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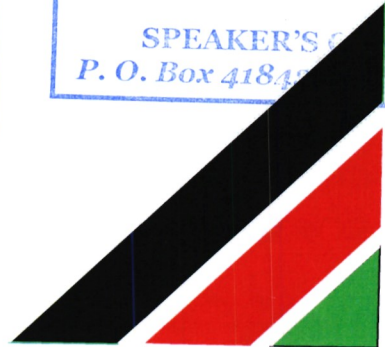
COMMITTEE ON REGIONAL INTEGRATION

REPORT ON THE STUDY VISIT TO THE COMMON MARKET FOR EASTERN  
AND SOUTHERN AFRICA (COMESA) HEADQUARTERS IN LUSAKA, ZAMBIA

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| <br><b>THE NATIONAL ASSEMBLY</b><br>PAPERS L.A.D.<br><b>OCTOBER, 2023</b> |  |
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| <b>DAY:</b> TUESDAY  |  |
| <b>TABLED BY:</b>  | HON. WAKJIKU MUTHIA, MP<br>(CHAIRPERSON) |
| <b>CLERK:</b>  | INZITU MURBLE                            |

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**NAIROBI***



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## **ABBREVIATIONS**

|               |   |
|---------------|---|
| <b>COMESA</b> | Common Market for Eastern and Southern Africa       |
| <b>CMP</b>    | Common Market Protocol                              |
| <b>EAC</b>    | East African Community                              |
| <b>FTA</b>    | Free Trade Area                                     |
| <b>NTBs</b>   | Non-Tariff Barriers                                 |
| <b>ISCOS</b>  | Intergovernmental Standing Committee on Shipping    |
| <b>JPCC</b>   | Joint Permanent Commission for Cooperation          |
| <b>MOU</b>    | Memoranda of Understanding                          |
| <b>NTBs</b>   | Non-Tariff Barriers                                 |
| <b>PTA</b>    | Preferential Trade Area                             |
| <b>SCT</b>    | Single Customs Territory                            |
| <b>SSCBTI</b> | Small Scale Cross Border Trade Initiative Programme |
| <b>TFTA</b>   | The Tripartite Free Trade Area                      |
| <b>VAT</b>    | Value-Added Tax                                     |

## CHAIRPERSON'S FOREWORD

The Common Market for Eastern and Southern Africa (COMESA) is a regional economic bloc comprising twenty-one (21) member states, including Kenya. It was formed in December 1994, replacing the Preferential Trade Area (PTA) which had existed from the early 1980s. The main focus of COMESA is to promote regional integration through trade development.

The work of COMESA is guided by the Treaty establishing the Common Market and is mandated to remove barriers to trade. It also encourages investment between member countries. COMESA further provides a platform for cooperation in areas beyond trade, including infrastructure development, information technology, and scientific research. Member countries often work together on these fronts, benefiting from shared knowledge and resources.

This report contains presentations, observations and recommendations of the study trip undertaken by a delegation of the Committee on Regional Integration to Lusaka, Zambia, from the 24<sup>th</sup> - 31<sup>st</sup> May 2023. Zambia is the Headquarter of COMESA. The main objective of the study visit was to deepen understanding of regional integration, its mechanisms and operations as well as strengthening relations between Kenya and Zambia through such interactions. Further, the study visit was aimed at enhancing the capacity of the Members with requisite skills and to carry out their mandate effectively and efficiently.

The other key objectives included:

- 1) To study and inquire into the aim of creating a single, large trading bloc through economic cooperation;
- 2) To learn more about how to build expertise in specific areas to develop the quality of information needed by Members of Parliament, as they participate in the legislative agenda internationally;
- 3) To learn further plans and mechanisms by Common Market of Eastern and Southern African (COMESA) to progressively eliminate identified and yet to be identified barriers towards achieving full potential of intra-regional trade and common market.
- 4) To establish ways of promoting partnerships between the COMESA Bloc on mutual cooperation into the future including legislative mechanism.
- 5) To learn more about the Zambia legislative framework on matters integration and attendant institutions and best practices.

The delegation comprised of: -

- |                                     |   |                                       |
|-------------------------------------|---|---------------------------------------|
| 1) Hon. Geoffrey Makokha Odanga, MP | – | <b>Leader of the Delegation</b>       |
| 2) Hon. Rael Chepkemai Kasiwai, MP  | - | Member                                |
| 3) Hon. Peter Ochieng Orero, MP.    | - | Member                                |
| 4) Hon Fatuma Maisto, MP.           | - | Member                                |
| 5) Ms. Damacrine Kwamboka           | – | Research Officer/Delegation Secretary |

During the study visit, the Delegation visited the Ministry of Commerce, Trade, and Industry where discussions explored opportunities for joint efforts and identified key sectors for the two countries to leverage their strengths for mutual benefit.

Another significant aspect of the visit was the engagement with the Parliament of Zambia. During discussions, it became apparent that Zambia lacked a dedicated committee on regional integration. The Zambian Members of Parliament stressed the importance of establishing similar committee to foster regional collaboration, strengthen relations between the two countries, and enhance the influence of COMESA as a reputable regional body. They drew inspiration from the success of the East African Community (EAC) and recognized the positive impact that a dedicated committee on regional integration can have on decision-making processes within the COMESA region.

The Committee also visited COMESA buildings that hosts the Secretariat/Headquarters, where the discussions emphasized on the significance of encouraging other member states to follow suit and establish similar Committees in their respective Parliaments. Such initiatives would contribute to minimizing disparities and conflicts during decision-making processes within the COMESA region, paving the way for more effective and cohesive regional integration.

The Committee gained further useful insights into regional integration, identified opportunities for collaboration. On the other hand, the host counter-part recognized the importance of establishing a dedicated committee on regional integration within the Zambian Parliament.

Additionally, the significance of nurturing stronger bilateral relations between Kenya and Zambia comes with regular exchange programs, joint initiatives, and high-level engagements. Strengthening bilateral relations is a fundamental step towards creating a conducive environment for successful regional integration. To promote effective collaboration, the Committee recommends the establishment of a robust and comprehensive framework for knowledge sharing and capacity-building programs between key relevant institutions in both countries while leveraging on COMESA established mechanism. This will facilitate the exchange of best practices, expertise and technical know-how, strengthening the capabilities of stakeholders involved in intra- regional trade and integration efforts.

I wish to thank the Speaker and the Office of the Clerk of the National Assembly most sincerely for the invaluable support accorded to the Committee in the discharge of its mandate.

On behalf of the Members of the Select Committee on Regional Integration and pursuant to Standing Order 212 it is my pleasure and duty to present to the House, the Committee's **Report on the study visit to COMESA Headquarters in Lusaka, Zambia.**

**Hon. Geoffrey Makokha Odanga, MP**

## **1.0 PREFACE**

### **1.1 Establishment and Mandate of the Committee**

1. The Committee on Regional Integration is a select Committee of the House established under Standing Order 212 of the National Assembly's Standing Orders which sets out the mandate of the Committee. The Committee was constituted in October 2023 following adoption of a motion on membership of committees by the House and is comprised of twenty-one (21) members who will serve for the life of the 13<sup>th</sup> Parliament.
2. The Committee is also mandated to –
  - (a) examine the records of all the relevant debates and resolutions of the meetings of the East African Legislative Assembly;
  - (b) examine the Bills introduced in the East African Legislative Assembly and Acts of the East African Community;
  - (c) examine the records of all the relevant debates and resolutions of the meetings of the Pan African Parliament, the African, Caribbean and Pacific European Union Joint Parliamentary Assembly and other regional integration bodies; and
  - (d) inquire into and examine any other matter relating to regional integration generally requiring action by the House.

## 1.2 Committee Membership

3. The Committee comprises of the following twenty-one Members -

Hon. Wanjiku Muhia, MP – Chairperson  
Kipipiri Constituency  
**United Democratic Party**

Hon. Farah Salah Yakub, MP- Vice- Chairperson  
FAFI Constituency  
**United Democratic Party**

Hon. David Ochieng Ouma, MP  
Ugenya Constituency  
**Movement for Democracy and Growth**

Hon. Naomi Jillo Waqo, MP  
Marsabit (CWR)  
**United Democratic Party**

Hon. Geoffrey Makokha Odanga, MP  
Matayos Constituency  
**Orange Democratic Party**

Hon. Joseph Gachoki Gitari, MP  
Kirinyaga Central Constituency  
**United Democratic Party**

Hon. Didmus Wekesa Barasa Mutua, MP  
Kimilili Constituency  
**United Democratic Party**

Hon. Danson Mwashako Mwakuwona, MP  
Wundanyi Constituency  
**Wiper Democratic Movement**

Hon. Andrew Adipo Okuome, MP  
Karachuonyo Constituency  
**Orange Democratic Party**

Hon. Christopher Aseka Wangaya, MP  
**Khwisero Constituency**  
Orange Democratic Party

Hon. Zaheer Jhanda, MP  
Nyaribari Chache Constituency  
**United Democratic Party**

Hon. Rael Chepkemoi Kasiwai, MP  
West Pokot (CWR)  
**Kenya Union Party**

Hon. Elizabeth Karambu Kailemia, MP  
Meru (CWR)  
**United Democratic Party**

Hon. Beatrice Chepng'eno Kemei, MP  
Kericho (CWR)  
**United Democratic Party**

Hon. Fatuma Hamisi Masito, MP  
Kwale (CWR)  
**Orange Democratic Party**

Hon. Irene Njoki Mrembo, MP  
Bahati Constituency  
**Jubilee Party**

Hon. Japheth Nyakundi Mokaya, MP  
Kitutu Chache North Constituency  
**United Democratic Party**

Hon. Peter Ochieng Orero, MP  
Kibra Constituency  
**Orange Democratic Party**

Hon. Julius Kipletting Rutto,  
MP  
Kesses Constituency  
**United Democratic Party**

Hon. Peter Kalerwa  
Salasya,MP  
Mumias East Constituency  
**Democratic Alliance Party**

Hon. Richard Kipkemoi  
Yegon, MP  
Bomet East Constituency  
**United Democratic Party**

### **1.3 Committee Secretariat**

4. The secretariat facilitating the Committee comprises –

**Mr. Mohamed Jimale**  
*Clerk Assistant I (Team Leader)*

Ms. Purity Macharia  
*Clerk Assistant III*

Mr. Bernard Toroitich  
*Clerk Assistant III*

Mr. Dominic Kyalo  
*Legal Counsel II*

Ms. Damacrine Kwamboka  
*Research Assistant II*

Ms. Edith Chepngeno  
*Media Relations Officer II*

Mr. Samuel Nyambei  
*Serjeant at Arms*

Mr. Rahab Chepkilim  
*Audio Officer*

Ms. Faith Oira  
*Protocol officer*

## **2.0 INTRODUCTION**

5. The Committee on Regional Integration in a meeting held on 18<sup>th</sup> April 2023 resolved to undertake a study visit to the headquarters of Regional Blocs in the African Continent. A delegation comprising of four (4) Members undertook a study visit to the COMESA Headquarters in Lusaka, Zambia. The four-Member delegation conducted their visit as scheduled from 24<sup>th</sup> to 31<sup>st</sup> May, 2023. The Delegation visited the following institutions:

- i. The High Commission of the Republic of Kenya in Zambia;
- ii. Ministry of Commerce, Trade, and Industry;
- iii. The Parliament of Zambia; and
- iv. The COMESA Secretariat/Headquarter.

### **2.1 Objectives of the Study Visit**

6. The objectives of the study included:

- a) To study and inquire into the aim of creating a single, large trading bloc through economic cooperation;
- b) To learn more about how to build expertise in specific areas to develop the quality of information needed by Members of Parliament, as they participate in the legislative agenda internationally;
- c) To learn further plans and mechanisms by Common Market of Eastern and Southern African (COMESA) to progressively eliminate identified and yet to be identified barriers towards achieving full potential of intra-regional trade and common market.
- d) To establish ways of promoting partnerships between the COMESA Bloc and the East African Community bloc on mutual cooperation into the future including legislative mechanism; and
- e) To learn more about the Zambia legislative framework on matters integration and attendant institutions and best practices.

### **2.2 Expected Outcomes**

7. It was anticipated that the exercise would result into:

- a) A detailed Report of the activities undertaken during the visit;
- b) Enhanced knowledge to help execute the Committees advisory role to Parliament on matter of integration such as common market, custom union and other pillars of integration;
- c) Familiarizing Members of the Committee with best legislative practices through regular engagements with established peer Parliaments in the region.

### **2.3 Courtesy Call at the High Commission of the Republic of Kenya in Zambia**

8. The delegation led by Hon Geoffrey Odanga, MP paid a courtesy call at the Offices of the Kenya High Commission in Lusaka, Zambia where they were briefed on the Republic of Zambia.

Zambia is a large, landlocked but resource-rich country with a population of approximately 20.7 million<sup>1</sup>. It is one of the largest copper producer in the region and consequently the country's major industries are copper mining and processing which is also exported. Others include: construction, foodstuffs, beverages, chemicals, Textiles, fertilizer, horticulture, among others. Other exports include sugar, maize, tobacco, among others.

### **Kenya — Zambia relations**

9. Kenya and Zambia draw their relations from the Joint Permanent Commission for Cooperation (JPCC) which was signed in September 1982. The framework covers thirteen (13) sectors:
  - (i) Trade, Industry and Investment;
  - (ii) Tourism;
  - (iii) Mining;
  - (iv) Labour;
  - (v) Health;
  - (vi) Environment and natural resources;
  - (vii) Immigration;
  - (viii) Transport and communications;
  - (ix) Water resources;
  - (x) Energy;
  - (xi) Agriculture and livestock;
  - (xii) Education; and
  - (xiii) Justice.
10. The two countries have had a total of 9 sessions of the JPCC of which the 9<sup>th</sup> session was held in June, 2015 in Nairobi. The Mid-Term Review meeting of the 9<sup>th</sup> Session of the Kenya-Zambia JPCC was held on 11<sup>th</sup> — 14<sup>th</sup> June, 2022 in Nairobi, Kenya, during which Six (6) MOUs were signed. The 10<sup>th</sup> session was planned to be convened in Lusaka, Zambia in 2023.
11. In fostering the bilateral relations, Kenya and Zambia have exchanged a number of high-level visits over the years including the inauguration ceremony for the 7<sup>th</sup> President of Zambia attended by Kenya's Head of State on the 24<sup>th</sup> August, 2021.
12. Trade between Kenya and Zambia was on an upward trend. This was attributed to the coming in force of COMESA and other bilateral arrangements, including the JPCC.
13. Currently, trade balance is in favour of Kenya. The major exports by Kenya to Zambia include pharmaceutical products; Animal, vegetable fats and oils, cleavage products; Tobacco and manufactures tobacco substitutes; Plastics; Electrical, electronic equipment and Articles of iron or steel. On the other hand, major imports from Zambia include Sugars and sugar confectionery; Copper; Cereals; Residues; wastes of food industry; animal fodder; Explosives; pyrotechnics; matches; pyrophorics and Dairy products, eggs, honey, and edible products.

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<sup>1</sup> World bank open data - [data.worldbank.org](https://data.worldbank.org)

14. With regards to Kenya's interest in Zambia, a number of Kenyan companies have invested in Zambia such as; Kenya Airways, Davis and Shirtliff, Kenya-Re Zambia Ltd, Mayfair & San Care Insurance, Rubis energy, Hass Petroelum, Ndola energy and Dalbit international, East Physio (Z) Ltd, Continental Tobacco, Pembe Flour Millers and the mineral water sub sector (Manzi Valley), among others.

#### **2.4 Meeting with Ministry of Commerce, Trade, and Industry**

15. The Delegation met with the Permanent Secretary for the Ministry of Commerce, Trade, and Industry, Ms. Lillian Bwalya. The meeting highlighted valuable insights into the ministry's priorities and goals, particularly in the context of regional integration.
16. The Ministry plays a crucial role in driving economic growth, promoting trade, and facilitating industrial development in Zambia. It serves as a key government institution responsible for formulating policies, implementing strategies, and regulating activities related to commerce, trade, and industry sectors.
17. The discussion emphasized the importance of regional integration and collaboration between Zambia and Kenya with focus on key sectors such as textiles, tourism, maize farming, and tea farming as potential areas for collaboration and mutual benefit. This underlines the ministry's commitment to harnessing the synergies between the two countries to achieve shared economic growth and development.
18. Further, the meeting highlighted the potential for enhancing trade relations, expanding market access, and exploring investment opportunities in the identified sectors. Emphasis was put on the need for joint efforts, knowledge sharing, and resource utilization to capitalize on the strengths of both countries. By leveraging comparative advantages and fostering collaboration, the two countries can stimulate economic activity, generate employment opportunities, and improve the livelihoods of the citizens of both countries.
19. Regional integration is key to achieving such objectives such as COMESA which provide a platform for countries to harmonize trade policies, promote cross-border investments, and facilitate the free movement of goods and services. By actively engaging in regional integration efforts, Zambia and Kenya can unlock the full potential of respective economies and enhance opportunities.

#### **2.5 Meeting with the Member of Parliament, Parliament of Zambia**

20. During the visit to Parliament of Zambia, the delegation met with Members of Parliament from various Committees. The discussion centered on regional integration and its dynamics including legislative innovations to boost regional integration milestones as well its significance to both countries.
21. Whereas Zambia's legislature currently lacks a committee specifically focusing on regional integration issues, the establishment of Committee on Regional Integration by Kenya's National Assembly in 2017 during the 12<sup>th</sup> Parliament was noted as one of the best legislative practices to enhance regional integration efforts and pronounce more the impact of legislative interventions unlike in the past. This further underscored the importance of

fostering closer legislative ties with neighboring countries in the region and collaborating on regional integration initiatives.

22. Parliament of Zambia serves as a fundamental institution in the democratic governance of the country with respect to representation and overseeing legislative affairs.
23. The MPs from the Parliament of Zambia recognized the vital role that regional bodies such as COMESA play in respect of facilitating trade and economic cooperation and development among member countries. Drawing inspiration from the successful collaboration within the East African Community (EAC), the meeting expressed the need to enhance COMESA's influence and effectiveness as a regional body.
24. This further signifies the potential for greater cooperation and harmonization among member countries within COMESA by strengthening the influence of COMESA, countries like Zambia and Kenya can benefit from increased trade opportunities, improved market access, and enhanced regional stability. The meeting also highlighted the importance of fostering a spirit of collaboration, knowledge-sharing, and resource utilization among member states to maximize the benefits of regional integration.
25. The Zambian MPs emphasized on strengthening relations and bolstering COMESA's influence within the members countries.

## **2.6 Meeting with the secretariat of the Common Market for Eastern and Southern Africa (COMESA)**

26. The Delegation held a meeting with Dr. Dav Haman, Assistant Secretary General to the COMESA whereby he addressed key issues among them COMESA's priorities and goals, particularly in the context of common market and intra-Regional Blocs trade.
27. During the meeting with COMESA officials at the Headquarters, the discussion focused on matters of Regional Economic Communities (also known as RECs) recognized by the African Union.
28. COMESA is one of the eight (8) Regional Economic Communities formed in December 1994, to replace the Preferential Trade Area which had existed since 1981.
29. Currently COMESA has twenty-one (21) Member States that came together with the aim of promoting regional integration for the mutual benefit of all people in the region. Kenya is one of the founding members of COMESA and has signed and ratified most of the COMESA instruments.
30. COMESA's mission is to achieve increased cooperation and integration in all fields of development particularly in Trade, Agriculture, Transport, ICT, Industry, Energy, Environment, Natural Resources and Social Affairs including issues related to Gender. Member States stand to benefit from the region's integration through competitive markets for industrial productivity and competitiveness, increased agricultural production and food security, harmonized monetary, banking, and financial policies, and reliable transport and communications infrastructure, among many other benefits.
31. The aim of COMESA is to achieve the removal of all barriers to intra-regional trade and commercial exchanges through the following stages of integration: The Preferential Trade Area in which lower tariffs are applied to intra-regional trade originating in member

countries: the Free Trade Area, in which no tariffs are levied on goods from Member States; the Customs Union involving free trade but with a Common External Tariff, that is to say, every country applies the same tariffs on goods from outside the COMESA region: the Common Market involving free movement of capital and labour, considerable harmonization of trade, fiscal and monetary policies, and internal exchange rate: and finally, the Economic Community through the establishment of a common monetary union with a common currency and unified macroeconomic policy<sup>2</sup>.

32. COMESA Member States established a Free Trade Area in October, 2000 through the reduction of intra-COMESA tariffs. As of April, 2023, six (6) countries were participating in the Free Trade Area, including Kenya. Since the establishment of the Free Trade Area, the tariff reductions by Member States have resulted in a seven per cent (7%) annual growth in intra-COMESA trade.
33. The Customs Union was launched in 2009 with a view to involving free trade in the region but with a Common External Tariff according to which every Member State applies uniform tariffs on goods from outside COMESA. The Customs Union is expected to bring great benefits to the region including Master clearance of goods, lower cost of production and access to a larger market for producers. However, its full implementation is yet to be realized since most Member States were at different stages of converging their national tariffs to the agreed Customs Union Instruments.
34. Steady progress had also been made in the elimination of Non-Tariff Barriers, commonly referred to as NTBs such as the removal of taxes on foreign exchange, easing of customs formalities, removal of roadblocks and removal of import and export quotas among others. COMESA adopted the Non-Tariff Barrier Regulations which has streamlined the way NTBs are resolved in the region<sup>3</sup>.
35. The institutional framework of COMESA is composed of the organs that are responsible for the decision-making process of the institution. There are six (6) major organs of the Common Market organized in a hierarchical structure namely: the COMESA Authority, the Council of Ministers, the Intergovernmental Committee, the COMESA Court of Justice, the Committee of Governors of Central Banks, and the Technical Committees which are responsible for programme implementation in various sectors.
36. The COMESA Authority is comprised of Heads of State and Government and is the supreme policy organ of the organization. It is responsible for the general policy direction and controls the performance of the executive functions of the Common Market. On the other hand, the Secretariat is made up of members of staff from the 21 Member States. It is headed by the Secretary-General and two (2) Assistant Secretaries-General in charge of Administration and Programmes respectively. Up until the end of the five-year term in January 2023, the Assistant Secretary-General for Programmes was a Kenyan national.

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<sup>2</sup> (COMESA, (2022), Trade & Customs. <https://www.comesa.int/trade-customs-division/>)

<sup>3</sup> (COMESA, (2022), Trade & Customs. <https://www.comesa.int/trade-customs-division/>)

37. To further build on gains made in regional integration efforts, COMESA in partnership with EAC and SADC made a joint commitment to accelerate the integration of African economies by setting up a Tripartite Free Trade Area (TFTA)
38. The Tripartite Free Trade Area was established in Egypt in June, 2015 by the Tripartite Free Trade Agreement. The TFTA brought together 29 countries to create a single market for the COMESA-EAC-SADC Tripartite region. So far, 22 countries have signed the Agreement and only 17 countries have ratified it, among them Egypt, Uganda, Kenya, South Africa, Rwanda, Burundi, Botswana, Namibia, Eswatini, Zambia and Zimbabwe. Only three (3) Member States are required to ratify the Agreement to obtain the entry-into-force threshold of fourteen (14) Member States.
39. Kenya was seen as a leader in COMESA's integration agenda and has always been at the forefront in ratifying the integration protocols. In 2019, Kenya and Uganda were selected as EAC Champions to undertake ratification missions to countries that have not ratified the Tripartite Agreement and raise awareness of its implementation.
40. Similarly, in March 2023, the President of the Republic of Kenya appointed Hon. Moses Kuria, Cabinet Secretary for Investments, Trade and Industry as a Special Envoy to lobby Member States that had not ratified the Agreement. His efforts yielded commendable progress and were formally recognized by the COMESA Secretary General, who was also the Chair of the Tripartite Task Force.
41. The COMESA region is the second leading destination for Kenya's exports after the European Union. Kenya is also the leader in trade in services in the COMESA region which has seen it diversify its base, particularly in financial services, ICT and tourism.
42. Kenya hosted four (4) out of the eleven (11) COMESA institutions namely: the COMESA Monetary Institute, the Trade and Development Bank, the African Trade Insurance Agency and the PTA Re-insurance Company. In addition, fifteen (15) Kenyans were working at COMESA under the mainstream Secretariat, COMESA Institutions as well as various COMESA projects.
43. Through the COMESA Sugar Safeguard, Kenya's sugar industry had also enjoyed protection from an influx of imports from the region for over twenty (20) years, since 2002. Under COMESA, safeguard measures can be applied to domestic industries to protect them against international competition until they become mature and competitive. The sugar safeguard was granted in December, 2022 during the 42 COMESA Council of Ministers meeting and it runs for 9 months from February 2023 to November 2023.
44. Kenya had also directly benefited from various COMESA programmes including the recent award of five (5) scholarships worth USD 13,500 to students at Kenyatta University admitted to a master's degree Programme in Regional Integration. The programme was being hosted by Kenyatta University (Kenya) and was offered in collaboration with 21 other universities in COMESA Member States.
45. Kenya is also a beneficiary of funding for the initial construction phase of the Moyale One-Stop Border Post between Ethiopia and Kenya which was supported by COMESA in partnership with the European Union under the European Development Fund. In addition, the

COMESA Coordinated Border Management Programme (CBM) is supporting a border upgrade project at the Moyale Border Post.

46. Under the Small-scale Cross Border Trade Initiative Programme, construction of two (2) markets were ongoing at the Kenya/Ethiopia border at Moyale to formalize small-scale cross-border trade for increased revenue collection by the Kenyan and Ethiopian Governments at the borders. The formalization would also increase security and result in higher incomes for small-scale cross-border traders.

#### **The Division of Budget and Finance (COMESA)**

47. The delegation was further informed that the Division of Budget and Finance derived its mandate from Articles 166 to 170 of the COMESA Treaty. These Articles guided on the Budget, Contributions from Member States, Common Market Levy and other Resources, accounts of the Secretariat and External Auditors and Financial Regulations.
48. The Division is responsible for provision of financial and advisory services to COMESA Secretariat and other stakeholders (Member States; Cooperating partners, COMESA Institutions and Agencies as well as service providers) for proper accounting and utilization of all COMESA resources in an appropriately controlled financial environment.

#### **Financial Resources /the Budget**

49. The delegation was further informed that the COMESA budgetary resources were derived from annual contributions of the Member States and any other sources that would be determined by Council. They noted that all expenditures of the Secretariat are met from the annual budget. The delegation observed that in December, 2022, the COMESA Council approved the 2023 Budget, where the Budget for the Secretariat was US\$75,975,439 (2022 Revised Budget: US\$68,197,155) that was to be funded through:
- a) Assessed annual Member States contributions of US\$12,511,626(2022: US\$12,502,893);
  - b) 2022 budget savings: US\$1,500,000
  - c) 2023 Overheads earned: US\$200,000
  - d) Reserve Fund: US\$1,431,933
  - e) Grant contributions of US\$60,331,880 (revised 2022: US\$53,037,178).
50. For extra ordinary expenditures, the Council approves a supplementary budget not exceeding 3% of the annual budget.
51. Parameters adopted by the Council of Ministers for use in the Formula of Contributions from Member States are:
- a. Gross Domestic Product - 30%
  - b. Imports from Non-COMESA Countries - 30%
  - c. Intra COMESA Exports - 30%
  - d. GNP per Capita - 5%
  - e. Population - 5%
52. A five-year moving average using the most up to date statistics from the approved sources are used. These sources are the World Bank, COMTRADE and National Statics Offices. 2023 Budget ratios for Member States ranged from 1% (Burundi, Comoros, Eritrea, and

Djibouti) to 12% (Egypt and Kenya). These ratios determine staff allocation under the regular structure. Members States contributing 1% to the budget have an allocation of 1 staff while Member States contributing 12% to the budget have an allocation of 6 staff.

### **Common Market Levy**

53. The funding mechanism of COMESA suffered from the following challenges:
- i. Over dependence on Cooperating Partners' resources to finance COMESA core programmes, hence weakening ownership of programmes by Member States (a prerequisite for sustainability and impact).
  - ii. Long outstanding arrears by Member States, which in turn impacts on scope of programmes, that can be implemented by COMESA – unremitted assessed annual Member States contribution, averages 45% each year, and
  - iii. Sanctions that do not yield positive results.

The sanctions as decided by the Authority included:

- (i) Any Member State that fails to meet its budgetary commitments for two or more years should have all benefits and operations suspended in that country and lose its rights and privileges, including addressing Policy Organs meetings. The suspension should also cover all new extra budgetary resources, projects, except those currently being implemented;
    - a. All arrears at the end of every financial year should accrue interest of one per cent per annum;
    - b. No new recruitment should be undertaken from Member States with arrears of two years or more; and
    - c. Where the Authority had waived the application of sanctions on any State and such state failed to comply with her repayment plan, then such state shall automatically revert into the sanction status.
54. The Common Market levy is provided for in the Treaty for purposes of generating resources for financing Common Market activities. A study was conducted to determine the options for procuring financial resources through the Common Market Levy. The study found several possibilities of bases on which the levy could be collected. These are: levy on the current value of imports from third countries, levy on the Value-Added Tax (VAT) yield collected by Member States, Customs Duties whose rates are those of the Common External Tariff, a levy on GDP of Member States, statistical levy on all imported goods, levy on company taxation, levy on fuel/oil consumption and levy on air passenger tickets. The Secretariat proposed a Market Levy of 0.2% on goods originating from non- African countries. Such a levy would not be applied on raw material and capital goods as these are imported for economic and social development.
55. **Extra Budgetary Resources** - Include grants, donations, technical assistance and income earned from activities undertaken by the Common Market. The Secretariat generated income from rent and dividends (1%) as well as grant overheads (4%).
56. 2023 grant income from Cooperating partners amounting to COM\$ 60,331,880 comprised the following:

|    |                          |   |                    |
|----|--------------------------|---|--------------------|
| a) | European Union           | – | 45,537,911 (75.5%) |
| b) | African Development bank | – | 7,853,025 (13%)    |
| c) | World bank               | – | 6,387,420 (10.6%)  |
| d) | Others                   | – | 553,524 (0.9%)     |

### **External Audits**

57. Accounts of the Secretariat relating to each financial year are audited in the following financial year. 2022 financial statements audit was ongoing and being conducted by the COMESA Board of External Auditors comprising: Democratic Republic of Congo (Chair), Eswatini, Kenya, Libya, and Uganda.
58. Auditors were expected to submit their reports to the Secretary General by 30th June for circulation to all Member States. The Committee on Administrative and Budgetary Matters (through its Audit and Budget Sub Committee) shall examine the report and make recommendations for consideration by Council through the Intergovernmental Committee.
59. The Financial Rules and Regulations of the COMESA Secretariat governed the financial administration of the Organization. These were approved by Council to provide overall guidance on financial practices and procedures of the Secretariat.

### **Emerging Issues**

60. COMESA Legal Notice No. 2 on agreement on privileges and immunities to be recognised and granted by member States in connection with the Common Market waives payment of taxes on its income, assets, and other property within the COMESA region.
61. The Twenty-fifth Meeting of the Council of Ministers on Administrative and Budgetary Matters guided on the requirements of hosting COMESA meetings through the following decisions:
- (a) Member states should expeditiously implement in full the 1984 COMESA Agreement on Privileges and Immunities.
  - (b) a Host Agreement, which should include exemption of the payment of VAT, be signed between the Secretariat and the Host Country prior to the organization of meetings or workshops
  - (c) Member States hosting COMESA meetings should waive passenger service charges and visa fees, wherever applicable.
62. A number of Member States including Kenya waive payment of taxes on goods and services procured by the Secretariat on the basis of the Legal Notice Number 2 and subsequent Council decisions. However, the Secretariat had not secured tax waivers on some Member States and Council in its meeting in December 2022 further decided as follows:
- a) Member States that failed to fulfil or comply with COMESA legal instruments and Council decision should bear the resultant implication of their failure by COMESA Secretariat suspending the continued implementation of donor funded project/programmes, as the continued implementation is an ineligible expenditure.

- b) The COMESA Secretariat should facilitate the negotiation and conclusion of Host Agreements prior to the organisation and convening of meetings or workshops in Member States.
63. The Host Country Agreements should include the following:
- a) Exemption of the payment of VAT.
  - b) Exemption of visa fees.
  - c) Exemption of passenger service charges
64. In 2023, it had been observed that Kenyan suppliers of goods and services had requested for payment of taxes from COMESA, which implied that there could be policy reversal as regards to Legal Notice No. 2 which had not been communicated to the Secretariat<sup>4</sup>.

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<sup>4</sup> (COMESA, (2022), Trade & Customs. <https://www.comesa.int/trade-customs-division/>)

### 3.0 COMMITTEE OBSERVATIONS


65. Following the Study visit to COMESA Headquarters in Lusaka, Zambia, the Delegation observed THAT:

- (1) **Bilateral Relations:** The Committee acknowledges the significance of nurturing stronger bilateral relations between Kenya and Zambia and other COMESA member countries. Strengthening bilateral relations is a fundamental step towards creating a conducive environment for successful regional integration.
- (2) **Emerging Issues:** The Committee observed a number of emerging regulatory and policy issues that required resolutions and implementation, key among them: outstanding issues under Common Market waiver of payment of taxes on its income, assets, and other property within the COMESA region (Legal No. 2), exemption of the payment of VAT in respect of the Secretariat and the host country and the need to waive passenger service charges and visa fees in relation to COMESA activities, where applicable.
- (3) **Research and Development:** The Committee noted and recognized the potential impact of allocating adequate resources to support research and development activities in some of the key sectors mainly textiles, tourism, maize, and tea farming. It is expected that the growth of these sectors could further contribute significantly to the economic cooperation and development in the region, promoting shared prosperity among member countries.
- (4) **Facilitating Knowledge Sharing and Capacity Building:** The Committee observed the importance of establishing a comprehensive framework for knowledge sharing and capacity building programs between Kenya and Zambia as well as other COMESA member states. It is noted that such comprehensive knowledge-sharing approach would empower stakeholders with the necessary skills and knowledge to address challenges effectively, implement successful integration initiatives, and promote sustainable development in the COMESA region.

#### 4.0 COMMITTEE RECOMMENDATION

66. The Committee made the following Recommendations: -

- (1) **Strengthening Bilateral relations between Kenya and Zambia:** while recognizing the importance of nurturing stronger bilateral relations between Kenya and Zambia, the Committee recommends regular exchange programs, joint initiatives, and high-level engagements between the two countries. These activities will promote mutual understanding, trust, and collaboration in the pursuit of regional integration goals including achievements of COMESA objectives.
- (2) **Emerging Issues:** the Committee recommends that within three (3) months upon adoption of this Report, the Kenyan Ministry Investment, Trade and Industry and The National Treasury and Economic Planning, to evaluate and apprise the National Assembly of Kenya through the select Committee on Regional Integration on the pending regulatory and policy actions to be undertaken by Kenya in relation to the specific issues relating to COMESA such as Common Market waiver of payment of taxes on its income, assets, and other property within the COMESA region (Legal No. 2), exemption of the payment of VAT in respect of the Secretariat and the host country and the need to waive passenger service charges and visa fees in relation to COMESA activities, where applicable.
- (3) **Allocate resources for research and development:** while recognizing the significance of key sectors such as textile, tourism, maize, and tea farming sectors, among others, the Committee recommends that The National Treasury and Economic Planning allocates adequate resources to support research and development activities in these critical areas through COMESA Secretariat. This investment is expected TO further enhance productivity, competitiveness, and innovation, and further contribute to the growth of these sectors while facilitating regional integration.
- (4) **Establish a framework for knowledge sharing and capacity building:** the Committee recommends the establishment of a robust comprehensive framework for knowledge sharing and capacity building that in incorporates and involves relevant institutions within the member states of COMESA region as well as between Kenya and Zambia, facilitated by the Kenyan Ministry of Investments, Trade and Industry.

Signed.....

Date.....19/10/2023

**THE HON. WANJIKU MUHIA, M.P.**  
**(CHAIRPERSON)**

|                                      |               |
|--------------------------------------|---------------|
| THE NATIONAL ASSEMBLY<br>PAPERS LAID |               |
| DATE: 24 OCT 2023                    | DAY: TUESDAY  |
| TABLED BY: Hon Wanjiku muhia, mp     | 24/10/2023    |
| CLERK-AT THE TABLE:                  | Chairperson   |
|                                      | lustyn musale |

## **ANNEXURES**

1. Adoption List
2. Committee Minutes
3. Presentations/submissions

**COMMITTEE REGIONAL INTEGRATION**

**ADOPTION LIST**

**Adoption of the consideration of the Report on the Study Visit to COMESA Headquarters, in Lusaka, Zambia**

**We, the undersigned, hereby affix our signatures to this Report to affirm our approval:**

**DATE:** 3/03/2023

|     | <b>HON. MEMBER</b>                            | <b>SIGNATURE</b>  |
|-----|---|---|
| 1.  | Hon. Wanjiku Muhia,, MP (Chairperson)         |    |
| 2.  | Hon. Farah Salah Yakub, MP (Vice Chairperson) |    |
| 3.  | Hon. David Ouma Ochieng, MP                   |     |
| 4.  | Hon. Geoffrey Makokha Odanga, MP              |   |
| 5.  | Hon. Joseph Gachoki Gitari, MP                |   |
| 6.  | Hon. Didmus Wekesa Barasa Mutua, MP           |   |
| 7.  | Hon. Danson Mwashako Mwakuwona, MP            |    |
| 8.  | Hon. Andrew Adipo Okuome, MP                  |   |
| 9.  | Hon. Christopher Aseka Wangaya, MP            |     |
| 10. | Hon. Naomi Jillo Waqo,CBS, MP                 |   |
| 11. | Hon. Zaheer Jhanda, MP                        |   |
| 12. | Hon. Rael Chepkemoi Kasiwai, MP               |  |
| 13. | Hon. Elizabeth Karambu Kailemia, MP           |   |
| 14. | Hon. Beatrice Chepngeno Kemei, MP             |   |
| 15. | Hon. Fatuma Hamisi Masito, MP                 |  |
| 16. | Hon. Irene Njoki Mrembo , MP                  |   |
| 17. | Hon. Japheth Nyakundi Mokaya, MP              |   |
| 18. | Hon. Peter Ochieng Orero, MP                  |  |
| 19. | Hon. Julius Kipletting Rutto, MP              |  |
| 20. | Hon. Peter Kalerwa Salasya , MP               |   |
| 21. | Hon. Richard Kipkemoi Yegon , MP              |  |

**MINUTES OF THE 30<sup>TH</sup> SITING OF THE SELECT COMMITTEE ON REGIONAL INTEGRATION HELD ON THURSDAY 3RD AUGUST, 2023 IN COMMITTEE ROOM 7, PARLIAMENT BUILDINGS AT 11:00 AM**

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**PRESENT**

- |                                       |   |                 |
|---------------------------------------|---|-----------------|
| 1. Hon. David Ochieng Ouma, MP        | - | <b>Chairing</b> |
| 2. Hon. Fatuma Hamisi Masito, MP      |   |                 |
| 3. Hon. Rael Chepkemai Kasiwai, MP    |   |                 |
| 4. Hon. Christopher Aseka Wangaya, MP |   |                 |
| 5. Hon. Julius Kipletting Rutto, MP   |   |                 |
| 6. Hon. Danson Mwashako Mwakuwona, MP |   |                 |

Siting

**APOLOGIES**

- |   |   |                         |
|---|---|-------------------------|
| 1. <b>Hon. Wanjiku Muhia, MP</b>        | - | <b>Chairperson</b>      |
| 2. Hon. Farah Salah Yakub, MP           | - | <b>Vice Chairperson</b> |
| 3. Hon. Naomi Jillo Waqo, CBS, MP       |   |                         |
| 4. Hon. Peter Ochieng Orero, MP         |   |                         |
| 5. Hon. Elizabeth Karambu Kailemia, MP  |   |                         |
| 6. Hon. Andrew Adipo Okuome, MP         |   |                         |
| 7. Hon. Zaheer Jhanda, MP               |   |                         |
| 8. Hon. Peter Kalerwa Salasya, MP       |   |                         |
| 9. Hon. Joseph Gachoki Gitari, MP       |   |                         |
| 10. Hon. Beatrice Chepngeno Kemei, MP   |   |                         |
| 11. Hon. Geoffrey Makokha Odanga, MP    |   |                         |
| 12. Hon. Richard Kipkemoi Yegon, MP     |   |                         |
| 13. Hon. Japheth Nyakundi Mokaya, MP    |   |                         |
| 14. Hon. Irene Njoki Mrembo, MP         |   |                         |
| 15. Hon. Didmus Wekesa Barasa Mutua, MP |   |                         |

**IN ATTENDANCE**

**Committee Secretariat**

- |                           |   |                     |
|---------------------------|---|---------------------|
| 1. Mr. Mohamed Jimale     | - | Clerk Assistant I   |
| 2. Ms. Purity Macharia    | - | Clerk Assistant III |
| 3. Mr. Bernard Toroitich  | - | Clerk Assistant II  |
| 4. Mr. Dominic Mwendwa    | - | Legal Counsel II    |
| 5. Ms. Damacrine Kwamboka | - | Researcher III      |
| 6. Ms. Esther Ngechu      | - | Sergeant At Arms    |

**AGENDA**

1. Prayer & Preliminaries;
2. Adoption of the Agenda;
3. Confirmation of the Previous Minutes;
4. Matters Arising;
5. Consideration of Pending Business -

- (i) Adoption of the Report on the study visit to the Republic of Zambia, the Headquarter of COMESA;
  - (ii) Draft Committee work plan FY 2023/2024;
6. Any other Business;
7. Adjournment.

**MIN. NA/ DAA&OSC/ RIC/2023/ 132**

**PRELIMINARIES**

Pursuant to Standing Order 188, the Members present elected Hon. David Ochieng, MP, to chair the meeting, as proposed by Hon. Fatuma Masito, MP and seconded by Hon. Christopher Aseka, MP. Hon. Ochieng thereafter assumed the Chair and called the meeting to order at 11.20 a.m. and requested Hon Fatuma Masito, MP to read the Prayer.

**MIN.NA/ DAA&OSC/ RIC/2023133**

**ADOPTION OF THE AGENDA**

The agenda was unanimously adopted having been adopted by Hon. Rael Chepkemoi Kasiwai, MP and seconded by Hon. Fatuma Masito, MP.

**MIN.NA/ DAA&OSC/ RIC/2023/ 134**

**CONFIRMATION OF PREVIOUS MINUTES**

Minutes of the 26<sup>th</sup> sitting held on Tuesday 25<sup>th</sup> July, 2023 were confirmed as true reflections of the proceedings having been proposed by Hon. David Ochieng, MP and seconded by Hon. Julius Kipletting Rutto, MP.

**MIN.NA/ DAA&OSC/ RIC/2023/135**

**MATTERS ARISING**

No matters arose

**MIN.NA/ DAA&OSC/ RIC/2023/ 136**

**ADOPTION OF THE REPORT ON THE STUDY VISIT TO THE REPUBLIC OF ZAMBIA, THE HEADQUARTER OF COMESA**

The observations made by the Committee during the study visit to Lusaka, were proposed by Hon. Rael Chepkemoi Kasiwai and seconded by Hon. Fatuma Masito, MP. The Committee adopted the report on the study visit to the Republic of Zambia without amendments.

Having considered the **Report on the Study visit to the Headquarter of COMESA, Republic of Zambia**, the Committee adopted the Report pursuant to SO. 212 (2) (d), as having been proposed by the Hon. Rael Chepkemoi Kasiwai and seconded by Hon. Fatuma Masito, MP, M.P.

**MIN.NA/ DAA&OSC/ RIC/2023/137**

**DRAFT COMMITTEE WORK PLAN FY 2023/2024**

Consideration of the Agenda item on the committee work plan FY 2023/2024 was deferred to the next meeting on Tuesday 8<sup>th</sup> August, 2023.

**MIN.NA/ DAA&OSC/ RIC/2023/138**

**ANY OTHER BUSINESS**

The Members expressed their appreciation and applauded the entire Committee on Regional Integration and secretariat for their time, commitment and active participation.

The Committee resolved to invite the following Ministries to appear before the Committee as follows –

- (1) Cabinet Secretary, Ministry of Interior and National Administration to appear before the Committee on **Tuesday 15<sup>th</sup> August, 2023 at 10.30 a.m.** to deliberate on among other issues –
  - a. Strategies the Ministry has put in place to support free movement of goods, services and people within the East African Community bloc and other Regional bodies;
  - b. Measures put in place by your Ministry to ensure intra EAC–trade is not hindered by Non-Tariffs Barriers (NTB) such as police road blocks along the Northern Corridor; and
  - c. Integration of Refugees into the local community as stipulated in the Refugee Act (No. 10 of 2021) - update on the status of refugees in the country and particularly those from **the East African Community (EAC)** region and the planned integration process by the government.
- (2) The Committee further stated the need to discuss issues pertaining to issuance of passports, insecurity at Lake Victoria.
- (3) The Principal Secretary, State Department for Labour and Skill Development, Ministry of Labour and Social Protection to appear before the Committee following the familiarization retreat in Mombasa, on Thursday, 17<sup>th</sup> August, 2023 at 12:00 noon.
- (4) The Principal Secretary, State Department for Trade, Ministry of Investments, Trade and Industry to appear before the Committee following the familiarization retreat in Mombasa, on Tuesday, 22<sup>nd</sup> August, 2023 at 12:00 noon.
- (5) Proposed visit to the East African Community, Members were appraised on the upcoming official inspection to various EAC institutions in the Central Corridor starting from the Port of Dar es Salaam to Mwanza, Tanzania between the months of October and December, 2023
  - (i) inspection visit to Central Corridor - (Port of Dar es Salaam and do a benchmarking tour of the Port where the Central Corridor starts and travel to Dodoma, have a day off to engage Parliament (Regional Integration counterparts in Dodoma, and travel from Dodoma to Mwanza, then fly to Zanzibar for an engagement with one institution of EAC, the Swahili Commission).
  - (ii) Visit to Bujumbura for an engagement with one institution of EAC (Health Commission), then fly to Rwanda for an engagement with East Africa Science and Technology.
  - (iii) Visit to Uganda to have engagement with the Parliamentary Forum on East African Community and visit the East African Development Bank, Lake Victoria Fisheries Organization and the Inter-University Council of East Africa.

### Way forward/Resolution

Secretariat were directed to communicate to the Ministry of East African Community, Regional Development and the ASALs on the preferred dates and itinerary to firm up logistical arrangements.

**MIN. NA/ DAA&OSC/ RIC /2023/139**

**ADJOURNMENT**

The meeting was adjourned at 12.30 p.m. Next meeting will be held on Tuesday 8<sup>th</sup> August, 2023.

Signed

**HON. WANJIKU MUHIA, MP – CHAIRPERSON**

Date

8/08/23



**MINUTES OF THE 26<sup>TH</sup> SITTING OF THE SELECT COMMITTEE ON REGIONAL INTEGRATION HELD ON TUESDAY 26<sup>TH</sup> JULY, 2023 IN THE BOARD ROOM ON 5<sup>TH</sup> FLOOR, CONTINENTAL HOUSE, PARLIAMENT BUILDINGS AT 10:30 AM**

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**PRESENT**

1. **Hon. Wanjiku Muhia, MP** - **Chairperson**
2. Hon. David Ochieng Ouma, MP
3. Hon. Geoffrey Makokha Odanga, MP
4. Hon. Andrew Adipo Okuome, MP
5. Hon. Naomi Jillo Waqo, MP
6. Hon. Elizabeth Karambu Kailemia, MP
7. Hon. Julius Kipletting Rutto, MP
8. Hon. Irene Njoki Mrembo, MP
9. Hon. Zaheer Jhanda, MP
10. Hon. Peter Kalerwa Salasya, MP
11. Hon. Richard Kipkemoi Yegon, MP

**APOLOGIES**

1. **Hon. Farah Salah Yakub, MP** - **Vice Chairperson**
2. Hon. Fatuma Hamisi Masito, MP
3. Hon. Rael Chepkemoi Kasiwai, MP
4. Hon. Beatrice Chepngeno Kemei, MP
5. Hon. Christopher Aseka Wangaya, MP
6. Hon. Joseph Gachoki Gitari, MP
7. Hon. Peter Ochieng Orero, MP
8. Hon. Didmus Wekesa Barasa Mutua, MP
9. Hon. Japheth Nyakundi Mokaya, MP
10. Hon. Danson Mwashako Mwakuwona, MP

**ATTENDANCE**

**Committee Secretariat**

1. Mr. Mohamed Jimale - Clerk Assistant I
2. Ms. Purity Macharia - Clerk Assistant III
3. Mr. Bernard Toroitich - Clerk Assistant III
4. Mr. Dominic Mwendwa - Legal Counsel II
5. Ms. Edith Chepng'eno - Media Relation Officer III
6. Ms. Damacrine Kwamboka - Research Officer III
7. Ms. Rahab Chepkilim - Audio Officer
8. Ms. Faith Oira - Public Communications Officer
9. Mr. Samuel Nyambe - Sergeant At Arms

**Ministry of Interior and National Administration - State Department for Immigration & Citizen Services**

1. Amb. (Prof.) Julius K. Bitok, Phd., M.B.S – PS, State Department for Immigration & Citizen
2. Mr. Everlyne Cheluget - Ag Director General, Immigration Department
3. Mr. Jack Okula - Legal Advisor to PS
4. Mr. Christopher Wanjau - Secretary National Registration
5. Mr. Amer A Balala - Assistant Secretary
6. Alex Kimutai - Secretary

**MIN. NA/ DAA&OSC/ RIC/2023/0117 PRELIMINARIES**

The Chairperson called the meeting to order at 10:45 a.m with a prayer and around of introductions were done. She then welcomed the Principal Secretary to take Members through the Presentation and responses to the questions.

**MIN.NA/ DAA&OSC/ RIC/2023/018 MEETING WITH THE PRINCIPAL SECRETARY FOR THE STATE DEPARTMENT FOR IMMIGRATION & CITIZEN SERVICES ON THE PROGRESS TO ENSURE A REDUCTION IN THE BACKLOG ON ISSUANCE OF NEW KENYAN PASSPORT**

Amb. (Prof.) Julius K. Bitok, Phd., M.B.S, the Principal Secretary for the State Department for Immigration & Citizen Services took members through his presentations as follows, that –

- (1) The Directorate of Immigration Services has a mandate of processing travel documents with a majority of these being passports. In exercising this duty, a service charter has been in place to ensure that new passports are processed within fourteen (14) days whilst replacements are processed within two (2) days.
- (2) Passport processing entails making an application on the e-Citizen platform, processing, production and delivery.
- (3) The Directorate has previously been able to process new passport applications in fourteen (14) days and replacement passports in a day. However, in the last one (1) year the Directorate has experienced delays in issuance of passports.
- (4) That the delay had been occasioned by shortage of e-passport booklets, breakdown of the Passport Personalization Machine (e-passport printer) and limited storage capacity of current servers due to the exponential growth of passport applications.
- (5) The passport issuance system is open to bona fide applicants as required by the law.

The PS highlighted that the department had experienced some specific challenges as follows:

**i. Inadequate funding**

The funding from the National Treasury has always been inadequate and as a result, the Directorate was not able to adequately meet some of its obligations such as prompt delivery of passport booklets, servicing of the passport printers, payment for services rendered by the system developers, upgrade of the Passport printers, servers and the storage system and prompt processing of refunds to applicants, for double payments of passport application fees arising from downgrades to the available booklet size.

## ii. Pending bills

**Ksh. 530,000,000** that was earmarked for the purchase of booklets in the FY 2021/2022 was re-allocated under the previous administration. By the time the negotiations for procurement of passports was complete the amount was not available, that created a pending bill from which the Directorate is yet to recover.

Other pending bills include;

- a) AFIS (Automated Fingerprint Identification System) License - the amount owed is KSH. 31,572,200 (USD \$220,000)
- b) Servicing of the machine - The current contract runs until November 2023
- c) The local agent MS Arians LTD supplied parts worth KSH. 20Million and has not been paid. The State Department for Immigration and Citizen Services to ensure payment as soon as possible.

## iii. Inadequate supply of e-passports booklets

The Directorate had been procuring e-passports booklets on time. However, the supply and delivery has been a challenge due to delayed payments caused by untimely release of the exchequer and inadequate budgetary provision. Delayed exchequer has also resulted in huge pending bills.

## iv. Frequent breakdown of the Passport Personalization Machine (e-passport printer)

The Directorate has two aged e-Passport printing machines procured in 2015/2016 Financial Year. Each printer has a capacity to print 800 passports per day. The **M2** printer broke down on 17<sup>th</sup> April 2023 requiring the replacement of the laser engraving unit that could only be procured from the manufacturer based in Germany. This aggravated the backlog. However, the laser engraving unit for personalisation machine (**M2**) has been fixed and it is now up and running. But there is need for immediate servicing of personalisation machine 1 (**M1**).

## v. Posta/Immigration Passport Delivery MOU.

Postal Corporation of Kenya and the Directorate on the 1<sup>st</sup> of September, 2020, entered into an MOU to facilitate delivery of ready passports and help decongest the passport application centre. The MOU is due to expire on the 30<sup>th</sup> August 2023 and the task force is following through to review the MOU performance and advice on the way forward.

## vi. Inadequate storage capacity of e-passport servers

The current servers were procured in 2015/2016 Financial Year when the e-passport was launched. The Directorate has since experienced an exponential growth in passport applications. This has overwhelmed the servers thereby disrupting the services.

The passport applications currently at processing stage stands at;

1. In process: **31,456** applications.
2. Recommendation stage: **18,009** applications.
3. Approval stage: **39,839** applications.

4. Exported: **88,295** applications.

This brings a total of **177,599** applications against **100,064** passport booklets in stock.

The summary below shows the passport productivity report and the current status on passport processing.

| <b>SERIES</b> | <b>PASSPORT STOCK BALANCE B/F</b> | <b>PRINTED AND DISPATCHED</b> | <b>QCFAIL, MACHINE ERROR AND DEFECTIVE BOOKLETS</b> | <b>TOTAL BOOKLETS CONSUMED</b> | <b>TOTAL STOCK BALANCE</b> | <b>JOB ON THE QUEUE</b> |
|---------------|-----------------------------------|-------------------------------|---|--------------------------------|----------------------------|-------------------------|
| <b>AK</b>     | 46,597                            | 1,301                         | 7   | 1,308                          | 45,289                     | 40,850                  |
| <b>BK</b>     | 38,327                            | 66                            | 2   | 68                             | 38,259                     | 9,529                   |
| <b>CK</b>     | 16,591                            | 75                            | 0   | 75                             | 16,516                     | 37,874                  |
| <b>DK</b>     |                                   | -                             | -   | -                              | -                          | 42                      |
| <b>TOTAL</b>  | <b>101,515</b>                    | <b>1,442</b>                  | <b>9</b>  | <b>1,451</b>                   | <b>100,064</b>             | <b>88,295</b>           |

#### **Plenary discussions**

- (1) The Committee inquired on the revenue collected on issuance of new Passport and the Committee observed that the Statement Department for Immigration generates revenue amounting to Kshs. 17 Billion globally and 3 Billion from the passport sell out locally.
- (2) The Committee raised concern about the requirement of acquiring the crucial document and how the vetting process can be removed for the citizen get the important document without being subjected to vetting processes. The Committee further noted the challenges of acquiring identity card, death certificates and birth certificates across the country and in particular Northern Kenya. The need to decentralize passport services to all counties and as well open up passport application offices in Nairobi to decongest Nyayo House.
- (3) Uncollected passports and identity cards - the Committee was concerned on the high number of uncollected passports and how the Ministry could handle emergency cases like sickness during acquisition of passports. It was observed that the Government is in the process of procuring private company through public, private partnership to assist in delivery of passports
- (4) The PS noted that the government is in the process of streamlining the activity of acquiring the issuance of National Identity Card by doing away with vetting and utilize the local leaders in the identification process and stated that there is no discrimination in this process
- (5) Outsourcing of services relating to printing and delivery of passports and personalization of documents - Members raised concerned over the planned privatization of some services within the Immigration department sighting National Security concerns.
- (6) Handling of emergency passport requirement and challenges faced by the diaspora citizens during visa renewal remains a concern to the committee.
- (7) Corruption – the Committee was concerned on the bribery cases that has been rampant in Nayyo House during the application and issuance of passport.

- (8) Budget Constraints on issuance of Passport – the PS stated that the State Department would address the challenge of exchequer, inadequate funding and pending bills, by proposing funding through AIA arrangement of approximately Ksh. 2.3 Billion as from the FY 2023/2024 which the National Treasury and economic Planning had approved.
- (9) Timeline – the PS assured that the backlog will be cleared by the 30<sup>th</sup> October, 2023 (in three months).

**The Committee further observed the following issues-**

1. Queue management system has been re-installed to decongest and manage the crowd for better service delivery at the counters.
2. Implementation of a day and night shift system at the production unit to maximize on printing of passports.
3. Introduction of a shift system to receive more applications thus reduce the number of days applicants have to wait before submitting their applications.
4. SMS interactive system has been designed, tested and deployed to ease delivery of passports and thus reducing personal enquiries.
5. Messaging on e-Citizen has been restored thus showing the stages at which the passports applications are.
6. Procurement process for an additional **305,000** passport booklets is on-going. However, this will not be enough to clear what is on the queue and the backlog.
7. Engagement with the system developers (NADRA) which will enable effective data transition at all passport application stages.
8. Introduction of a shift system at the service counter.
9. The personalisation machine **M2** printer has been serviced and the laser PC error rectified to enable printing of C-Series passports and Diplomatic passports.
10. In order to ensure that Kenyans with urgent need for travel meet their travel plans, a communication channels to receive requests for urgent passport applications was initiated for instance; on grounds of medical, sports, work, academics, official duty which should be accompanied by documentary proof of the urgency. Applicants are encouraged to contact the Directorate through WhatsApp, Email, Twitter, Calls and walk-ins at Counters 16 and 17 at Nyayo House.

**Way forward**

The Committee advised the State Department for Immigration & Citizen Services in the Ministry of Interior and National Administration to take into consideration the Committee’s concerns and ensure that all the issues raised are addressed.

**MIN. NA/ DAA&OSC/ RIC /2023/0120      ADJOURNMENT**

The meeting was adjourned 12.30 p.m. Next meeting will be called on notice.

Signed .....  


Date 28/07/2023

**HON. WANJIKU MUHIA, MP – CHAIRPERSON**



**MINUTES OF THE 24<sup>TH</sup> SITTING OF THE SELECT COMMITTEE ON REGIONAL INTEGRATION HELD ON TUESDAY 4<sup>TH</sup> JULY, 2023 IN THE BOARD ROOM ON 2ND FLOOR, CONTINENTAL HOUSE, PARLIAMENT BUILDINGS AT 12:00 P.M.**

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**PRESENT**

1. **Hon. Wanjiku Muhia, MP** - **Chairperson**
2. Hon. David Ouma Ochieng, MP
3. Hon. Joseph Gachoki Gitari, MP
4. Hon. Christopher Aseka Wangaya, MP
5. Hon. Rael Chepkemai Kasiwai, MP
6. Hon. Zaheer Jhanda, MP
7. Hon. Irene Njoki Mrembo, MP
8. Hon. Fatuma Hamisi Masito, MP
9. Hon. Peter Kalerwa Salasya, MP

**APOLOGIES**

1. Hon. Farah Salah Yakub, MP - **Vice Chairperson**
2. Hon. Naomi Jillo Waqo, CBS, MP
3. Hon. Geoffrey Makokha Odanga, MP
4. Hon. Andrew Adipo Okuome, MP
5. Hon. Richard Kipkemoi Yegon, MP
6. Hon. Danson Mwashako Mwakuwona, MP
7. Hon. Beatrice Chepngeno Kemei, MP
8. Hon. Peter Ochieng Orero, MP
9. Hon. Julius Kipletting Rutto, MP
10. Hon. Elizabeth Karambu Kailemia, MP
11. Hon. Didmus Wekesa Barasa Mutua, MP
12. Hon. Japheth Nyakundi Mokaya, MP

**IN ATTENDANCE**

**Committee Secretariat**

1. Mr. Mohamed Jimale - Clerk Assistant I
2. Ms. Purity Macharia - Clerk Assistant III
- Mr. Dominic Mwendwa - Legal Counsel II
4. Ms. Edith Chepng'eno - Media Relation officer III
5. Ms. Rahab Chepkilim - Audio Officer
6. Ms. Faith Oira - Public Communications Officer
7. Mr. Samuel Nyambe - Sergeant at Arms

**MIN. NA/ DAA&OSC/ RIC/2023/100**

**PRELIMINARIES**

The Chairperson called the meeting to order at 12:10 p.m with the prayer by Hon. Irene Njoki Mrembo, MP.

**AGENDA**

1. Prayers & Preliminaries
2. Adoption of the Agenda
3. Confirmation of the Previous Minutes
4. Matters Arising;
5. Consideration of Pending Business-

- (i) Actions Points from the Committee's previous deliberations/meetings
  - (ii) Report on the Study Visit to the Republic of Zambia
  - (iii) Committee Work Plan July 2023 - July 2024
6. Any other Business;
7. Adjournment.

**MIN. NA/ DAA&OSC/ RIC/2023/101      ADOPTION OF THE AGENDA**

The Agenda of the meeting was unanimously adopted as having been proposed and seconded by Hon. David Ouma Ochieng, MP and Hon. Zaheer Jhanda, MP respectively.

**MIN.NA/ DAA&OSC/ RIC/2023/102      CONFIRMATIONS OF MINUTES, 23<sup>RD</sup> SITTING**

Minutes of the 23<sup>rd</sup> sitting held on Tuesday 13<sup>th</sup> June, 2023 were confirmed as true reflection of the proceedings as having been proposed by Hon. Joseph Gachoki Gitari, MP and seconded by Hon. Irene Njoki Mrembo, MP.

**MIN.NA/ DAA&OSC/ RIC/2023/ 103      MATTERS ARISING**

The Committee was informed that the Clerk of the National Assembly had informed the PS Foreign Affairs that the study visit to Botswana the Headquarter of SADC was postponed due to some unavoidable circumstances and that the Committee on Regional Integration requested that the study visit to Botswana be rescheduled to the month of July or August, 2023.

**MIN.NA/ DAA&OSC/ RIC/2023/104      CONSIDERATION OF THE ACTION POINT FROM THE VARIOUS MEETINGS HELD IN THE 1<sup>ST</sup> AND 2<sup>ND</sup> SESSIONS: (NOVEMBER 2022 – JUNE 30TH 2023)**

The Chair took the Members through the various activities undertaken by the Committee during the first and second session. She further stated that the Committee had made some recommendations/way forwards during the various meetings which need to be interrogated. The various activities undertaken between November 2022 to June 30<sup>th</sup> 2023 were among others; meetings/committee sittings, retreats, capacity building trainings and foreign study visits as well as inspection visits to One Stop Boarder Posts towards fulfilling the committee's mandate as per National Assembly's Standing Order 212.

**MIN.NA/ DAA&OSC/ RIC/2023/105      REPORT ON THE STUDY VISIT TO THE REPUBLIC OF ZAMBIA, THE HEADQUARTER OF COMESA**

Consideration of the Report on the study visit to the Republic of Zambia, the Headquarter of COMESA was deferred to the next sitting. However, the secretariat was directed to share the draft Report with the delegation for their input.

**MIN.NA/ DAA&OSC/ RIC/2023/106      COMMITTEE WORK PLAN JULY 2023- JULY 2024**

The Committee was informed that the work plan for the first quarter (July – September 2023 will be considered during the next meeting scheduled on Thursday 6<sup>th</sup> July, 2023.

**MIN.NA/ DAA&OSC/ RIC/2023/107      ANY OTHER BUSINESS**

The Committee discussed the following issues–

- (i) **Visit to the central corridor and other regional partner states of the EAC**

The Committee proposed to undertake the visit to the central corridor in month of July, 2023.

(ii) **Capacity Building/ Trainings**

- The Committee resolved to request the Centre for Parliamentary Studies and Training (CPST) to organize a capacity building training programme on matters of Economic Integration, International relations and diplomacy, International cooperation, International Peace, security and conflict resolution for the Select Committee on Regional Integration. The Committee noted that the capacity building will ensure that the Members of the Committee perform their legislative roles and for the benefit of Parliamentary democracy in the region.

(iii) **Foreign visits**

The Committee also proposed to undertake a benchmarking visit to the European Union Commission and their Parliament in Brussels as well as fast tracking the pending visits to Nigeria the Headquarter of ECOWAS, Botswana the Headquarter of SADC and visit to Djibouti, the IGAD HQ.

**MIN. NA/ DAA&OSC/ RIC /2023/108      ADJOURNMENT**

The meeting was adjourned at ten minutes past one o'clock Next meeting will be held on Thursday July 6<sup>th</sup>, 2023 at a venue to be communicated.

Signed  .....

Date 06/07/2023

**HON. WANJIKU MUHIA, MP – CHAIRPERSON**

**MINUTES OF THE 9<sup>TH</sup> SITTING OF THE SELECT COMMITTEE ON REGIONAL INTEGRATION HELD ON THURSDAY 18<sup>TH</sup> APRIL, 2023 IN COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDING, AT 12:00 NOON**

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**PRESENT**

- |                                      |   |             |
|--------------------------------------|---|-------------|
| 1. Hon. Wanjiku Muhia, MP            | - | Chairperson |
| 2. Hon. Andrew Adipo Okuome, MP      |   |             |
| 3. Hon. Geoffrey Makokha Odanga, MP  |   |             |
| 4. Hon. Fatuma Hamisi Masito, MP     |   |             |
| 5. Hon. Richard Kipkemoi Yegon, MP   |   |             |
| 6. Hon. Beatrice Chepngeno Kemei, MP |   |             |
| 7. Hon. Zaheer Jhanda, MP            |   |             |
| 8. Hon. Rael Chepkemoi Kasiwai, MP   |   |             |
| 9. Hon. Irene Njoki Mrembo, MP       |   |             |
| 10. Hon. Peter Ochieng Orero, MP     |   |             |

**APOLOGIES**

- |  |   |                  |
|--|---|------------------|
| 1. Hon. Farah Salah Yakub, MP          | - | Vice Chairperson |
| 2. Hon. David Ochieng Ouma, MP         |   |                  |
| 3. Hon. Christopher Aseka Wangaya, MP  |   |                  |
| 4. Hon. Didmus Wekesa Barasa Mutua, MP |   |                  |
| 5. Hon. Japheth Nyakundi Mokaya, MP    |   |                  |
| 6. Hon. Danson Mwashako Mwakuwona, MP  |   |                  |
| 7. Hon. Naomi Jillo Waqo, MP           |   |                  |
| 8. Hon. Elizabeth Karambu Kailemia, MP |   |                  |
| 9. Hon. Peter Kalerwa Salasya, MP      |   |                  |
| 10. Hon. Joseph Gachoki Gitari, MP     |   |                  |
| 11. Hon. Julius Kipletting Rutto, MP   |   |                  |

**COMMITTEE SECRETARIAT**

- |                           |   |                              |
|---------------------------|---|------------------------------|
| 1. Mr. Mohamed Jimale     | - | Clerk Assistant I            |
| 2. Ms. Purity Macharia    | - | Clerk Assistant III          |
| 3. Mr. Bernard Toroitich  | - | Clerk Assistant III          |
| 4. Mr. Dominic Mwendwa    | - | Legal Counsel II             |
| 5. Ms. Damacrine Kwamboka | - | Research officer III         |
| 6. Ms. Edith Chepng'eno   | - | Media Relation officer III   |
| 7. Mr. Esther Ngechu      | - | Sergeant At Arms             |
| 8. Ms. Faith Oira         | - | Public Communication Officer |

**MIN. NA/ DAA&OSC/ RIC/2024/036 PRELIMINARIES**

The Chairperson called the meeting to order at 12.28 p.m with the Prayer by Hon. Beatrice Chepngeno Kemei, MP.

## **AGENDA**

1. Prayer & Preliminaries;
2. Adoption of the Agenda;
3. Confirmation of the Previous Minutes, 8<sup>th</sup> Sitting;
4. Matters Arising;
5. Consideration of the following Reports –
  - (i) the Proceeding of the First Ordinary Session of the Sixth Parliament of the Pan- African Parliament (PAP).
  - (ii) the draft Report on Inspection visits to the One Stop Border Post (OSBP)
  - (iii) the draft Programme for Committee’s upcoming Retreat in Mombasa (27<sup>th</sup>- 30<sup>th</sup> April, 2023);
6. Any other Business;
7. Adjournment.

### **MIN.NA/ DAA&OSC/ RIC /2023/037          ADOPTION OF THE AGENDA**

The Committee unanimously adopted the Agenda with amendment having been proposed by Hon. Beatrice Chepngeno Kemei, MP and seconded by Hon. Fatuma Hamisi Masito, MP.

### **MIN.NA/ DAA&OSC/ RIC/2023/ 038          CONFIRMATION OF THE PREVIOUS MINUTES**

Minutes of the 8<sup>th</sup> Siting held on Thursday, 23rd April, 2023 were confirmed as true reflection of the proceedings as having been proposed by Hon. Fatuma Hamisi Masito MP and seconded by Hon. Andrew Adipo Okuome, MP.

### **MIN.NA/ DAA&OSC/ RIC/2023/ 039          MATTERS ARISING**

The Committee was appraised on the upcoming familiarization retreat with stakeholders on 27<sup>th</sup> – 30<sup>th</sup> April, 2023 in Mombasa. Members were requested to send their flight schedule with the secretariat.

### **MIN.NA/ DAA&OSC/ RIC/2023/040          CONSIDERATION OF THE PROCEEDING OF THE FIRST SESSION OF THE SIXTH PARLIAMENT OF THE PAN-AFRICAN PARLIAMENT (PAP)**

The Committee considered the Report and made the following observations -

1. The Report on the proceedings of the first ordinary session of the sixth parliament of the Pan-African Parliament that was laid on the table of the house on Tuesday 28<sup>th</sup> February 2023.
2. The report was committed to the Committee on Regional Intégration pursuant to ruling issued by the Speaker during the afternoon sitting of the Wednesday, March 22, 2023 for consideration in accordance with standing order 212(d) of National Assembly standing orders.

The Committee further observed in the Report that;

3. A delegation from Kenya was sworn in as members of the Pan African parliament on 10<sup>th</sup> November 2022 and thereafter taken through the highlights of the structure of the PAP, the permanent committee, struggles and successes the Parliament had undergone and its vision going forward. This was to prepare the delegation to participate fully in the deliberation during the Session.
4. The Protocol on the Constitutive Act of the African union relating to Pan African Parliament (Malabo protocol), this protocol proposes that for members of PAP be elected through universal suffrage from

- their respective countries and be barred from sitting as members of their national legislatures. Kenya is yet ratify this protocol.
- 5. A motion calling for immediate end of the DRC conflict was tabled and PAP observed with grave concerns the devastating effects of the conflicts unfolding in the DRC which has profound lasting negative effects to the southern and East Africa regions and in particular the whole African region. The parliament adopted the motion condemning conflict situation.
- 6. PAP adopted the amendments to its Rules of Procedure by consensus pursuant to the Constitutive Act, the Protocol to the Treaty establishing the African Economic Community relating to the Pan African Parliament and the Rules of Procedure of the Pan African Parliament to encapsulate the principle of rotation of leadership positions across all the organs of the Pan African Parliament.
- 7. Further resolutions that were adopted by PAP during the first Session can be found on *page 19* of the annexed report.
- 8. Kenyan delegation headed by Hon Esther Passaries accompanied by several members from both the National Assembly and Senate represented the Republic of Kenya to The Pan- African Parliament in South Africa.
- 9. The session opened with a welcoming address from the President of the Pan-African Parliament Hon. Chief Fortune Zephania Charumbira and remarks from distinguished guests, including the Secretary General of the Commonwealth and high-level representatives from the ECOWAS Parliament and other regional organizations.
- 10. The parliamentarians reviewed and adopted the agenda for the session, including the schedule for committee meetings and plenary discussions. The Motion was on the call for the immediate end of the DRC conflict.
- 11. During the session, the PAP undertook swearing in of new members from;
  - (i) Burundi,
  - (ii) Kenya,
  - (iii)Morocco,
  - (iv)Mozambique,
  - (v) Somalia, and
  - (vi)Tanzania
- 12. The PAP organized special sessions on specific themes, such as The 13<sup>th</sup> Pan African Parliament Conference on Women’s Rights under the theme “Women Empowerment and Inclusion in Governance” and The Agenda 2063 on Strategic Framework for Inclusive Growth and Sustainable Development.
- 13. As per the annexed report, the chairs of the various PAP committees, such as the status of peace and security in Africa, the proposed model Law on Nationality and Statelessness, and Committee on Audit and Public Accounts (CAPA) presented their reports on their respective activities and findings.
- 14. On 4<sup>th</sup> November, 2022, the PAP adopted several resolutions, and recommendations aimed at addressing the various challenges facing the African continent. These resolutions were non-binding but served as guidelines for member states and the African Union Commission in their policy-making efforts.
- 15. The Ordinary Session conducted a 3-day workshop organized by the Bureau of the PAP where permanent committees met and adopted their 2023 work-plans. The next PAP sitting is expected be held in March, 2023 and the plenary will be held in May, 2023.

## Committee Recommendation

The Committee deferred decision making on the draft Report to the next meeting.

**MIN.NA/ DAA&OSC/ RIC/2023/041      CONSIDERATION OF THE DRAFT PROGRAMME ON  
INSPECTION VISITS OF THE ONE STOP BORDER  
POST (OSBP)**

The Committee deferred consideration of the Agenda item.

**MIN.NA/ DAA&OSC/ RIC /2023/042      CONSIDERATION OF THE DRAF PROGRMAMME  
FOR COMMITTEE'S UPCOMING RETREAT IN  
MOMBASA (27<sup>th</sup>-30<sup>th</sup> April, 2023)**

The Committee was taken through a draft programme on familiarization retreat with Stakeholders on 27<sup>th</sup> – 30<sup>th</sup> April, 2023 in Mombasa, the Committee was informed that the the Ministry of East African Community, the ASALs and the Regional Development, State Department for Immigration & Citizen Services and the Intergovernmental Authority on Development (IGAD) secretariat were invited and have confirmed attendance.

**MIN.NA/ DAA&OSC/ RIC /2023/042      ANY OTHER BUSINESS**

The following matter was discussed –

- 1) **Visit to Central Corridor** - the Committee proposed an inspection visit to Central Corridor during the long recess. The secretariat were tasked to make arrangement for the visit and report back in the subsequent meetings.
- 2) **Visit to Namanga** – The Committee also proposed to undertake a visit to Namanga Border Post during the month of May.
- 3) **Foreign visits** - the Committee was informed that the Clerk had written to the following countries that host regional blocks through the Ministry of Foreign and Diaspora Affairs.
  - (i) Zambia (COMESA).
  - (ii) Nigeria (ECOWAS) and;
  - (iii) Botswana (SADC).

The Committee will be apprised once the host countries respond to the letters.

**MIN. NA/ DAA&OSC/ RIC /2023/043      ADJOURNMENT**

There being no other business, the meeting was adjourned 1.35 p.m. Next meeting to be held on Tuesday 25<sup>th</sup> April 2023, at time and venue to be communicated.

Signed .....  


Date .....  


**HON. WANJIKU MUHIA, MP - CHAIRPERSON**



# **Recent developments relating to cross border trade in COMESA**

**30<sup>th</sup> May 2023**

**Presented by**  
**Dr Christopher H Onyango;**  
**Director**  
**Trade and Customs Division**  
**COMESA Secretariat**



# • Outline of presentation

- Introduction
- Key Instruments in COMESA integration
- Trade developments
  - Extra-COMESA Trade
  - Intra-COMESA Trade
  - Donor Programmes supporting Trade Liberalization
- Recent developments in COMESA
  - Simplified Trade Regime
  - Improved Border Management
  - Transparency in Tackling NTBs/NTMs
  - Digitalization of Trade Instruments
  - Liberalization of Trade in Services
  - Sensitizations and capacity building
- Contributions towards Continental integration
  - Development in Tripartite Integration
  - Development in AfCFTA

# INTRODUCTION ON COMESA



- |             |                    |
|-------------|--------------------|
| 1. BURUNDI  | 12. MADAGASCAR     |
| 2. COMORROS | 13. MAURITIUS      |
| 3. DJIBOUTI | 14. RWANDA         |
| 4. DR CONGO | 15. TUNISIA (2018) |
| 5. EGYPT    | 16. SUDAN          |
| 6. ERITREA  | 17. SEYCHELLES     |
| 7. ESWATINI | 18. SOMALIA (2018) |
| 8. ETHIOPIA | 19. UGANDA         |
| 9. KENYA    | 20. ZAMBIA         |
| 10. LIBYA   | 21. ZIMBABWE       |
| 11. MALAWI  |                    |

- Established in 1994
- Member States: 21 Countries
- Population: Over 615.8 Million (2021)
- GDP : 966.6 Billion USD (est. 2021)
- Area : 12 Million KM2



# COMESA Strategy for Integration



- COMESA aims to achieve the removal of all physical, technical, fiscal and monetary barriers to intra-regional trade and commercial exchanges through the following stages of integration:
  1. Preferential Trade Area (PTA)-1982- 2000
  2. Free Trade Area (FTA) -2000-
  3. Customs Union (CU) – launched in 2009- involving free trade amongst the member States but with a Common External Tariff (CET) according to which every member State applies the same tariffs on goods from outside the region.
  4. Common Market (CM) -.with CU plus free movement of factors of production
  5. An Economic Community (EU) - with a common currency and unified macroeconomic policy.
- Another strategy is through formation of 10 or so specialized institutions – Court of Justice, CCC, Clearing House, Monetary Institute, Zep-Re, TDB, ATIA, CONFWEB, RIA, LLPJ etc

# COMESA Strategic Plan



## **MTSP 2021 – 2025 identifies 4 Strategic Pillars**

- Market Integration
- Physical Integration/Connectivity
- Productive Integration
- Gender and Social Integration

## Main Functions of the Trade and Customs Division



- 1) Strengthen intra-COMESA trade through tariff liberalization, elimination of trade barriers and promotion of trade;
- 2) Develop and maintain the common external trade policy of the Customs Union;
- 3) Support the implementation of trade facilitation and customs instruments such as in Rules of Origin, Simplified Trade Regime and Resolving non-tariff barriers;
- 4) Support liberalization of trade in services through implementation of the Regional Framework for Trade in Services;
- 5) Coordinate and provide technical support to MS in trade negotiations with third parties e.g. the COMESA-EAC-SADC Tripartite; AfCFTA, EPAs, US-AGOA, WTO etc.
- 6) Build and enhance Capacities of Member states and COMESA Secretariat for effective implementation of regional market integration agenda while coordinating and strengthening relations with other regional and world economic blocs;
- 7) To undertake research and analysis to inform regional trade and trade-related policies



# Key Trade Instruments in COMESA Integration

# Key Trade Instruments in COMESA



## a: The Free Trade Area (FTA) Regime

- Economic bloc in which members agree to reduce tariffs and trade barriers (rules and regulations that inhibit trade ) and to increase trade of goods and services with each other.
- COMESA Member States established a Free Trade Area (FTA) on 31 October 2000 after a sixteen-year period of progressive trade liberalization through reduction of intra-COMESA tariffs.
- As of April 2023, 16 countries are participating in the Free Trade Area. Other Member States, namely D R Congo, Ethiopia, Eritrea, Eswatini and Somalia are at different stages regarding their participation in the FTA.
- Trade has grown at average of 7 percent every year since the establishment of the FTA with a higher increase reflected between the intra-FTA Member states.

## Key COMESA Instruments



### b. COMESA Rules of Origin

- The COMESA Rules of Origin are used to determine whether goods produced in the COMESA region are eligible for preferential treatment within the FTA.
- Goods are considered as originating in a Member State if they meet any of the five alternative criteria:
  - 1) The goods should be wholly produced;
  - 2) The CIF value of any non-originating material should not exceed 60% of the ex-works price of the goods;
  - 3) Goods must attain the value added of at least 35% of the ex-factory cost of the goods;
  - 4) Goods should fulfill the *Change in Tariff Heading (CTH) rule*; and
  - 5) Goods must have importance to the economic development of the Member States and should contain not less than 25% of value added.



## Key Instruments....

### c. **Simplified Rules of Origin**

- Rules that facilitate cross-border trade by small scale traders under the Simplified Trade Regime;
- Simplified Certificate of Origin is a trade facilitation document which is used for clearance of goods whose value is US\$2,000 and below;
- The simplified certificate of origin has addressed the complexity challenge by simplifying the fields of the Single-Entry Document to fields that small traders are able to easily fill;
- Made more accessible by being made available at the customs offices at the border stations.

# Key COMESA Instruments



## d. Regulations on Non-Tariff Barriers

- Adopted in 2014 by the 33<sup>rd</sup> Council of Ministers and updated version introduced in 2021 as a Mechanism for the identification, categorisation, and elimination of non-tariff barriers within the COMESA region.
- The mechanism provides for the following:
  - a) institutional structures for the elimination of NTBs;
  - b) general categorisation of non-tariff barriers in COMESA ;
  - c) reporting and monitoring tools; and
  - d) facilitation of solutions to identified nontariff barriers.
- Establishment of National Monitoring Committees and National Focal Points on NTBs as institutional structure for elimination of NTBs.
- So far most NTBs relate to Rules of Origin, customs clearances, non-recognition of Certificates of origin, arbitrary charges (road and user charges) arbitrary prohibitions and Technical barriers to Trade (standards and SPS measures), Unfair trading practice etc

# Key COMESA Instruments



## e. Dispute Resolution and Settlement

### a. Court of Justice

- Established Article 19 to ensure adherence to Treaty Interpretation

### b. NTBs Resolution mechanism

- Articles 10, 45 49 of the Treaty
- Twenty First Meeting of Council Decision in May, 2006, that the Secretariat should put in place a permanent mechanism for expeditious resolution of issues arising from NTBs and Member States should provide advance notification on the introduction of new NTBs which impact on intra-COMESA trade and ensure adherence to Article 49 of the Treaty;

### c. Enforcement of Fair Competition

- Articles 50 – 61 of Treaty
- Competition Commission – established under article 6 of regulations established under Article 55(3) of Treaty. Aims to promote competition, investigate anti-competitive practices, protect consumers and mediate between member states and/or firms regarding anti-competitive practices

# Trade Developments in COMESA



# Trade in COMESA



## A: Global Trade

- COMESA registers trade deficits under global trade.
- The value of COMESA's total exports to the world increased by 56% from US\$ 100 billion in 2020 to US\$ 156 billion in 2021. The increase was mainly contributed to by increases in the export of Manufactures, Fuels, Ores and metals and Food.
- COMESA's imports from outside the region increased by 26% from US\$ 181 billion in 2020 to US\$ 227 billion in 2021. Countries that contributed to this increase were Egypt, Djibouti, Libya, Tunisia, Kenya, Zimbabwe, Sudan, Zambia, Ethiopia and Madagascar.
- The major sectors that are attributed to this increase were Manufactures which recorded an increase of 26%, Food (17%), Fuels (34%), and Ores and metals which increased by 63% from the previous year.
- COMESA Trades more with developed countries linked on historical ties

# COMESA Global Trade 2015 - 2021



| Flow/Year     | 2015     | 2016    | 2017    | 2018    | 2019    | 2020    | 2021    |
|---------------|----------|---------|---------|---------|---------|---------|---------|
| Total exports | 90,441   | 87,152  | 107,255 | 128,270 | 123,392 | 100,179 | 156,444 |
| Imports       | 202,638  | 186,841 | 181,525 | 210,895 | 223,078 | 180,984 | 227,488 |
| Total Trade   | 293,078  | 273,992 | 288,780 | 339,165 | 346,469 | 281,163 | 383,932 |
| Trade Balance | -112,197 | -99,689 | -74,270 | -82,625 | -99,686 | -80,804 | -71,044 |

## Intra-COMESA Trade



- Intra-COMESA trade has remained below 10% of total trade due to structural factors.
- The value of Intra-COMESA total exports increased by 28% from US\$ 10 billion in 2020 to US\$ 13 billion in 2021.
- Key exports include manufactures, food, Ores & Metals and agricultural products.
- However, COMESA has a huge trade potential of up to USD 101.2 billion according to studies done in 2019



### Intra-COMESA total exports by sector, values in US\$ million

| Sector                | 2016            | 2017            | 2018             | 2019             | 2020            | 2021             | % Change<br>2020 - 2021 |
|-----------------------|-----------------|-----------------|------------------|------------------|-----------------|------------------|-------------------------|
| Manufactures          | 3,638.37        | 3,944.52        | 4,284.24         | 4,645.68         | 4,596.66        | 5,862.57         | 28                      |
| Food                  | 3,672.94        | 3,657.98        | 3,695.93         | 3,778.52         | 3,439.67        | 4,623.34         | 34                      |
| Ores and metals       | 773.98          | 810.77          | 1,156.30         | 998.97           | 1,245.84        | 1,560.12         | 25                      |
| Fuels                 | 564.03          | 749.91          | 830.70           | 1,335.47         | 501.22          | 585.01           | 17                      |
| Agric raw materials   | 180.01          | 133.44          | 123.47           | 144.34           | 77.22           | 128.21           | 66                      |
| Other products n.e.s. | 2.76            | 2.63            | 20.42            | 4.96             | 128.95          | 8.48             | -93                     |
| <b>Total</b>          | <b>8,832.09</b> | <b>9,299.25</b> | <b>10,111.06</b> | <b>10,907.94</b> | <b>9,989.56</b> | <b>12,767.72</b> | <b>28</b>               |



## Intra-COMESA Trade, 2020 and 2021, values in US\$ millions and % Shares

| Ranked by<br>2021<br>trade<br>values | Exporter   | 2020<br>Value | 2021<br>Value | % Share<br>2020 | % Share<br>2021 | Importer                | 2020<br>Value | 2021<br>Value | % Share<br>2020 | % Share<br>2021 |
|--------------------------------------|------------|---------------|---------------|-----------------|-----------------|-------------------------|---------------|---------------|-----------------|-----------------|
| 1                                    | Egypt      | 2,238.6       | 2,838.0       | 22.4            | 22.2            | Libya                   | 1,127.0       | 1,673.2       | 12.7            | 15.0            |
| 2                                    | Kenya      | 1,774.9       | 2,086.2       | 17.8            | 16.3            | Sudan                   | 503.7         | 1,341.2       | 5.7             | 12.0            |
| 3                                    | Zambia     | 1,270.9       | 1,576.9       | 12.7            | 12.4            | Uganda                  | 1,325.1       | 1,213.0       | 14.9            | 10.9            |
| 4                                    | Congo DR   | 1,290.5       | 1,512.8       | 12.9            | 11.8            | Kenya                   | 1,018.2       | 1,115.0       | 11.5            | 10.0            |
| 5                                    | Tunisia    | 563.5         | 792.0         | 5.6             | 6.2             | Egypt                   | 760.8         | 910.3         | 8.6             | 8.2             |
| 6                                    | Uganda     | 608.3         | 755.3         | 6.1             | 5.9             | Zambia                  | 422.0         | 640.5         | 4.8             | 5.7             |
| 7                                    | Sudan      | 303.0         | 723.7         | 3.0             | 5.7             | Somalia                 | 596.5         | 606.7         | 6.7             | 5.4             |
| 8                                    | Rwanda     | 472.8         | 660.5         | 4.7             | 5.2             | Zimbabwe                | 349.4         | 606.5         | 3.9             | 5.4             |
| 9                                    | Ethiopia   | 446.7         | 520.8         | 4.5             | 4.1             | Ethiopia                | 393.3         | 539.1         | 4.4             | 4.8             |
| 10                                   | Libya      | 85.8          | 255.4         | 0.9             | 2.0             | Congo DR                | 587.7         | 510.8         | 6.6             | 4.6             |
| 11                                   | Eswatini   | 215.9         | 240.0         | 2.2             | 1.9             | Rwanda                  | 520.7         | 445.3         | 5.9             | 4.0             |
| 12                                   | Mauritius  | 195.2         | 221.1         | 2.0             | 1.7             | Tunisia                 | 336.1         | 386.2         | 3.8             | 3.5             |
| 13                                   | Malawi     | 159.8         | 205.5         | 1.6             | 1.6             | Madagascar              | 147.5         | 246.4         | 1.7             | 2.2             |
| 14                                   | Djibouti   | 13.3          | 167.4         | 0.1             | 1.3             | Malawi                  | 217.1         | 239.3         | 2.4             | 2.1             |
| 15                                   | Zimbabwe   | 235.1         | 83.0          | 2.4             | 0.7             | Djibouti                | 71.9          | 199.9         | 0.8             | 1.8             |
| 16                                   | Burundi    | 44.7          | 56.7          | 0.4             | 0.4             | Burundi                 | 180.5         | 196.9         | 2.0             | 1.8             |
| 17                                   | Madagascar | 45.4          | 52.7          | 0.5             | 0.4             | Mauritius               | 153.3         | 191.4         | 1.7             | 1.7             |
| 18                                   | Seychelles | 16.5          | 14.0          | 0.2             | 0.1             | Seychelles              | 43.4          | 58.5          | 0.5             | 0.5             |
| 19                                   | Somalia    | 6.2           | 3.0           | 0.1             | 0.0             | Eswatini                | 26.8          | 20.6          | 0.3             | 0.2             |
| 20                                   | Comoros    | 1.9           | 2.7           | 0.0             | 0.0             | Comoros                 | 10.7          | 11.6          | 0.1             | 0.1             |
| 21                                   | Eritrea    | 0.6           | 0.0           | 0.0             | 0.0             | EASTERN SOUTHERN AFRICA | 87.0          | 10.3          | 1.0             | 0.1             |
|                                      | Total      | 9,989.6       | 12,767.7      | 100.0           | 100.0           | Total                   | 8,878.5       | 11,162.8      | 100.0           | 100.0           |

# Donor Coordination Programmes supporting Trade Liberalization



1. **The European Union – EDF II (€68 million)**
  - **Small Scale Cross Border Trade Initiative €15 million** (May 2018 – May 2023), aimed to increase formal small-scale cross border trade flows in the COMESA/tripartite region, leading to higher revenue collection for government at the borders as well as increased security and higher incomes for small scale cross border traders.
  - **Trade Facilitation Programme €53 million**, (May 2018 – May 2023) aimed to increase intra-regional trade flows of goods, persons and services by reducing the costs/delays of imports/exports at specific border posts under five key result areas:-
    - Monitoring and Removal of Non -Tariff Barriers (NTBs)
    - Enhanced Implementing of the WTO Trade Facilitation Agreements (TFA)
    - Strengthen Coordinated border management and Trade and Transport Facilitation
    - Improved levels of implementation of harmonised SPS and TBT activities
    - Enhance Trade in Services, free movement of persons, Trade Negotiations and Trade Promotion are supported
  - **Regional Enterprise Competitiveness and Access Market Programme (RECAMP) 10 Million Euros.** Aims at increased private sector participation in regional and global value chains, through improved investment/business climate and enhanced competitiveness and productive/innovation capacity.
  - **COMESA Institutional Capacity (EURO 7 Million)**

## **Donor Supported Trade Liberalization.....contd**



### **2. The World Bank – Great Lakes Trade Facilitation and Integration Programme (USD 8 Million) (Oct 2022 – Oct 2028)**

- The GLTFP covers two countries, Democratic Republic of Congo and Burundi: aims at supporting the development of infrastructure, reform of policies and procedures and capacity building to improve conditions for small-scale cross border traders in the project countries.

# Donor Projects.....



## 3. TRADECOM-II Trade Capacity Building – EU-OACPS-COMESA (Euro 2,897,530.47)

- Objective is enhancing technical capacity of COMESA Secretariat and Member States to mainstream regional obligations to achieve deeper regional integration and participate in global economy.
- Enhanced capacity of COMESA Secretariat and Member States capacity in trade and economic policy research and negotiations.
- Enhanced knowledge and skills to support regional integration.

### Specific Activities

1. **Virtual Masters degree on Regional Integration programme** currently being offered by Kenyatta University and University of Mauritius. Over 15 Students in Kenyatta and over 10 students at University of Mauritius benefitted tuition scholarships
2. **Annual COMESA Research Forum** bringing together academia and policy makers and mentoring of Researchers in research and analytical work as well as Innovations.
3. This years forum expected to be in Kenya.

## Donor Projects.....



### 4. The Tripartite Capacity Building Programme – Phase II – African Development Bank (USD 1.17 Million) (End 30<sup>th</sup> May 2023)

- Project aims to provide capacity building to the EAC-SADC-COMESA Tripartite RECs in support of activities leading to conclusion of Phase I negotiations (tariff offers and NTBs), Phase II activities (services and competition policy) and implementation of the Tripartite FTA.
- The support focuses on the market integration pillar of the Tripartite FTA.
  - **Component 1: Improving the Capacity for TFTA Agreement Implementation Readiness:**
    - Adoption of instruments to operationalize the TFTA Agreement and address trade barriers in the TFTA
    - Phase II negotiations launched and concluded
  - **Component 2: Improving Transparency in Trade to Tackle Non-Tariff Barriers in the TFTA:**
    - Roll out of NTMs databases to Tripartite Member Countries
    - Establishment of Tripartite Simplified Trade Regime (STR)
    - Improved participation of women in cross border trade

# Current Developments in COMESA Integration Agenda



## **Small Scale Cross Border Trade Initiative Programme (SSCBTI)**



- The main objective of the Programme is to increase the formalisation of informal small scale cross border trade flows leading to higher revenue collection by governments at the borders as well as increased security and higher incomes for small scale cross-border traders,
- The Programme addresses challenges faced by small scale cross border traders by:
  - ✓ **implementing effective policy and governance reforms,**
  - ✓ **institutional capacity building,**
  - ✓ **improved border infrastructures, and**
  - ✓ **better data collection and monitoring.**

## COMESA Simplified Trade Regime



- The Simplified Trade Regime (STR) was developed by COMESA in 2010 at the request of small - scale cross border traders in the COMESA region.
- The STR tailored to simplify procedural and documentary requirements, thus, enabling small scale cross border traders to benefit from the region's FTA preferential tariff treatment.
- The COMESA STR currently has three features which are:
  - a. the threshold value of goods per entry of US\$ 2000;
  - b. the common list of goods to be traded under the regime; and
  - c. the simplified customs declaration document.
- COMESA Member States implementing the STR are Burundi, D R Congo, Kenya, Malawi, Rwanda, Uganda, Zambia and Zimbabwe

## Improvement of Border Management Systems

- Implementation of Coordinated Border Management System
- National and Regional Single Window Systems
- Electronic Certificate of Origin System
- Border Posts hard and soft infrastructure upgrades
- Enhanced Customs Automation





## Improving Transparency in Trade to Tackle Non-tariff Barriers

- Upgrading software template for NTBs/NTMs
- Establishment of Online platform for NTBs/NTMs for Reporting, Monitoring, and Eliminating mechanism
- Development NTBs/NTMs databases and a Compendium of Regulations.
- Non-Tariff Measures (NTMs) databases for the 12 Pilot countries updated to achieve roll out of online NTMs databases
- Capacity building undertaken in Member/Partner States (NFPs and NMCs) to sustain the NTMs transparency initiative

## Digitization of Trade Instruments

- Digitalization of trade Instruments including e-CO, Online information exchange platform, E Trade, E Logistics and E Regulations which are in development stages;
- E-Certificate of Origin:-
- E-Trade:- E-Commerce; E-Payment Gateway; Mobile Apps
- E-Regulations:- Online access of required Laws and procedures; Trade information Portal; E-transaction facilities (e-signature + digital stamp)
- E-Logistics:- eCO System; Customs Automation; Regional e-SWS; Regional e-SPS; Digital Yellow Card CVTFS-Cargo Trucking; Digital RCTG Carnet



# Liberalization of Trade in Services



- The services sector is playing an increasingly important role in the COMESA Common Market.
  - comprises about typically over 50% of GDP% in COMESA Member States.
  - Employment creation,
  - Diversification of exports,
  - increase investment,
  - new opportunities for dynamic and sustainable growth and promote greater efficiency in the domestic economy.
- Regulations on trade in services adopted in 2009
- Priority sectors-communication, transport, financial, tourism, energy, business and construction & engineering related services
- First round of negotiations completed in 2014-communication, financial, transport and tourism
- Schedules of specific commitments for 11 Member States gazetted in 2014
- Second round of negotiations are underway (energy, business and construction and engineering related services)
- Sustained training and capacity building to support on-going negotiations

# The Tripartite Free Trade Area (TFTA)



- The COMESA- EAC - SADC Tripartite FTA has 3 pillars:- 1) market integration, 2) Industrial development and 3) Infrastructure development.
- The TFTA comprises 29 countries. The TFTA was launched in June 2015 in Sharm el Sheikh in Egypt. So far 11 Member States have ratified the Treaty, namely Egypt, Uganda, Kenya, Rwanda, Burundi, Eswatini, Botswana, Namibia, South Africa Zambia, and Zimbabwe.

***Three more ratifications are required for the Agreement to enter into force.***

## **Phase 2 Negotiations are also underway**

- Trade in services negotiations
- Draft Protocol on Competition Policy completed

## **Market Integration Pillar**

- Provides for 100% tariff liberalization
- 90% of Rules of Origin have been agreed
- Two customs Unions – the EAC and SACU have concluded negotiations on tariff offers
- Negotiations between Egypt and SACU and EAC have been initiated but not yet concluded
- The Tripartite NTBs online database system has been established

# **The Tripartite Free Trade Area (TFTA).....**



## **Infrastructure Development Pillar**

- Adoption of the Tripartite Transport and Trade Facilitation Programme (TTTFP) Instruments:-
  - COMESA-EAC-SADC Vehicle Load Management Agreement.
  - COMESA-EAC-SADC Multilateral Cross Border Road Transport Agreement.
  - COMESA-EAC-SADC Vehicle Load Management Model Law.
  - COMESA-EAC-SADC Cross Border Road Transport Model Law.
  - COMESA-EAC-SADC Road Traffic Model Law.
  - COMESA-EAC-SADC Road Traffic and Transport Transgressions Model Law; and
  - COMESA-EAC-SADC Transportation of Dangerous Goods by Road Model Law.
- Support to Air Transport Sector Development in the Eastern Africa, Southern Africa, and Indian Ocean Region (SATSD)
- Enhancement of Governance and Enabling Environment in the ICT sector in the Eastern Africa, Southern Africa, and Indian Ocean Region (EGEE-ICT)

## **The Tripartite Free Trade Area (TFTA).....**



### **Industrial Development Pillar**

- aims to enhance industrial productivity and competitiveness by addressing the supply side constraints and promoting linkages among industries;
- Priority areas include:
  - Establishment of Tripartite Industrial Development Coordination Unit (TIDCU) in each REC and how it is to be funded;
  - Import Replacement and export development strategy to harness opportunities arising from the negative trade balances in agro-industrial sector and ACFTA;
  - Identification of existing institutions to serve as Centres of Excellence, for Tripartite Agro-processing; SADC and EAC already have some Centres of excellence that can be extended to the tripartite; and
  - Investment in Tripartite Agro-processing and Trade Logistics Hubs to address the challenge of post-harvest losses and availability of agro raw materials.

## **The Tripartite Free Trade Area (TFTA).....**



### **Key Challenges and Constraints**

- 1) Absence of a dedicated secretariat and institutional structure to run the affairs and activities of the TFTA.
- 2) Inadequate financing is another hindrance to the effective implementation of the Tripartite activities.
- 3) Multiplicity of negotiations – RECs, AfCFTA and WTO hence, straining capacity of experts

## African Continental integration



- The establishment of the African Economic Community (AEC) was spelt out in the Abuja Treaty of June 1991 with several stages culminating into the AEC in 2028.
- One of the stages was the Free Trade Area which has been negotiated and the process of liberalizing tariffs will commence as State Parties implement their tariff offers.
- The agreement establishing the African Continental Free Trade Area (AfCFTA) was signed on 21 March 2018 in Rwanda. The operational phase of the AfCFTA was subsequently launched on 7 July 2019 and trading under the AfCFTA Agreement commenced on 1st January 2021.
- The role of the Regional Economic Communities (RECs) as building blocks to the African Economic Community is recognised in the AfCFTA process.
- The AfCFTA is one of the milestones of the first 10-year implementation plan for the Agenda 2063.
- The AfCFTA has been described as history's largest free trade agreement, as it connects 1.3 billion people across 55 countries with a combined Gross Domestic Product (GDP) valued at \$3.4 trillion.
- The continental integration will also address the problem of multiple membership to different Recs by African countries and allowing for uniform trade rules across the continent.

## **Continental integration Contd..**



### **Trade in Goods**

- Seeks to liberalize 90% of tariffs
- About 87.7% of tariff lines have been agreed on Rules of Origin
- The negotiations of Phase II covering, Protocols on Women and Youth and Digital Trade are on-going; while the Protocols on Intellectual Property Rights (IPR's), Investment and competition policy have been completed.
- Some of the initiatives being rolled out for the operationalization of the start of commercially meaningful trade under the AfCFTA include:- Pan-African Payment and Settlement System; AfCFTA Adjustment Fund; E-Tariff Book; Intra-Africa Trade Fair; and Mechanism for Reporting, Monitoring and Evaluating NTBs
- The Guided Trade Initiative seeks to facilitate commercially meaningful trading, among interested AfCFTA state parties. 8 countries currently participating namely:- Cameroon, Egypt, Ghana, Kenya, Mauritius, Rwanda, Tanzania and Tunisia

### **Negotiations on Trade in Services are on-going**

- Five priority areas:-Communications, Transport, Tourism, Financial, and Business Services.

## **Key Challenges and Constraints**

- Slow domestication and implementation of Rules and Regulations
- Inadequate physical infrastructure
- Limited investments in new technologies
- Low levels of value addition
- Multiple Membership in RECs
- High levels of poverty
- Environmental and climate change issues
- Technical and Financial constraints
- Inadequate publicity and visibility



## Moving to the next level

- Address challenges, concerns and obstacles preventing some members from participating in the FTA;
- Effective implementation of the Trade Facilitation programs and activities in order to reduce transaction and trade costs and stimulate cross-border trade. Here, key is the operationalization of the COMESA Digital FTA;
- Support growth of SMEs and formalization of cross-border trade;
- Support Diversification of products as well as regional markets;
- Application of technology (Online information exchange platform, E Trade, E Logistics and E Legislation);
- Trade in Services – Work in progress but increasing in scope and dominance;
- Enhanced capacity building, awareness creation and sensitization about existing market opportunities, existing and application of trade instruments;
- Consolidation of the FTA and check against increasing protectionism as evident by increasing NTBs and identify and resolve emerging NTB's



<http://www.comesa.int>

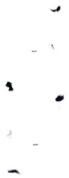
**Thank you!!!**

COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA  
(COMESA)

















**TOUR OF EAST AFRICAN COMMUNITY INSTITUTIONS IN UGANDA BY THE SELECT**

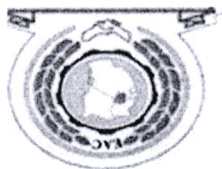
**COMMITTEE ON REGIONAL INTEGRATION**

**09 – 16 SEPTEMBER 2023**

**GROUP TWO**

**PROVISIONAL PROGRAMME**

| ACTOR(S)        | TIME & ACTIVITY   | DATE       |
|-----------------|---|------------|
| Self-directed   | Honourable Members travel to Uganda   | 09-09-2023 |
| High Commission | 10.00 am- Honourable Members arrive at the Kenya High Commission and received by the High Commissioner  | 11-09-2023 |
|                 | 10.10 am- Introduction- High Commissioner introduces staff members  |            |
|                 | 10.20 am- High-Commissioner invites Chair of the Select Committee on Regional Integration to introduce honourable members                                 |            |
|                 | 10.30 am- Remarks by the High Commissioner  |            |
|                 | 10.50am- High Commissioner invites the Chair of the Select Committee on Regional Integration to make her remarks  |            |
|                 | 11.00 am- Presentation on the High-Commission and its role in securing Kenya's grand national interests   |            |
|                 | - Activities, challenges and opportunities  |            |
|                 | - Role of Parliament in supporting the High Commission  |            |
|                 | 12.30 pm- Plenary session- Q&A  |            |
|                 | <b>1.00 pm- Lunch Break</b>   |            |
|                 | 2.00 pm- Honourable Members arrive at the Uganda Parliament and received by the Chair of the Committee on Regional Integration                            |            |
|                 | 2.10 pm- Introduction- Chair of Uganda Committee introduces members   |            |
|                 | 2.20 pm- Chair Uganda Committee on Regional Integration invites the Chair of the Select Committee on Regional Integration to introduce honourable members |            |
|                 | 2.25 pm- Remarks by the Chair of Committee on Regional Integration, Uganda  |            |



| ACTOR(S)  | TIME & ACTIVITY  | DATE       |
|-----------|--|------------|
|           | <p>2:30 pm- Chair Committee on Regional Integration, Uganda invites the Chair of the Select Committee on Regional Integration to make remarks</p> <p>2:40 pm- Consultative meeting on how the two Committees can support the integration process</p> <p>4:00 pm- Way forward</p>   |            |
| CASSOA ES | <p>11:00 am- Honorable Members arrive at the Civil Aviation Safety and Security Oversight Agency (CASSOA) in Entebbe, Uganda and received by the ES</p> <p>11:10 am- Introduction- ES introduces staff of the Secretariat</p> <p>11:20 am- CASSOA ES Invites Chair of the Select Committee on Regional Integration to introduce members</p> <p>11:30 am- Remarks by ES</p> <p>11:40 am- CEO invites the Chair of the Select Committee on Regional Integration to make her remarks</p> <p>11:50 am- Presentation on CASSOA and its role in supporting the integration process</p> <p>- Activities, challenges and opportunities</p> <p>- Role of Partner States Parliaments in Partner States in supporting CASSOA</p> <p>12:30 pm- Plenary session- Honorable members to interact with the CASSOA's staff on its role in promoting EAC integration</p> <p><b>1:00 pm- Lunch Break</b></p> <p>2:30pm- Guided tour of the CASSOA</p> <p>3:00pm - Departure</p> | 12-09-2023 |
| LVFO ES   | <p>11:30 am- Honorable Members arrive at Lake Victoria Fisheries Organisation in Jinja, Uganda and received by ES</p> <p>11:40 am- Guided tour of LVFO</p> <p>12:00 pm- Introduction- ES introduces staff of the LVFO</p> <p>12:10 pm- ES invites Chair of the Select Committee to introduce members</p> <p>12:20 am- Presentation on the operations of LVFO</p> <p>- activities, challenges and opportunities</p> <p>- Role of Partner States Parliaments in supporting critical infrastructures in the region</p> <p>1:20 pm- Plenary session- Q&amp;A</p>   | 13-09-2023 |

| DATE       | TIME & ACTIVITY  | ACTOR(S)      |
|------------|--|---------------|
| 14-09-2023 | <p>2:30 pm – Lunch and Departure</p> <p>10:00 am- Honorable Members arrive at the Inter University Council for East Africa in Kampala received by the High Commissioner</p> <p>10:10 am- Introduction- ES introduces staff members</p> <p>10:20 am- ES invites Chair of the Select Committee on Regional Integration to introduce honourable members</p> <p>10:30 am- Remarks by the ES</p> <p>10:50am- ES invites the Chair of the Select Committee on Regional Integration to make her remarks</p> <p>11:00 am- Presentation on the IUCEA and its role in promoting EAC integration process</p> <p>- Activities, challenges and opportunities</p> <p>- Role of Parliaments in supporting IUCEA</p> <p>12:30 pm- Plenary session- Q&amp;A</p> <p>1:30 pm- Lunch Break</p> <p>2:30 pm- Departure</p> | ES            |
| 15-09-2023 | <p>10:00 am- Honorable Members arrive at the East African Development Bank in Kampala, Uganda and received by CEO</p> <p>10:10 am- Guided tour of the Bank</p> <p>11:30am- Introduction- CEO introduces staff members</p> <p>11:40 am- CEO invites Chair of the Select Committee on Regional Integration to introduce honourable members</p> <p>11:50 am- Remarks by the CEO</p> <p>12:00 pm- CEO invites the Chair of the Select Committee on Regional Integration to make her remarks</p> <p>12:10 pm- Presentation on the operations of the EADB</p> <p>- Activities, challenges and opportunities</p> <p>- Role of Parliaments in the region in supporting EADB</p> <p>1:30 pm- Plenary session- Q&amp;A</p> <p>2:00 pm- Lunch Break</p> <p>2:30 pm- Departure</p>                               | EADB CEO      |
| 16-04-2023 | <p>Honorable Members travel back to Nairobi!</p>   | Self-directed |

