vision of the African Union. Because of its commitment to an outward-looking, export-oriented integration policy, COMESA recognizes internal coherence (intra-Africa cooperation and integration) as a necessary step in the gradual integrating into the global economic system (external cooperation).

The on-going tripartite process involving cooperation with SADC and EAC is the best example of COMESA's commitment to intra-Africa cooperation and integration. Since the formal start of the Tripartite Process following the historic Kampala Tripartite Summit in 2008, COMESA has been a strong partner with SADC and EAC in the development and implementation of programs and structures for achieving the objectives of the Tripartite Process. COMESA also recently signed an MoU with ECOWAS to foster inter-African cooperation.

3.5.6.6 Technical Cooperation

With regard to cooperation with the rest of the world, COMESA's intent is to forge win-win relations with strategic bilateral and multi-lateral partners. Among bilateral partners with whom COMESA continues to cultivate beneficial relations include the United States of America, China, Japan, the Islamic Republic of Iran, India, Turkey, Yemen, Sweden, and Brazil. The objective is to explore mutually beneficial trade and investment opportunities.

The European Union is a long-standing strategic partner of COMESA. It is a major economic partner providing critical trade and development aid but also the market destination for most of COMESA exports and a significant source of FDI. The centerpiece of current partnership is the on-going negotiations for a comprehensive Economic Partnership Agreement with the EU, expected to be concluded soon. The objective is to conclude a WTO-compatible alternative to trade preferences and development support facilities under the Cotonou Partnership Agreement. COMESA has been assisting 16 of her Member States, which make up the Eastern and Southern Africa (ESA) grouping currently negotiating with the EU to ensure a successful conclusion of a comprehensive EPA.

A number of COMESA member states have made progress in their accession negotiations with WTO. As regards the Doha Development Agenda (DDA) negotiations, there has been a heightened awareness of the issues under discussion, and Member States have used the various developing and other negotiating coalitions to pursue their interests.

Although good progress has been made in building negotiating capacity, there remains considerable scope for a better coordinated and expanded training and capacity building. Capacity building initiatives have so far focused mainly on WTO and EPA negotiations. While this will continue to be emphasized, internal capacity for intra-COMESA negotiations is critical in building sustainable capacity for acceleration of the integration agenda. Strong, informed and effective participation of COMESA Member States in the multilateral trading system, in particular the ongoing Doha Development Agenda negotiations, is critical.

In an effort to reduce duplication of policies and programmes implemented by regional organizations and to enhance harmonization so as to strengthen integration in the region, COMESA requested its Member States to develop a National Development Trade Policy Framework (NDTPF). The NDTPF was established to ensure maximum development and trade negotiating positions of Member States and to prepare briefs outlining their positions within the context of the ESA-EU EPA negotiations.

As part of the Tripartite Process, COMESA is working with EAC and SADC to harmonize priority programmes as part of the road map towards the creation of Grand Free Trade Area. The areas that have been prioritized include the following: on-line reporting and monitoring of Non-Tariff Barriers, rules of origin, simplification of customs procedures and documentation, rationalization of bond guarantee schemes, development of customs training and capacity building programmes, development of an inventory of harmonized standards, coordination of competition policies and institutional frameworks, identification, elaboration of mechanisms for addressing non-tariff barriers; transport and communication policy; free movement of business persons, and joint implementation of the inter regional infrastructure programme.

3.5.6.7 Aid for Trade

In order to enhance the impact of its efforts in regional development and in line with the Aid for Trade (AfT) initiative at the WTO, COMESA adopted its AfT strategy in June 2009 with a focus on trade related infrastructure, trade development, facilitation, and regulatory measures; and access to mechanisms to address trade and integration related adjustments, including social costs. The strategy adopts a multi model approach drawing on the implementation of the North-South Corridor (NSC) programme with the aim of improved efficiency and effectiveness. It aims to avoid duplication of efforts by building on existing regional programmes and coordination processes like the NDTPFs while strengthening the national – regional linkages as reflected in this MTSP.

Chapter Four: Strategic Priorities

COMESA's approach to realizing its vision is designed to enable Member States realize the benefits of integration. In terms of structure, objectives and sectoral coverage, it adopts a comprehensive and multi-dimensional approach, comprising interlocking programmes designed to facilitate and enable factor mobility within a common investment space and production base in a convergent policy and regulatory environment.

The ultimate success **goal** is the improvement in peoples' living conditions, in a secure and sustainable environment. The **evidence** of success that this objective is being met is measured in terms of higher, sustainable economic growth with improved human development outcomes – healthier, better educated people that live longer productive lives in safer and sustainable environments. The **platform** for this success is the attainment of a fully integrated and internationally competitive regional economic community.

The **first pillar** of the integration agenda is improved market access made possible through elimination of barriers to factor mobility – free movement of goods, services, capital and labour. But the full benefits of improved market access can only be realized if firms are able to competitively produce and supply goods and services to the enlarged market.

Competitive productive capacity is therefore the **second critical pillar**. The ability of firms to competitively produce and supply the market with goods and services is dependent on the nature of structural constraints and their impact on the cost of doing business. Such constraints include: infrastructure including transportation costs, market information, finance available to business, and the business management skill set, policy and regulatory framework, and governance.

Addressing supply-side constraints (an important component of overall structural constraints) constitutes, therefore, the **third critical pillar**. Because of the important role it plays in facilitating cost-efficient transactions, COMESA recognizes infrastructure as a critical constraint that merits a separate focused attention. The three pillars rest on a **foundation** of a harmonized, enabling policy and regulatory framework and competent, accountable governance.

4.1 Prioritization Criteria

In setting its priorities, COMESA is guided by a set of criteria that take into account the following:

- i) Driving and/or enabling the integration process, specifically the consolidation of the internal market, Customs Union, Common Market and Monetary Union.
- ii) Sector programmes that have the greatest chance of attracting policy consensus.
- iii) Sectoral synergy.
- iv) Private sector participation.
- v) Initiatives or programmes that lock-in domestic policy reforms by complementary or reinforcing action.

4.2 Overall Goal

In the long-term, the goal of COMESA is to create a fully integrated and internationally competitive regional economic community within the Tripartite Framework. ***During the plan period, COMESA's strategic goal is to achieve the status of an operational Common Market within the Tripartite Framework.***

4.3 Strategic Priorities

COMESA will continue to build on its strengths while minimising its weakness in order to address the challenges faced in implementation of the last MTSP. In the next five years, six Strategic Priorities have been identified as follows:

- i) Removal of Barriers to Factor Mobility;
- ii) Building Competitive Productive Capacity;
- iii) Addressing Supplies-Side Constraints Related to Infrastructure;
- iv) Peace and Security;
- v) Integrate Cross-Cutting Issues (gender, youth, socio-environmental health, climate change, knowledge based society, statistical development, cooperation and partnerships and Aid for Trade) ;
- vi) Institutional Strengthening.

The combined implementation of programmes in these strategic areas is intended to lead to the achievement of the strategic goal.

4.4 Strategic Objectives

The following six Strategic Objectives will be pursued in the next five years:

- i) To remove barriers to factor mobility;
- ii) To enhance competitiveness by building regional productive capacity and technological capability;
- iii) To effectively address supply side constraints related to the improvement of infrastructure and other related issues in the region in order to reduce the cost of doing business and enhance competitiveness;
- iv) To work with Member States to develop and implement effective mechanisms for conflict prevention, support peace restoration and post-conflict reconstruction and strategies to address security issues in the sub-region;
- v) To facilitate the integration of cross cutting issues into the broader regional integration agenda;
- vi) Improve capacity of the Secretariat and coordinating ministries in Member States to enable them to fulfill their respective missions *and* support the development of COMESA Institutions.

4.4.1 Removing barriers to factor mobility

Strategic Objective: To eliminate barriers to factor mobility.

This priority area focuses on the improvement of market access and the creation of an open trade, investment and production space.

Key Strategies

- i) Improve market access;
- ii) Create an open trade, investment and production space;
- iii) Address the transitory costs of implementing regional integration policies by working to ratify the Compensation Fund Agreement and strengthening the COMESA Fund Adjustment Facility.
- iv) Address challenges, concerns and obstacles preventing some members from participating in the FTA.

Key interventions

- i) Consolidate the Internal Market (FTA);
- ii) Remove Barriers to Trade and Business;
- iii) Operationalise the Customs Union by 2012;
- iv) Establish and implement the Tripartite FTA by 2012;
- v) Launch the Common Market by 2015;
- vi) Implement the Monetary Union Roadmap towards achieving a common currency
- vii) Trade in Services.

4.4.2 Building Productive Capacity for Global Competitiveness

The key productive sectors are agriculture, industry and services. The operative elements of a competitive productive strategy are: creating a conducive environment for investment – in terms of policy, laws, regulations and governance - investing in human capital, improving quality and adding value and variety along the chain of production.

Strategic Objective: The objective is to enhance competitiveness and build regional productive capacity and technological capability.

Key Strategies

- i) Regional Master Plans in Agriculture, Industry and Services;
- ii) Increasing investment flows (FDI, domestic and diaspora);
- iii) Trade Development and Promotion programmes;
- iv) Trade Information and Business Intelligence Networks;

- v) Remove Barriers to Trade and Business for MSMEs;
- vi) Promote Public Private Sector Partnerships (PPPs).

Key Interventions

- i) Developing regional value chains in 6 priority sectors;
- ii) Increasing investment (FDI and local/regional) in the region;
- iii) Strengthen Trade Support Institutions (public and private) capacity in developing and implementing trade development and promotion programmes;

- iv) Build capacity of the private sector to engage fully in Trade Policy formulation;
- v) Supporting capacity of MSMEs to upscale and compete;
- vi) Provide Business and Trade information;
- vii) Build capacity of private sector to compete internationally.

4.4.3 Addressing Supply-Side constraints related to Infrastructure

In COMESA, the removal infrastructure related supply-side constraints are an essential pillar/component necessary for improved market access and enhanced productive capacity. While the removal of technical barriers to factor mobility improves market access and enhancing competitive productive capacity ensures the production of goods and services, in order for goods and services to reach the market efficiently and at competitive cost, supply-side constraints must be addressed effectively. Therefore, the impetus for infrastructure development in Transport and Communications is to reduce the cost of doing business through policy and regulatory harmonization, facilitation and development of regional physical transport and communications infrastructure. This is to be addressed through a corridor approach in order to have holistic solutions to infrastructure challenges.

Strategic Objective 3: To effectively address supply side constraints related to the improvement of infrastructure in the region in order to reduce the cost of doing business and enhance competitiveness

Key Strategies

- i) Develop or review model policies and regulations (for Transport, ICT, and Energy).
- ii) Adopt and implement Regional Corridors and One Stop Border Posts Approach (OSBP)
- iii) Involve the private sector in infrastructure development.
- iv) Implement a mechanism for the dissemination of information on development of infrastructure projects to all business institutions through the COMESA Business Council

Key Interventions

- i) Infrastructure Policy and Regulatory Framework;
- ii) Physical Regional Infrastructure in Transport, ICT and Energy;
- iii) Transport Facilitation Instruments;

4.4.4 Peace and Security

Peace, security and safety (PS&S) play foundational roles in providing the enabling environment for economic development. The objective of this programme is to work with Member States to develop effective mechanisms for conflict prevention, peace restoration and post-conflict reconstruction and strategies to combat terrorism and piracy in the sub-region.

Strategic Objective 4: To work with Member States to develop and implement effective mechanisms to promote Peace and Security in the sub-region.

Key Strategies

- i) To ensure to work within the framework of the AU and ensure collaboration with other regional and international organizations
- ii) Strengthen collaboration in all aspects of conflict prevention and peace building at the national and regional level
- iii) Develop, harmonize and support the implementation of policies on conflict prevention and peace building
- iv) Ensure the sustainability of key institutions and mechanisms in the prevention and resolution of conflicts such as committee of elders and other institutions.
- v) Develop and implement strategies to address security issues such as terrorism and piracy in the sub-region

Key interventions

- i) Improved collaboration with other regional and international organizations
- ii) Conflict prevention
- iii) Conflict resolution
- iv) Post conflict reconciliation and reconstruction
- v) Security

4.4.5 Cross-Cutting Programmes

Cross-cutting issues act as the crucial undergirding without which the achievement of the broader integration agenda would not be possible. They include the following multi-sectoral issues: Gender, HIV&AIDS and other social sector issues; climate change; statistical development society's knowledge stock and human capital; and cooperation and partnerships and Aid for Trade.

Strategic Objective: The objective is to facilitate the integration of cross cutting issues into the broader regional integration agenda

Key Strategies

- i) Strengthen collaboration at the national and regional level;
- ii) Collaborate in resource mobilization for sustainability;
- iii) Establish the status of implementation of cross cutting issues by undertaking a baseline survey to establish the status and magnitude of some of the new cross-cutting issues;
- iv) Harmonize policy formulation for cross-cutting issues to accord with the regional integration vision;
- v) Enhance and promote the participation of the private sector, civil society and business communities in the regional integration agenda;
- vi) To foster the mainstreaming of gender perspectives in the secretariat and in COMESA programmes;
- vii) To develop the COMESA social charter and oversee the mainstreaming of the social and cultural affairs to promote economic growth and social development;
- viii) To address the impact of climate change through successful adaption and mitigation actions that build economic and social resilience in agriculture forestry, land use and energy sectors.

Key Interventions

- i) Gender and Social Development
- ii) Climate Change
- iii) Statistical Developments
- iv) Knowledge-based Society and Human Capital
- v) Cooperation and Partnership
- vi) Aid for Trade

4.4.6 Institutional Development

Improving Capacity of the Secretariat

The COMESA Secretariat acts as the facilitator, coordinator, catalyser, and often as a proactive initiator of integration programmes. Its mission statement is “**To provide excellent technical services to COMESA in order to facilitate the region’s sustained development through economic integration**”. It is guided, in the performance of this function, by the following set of core principles:

- i) **Customer satisfaction:** meeting or exceeding customer expectations.
- ii) **Quality leadership,** teamwork and respect for each other in an enabling environment.
- iii) **Caring for the environment** and being socially responsible.
- iv) **Transparency** or openness.
- v) **Professionalism** in the management of activities, funds, and resources of the organization.
- vi) **Accountability** or taking responsibility for one’s actions.

Public Procurement

As part of the efforts to deepen the integration agenda, COMESA has adopted Public Procurement Directives intended to be followed by the Member States in modernizing their national Public Procurement Laws. In addition, COMESA is working with Member States to build capacity and technical expertise in public procurement information systems. The Member States will be negotiating a set of standard Regional Procurement Regulations. These regulations will define the parameters for regional procurement access in the context of Trade in Services for COMESA.

Strategic Objective 6: Improve capacity of the Secretariat and coordinating ministries in Member States to enable them to fulfill their respective missions *and* support the development of COMESA Institutions

Key Strategies

- i) Build capacity of the Secretariat and the coordinating ministries in Member States consistent with the strategic priorities of the integration agenda.
- ii) Strengthen existing or establish new COMESA institutions based on the need to achieve sectoral or other integration goals.
- iii) Build System and capacity for Monitoring and Evaluating COMESA programmes and, Regional Integration indicators.

Key Interventions

- i) Capacity building for sustained development through economic integration
- ii) Advocacy and Publicity
- iii) Monitoring & Evaluation

4.5 COMESA 2011-2015 Medium Term Strategic Plan (MTSP) Results Framework

COMESA 2011-2015 Medium Term Strategic Plan (MTSP) Results Framework
Vision To have a fully integrated internationally competitive regional economic community within which there is economic prosperity and peace as evidenced by high standards of living for its people, political, and, social stability.
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.
Key priorities <ol style="list-style-type: none">1. Removing Barriers to Trade2. Building Productive Capacity for Global Competitiveness3. Addressing Supply Side Constraints related to Infrastructure4. Peace and Security5. Cross cutting issues (Gender and Social Affairs, Climate Change, Statistical Development, Knowledge Based Society and Human Capital, Cooperation and Partnerships and Aid for Trade)6. Institutional Development.
Strategic Objectives <ol style="list-style-type: none">1. To eliminate barriers to factor mobility;2. To enhance competitiveness by building regional productive capacity and technological capability;3. To effectively address supply side constraints related to the improvement of infrastructure in the region in order to reduce the cost of doing business and enhance competitiveness;4. To work with Member States to develop and implement effective mechanisms for enhanced Peace and Security;5. To facilitate the integration of cross cutting issues into the broader regional integration agenda;6. Improve capacity of the Secretariat and coordinating ministries in Member States to enable them to fulfill their respective missions and support the development of COMESA Institutions.

PRIORITY AREA 1: REMOVING BARRIERS TO FACTOR MOBILITY

Strategic Objective: To eliminate barriers to factor mobility

Key Strategies

- i) Improve market access;
- ii) Create an open trade, investment and production space;
- iii) Address the transitory costs of implementing regional integration policies
- iv) Address challenges, concerns and obstacles preventing some members from participating in the FTA.

Key interventions

- i) Consolidate the Internal Market (FTA);
- ii) Remove Barriers to Trade and Business;
- iii) Operationalise the Customs Union by 2012;
- iv) Establish and implement the Tripartite FTA by 2012;
- v) Launch the Common Market by 2015;
- vi) Implement the Monetary Union Roadmap towards achieving a common currency
- vii) Trade in Services.

Intervention Areas	Key Actions	Key Outcomes	Performance Statement	Target Indicators (indicative targets)
Consolidate the Internal Market (FTA)	Agree on steps to facilitate the elimination of internal barriers to trade and other necessary measures by 2015 (Standards, SPS and NTBs)	Steps and measures to continuously facilitate the elimination of barriers to trade agreed and effectively implemented.	Existence of regional policy on trade facilitation	Steps and measures to eliminate barriers to trade agreed by 2012
			Minimal Customs clearance procedures along corridors (no of documents required at customs clearance)	
	Implement regional and national action plans on the elimination of internal barriers to trade	Consolidated and strengthened internal market	Identified NTB's are eliminated	Implementation and monitoring of the NTB framework

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			Technical standards harmonized and aligned to regionally agreed standards	All member States implementing the regional standards by 2015
			SPS measures harmonized and aligned	14 member States have adopted and implementing the regional SPS measures by 2015
			Mutual recognition of standards and SPS certificates	19 countries implementing mutual recognition certificates
	Develop a road map for all Member States that are not yet Members of the Internal Market (FTA) by 2012	Member States that are not Members of the Internal Market implementing road map	Increase in FTA membership	5 Non FTA countries join the FTA by 2012
Remove Barriers to Trade and Business	Develop and implement strategies that address identified institutional and policy barriers to trade and business.	Institutional and policy barriers to trade and business developed	Reduced Barriers to Trade and Business	Key institutional and policy barriers to trade and business identified by 2013
				50% of institutional policy barriers to trade and business significantly addressed.
Operationalize the Customs Union by 2012	Complete work on outstanding issues in accordance with work programme of the Committee on the Customs Union and relevant Council Decisions	Work programme of the committee on the Customs Union and relevant Council decisions implemented	Implementation of the CTN	All countries domesticate the CTN by 2012
			Implementation of the CET	14 countries implementing 80% of the CET by 2015
			Agreement on sensitive products list and excluded products list	Regional Sensitive products list agreed by 2012
			Domestication of the customs management regulations	14 countries domesticate the Customs Management Act by 2012
			Develop Implementation guidelines	Implementation of guidelines by member

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				States by 2012
	Agree on a mechanism for revenue sharing and resource mobilization	Mechanism for Resource Mobilization (e.g. a revenue sharing and community levy mechanism) agreed upon to sustain the functioning of the Customs Union.	Resource mobilization mechanism in place	Resource mobilization mechanism in place by 2012
			Revenue sharing mechanism agreed	Revenue sharing mechanism in operation by 2015
	Build the capacity of Member States to implement the Customs Union road map	Customs Union Road Map implemented in Member States	Capacity building activities	Initial capacity building for all member State and Secretariat undertaken by 2012
Establish and implement the Tripartite FTA by 2012	Implement Road Map for the Tripartite FTA Arrangement	Tripartite FTA Arrangement in place	Countries in the Tripartite FTA	No of Milestones achieved
				No. countries in the Tripartite FTA by 2012
	Implement programmes necessary for policy convergence as defined in the Tripartite FTA Agreement and the 14 Annexes	Policy convergence as defined in the Tripartite FTA Agreement and the 14 Annexes.	Policy convergence programmes in specified number of countries	No of countries implementing Policy convergence programmes
				No of convergence programmes
	Establish a coordination mechanism for the tripartite arrangement	Tripartite Secretariat in place	Coordination mechanism	Coordination mechanism for tripartite arrangement established by 2012
				Joint reporting mechanism
				Joint forums held
				Tripartite programmes
			Tripartite Secretariat	
Launch the Common Market by 2015	Implement Council Regulations on Free Movement of Goods,	Free Movement of Goods, Services, Labour, Persons and	Ratified and implemented Council Regulations	No of member States that have ratified the instruments

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	Services, Labour, Persons and Capital and Recognition of the Right of Residence and Establishment.	Capital and Recognition of the Right of Residence and Establishment.		No of member States that domesticate instruments
				No of Member States implementing the Protocol by 2015
	Develop policy and regulatory instruments for the Common Market	Policy and regulatory instruments of the Common Market finalized	Regional trade policy	Regional Trade Policy adopted by 2013
				Member States implementing the regional trade policy by 2015
	Develop a road map for the Launching of the Common Market	Road map in place	Launching of the Common Market	Common Market road map adopted by 2013
Implement the Monetary Union Roadmap towards achieving common currency status	Implement programmes enhancing macroeconomic Cooperation	Achieving zone of macroeconomic stability	Significant degree of macroeconomic convergence	No of countries which achieved convergence based on the COMESA convergence criteria
	Implement the COMESA Financial System Development and Stability Plan	Financial system diversification and stability achieved	Existence of Diversified financial system and stability in member countries	Member countries have diversified financial systems; Financial institutions fully satisfy COMESA financial system stability indicators
	Fully operationalize REPSS	Efficient and cheap regional payment system for intra-COMESA trade	Full Utilization of REPSS system by Member States	Utilization of REPSS for significant proportion of intra-COMESA trade and other payments and settlements within the region
	Operationalize the COMESA Monetary Institute.	COMESA Monetary Institute set up in January 2011	COMESA Monetary Institute becomes fully operational	CMI becomes fully operational
	Facilitate harmonization of financial and banking rules and regulations	Bank supervision and regulation fully harmonized.	Member countries comply to harmonized rules of banking supervision and regulation.	All member implement harmonized bank supervision and regulation rules

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	Work out the modalities of achieving formal exchange rate union	Formal exchange rate union implemented	Agreement reached by member countries to implement the Formal exchange rate union	Member countries' currencies achieve significant degree of convertibility
	Sensitize the citizenry of member countries on the monetary integration process and eventual introduction of a single currency in the Zone.		Citizens Awareness on single currency	Enhanced commitment by member countries to implement monetary union
	Facilitate harmonization of financial and banking rules and regulations	Tax policy harmonization in all Member States.	Harmonization and coordination of Tax policy	No of member States with harmonized and coordinated Tax policy
		Financial and banking rules and regulations harmonization in Member States	Implementation of harmonized financial and banking rules and regulations	No of member States implementing harmonized financial and banking rules and regulations
	Work out the modalities of achieving formal exchange rate union	Formal exchange rate union	Exchange rate union modalities	Modalities of achieving formal exchange rate union agreed
	Sensitize the citizenry of member countries on the monetary integration process and eventual introduction of a single currency in the Zone.		Citizens Awareness on single currency	No of Sensitization actions undertaken for a given number of countries
Trade in Services	Carry out assessments and identify additional priority services sectors in the Member States	Additional Regional priority services sectors agreed	Priority services sectors agreed	
	Implement the Trade in Services Regulations in accordance with the Negotiating Guidelines		Regulations on Trade in services implemented	No of member States that have transposed regulation
			Schedules of specific commitments adopted	No of sectors offered at regional level by each member state exceeds its

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			WTO commitments
Negotiate levels of market access and national treatment to be accorded to service suppliers within the region	Market access and national treatment to Member States	Level of services liberalization provided for in the Schedules of specific commitments	Level of market access and national treatment accorded
Negotiate Mutual Recognition Agreements to facilitate movement of professionals in the region	A framework for Mutual Recognition Agreements to facilitate movement of professionals in the region developed and implemented	Implementation of Mutual Recognition Agreements	No of countries implementing Mutual Recognition Agreements
Develop methods of gathering services statistics	Service statistics methodology	Service Statistics	Methodology for services statistics agreed and adopted by Member States by 2014
Establish the COMESA Regional Association of Services Industries	COMESA Regional Association of services industry created.	Functional COMESA Regional Association	COMESA Regional Association of services industry in place by 2013
Review MFN exemptions	MFN exemptions finalized		Regional exemption list agreed by 2011

PRIORITY AREA 2: BUILDING PRODUCTIVE CAPACITIES FOR GLOBAL COMPETITIVENESS

Strategic Objective: To enhance competitiveness and build regional productive capacity and technological capability

Key Strategies

- i) Regional Master Plans in Agriculture, Industry and Services;
- ii) Increasing investment flows (FDI, domestic and diaspora);
- iii) Trade Development and Promotion programmes;
- iv) Trade Information and Business Intelligence Networks;

- v) Remove Barriers to Trade and Business for MSMEs;
- vi) Promote Public Private Sector Partnerships (PPPs).

Key Inventions

- i) Developing regional value chains in 6 priority sectors;
- ii) Increasing investment (FDI and local/regional) in the region;
- iii) Strengthen Trade Support Institutions (public and private) capacity in developing and implementing trade development and promotion programmes;
- iv) Build capacity of the private sector to engage fully in Trade Policy formulation;
- v) Supporting capacity of MSMEs to upscale and compete;
- vi) Provide Business and Trade information;
- vii) Build capacity of private sector to compete internationally.

Intervention Areas	Key Actions	Key Outcomes	Performance/Process Indicators	Target indicators (indicative targets)
Regional value chains	Develop regional value chains in 6 priority sectors.	Regional value chain strategies of 6 priority sectors	Strategy documents	Strategies for 6 priority sectors adopted by 2015
	Align National sectoral policies with regional strategy	Reflection of sectoral policy in National policy documents including National Budgets	Alignment of National sectoral policies with regional strategy	All MS integrate at least one priority sector in NDP by 2015

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	Link regional value chain clusters with global value chain	Enhanced linkages with global value chain	Trade and investment volume	Increase by x%...(demand supply survey) % of increase in Investment volumes	
	Support setting up a regional training institutions for key training in critical areas of the one value chain	Established regional centre of excellence	Development and adoption of framework to establish a regional Training Centre	Number of persons trained at the centre	
	Establish a regional national Industry , Science and Technology technical committees to advise on the adoption of new technologies for the development of the value chain	Science and Technology advisory committees established and operational at regional and National level	A working science and technology network in the COMESA region	% Number of Members with established and operational Science and Technology Committees	
Foreign Direct Investments and Domestic Investments	Increasing investment (FDI and local/regional) in the region to enhance regional productive capacity	Investment into the region increased	Volume of investment inflow	Volume of investment inflow increase by x %	
			Investment projects implemented	Number of investment projects implemented Increase by x %	
	Promote adherence to the Investment Agreement for the Common Investment Area (CCIA)	Harmonized investment policies and rules Opening up of all sectors to COMESA investors	Consultations and sensitization of MS for signing the Agreement	Common Investment Area Agreement signed by at least 10 MS	
				Improvement of the investment climate and reduce the cost of doing business	Investment climate improved and Cost of doing business reduced
	Promote cross border investments	Trans-boundary regional investment increased	Investment forum and road shows	Double Taxation Agreements signed among 10 MS	
			MS sensitization on signing Double	Cross border investments increased	

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			Taxation agreements	
Strengthening Trade Support Institutions (public and private)	Build private sector trade capacity for trade development	Regional and National trade support institutions ability to apply TDP methodologies and tools (market analysis and research, business intelligence, sector strategy development)	Ability to apply TDP methodologies and tools	At least 50 % of MS use TDP
		Improved capacity in developing and implementing trade development and promotion programmes	TDP programmes adopted at regional and national levels	Number of TDP programmes adopted at regional and national levels increase from x to y
		Training institutions incorporate TDP methodologies in their curriculum	Number of training institutions incorporating TDP methodologies in their curriculum	At least 50% of MS have at least 1 training institution incorporating TDP methodologies in their curriculum
Build capacity of the private sector to engage fully in trade policy formulation	Establish mechanisms for promoting Private Public Policy Dialogue	Improved policy dialogue	Mechanisms for dialogue identified	
	Develop and implement strategies that identifies institutional and policy constraints to trade and business	Increased participation of the private sector in policy dialogue	Key institutional and policy barriers to trade and business identified and significantly addressed	No of institutional and policy barriers to trade and business resolved
	Establish or Strengthen Public Private-sector Partnerships in all Member States		Private sector especially SME's, trade support institutions (TSIs) at national level in d	No of capacity building programmes developed for TSI
				No of members of TSI undergoing capacity building

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			strengthened.	programmes
	Support the strengthening of regional private sector apex bodies (ACTIF, EAFCA, EAGC, ESADA, etc) as the primary and active interface for public private dialogue and partnerships at the regional level	Institutional support Framework developed and executed	Sectoral Industrial Associations identified and strengthened	Number of institutions operating with a well established Board and management framework
	Strengthen the Institutional Capacity of CBC and FEMCOM	CBC institutional and Management Structure established	Set up of the CBC secretariat management structure	A adoption of the CBC secretariat Organizational Structure and budget by the Council of Ministers
		FEMCOM institutional Structure strengthened		Number of additional funds/sources of funds and secretariat staff
Supporting capacity of MSMEs to upscale and compete	Support members states to develop MSME policies	National policies and strategies developed	Integration of MSMEs policies in National development plans including National Budgets Strategy documents	At least 4 member states to be fully participating in the implementation of the SME Partial Credit Guarantee
	Transpose National policies to regional Policy for SME'S	National SME policies Harmonized into a regional SME policy	Adoption and Integration of Regional MSMEs policy by the Council and inclusion in the COMESA program and Budgets	The COSMEA Board and secretariat are instituted and functional Number of MSMEs supported
	Revive and implement constitution of the COMESA SME Association (COSMEA)	The COSMEA Implementation plan put in the Annual Regional work plans		Functional COSMEA

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	Establish Regional SME partial Credit Guarantee scheme	SMEs in the participating member states have access to new credit financing portfolios (Partial Credit Guarantees facilities)	Access to credit for SMEs	Functional SME partial Credit Guarantee scheme
	Develop strategies that address quality and standards	Quality strategy established		Develop strategies that address quality and standards issues
	Build capacity of private sector to compete into international standards.	Private sector ability to access markets for value- added goods and services enhanced	Production outputs in value-added goods in intra and extra regional markets	Increase by x % (statistics)
Trade Information and Business Intelligence Networks	Develop regional trade information and business Intelligence networks in all Member States	Regional trade information and business intelligence easily available		No of publications
				No of websites
				No. Of regional trade information and business intelligence networks.
	Increase visibility and access to ICT especially by SMEs	Information on SMEs available	Availability of information for SMES	SMEs with computers
				SMEs with email accounts
	Establish trade points in member States		Access to business information	No of trade points
	Facilitate access of enterprises to market information, technology and finance	Enterprises have better access to business and trade information	Improved access to business and trade information	No of publications
				Access to finance enhanced
Innovative capacity of enterprises enhanced				No. of regional trade information and business intelligence networks

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		IPR legislation at national level enforced		
Trade Development and Promotion	Establish a TDP unit for incorporation in the new COMESA Secretariat Structure	Secretariat strengthened as evidenced by its lead role in TDP.	The COMESA TDP structure institutionalized within the COMESA secretariat.	Number of the secretariat personnel, institutions and desk officers at the national level trained in and applying TDP methodologies
	Develop human resources within the secretariat to support member states in trade development and promotion (e.g. in areas of Market Analysis and Research, South-South Trade Development tools, Business Development Tools, and sector strategy development)	Trade development and promotion in areas of Market Analysis and Research, South-South Trade Development tools, Business Development Tools, and sector strategy development	Capacity in COMESA and Member States in trade development and promotion	Market Analysis and Research reports No of South-South Trade linkages

PRIORITY AREA 3: ADDRESSING SUPPLY-SIDE CONSTRAINTS RELATED TO INFRASTRUCTURE

Strategic Objective 3: To effectively address supply side constraints related to the improvement of infrastructure in the region in order to reduce the cost of doing business and enhance competitiveness

Key Strategies

- i) Develop or review model policies and regulations (for Transport, ICT, and Energy) ;
- ii) Adopt and implement Regional Corridors and One Stop Border Posts Approach (OSBP) ;
- iii) Involve the private sector in infrastructure development ;
- iv) Implement a mechanism for the dissemination of information on development of infrastructure projects to all business institutions through the COMESA Business Council.

Key Interventions

- i) Infrastructure Policy and Regulatory Framework;
- ii) Physical Regional Infrastructure in Transport, ICT and Energy;
- iii) Transport Facilitation Instruments.

Strategic Objectives	Key Outcomes/Impact	Performance Indicators	Target indicators (indicative targets)
<p>Strategic Objective 3: Effectively address supply side constraints related to the improvement of infrastructure in the region in order to reduce the cost of doing business and enhance competitiveness</p>	<p>Infrastructure development and management is expedited through use of common standards /transit instruments and systems across MS</p>	<p>Common standards /transit instruments and systems in use</p>	<p>Common standards for highways and signage, water navigation, railways, airports, electricity, petroleum and communications in place</p>
	<p>Cost of doing business is reduced due to improved infrastructure</p>	<p>Extent (amount) and range (type) of cross-border infrastructure development increased</p>	<p>At least one corridor project in each of highways, railways, communications and electricity supply are completed</p>
		<p>Cost of regional trade reduced, Efficiency and quality improved as measured by unit cost of goods and services.</p>	

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<p>Strategy 3.1</p> <p>Develop and implement a regional policy and regulatory framework for transport, ICT, (postal, broadcasting) energy and instruments for information society</p>	<p>Policy and Regulatory harmonization is established to pave the way for having common transport, ICT and energy market</p>	<p>Regional policy and regulatory framework established and adopted</p>	<p>In 10 MS and the region</p>
		<p>National policies and regulatory frameworks reviewed and aligned, with the regional ones and adopted</p>	
<p>Strategy 3.2</p> <p>Develop infrastructure and services along Regional Corridors and implement One Stop Border Posts (OSBP) approaches</p>	<p>The cost of intra-regional trade, and the transit reduced</p>	<p>Time and cost of transporting and distributing goods are reduced</p>	<p>Travel time reduces by 50% Trade in corridor improves by 30% by 2015</p>
	<p>Economic activity is stimulated due to spatial clustering in corridors</p>	<p>Number of businesses, Volume and value of economic activity trade in corridor and in affected MS increased.</p>	<p>GDP increase equal to amortization cost of corridor development plus 30%</p>
<p>Strategy 3.3</p> <p>Create opportunities for the private sector participation in the infrastructure development</p>	<p>Infrastructure provision is expedited</p>	<p>PPPs undertake infrastructure investment and operation projects</p>	<p>At least one PPP in each of the infrastructure subsectors</p>

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Intervention Areas	Key Actions	Key Outcomes	Performance Indicators	Target indicators (indicative targets)
Transport, ICT and Energy regional Policy and model Regulatory Framework	Develop/Review regional policies and model regulations	Regional enabling environment for transport, ICT and energy created	Regional policies and legislations developed/ reviewed and adopted	Model policies available for all above subsectors based on assessment of all members states ICT, road, rail air and water transport, energy, broadcasting and postal, Review and updating of policies in 10 MS for above subsectors to align with regional and model policies Strategy available covering approach for four major regional corridors
	Review and update Member States policies and legislation framework	Harmonized transport, ICT and energy regulatory frameworks established	Transport, Energy ICT (including broadcasting and postal) policies and legislation frameworks in MS reviewed	legislative and regulatory framework for OSBP in place and piloted at one site in each of 8 MS
	Harmonize policy and regulatory frameworks	Regional associations in transport, ICT and Energy Regulators	Regional framework established and national frameworks reviewed and aligned, policies and legislations developed/ reviewed and adopted	legislative and regulatory framework for OSBP in place and piloted at one site in each of 8 MS
		The associations empowered to handle the cross borders regulatory matters	Regional Corridors and OSBP approaches developed and adopted	Legislation formulated and aligned for liberalization of air transport services in 15 MS
		Cross border trade simplified	Increment of the OSBP approach	

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			coverage established	
		Enabling environment for corridors roads, railways and ports development	Agreements developed and in place for cross-border regulation and enforcement	
	Construct missing links in transport, ICT and energy interconnectors	Reduced transport cost in doing business.	Corridor roads, railways and ports have increased capacity and enhanced quality	Airports capacity increased by 30%
		Missing links constructed and VSAT network Operationalized	Amount of Savings in hard currency by transiting the regional traffic within the region	Roads: 100% of missing links in four major corridors constructed / installed for road, rail ICT (fibre-optics) and telecoms
	Develop transport corridors and one stop border posts	Increased application of the OSBP approach	Increased no of OSBP	No. of OSBP by 2015
	Develop a regional ICT clearing houses and Internet Exchange points		Regional capacity and connectivity in transport, ICT and energy generation, transmission and distribution developed	Ports capacity increased by at least 30%
	Develop and implement the Energy Master Plan and integrated planning energy strategy		Regional capacity and connectivity in transport, ICT and energy generation, transmission and distribution developed	Energy interconnectors developed and doubled between 8 MS
			Regional traffic clearing houses and Internet Exchange points developed	Electricity generation increased by 20000 megawatts

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		The regional digital divide, energy and transport divides are bridged	Regional telephone and Internet traffic transited within the region.	Two ICT regional clearing houses established.
		Energy infrastructure priorities, programme costs and investment Framework established (including green energy)	Technical support provided to Member States in the development of green energy	Two regional Internet peering points established
			Energy Master plan developed and implementation commenced	Procedures for new entrants and investment in ICT and energy sub-sectors harmonized in 8 MS
Transport Facilitation Instruments	Design, harmonize, rationalize and effectively implement regional transport instruments.	Transit and cross border transportation operations simplified	Instruments developed, agreed, adopted and implemented i.e.: COMESA Carrier License, ESA Axle Load limits, Regional Overload Control Certificate, Harmonized Road User Charges	Four instruments implemented in 15 MS
Information society instruments	Develop and implement model instruments for ICT system management and security <ul style="list-style-type: none"> ▪ electronic records ▪ electronic signatures ▪ electronic transactions ▪ e-government services ▪ e-commerce ▪ computer misuse and cyber security 	Cost, efficiency and security of electronic communication is improved	<ul style="list-style-type: none"> ▪ Develop and implement model instruments in the following; ▪ Increased access and usage to e-services ▪ Confidence in e-services 	Develop and implement 70 % of the regional models instruments <u>ICT SPECIFIC INDICATORS</u> <ol style="list-style-type: none"> 1. Number of MoU's and other agreements signed to formalize collaboration with other REC's and other international organizations in the various programmes; 2. Number of courses available on the e-Learning platform;

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			increases	<ol style="list-style-type: none"> 3. Number of people trained using e-Learning; 4. Number of countries contributing to content on the e-Government web portal; 5. Number of countries assisted in capacity development in e-Government; 6. Increase in usage of GIS portal by the various Member States for decision-making; 7. Number of relevant information layers available on the GIS system; 8. Increased awareness in the use of FOSS in the region; 9. Number of applications being developed using FOSS
	Develop regional and national information society measurement tools	Quantified information is available on usage of electronic information usage	Identify measurements required and methodologies / tools to measure	
		Data and statistics analysis available to inform the development of the ICT sector and support decision-making decisions.	Establish regional indicators and data base and processing capacity	National indicators and data bases developed in 10 MS
			Publish an ICT bulletin	ICT bi-annual national bulletins produced in 5 MS

PRIORITY AREA 4: PEACE AND SECURITY

Strategic Objective 4: To work with Member States to develop and implement effective mechanisms to promote Peace and Security in the sub-region.

Key Strategies

- i) To ensure to work within the framework of the AU and ensure collaboration with other regional and international organizations
- ii) Strengthen collaboration in all aspects of conflict prevention and peace building at the national and regional level
- iii) Develop, harmonize and support the implementation of policies on conflict prevention and peace building
- iv) Ensure the sustainability of key institutions and mechanisms in the prevention and resolution of conflicts such as committee of elders and other institutions.
- v) Develop and implement strategies to address security issues such as terrorism and piracy in the sub-region

Key interventions

- i) Improved collaboration with other regional and international organizations
- ii) Conflict prevention
- iii) Conflict resolution
- iv) Post conflict reconciliation and reconstruction
- v) Security

Strategic Objectives	Key Outcomes	Performance Indicators	Target indicators (indicative targets)
<p>Strategic Objective 4:</p> <p>To work with Member States to develop and implement effective mechanisms for conflict prevention, support peace restoration and post-conflict reconstruction and strategies to address security issues in the sub-region</p>	<p>Regional mechanism and strategy on conflict prevention, support peace restoration and post-conflict reconstruction established</p>	<p>Initiatives in place to support conflict prevention and peace building</p>	<ul style="list-style-type: none"> • At least one conflict resolved (supported by COMESA) • 50% of resolved conflicts do not resurge
		<p>Action plan in place to address security</p>	
		<p>COMESA support all conflict resolution initiatives in the region</p>	
		<p>Incidents / types of insecurity reduced</p>	

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<p>Strategy 4.1 To ensure to work within the framework of the AU and ensure collaboration with other regional and international organizations</p>	<p>Implementation of the 2008 MOU between AU and RECs on Peace and Security</p>	Development/ implementation of joint programmes	
		Information shared with AU and RECs	
		Staff exchange programmes	
<p>Strategy 4.2 Strengthen collaboration in all aspects of conflict prevention and peace building at the national and regional level</p>	<p>Conflicts forestalled/prevented through Coordinated efforts in place to address conflicts</p>	Member states implementing initiatives/adopting policies at the national levels	
<p>Strategy 4.3 Develop, harmonize and support the implementation of policies on conflict prevention and peace building</p>	<p>Key regional strategies for conflict prevention and peace building in place</p>	Number of strategies adopted and level of implementation	
<p>Strategy 4.4 Ensure the sustainability of key institutions and mechanisms in the prevention and resolution of conflicts such as committee of elders and other institutions.</p>	<p>All key institutions/stakeholder forums actively inputting to the Programme.</p>	Human and financial resources for all key institutions are maintained	
<p>Strategy 4.5 Develop and implement strategies to address security issues such as terrorism and piracy in the sub-region</p>	<p>Involvement of states and key institutions in the implementation of the strategies</p>	Number of states and other stakeholders involved in the implementation of strategies	

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Intervention Areas	Key Actions	Key Outcomes	Performance/Process Indicators	Target indicators (indicative targets)
Improved collaboration with other regional and international organizations	Sharing of information and best practices; and joint development and implementation of programmes	Rationalization of activities and initiatives	Number of initiatives developed and implemented jointly	At least three programmes/initiatives developed jointly with AU an or other ESA RECs At least 30% of total budget is sourced jointly with other partners
		Aid efficiency and effectiveness	Percentage of total Peace and Security budget sourced jointly with AU and or other RECs	
			Extent of information shared/ staff exchanged	
Conflict Prevention	Conflict Prevention	Conflicts forestalled/prevented through the use of COMESA conflict early warning indicators.	Conflict situation analysis reports produced using COMWARN data	Data for COMWARN indicators is collected for analysis from at least half COMESA Member states Increased number of democratic and transparent elections.
		Conflicts rooted in democracy and governance reduced	Adoption of key policies in governance	
			Implementation of adopted regional standards on democratization	
		Key institutions of democracy and governance strengthened		
Conflict resolution	To develop and strengthen mediation capacity in the region	Simmering/potential conflicts avoided through preventive diplomacy missions and actions.	Interventions made by COMESA Committee of Elders.	Elders intervention in 60% of ongoing conflicts of the period (which have regional dimensions)

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	To support consensus building among key stakeholders around peace processes	Settlements to ongoing conflicts reached through mediation efforts	Number of dialogues initiated around key peace agreements,	Dialogue initiated around at least 60% of all Peace Agreements signed during the period
Post conflict reconciliation and reconstruction	To support disarmament, demobilization and reintegration and address forced migration (refugees and IDPs)	Relapse of conflicts avoided through inter-alia: Implementation of policies for refugees and IDPs/ reintegration of ex-combatants	Existence of regional policy and strategy regarding disarmament, demobilization and reintegration and address forced migration (refugees and IDPs)	Number of developed post conflict programmes.
				Number of policies on refugees/ IDPs
				Number of persons reached with trainings on DDR and related subjects
	Monitor and support the implementation of peace processes	Reduction of resurgence of violence	Existence of peace process monitoring mechanisms	Number of Agreements for which adopted mechanisms are used
	Support dismantling of war economies and support livelihoods	Reduction of illicit and illegal trade activities and incentive to propagate conflicts	Adoption/ implementation of strategies to combat war economies	Number of countries implementing adopted strategies
Support cross border interaction to promote stabilization in post conflict countries	Improved relationships across borders through joint implementation/ use of COMESA tools (STR, TIDs etc)	Existence of strategies/programmes to support cross border interaction in post conflict countries	Number of post conflict countries implementing COMESA tools/programmes	
Security	Develop regional strategies to combat security threats such as terrorism and piracy	Regional strategies and action plans in place	Number of countries participating in the implementation of the action plans	At least 50% of the member aware of strategies in place
	Strengthen collaboration on terrorism and piracy in the region	Joint efforts initiated to combat insecurity	Networks in place to share information on piracy and terrorism	Number of regional projects of common action against terrorism and piracy

PRIORITY AREA 5: CROSS-CUTTING PROGRAMMES

1. Gender and social development
2. Climate change
3. Statistical development
4. Knowledge based society and human capital
5. Cooperation and partnership
6. Aid for Trade

Strategic Objective: The objective is to facilitate the integration of cross cutting issues into the broader regional integration agenda

Key Strategies

- i) Strengthen collaboration at the national and regional level;
- ii) Collaborate in resource mobilization for sustainability;
- iii) Establish the status of implementation of cross cutting issues by undertaking a baseline survey to establish the status and magnitude of some of the new cross-cutting issues;
- iv) Harmonize policy formulation for cross-cutting issues to accord with the regional integration vision;
- v) Enhance and promote the participation of the private sector, civil society and business communities in the regional integration agenda;
- vi) To foster the mainstreaming of gender perspectives in the secretariat and in COMESA programmes;
- vii) To develop the COMESA social charter and oversee the mainstreaming of the social and cultural affairs to promote economic growth and social development;
- viii) To address the impact of climate change through successful adaption and mitigation actions that build economic and social resilience in agriculture forestry, land use and energy sectors.

Intervention Areas	Key Actions	Key Outcomes	Performance Indicators	Target indicators (indicative targets)
Gender and Social Development	Mainstream gender, youth and HIV & AIDS issues into all regional integration policies and programmes	Initiatives towards mainstreaming of gender, social and youth development policies accomplished in all Member States	Documents with integrated policies, programmes and strategies on gender, youth and social development	Number of countries adopting and mainstreaming gender, youth and social development responsive policies, programmes and strategies

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Promote gender equality for access to opportunity and resources	Initiatives towards gender equality with regard to accessing socio-economic opportunities and resources accomplished.	Disaggregated statistical data from COMESA MS regarding women and youth access to resources and socio-economic opportunities readily available	Percentage of women/youth in the field of decision making and percentage of women/vulnerable youths access to higher education
Develop and adopt COMESA Social Charter to facilitate integration of social, cultural and developmental issues in COMESA.	COMESA Social Charter developed and adopted.(To reflect objectives of Article 143 of the COMESA Treaty)	COMESA Social Charter developed and adopted.(To reflect objectives of Article 143 of the COMESA Treaty)	Number of Countries adopting and implementing the Charter.
Develop a best-practice toolkit for the mainstreaming of gender, youth and social issues.	Guidelines/Manuals for mainstreaming of gender, youth and social development issues developed	Existence of guidelines for the mainstreaming of Gender, Youth and Social Development issues	Number of COMESA MS and partners sensitized to guidelines
			Number of project planners oriented and sensitized with the guidelines to mainstream gender, youths & social development
Develop and implement strategies and policies to increase awareness and capacity to address issues relating to social and environmental health.	Awareness increased on issues relating to gender and social development and environmental health	Strategies and policies to increase awareness and capacity to address the Social Development and the environmental health developed and implemented	50% of COMESA MS develop and implement strategies and policies to enhance national awareness to address social development and the environmental health issues
	Harmonization of COMESA policies and Model legislation for the treatment of vulnerable groups.		Number of institutions/NGOs assisting vulnerable groups established
Production of gender disaggregated data for COMESA	Indicators for collecting gender/social	Statistical data from MS available at national level	Number of tools available to be used for the collection of gender/social disaggregated data

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		disaggregated data for COMESA developed		Models of best practices at MS level on documented statistics on disaggregated manner
Climate Change	Consolidate a unified African position on climate change	African position on climate change accepted by the global community	African climate solution reflected in global climate change agreement	Agriculture, forestry and other land use (AFOLU) in the global agreement by 2012
	Develop regional and national climate change investment frameworks	Climate change adaptation funds readily accessible to MS	Approved national investment frameworks	4 national frameworks by 2013 rising to 10 by 2015.
				At least \$1bn in adaptation funds leveraged by 2015
	Upscale climate resilient conservation agriculture (CA)	CA investments are made in MS through national investments framework	Number of farmer families practicing CA	3m farmers practicing CA by 2015
			Acreage under CA	Area under CA increased by 15% from established baseline by 2015
			Stabilized crop yields	Average crop yields for CA areas increased by 15% from established baseline by 2015
	Apply and realize mitigation solutions with carbon trading benefits	Agriculture, forestry and other land (AFOLU) use mitigation solutions, developed applied and realized in Member States	Number of AFOLU Projects implemented	AFOLU methodologies developed and available from 2013
			Green energy	Proportion of green energy in the national and regional energy mix implemented
Regional carbon fund established			20% increase in carbon trade in the region by 2015	
Statistical Developments	Harmonize and improve the quality of statistics in the COMESA region	Quality of Statistics improved and harmonized.	Number of countries compiling statistics according to harmonized	At least 75% of Member States compiling statistics according to harmonized frameworks

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			frameworks	
			Number of hits on COMSTAT	COMSTAT monthly average hits at 20000
			Number of data quality frameworks being implemented	Data quality frameworks implemented for all current statistical clusters
Knowledge-based Society and Human Capital	Develop regional programmes in science and technology to facilitate cooperation and exchange of information on pertinent issues of development among Member States.	Cooperation and exchange function of information	Existence of Regional programmes in Science and Technology	At least one regional programme in science and technology established
	Develop and implement regional programmes to attract investments in R&D with priority on emerging sectors such as renewable energy, climate change, food security and agro-processing.	Increased investment in R&D	Regional programmes in research and development	Number of regional programmes in research and development in place
	Support the establishment of regional centers of excellence in key sectors.	Regional Centers of Excellence established in key sectors.	Regional Centers of Excellency delivering training programmes	Number of people trained in various programmes that meet regional and international standards
	Facilitate increased access to, and use of ICT in the Region and Promote e-learning and distance learning in COMESA.	Increased access to, and use of information and communication technology.	usage of online information appropriate legislation in place to ensure secure electronic transactions	Increased usage of online information in the Member States Increased number of Member States with appropriate legislation in place to ensure secure electronic transactions

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	Establish collaboration and network of institutions to respond to the regions needs	Strategic alliances established with existing institutions	Strategic alliances	Number of strategic alliances entered into for the implementation of the regional e-Governance Academy
Cooperation and Partnerships	Develop a COMESA trade negotiating mechanism.	Unified negotiating mechanism	Negotiating mechanism in place	No of Member states participating in the negotiations
	Facilitate the finalization of negotiations for a comprehensive Economic Partnership Agreement (EPA) with the European Union	Effective participation of COMESA Member States in the multilateral trading system	Comprehensive EPA finalized and implemented	% increase in number of COMESA member states accession to WTO.
	Strengthen and coordinate effective participation in the Doha Development Round negotiations and work programmes	Increased awareness of the issues under discussion by Member States	Increased Participation in the Doha negotiations and work programmes by COMESA MS.	No of Member States participating in negotiations
	Maximize beneficial utilization of the AGOA initiative ensure extension of AGOA preferences, through coordinated, harmonized and targeted policy initiatives.	Benefits of AGOA Initiative realized.	Effective Participation of COMESA in AGOA Trade	% increase in AGOA trade Volume
	Negotiate beneficial trade and development arrangements with key strategic partners.	Trade arrangements with emerging powers and others concluded and implemented.	Increase in number of strategic partnerships	% increase in trade
Aid for Trade	Develop and implement a mechanism for aligning regional integration policies into national development frameworks	Increased and improved integration and alignment of regional integration programmes at the national level	Integration and alignment of regional integration policies at national level.	No of policies reflected in national development frameworks

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	Provision of support to member States for implementation of their regional integration programmes through the COMESA Adjustment Facility	Increased implementation of regional integration commitments by member States	Increased support provided to member states for implementation of regional commitments	No of member states accessing CAF support
				% increase in regional commitments implemented at national level
	Fully operationalize the COMESA Infrastructure Facility	Regional mechanism for financing Infrastructure programmes.	Increased funding available to address infrastructure constraints in the COMESA region	Increase in resources available for the CAF
				% increase in the CIF contributions from donors and member states
				No of infrastructure projects funded through the Fund.
				Mechanism in place for blending private and public/grant financing

PRIORITY AREA 6: INSTITUTIONAL DEVELOPMENT

Strategic Objective: Improve capacity of the Secretariat and coordinating ministries in Member States to enable them to fulfill their respective missions *and* support the development of COMESA Institutions

Key Strategies

- i) Build capacity of the Secretariat and the coordinating ministries in Member States consistent with the strategic priorities of the integration agenda.
- ii) Strengthen existing or establish new COMESA institutions based on the need to achieve sectoral or other integration goals.
- iii) Build System and capacity for Monitoring and Evaluating COMESA programmes and Regional Integration indicators.

Key Interventions

- i) Capacity building for sustained development through economic integration
- ii) Advocacy and Publicity
- iii) Monitoring & Evaluation

Intervention Areas	Key Actions	Key Outcomes	Performance Indicators	Target indicators (indicative targets)
Capacity building for sustained development through economic integration	Enhance performance systems at the Secretariat to promote effectiveness and efficiency	Results based programme management systems instituted	Results based training programmes	Number of training programmes implemented
			Performance management contracts system	Number of members of staff trained
				Results based employment contracts for all staff in place by 2012
	Enhance human and technical capacity	Staff rationalized and technical capacity needs identified and addressed	Adequate staffing of Divisions/Units	Number of Divisions and Units adequately staffed
		Performance enhancing software systems	Existence of performance enhancing software systems meeting regional and international standards	

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	Identify and address regional and national capacity needs for both secretariat and Member States	Regional, national and Secretariat capacity needs identified and addressed.	Mechanism to identify capacity gaps in member states implementing and line ministries. Training programmes for capacity building	Number of training sessions held for the capacity needs identified. Number of officers in coordinating ministries trained in COMESA programmes (including desk officers, focal points/stakeholders at the national level)
	Strengthen accountability systems at the secretariat	Accountability systems strengthened	Review of Implementation procedures, manuals and rules regulations for administrative, financial and technical issues etc	Number of Implementation procedures and manuals reviewed/proposed
				Number of audit and consultancy activities conducted
		Risk management systems strengthened	Enterprise risk management system	Enterprise risk management framework proposed and implemented in 2011
Governance systems strengthened	Review of policies for administrative, financial and technical issues	Policy changes proposed and implemented		
Advocacy and Publicity	Enhance the role of Member states to directly participate in publicizing of COMESA activities	A Full advocacy strategy developed	Member States involvement in advocacy	Actual publicity/ advocacy events
				News Items and international on National Media
				Number of Policy maker that regularly invoke COMESA's in their speeches
Monitoring & Evaluation	Develop and Utilize online Reporting System	At least 50% of active Member States reporting on MTSP outcomes	Regular reports produced with required data for MTSP indicators.	No of MS reports

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	M&E capacity Development	M&E system defined and approved by Member States		Online reporting System by Dec 2011
	Build system and capacity for monitoring COMESA programmes	High quality programme reports		Functional computerized system for M&E

Chapter Five: Implementation Strategy

5.1 Challenges and Opportunities ahead

Constraints experienced in the implementation of the 2007-2010 MTSP included weak capacity at Member States level to oversee the implementation of programmes. Further to this, Member States National Development Plans and Budgets did not often reflect commitments made by COMESA Policy Organs (the Summit of Heads of State and Government, and the Council of Ministers).

Budgetary constraints and uncoordinated information flow between the stakeholders was highlighted as a major difficulty experienced in the implementation of a number of programmes. It is also important to note that like any other region, the COMESA region was affected by the global financial crisis and continues to be adversely affected by high poverty levels.

In an effort to address the challenges experienced in the previous MTSP and improve the implementation of policies and programmes by member States, the present Strategic Plan's implementation strategy is based on Result Based Management (RBM) and emphasizes achievement of concrete results. It further emphasizes the need to strengthen capacity and institutional support to member States in order to improve the integration of Policies and Decisions of COMESA Policy Organs into National Development Plans and Budget. In addition, the Strategy aims to improve the monitoring and reporting on the progress on the implementation of regional programmes and to sensitize and engage all stakeholders to build broad-based ownership. In addition, COMESA will embark on a resource mobilisation strategy that ensures that programmes are embedded in its strategic objectives.

Other medium term challenges are the limited funding from Member States. COMESA partners are currently contributing close to three times the inflows to the Secretariat. COMESA will continue to sensitise Member States on the need to invest more towards regional integration.

5.2 Addressing Implementation Challenges

All programmes planned regionally must ultimately be implemented by Member States. It is here, at national level, that plans are given concrete expression, where the 'rubber meets the road'. The implementation of integration programmes by Member States has often not fully reflected the timelines and commitments made by COMESA Policy Organs. As part of an overall strategy to address these challenges, COMESA Secretariat will work with Member States to strengthen capacity to:

- (a) Integrate decisions of Authority and Council into national development plans;
- (b) Monitor and report progress on the implementation of regional programmes;
- (c) Increase the two-way flow of information between the Member States and the Secretariat; and
- (d) Sensitize and engage all stakeholders in Member States in order to build broad-based ownership.

A major part of the implementation strategy will involve addressing concerns about the impact of trade liberalization on national budgets on account of foregone tariff revenue. In order to mitigate some of the short-term costs of adjustment, it will therefore be necessary to strengthen both the Adjustment Facility and the Infrastructure windows of the COMESA Fund through greater contributions by Member States and support by development partners.

5.3 Managing for Results

The successful implementation of the COMESA MTSP will involve partnerships between the COMESA Secretariat, Member States, other RECs, Civil Society, the Private Sector, affected communities at Member State level and COMESA's Development partners. COMESA is in the process of restructuring for an optimal organizational, management, and staffing structure intended to support implementation of COMESA programmes and full realization of its mandate. Efforts will be made to put in place necessary capacities and conditions⁷ for implementation of the strategy. Continuous improvement will be made of processes and procedures to ensure they are sound and relevant to the demands and expectations of a dynamic organization.

In implementing the MTSP, COMESA will strive to embrace the universally accepted best practice principles in line with the Aid Effectiveness agenda of Ownership, Alignment, Harmonization, Managing for Results and Mutual Accountability. In addition, the main elements of managing for results will be adopted and will revolve around guiding the Strategy, ensuring effective operations and creating a learning environment. The three will be supported by an effective Monitoring and Evaluation System.



⁷ Optimal structure, People/Staff Capacity, staff incentives and a financing strategy

more strategic, learning and impact oriented M&E work gets the required focus to enable a tracking of progress towards achievement of intended goals.

5.3.5 Performance Management Framework

Performance management is about accountability at three dimensions. At the Secretariat level, performance management focuses on staff performance and is managed as part of an overall talent management strategy. The objective is to create an environment within which staff are not only expected to meet or exceed agreed organisational standards and performance outcomes, but are in fact able to. This is the first dimension.

Institutional performance is the second dimension and relates to periodic tracking and assessment of overall organizational performance as judged by progress in achievement of the objectives of its annual and medium term plans.

The third dimension of performance management involves accountability for implementation of agreed integration programmes by Member States. Historically, the modest record of implementation of integration programmes by Member States is partly due to the fact that the National Development Plans and Budgets do not often reflect the commitments made at COMESA Policy Organs. The Monitoring Evaluation and Reporting Systems (MERS) that COMESA will set up will, at a minimum, have the ability to:

- i) Track implementation progress on a continuum: from decision-point (by Policy Organs), through programming and budgeting, to periodic monitoring, and impact evaluation;
- ii) Base evaluation on appropriate metrics (both quantitative and qualitative) at every level of expected action and outcome;
- iii) Provide for a way to aggregate and integrate national monitoring, evaluation and reporting systems into the regional MERS framework;
- iv) Utilize the latest e-communication tools and improve the flow of information between the Secretariat and coordinating ministries; and
- v) Provide a basis for on-going learning and therefore strategy adaptation or repositioning.

Building adequate capacity at both the Secretariat and Member States is a critical prerequisite for the success of the COMESA MERS. The Secretariat will work with member States and development partners to mobilize requisite resources.

5.3.6 Institutional Implementation Arrangements

The COMESA Policy Organs (Decision of Council of Ministers of May 2007 in Nairobi recognized that the present structure no longer meets the requirements for the Secretariat to address the multiple challenges. COMESA Secretariat is in the process of being restructured. The main objective of this exercise is to have an optimal structure that supports implementation of COMESA programmes.

The COMESA integration agenda is implemented by Member States with support from development partners. The COMESA Policy Organs (the Authority, Council, Committee of Ministers of Foreign Affairs, Intergovernmental Committee and ad hoc technical committees) develop policy, with the Secretariat providing technical support and coordination. As part of efforts to strengthen COMESA's presence in key decision-making centres, liaison offices have been established in Brussels, Belgium and Addis Ababa, Ethiopia for follow-up of cooperation with the European Union and the African Union.

COMESA institutions such as the Eastern and Southern Africa Trade and Development Bank (the PTA Bank), the COMESA Re-Insurance Company (ZEP-Re); the COMESA Clearing House; African Trade Insurance Agency (ATIA); the COMESA Regional Investment Agency (RIA); the COMESA Leather and Leather Product Institute (LLPI); the Federation of Associations of Women in Business in Eastern and Southern Africa the Federation of Women in Business (FEMCOM) and the newly created Alliance for Commodity Trade in Eastern and Southern Africa (ACTESA) play a critical role in implementation of sectoral programmes.

The Eastern and Southern Africa Trade and Development Bank (the PTA Bank) supports the regional integration process through its two financing windows: the Project Finance and Trade Finance. The former is a medium to longer-term credit facility while the latter is designed for short-term credit and loan needs. The COMESA Clearing House, through the Regional Payment and Settlement System (REPSS), facilitates the settlement of intra-regional transactions in goods and services among the member countries.

The COMESA Re-Insurance Company (ZEP-Re) provides risk managements services for insurance companies in COMESA Member States, while the African Trade Insurance Agency (ATIA) provides investment and credit risk insurance. It is designed to facilitate trade, investment and productive economic activities through insurance, re-insurance, coinsurance and other financial instruments.

The COMESA Leather and Leather Product Institute (LLPI) promotes the value-added development of the leather industry through capacity building and research.

The Federation of Associations of Women in Business in Eastern and Southern Africa (FEMCOM) promotes women entrepreneurship and women businesses through technical support, resource mobilization and capacity building.

The Alliance for Commodity Trade in Eastern and Southern Africa (ACTESA), a specialized institution of OCMESA, seeks to catalyze increased farmer productivity and incomes in the COMESA region through trade in staple crops. Its focus includes the commercial integration of stable food crops into national and regional markets as one means of promoting food security.

5.3.7 Resource Mobilization Strategy

COMESA relies on both internal and external sources to facilitate implementation of its programmes. These are mainly composed of member States contributions and donor funding. Under the current strategy, the member States contributions to COMESA, constituting about 30% of the budget, will continue to be an important internal source of funding. In this regard, increasing efforts will be made to engage members States in timely scheduling of their contributions.

The support that comes from the development cooperation partners also plays a very important role for the implementation of programmes. The main funding partners of the institution are the European Commission, USAID, DFID, CIDA, AfDB and Norad. Other institutions that provide technical support include the World Bank and UN Agencies like ITC and UNCTAD.

For the current strategy, COMESA will continue to employ a combination of human, financial and technical resources which will be drawn from both the internal and external sources. The key guiding principle of the resource mobilization strategy for this MTSP will be the need for resources to be aligned to the priorities identified. This will ensure that funds mobilized

contribute to COMESA's vision. Resource mobilization efforts will also initially draw on existing resources before identification of new resources. This will contribute to increased efficiency and effectiveness of resource use which avoids duplication of efforts.

As implementation of programmes is at national level, funds mobilized at the regional level will contribute towards national level implementation. Further, it is expected that allocation of national resources that include government financing through public sector and donor funding, private sector and civil society funding, will play a critical role towards implementation of programmes agreed at regional level.

As highlighted, seeking of external financing from development partners will be guided by the need to fund the priorities spelled out in this Medium-Term Strategy, as well as long-term strategic considerations. The packaging of compacts for funding will be done on a comprehensive and multi-sectoral programme basis as well as by specific sectors and projects. The resource mobilization approach will also reflect preference for employing COMESA's own procedures in implementation of programmes in order to improve and facilitate better alignment of resources to the institutions own priorities. Funding modalities like the contribution agreement currently employed for channeling support from the EU and COMESA Fund for support to member States implementation of regional programmes and mobilization for resources for infrastructure programmes will be encouraged.