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COMESA

TRADING UP:

Policy innovations to expand food and agriculture trade in Africa

The Common Market for Eastern and Southern Africa (COMESA) is the largest regional economic community (REC) in Africa by membership, land area, and population. It encompasses 21 member states,[1] stretching the full length of the continent, covering over 11.8 million km^2, and including at least 583 million people. It is the second largest player in intracontinental agricultural trade, after the Southern African Development Community (SADC), contributing on average 34 percent of total intra-African agricultural exports by value in 2016–2018, compared with SADC's 45 percent. COMESA was initially established as the Preferential Trade Area for Eastern and Southern Africa (PTA) in 1981. Fourteen of the 21 countries form a free trade area (since 2000), working toward the elimination of tariffs and other barriers to trade. This has led, in part, to an increase in intra-COMESA trade, which rose from US$3.1 billion in 2000 to US$19.3 billion by the end of 2015.[1]

1 Member states include Burundi, Comoros, Democratic Republic of Congo, Djibouti, Eswatini, Egypt, Eritrea, Ethiopia, Kenya, Libya, Madagascar, Mauritius, Malawi, Rwanda, Sudan, Somalia, Seychelles, Tunisia, Uganda, Zambia, and Zimbabwe.

Unlike SADC and ECOWAS, COMESA's trade is not dominated by a single anchor member state, but rather two countries lead trade in COMESA, presenting a more balanced relationship. Egypt and Kenya are the primary regional agricultural exporters and importers, together totaling 44 percent of intraregional export supply and 37 percent of import demand in 2016–2018. Uganda, Zambia and Ethiopia follow closely behind as the next top exporters.

Table 3. Top 5 intra-COMESA exporters and importers of agricultural products in 2016–2018

Source: Authors' calculations based on 2020 AATM database.

	Exporters			Importers	
Country	Contribution (%)	Rank	Country	Contribution (%)	Rank
Egypt	23.5	1	Kenya	19.0	1
Kenya	21.0	2	Egypt	18.0	2
Uganda	18.7	3	DR Congo	9.5	3
Zambia	11.5	4	Sudan	7.0	4
Ethiopia	1.7	5	Somalia	4.5	5
Total	76.4		Total	58.0	

Remarkably, intra-COMESA agricultural exports almost tripled between 2003 and 2018, growing at 7.3 percent per year on average, compared to intra-African agricultural exports that grew at 5.8 percent per year. Intraregional exports account for up to 66 percent of COMESA's intracontinental agricultural exports. Rising from US$1 billion in 2003, intra-COMESA agricultural trade peaked at nearly US$4.7 billion in 2013, falling to US$3.1 billion in 2018.[2] The three largest items of agricultural trade are black tea, sucrose and live animals – which together account for over 20 percent of intraregional trade.[3] The predominance of intraregional trade over extraregional trade reflects the relatively easy access that agricultural exporters have to their regional markets. This can be attributed to COMESA's achievements in setting up institutions and regional integration arrangements for trade facilitation.

Institutional innovations

COMESA has developed a comprehensive, intergovernmental institutional structure designed to drive its integration agenda forward and overcome specific challenges that face a region of such diversity. The highest authority for decision-making is the Authority of the Heads of State and Government (the Authority), whose decisions are by consensus and binding. A Council of Ministers (the Council) comprised of ministers assigned by the member states reports directly to the Authority. The Council is responsible for policymaking, monitoring and reviewing the functioning of the REC. It has the power to pass binding regulations, directives and decisions, by consensus (or in some cases by two-thirds majority). A Secretariat advances policy and programmatic implementation with input from five technical divisions: trade and customs, information and networking, infrastructure and logistics, agriculture and industry, and gender and social affairs.

Agricultural trade addressed at cross-institutional levels

Stimulating agricultural trade in COMESA is a cross-institutional endeavor. While the trade and customs division is responsible for expediting economic integration by reducing trade barriers, the infrastructure and logistics division aims to expand physical connectivity, reduce the cost of doing business, and enhance competitiveness by improving the quality of ICT, energy and transport infrastructure across the region.

The agriculture and industry division within the Secretariat focuses specifically on the productivity and marketing of agricultural products in the region to drive inclusive industrialization, private sector development, and agricultural growth and transformation. To boost trade, the division supports harmonization and compliance with regional and international quality standards, as well as the sanitary and phytosanitary (SPS) requirements of trading partners through training programs across public and private sectors, resulting in a network of skilled plant and animal health professionals. In addition, the division seeks to address supply-side constraints by attracting investments to raise productivity and increase processing and value addition in both crop and livestock value chains, as well as promoting diversified industrial development.

Within the agriculture and industry division of the Secretariat, the Alliance for Commodity Trade in Eastern and Southern Africa (ACTESA) is a specialized agency focused on increasing COMESA's trade in commodities. ACTESA leads COMESA's efforts to increase staple food production and marketing by facilitating the availability of inputs, improving marketing for outputs, and increasing access to financial markets for smallholder farmers. In order to integrate smallholder farmers into domestic, regional and international markets, ACTESA advances harmonization of standards for inputs such as seeds and fertilizers, as well as quality outputs (primarily maize, beans, cassava, rice and livestock products[4]).

ACTESA also expands market access for agricultural products by strengthening market services and facilities and stimulating private sector investments in knowledge, technology and capacity transfers to support farmers and suppliers. Finally, the Agency channels policies between the public and private sectors, acting as an information hub and facilitating and coordinating activities by partners at the national and regional levels, including mobilization of resources for staple food development.

Unlocking access to finance

To support the integration program, COMESA has established financial institutions to provide not just much-needed credit (the Trade and Development Bank), but also insurance for noncommercial risks (the African Trade Insurance Agency), re-insurance, to facilitate international payments (the Regional Payment and Settlement System), and to underpin competition in the region (the COMESA Competition Commission) – all of which have received very positive assessments from international ratings agencies.

The Eastern and Southern Africa Trade and Development Bank

Established in 1985 as the PTA Bank, the Eastern and Southern Africa Trade and Development Bank (TDB) is a multilateral, treaty-based development finance institution that aims to advance regional integration and sustainable development by providing trade finance and business advisory services, and investing in infrastructure. Over the years, the number and diversity of investors in the bank has grown, as has its portfolio of projects. Sovereign members from within the COMESA region, nonregional members including the People's Bank of China, and other institutional members (such as the African Development Bank) all contribute to the TDB and support the delivery of its overall goals. In 2018, TDB held assets worth over US$5.6 billion, and 25 percent of its loan disbursements went to the agribusiness sector and 14 percent to infrastructure. The remaining priority sectors include manufacturing and energy.[5] Since 2008, TDB has extended nearly US$12 million to the Tanganda Tea Company in Zimbabwe to finance mechanization, upgrading and crop diversification. [6] In addition, Consolidated Farming – a sugar mill in Zambia – has received over US$20 million since 2001, allowing for an expansion in production from 1,500 tons per day to 2,500 tons per day.[7]

African Trade Insurance Agency

Launched in 2001, the African Trade Insurance Agency (ATI) provides risk insurance for investors specifically to facilitate trade, investment, and other productive activities in Africa. Within its first decade of operations, ATI had supported over US$2.5 billion worth of trade and investments across the continent and secured an investment grade rating of "A" from Standard & Poor's. The comprehensive risk management tools made available by ATI reduce the costs of borrowing and boost investor confidence. Specifically, ATI offers trade credit insurance to protect against payment default risks, investment insurance to protect against political risk including trade embargoes, and political violence insurance to cover risks from conflict and terrorism. Among its beneficiaries are smallholder farmers seeking to export their produce,[8] as well as an international agribusiness that insured its rice supply to Côte d'Ivoire for US$8 million.[9] An MoU between India's Export Credit Guarantee Corporation (ECGC) and ATI in 2013 has contributed to a better enabling environment for Indian exports and investments in Africa's agriculture, agro-processing, and other sectors.[10]

COMESA Clearing House and the Regional Payment and Settlement System

The COMESA Clearing House (CCH) was established in 1993 through the COMESA Treaty to facilitate the settlement of trade and services payments using local currencies among member states. It was subsequently restructured to offer new services applicable to more liberalized financial markets. One of these services is the Regional Payment and Settlement System (REPSS). REPSS is a unique and innovative approach to expediting payments between regional members securely and in a cost- and time-efficient manner. Launched in 2009, the System directly links all the participating central banks so that they can send or receive financial transactions on behalf of commercial banks in their respective countries. This results in greater competition among the banks, better financial services, and lower costs – all of which contribute to the expansion of trade among member countries. [11] Not only does REPSS facilitate the transfer and receipt of funds among member states, it also provides the same access for retail customers. For example, for individual A to make a payment to individual B in another COMESA member state, individual A presents a request for the cross-border payment to their local commercial bank. The local commercial bank then submits the equivalent payment to the country's central bank which, with COMESA-REPSS acting as a clearing house, processes and sends the funds to individual B's central bank. Individual B receives the payment as soon it has been transferred from the central bank to their commercial bank. In some instances, this process can be completed in one day.[12] Over the five years ending in January 2020, REPSS had recorded over US$138 million and nearly EUR 1 million (US$902,000) in transactions through the nine[2] participating central banks.[13] Although this is a fraction of the value of COMESA's intraregional trade, REPSS has the potential to play a vital role in stimulating agricultural trade in COMESA. If overlaid with digital and mobile-phone access, this tool can connect producers and traders across the region.

Regulating trade and implementation

The COMESA Competition Commission (CCC) is the first regional competition authority in Africa and the second in the world, after the European Competition Authority. Operationalized in 2013, the CCC is charged with enforcement of the COMESA Competition Regulations to ensure efficient operation of markets, prevent restrictive business practices, and enhance consumer welfare. For instance, in 2018, following a listeria outbreak caused by processed meat imported from South Africa, the CCC banned further imports from the company involved until it had resolved its quality and safety issues.[14] To meet its objectives, the CCC is established as an autonomous body with an international legal personality. Through the COMESA Treaty, the CCC has the legal capacity to operate within the territory of each member state, although its interventions are effectively restricted to cross-border trade between member states. However, since 2013, the competition regulations require that all cross-border transactions be notified to the Commission for approval. Thirteen commissioners nominated by member states report to the director of the CCC. While this may appear to create an additional layer of bureaucracy, the intended impact is rather to provide a "one-stop shop" for cross-border transactions, thereby easing the cost of doing business in REC. The COMESA regime also provides the only and most extensive network of national competition authorities in Africa.[15] Moreover, the Commission plays an advocacy role in handling complaints relating to anticompetitive business practices and other unfair business practices; and it has established a "fast-track" platform to deal with day-to-day complaints. Finally, the CCC also oversees mergers and acquisitions (M&A) within the region. Mergers represent one the most favored methods for investing in Africa. Hence, the rate of M&As taking place in all the COMESA member states is an indication of the attractiveness of investing in the Common Market. Over the period 2013–2019, over 20 agriculture sector M&As took place in the region, in addition to over 15 in food and beverages, and 5 in retail.[16,17]

Established in 1994, the COMESA Court of Justice (CCJ) is in charge of enforcing compliance with regional trade and economic commitments by the member states. In the case of a dispute between member states – for example, due to infringement of a regional agreement or failure to implement regional regulations – the matter is referred to the Court, which may impose sanctions. As yet, the CCJ has not ruled on any compliance or competition-related disputes or appeals, and infringements have not been sanctioned.

Leather and Leather Products Institute

Livestock and livestock products are key contributors to the economies of eastern and southern Africa.[18] However, few countries have a sophisticated leather industry, relying instead on exports of unprocessed skins and hides. To advance the region's leather value chain and industry, COMESA formed a specialized Leather and Leather Products Institute in 1990, rebranded as the Africa Leather and Leather Products Institute (ALLPI) in 2018. ALLPI's mission is to enhance the value addition, sustainability and competitiveness of leather producers through knowledge-sharing and innovation. In addition to offering training programs and environmental, health and safety advice, ALLPI also supports the development of clusters and service centers to build a downstream market for finished leather and stimulate intraregional trade. By 2015, LLPI contributed toward greater intraregional trade in leather products by supporting the formulation of leather industry strategies in nine member states, developing a curriculum for vocational training in Burundi, Kenya and Sudan, conducting training programs on leather footwear technology and pattern-making for SMEs, and training over 150 artisanal producers.[19] LLPI also partnered with the International Trade Center and COMESA to pilot a comprehensive reform of Zimbabwe's leather sector. A participatory multistakeholder process in Zimbabwe led to the creation of a national sector strategy, a public–private platform to define priorities and identify potential challenges, and local SME clusters through which more established value chain actors could support SME growth. The success of this approach is being scaled out and can be adapted for other priority sectors that share a common interest among member states (see policy innovations section below).

Gender inclusivity

Women in business play an important role in advancing the regional integration agenda in COMESA. The Treaty recognizes women as key players in agriculture, industry and trade. Gender mainstreaming across COMESA's member states has therefore been commended, having set and surpassed targets higher than those outlined in the

2 DRC, Egypt, Kenya, Malawi, Mauritius, Rwanda, Eswatini, Uganda and Zambia.

Millennium Development Goals (MDGs).[20] Created in 2009, the Gender and Social Affairs Division in the COMESA Secretariat champions COMESA's gender policy, gender mainstreaming, advocacy, and capacity building to achieve regional, continental and global commitments.

In addition, an institution connected to the COMESA governance system – the Federation of National Associations of Women in Business (FEMCOM) (previously the Federation of National Associations of Women in Business in Eastern and Southern Africa) – aspires to integrate women into trade and development activities in eastern and southern Africa.[21] FEMCOM is piloting cassava cluster programs in 10 COMESA countries to enhance the competitiveness of cassava micro, small, and medium-sized enterprises by building their capacity for integration in intraregional trade. The clusters offer training, resource mobilization, and investments in trading centers and additional facilities to foster women's involvement in cassava value-chain development. Of these, the Tangakona Commercial Village Cassava Cluster in Kenya's Busia County successfully scaled up production and quality of output with support from FEMCOM, COMESA and Farm Concern International. Between 2015 and 2019, the cluster's farmers registered their value-added products with the Kenya Bureau of Standards, thus meeting the required quality standards for national and regional markets. They also began supplying 10,000 tons of cassava per month to a processing company in Nairobi.[22]

Policy innovations

Agriculture is one of the main economic activities in COMESA, employing nearly 60 percent of its total workforce and contributing over 20 percent of total GDP.[23] As one of the AU's strategic RECs, COMESA is playing an increasingly important role in coordinating and facilitating support for member states' national implementation of CAADP. From 2008–2010, the COMESA Secretariat partnered with the Food, Agriculture and Natural Resources Policy Analysis Network (FANRPAN) to design a regional compact following a multistakeholder consultation process. The draft regional compact identified three priority areas for intervention: productivity along value chains, infrastructure and trade development corridors, and human capacity enhancement for all actors involved in food systems.[24]

A regional compact for COMESA

Since 2010, COMESA has been working with other development partners, including the International Food Policy Research Institute (IFPRI), to move the CAADP agenda from a simple framework document to an on-the-ground operation guided by high-quality, locally based research and evidence.[25] Notwithstanding a brief a halt in progress and a down-scaling of ambitions, COMESA signed a regional CAADP compact in November 2014. Its overarching goal is to contribute to regional food security and integration through better policy co-ordination, effective policy implementation, and budget support. The regional compact leverages the potential of COMESA to co-ordinate and facilitate strategic interventions that individual member countries cannot achieve on their own. For example, it enables COMESA to initiate programs that are transboundary in nature, such as enhancement of production and productivity of commodity value chains along the transport corridors that enable free flow of staples from surplus to deficit areas. In addition, the regional compact aims to boost agricultural trade by addressing nontariff barriers to agricultural trade, such as SPS measures, and to link smallholder farmers to regional markets.[26]

Driving CAADP implementation

COMESA has also been fundamental in driving forward the implementation of CAADP within member states, while coordinating regionwide investments through the regional CAADP compact. For instance, Kenya's ascension to the CAADP process in July 2010 was influenced greatly by COMESA. This in turn provided additional credibility to the launch of Kenya's own national agriculture policy.[27] In addition, COMESA mobilized technical, financial and organizational support to successfully establish the Strategic Analysis and Knowledge Support System (SAKSS) platform in Zimbabwe. The platform strengthens statistical, data and monitoring capacity for the country's agricultural sector.[28]

A solid Regional Agricultural Investment Plan

Finally, this process has culminated in the formulation of a Regional Agricultural Investment Plan (RAIP) covering the period 2018–2022. Formulated in partnership with the Food and Agriculture Organization of the United Nations (FAO), the RAIP is a pragmatic, instrument-based investment plan that identifies specific, targeted and costed interventions – the implementation of which is likely to have a concrete and constructive impact.[29]

Aligned with the priorities set out in the regional compact as outlined above, the RAIP also has three regional investment program areas (RIPAs):

- Production and productivity of commodity value chains within selected agricultural corridors
- Agricultural trade and markets
- Resilience, food and nutrition security

A fourth RIPA captures six cross-cutting issues for improving co-ordination and efficient implementation, including: gender and age, institutional capacity development, information and knowledge management, resource (financial and technical) mobilization, and effective sector co-ordination.

Each priority area is further disaggregated to investment/intervention areas, and specific tools and measures are identified to achieve defined outcomes. Within RIPA 2 on agricultural trade and markets, the RAIP presents five key intervention area, namely private sector participation, market information systems, infrastructure in corridors, regulatory environment, and capacity at SPS laboratories. These interventions are expected to contribute toward reducing barriers to agricultural trade and improving farmers' linkages to markets, particularly near corridors.

The Council and relevant technical committees are responsible for fiduciary oversight of the RAIP, while the day-to-day co-ordination of RAIP implementation resides within the Secretariat's Agriculture and Industry Division. Of a total budget of US$19 million for implementation of the RAIP at COMESA level, 30 percent is allocated to RIPA 2 (US$5.5 million plus a 5 percent contingency allowance), demonstrating the importance of agricultural trade in achieving regional food security and integration.[30]

A systemic approach to regional agricultural integration through MTSPs

In parallel to the CAADP processes, COMESA also publishes Medium Term Strategic Plans (MTSP) to drive its regional integration process, with a focus on diversifying and enhancing the competitiveness of agricultural production, industry (including agro-processing) and service sectors. Bolstering the systemic approach adopted by the REC, each MTSP presents key actions (programs) and targets for the three priority areas in the regional compact and the RAIP: increasing production and productivity along corridors and supporting agricultural trade by harmonizing technical, quality and SPS standards. For example, the MTSP covering the period 2011–2015 reinforced efforts to harmonize technical standards and SPS measures by setting targets for 14 member states to adopt and implement regional SPS measures by 2015, and for 19 countries to implement mutually recognized SPS certificates. It also aspires to implement regional programs to attract investment in R&D on agro-processing.[31]

Similarly, the MTSP covering 2016–2020 highlights SPS measures in order to maintain momentum in achieving trade-related objectives, with focus on supporting the implementation of regulatory reforms to advance mutual recognition and equivalence agreements for specific SPS measures and standards. In addition, the MTSP 2016–2020 calls for advancing the implementation of initiatives such as Yellow Card, One Stop Border Post (OSBP), and single customs transit bonds for COMESA (see programmatic interventions below) to facilitate greater regional agricultural trade. Agricultural productivity and agro-processing are also featured as key intervention areas in the 2016–2020 MTSP to enhance supply-side capacity and meet its industrialization objectives. Building on the four pillars in the COMESA Industrial Policy adopted in 2015 (see below), the MTSP emphasizes the importance of increasing investment in agriculture and agribusiness, as well as fostering public–private partnerships, to support value addition and cluster-led development.[32]

Emphasis on value addition

The COMESA Industrial Policy (2017–2026) aims to support the structural transformation of regional economies through sustainable and inclusive industrialization. Its specific targets are: increase value-added products and exports from 9 percent of GDP in 2015 to 29 percent by 2026; increase the share of manufacturing in GDP to at least 20 percent by 2026; and increase intraregional manufactured exports relative to total manufactured imports to the region from the current 7 percent to 20 percent by 2026.[33] To achieve these, the policy's approach has four pillars: value addition and value chains, growth poles, small and medium-sized enterprises (SMEs), and industrial linkages and industrial support services – all of which could enable firms to exploit economies of scale from markets accessible through the REC. The policy also targets eight priority sectors, including agro-processing, leather and leather products, and chemicals and agro-chemicals.[34]

Industrialization, especially within several of the priority sectors such as agro-processing and leather, has a broad appeal among COMESA member states, and aligns with their national goals. Providing financial and technical-capacity enhancement for sectors that are already prioritized at a national level offers a clear entry point for implementation of the regional policy. The success of targeted interventions within the leather value chain are a case in point. Moreover, growth and capacity building of SMEs and their integration into formal value chains is also a common objective of COMESA member states' industrial development strategies, creating potential for swift and effective implementation of the COMESA Industrial Policy.[35]

Studies have shown that as intra-COMESA trade increases, so does the likelihood of industrialization within those countries, unlike trade between COMESA member states and nonmembers. The relationship between trade and industrialization is mutually reinforcing. While industrialization is essential to supply growing agricultural trade within COMESA, industrialization also contributes to greater trade. Although slow, COMESA's programs to advance industrialization are bearing fruit and should continue. Drawing on external assistance through technology transfer would expedite the rate of industrialization and the transition into intermediate or high-value production. However, this requires a robust business environment for investments, as well as improved transport and corridor infrastructure.[36]

Private sector engagement

Another key institution of regional integration is the COMESA Business Council (CBC), which represents the interests of the private sector at a regional level. The CBC operates as a membership-based organization to actively promote business participation in regional integration, investment and global trade. CBC was established in 2005 to provide business support services and linkages, influence policy, and share market information and intelligence. It convenes sectoral and multisectoral dialogues to engage the public and private sectors on key constraints and challenges faced by businesses in the region.[37] Recommendations from these discussions and other engagement with the private sector is collated via 11 technical workgroups,[3] and then conveyed to the COMESA Council for adoption.

In addition to the services provided above, CBC has also implemented several projects to address trade-related challenges in the region. For example, with support from the African Development Bank, it has compiled a mapping and assessment report on potential agri-business and other industry partnerships along the transport corridors of eastern and southern Africa. The report demonstrates the potential of transport corridors to generate economies of scale within the agriculture sector. A key output of the project titled Towards Fostering Business and Trade within the Supply Chain Networks along the Transport Corridors in COMESA: An Agro-Industry Corridor is a business guide to facilitate the development of sustainable supply chains within the region.[38] In addition, since 2015, the CBC has been implementing the CBC Local Sourcing for Partnerships Project in Ethiopia, Kenya, Malawi, Rwanda, Uganda and Zambia. The project aims to build the technical capacity of agrifood SMEs on quality standards and to promote business linkages into the supply chains of larger businesses, specifically in the tourism and food and beverage sectors.[39] Within the first year of its implementation, 824 SMEs were trained on food-safety standards, 10 companies were negotiating supplier contracts with buying partners; and 3 companies had their products sold by regional companies.[40]

Programmatic interventions

Supporting trade policy implementation

Regional Integration Support Mechanism

COMESA has implemented a Regional Integration Support Mechanism (RISM) to help countries joining the REC and the East African Commission (EAC) Customs Union Common Markets to deal with significant direct and indirect costs resulting from the adjustment to new trade structures and procedures. The RISM program constitutes the operationalization of the COMESA Adjustment Facility (CAF), the second window of the COMESA Fund. The program was funded through a Contribution Agreement between COMESA and the European Union (EU) in 2007 with €78 million (US$94.7 million). RISM is designed to address tariff revenue losses resulting from the implementation of the COMESA Free Trade Area and the COMESA and EAC Customs Unions. It also supports policy reforms for greater efficiency of domestic markets and assists firms in complying with new obligations and addressing the social and economic costs of liberalization. In addition, RISM seeks to improve the global competitiveness and resilience of economies and industries, in order to allow them to benefit from new market opportunities, by supporting improvement of productive infrastructure and investment in new product development.[41] Countries implementing the tariff reforms were thus provided budget support. However, as only revenue losses during the implementation of the reforms were compensated, the majority of member states,

3 SM-Enterprises; Manufacturers Work Group; Agriculture-Seed, Horticulture; Agro Industry - Tobacco; Tourism; Transporters and Logistics Services; Financial Services; Digital Services Industry; Professional Services Industry; Trade Facilitation and Non-Tariff Barriers; and Coalition of Services Industries.

which had already carried out the reforms when RISM was established, did not benefit. Only Burundi and Rwanda, which joined the EAC Customs Union more recently, benefited from RISM. However, in 2012, a RISM rider was signed to enable RISM to serve as an ex post compensation mechanism to support member states that aligned their national trade structures and procedures with regional ones. Countries were also incentivized through RISM to better report and monitor the implementation of COMESA commitments. In fact, to benefit from RISM support, COMESA member states have to report annually on the implementation of regional commitments. An evaluation of RISM in 2014 showed that the program has incentivized countries to quickly adopt regional trade structures and procedures that would otherwise be implemented at a slower pace. Between 2008 and 2016 the RISM program has supported the implementation of 11 projects in 10 countries on capacity building for domestication of regional provisions, and on developing corresponding national policies and regulations on transport, investment, trade and industrialization.[42] Finally, RISM has provided member states with a platform to improve their own monitoring of and reporting on national implementation progress.[43]

Facilitating the movement of goods and people

Transport insurance

COMESA has significantly improved its transport system by adopting a regional transport insurance mechanism, which encourages and facilitates the transport of traded agricultural products across borders. In 1985, drawing on the successful experience in Europe and other parts of the world, COMESA member states agreed within the Protocol on Transport and Communications to adopt a regional third-party motor vehicle insurance scheme for goods and vehicles. In 1986, the third-party motor vehicle insurance scheme, implemented as a Yellow Card Scheme, was signed by 14 countries in Addis Ababa, Ethiopia. This scheme was then expanded to the Preferential Trade Area for Eastern and Southern African (PTA). The Yellow Card is designed to overcome challenges arising from intraregional traffic by providing liability insurance for foreign motor vehicles within the region. It also compensates for medical expenses related to traffic accidents caused by foreign motorists. The COMESA Yellow Card Scheme is currently operational in 12 COMESA member states, recognized as valid insurance coverage, and supplied by around 180 insurance companies across the region. Its success in facilitating interstate traffic has incentivized over 147,000 non-COMESA motorists, particularly from SADC countries, to adopt it when visiting or transiting through the COMESA member countries.[44]

The Regional Customs Transit Guarantee Scheme

In pursuing its trade facilitation efforts, COMESA designed and implemented the Regional Customs Guarantee Scheme (RCTG) in 2012 to facilitate the movement of transit goods under customs seal within the COMESA region, including agriculture and food products. Under the RCTG, customs bonds are developed and are used as guarantees to ensure that countries recover duties and taxes from the guarantors, for example if goods in transit are illegally disposed of, such as for consumption in the country of transit. Therefore, the RCTG Scheme serves as a tool to ensure that transport operators, freight forwarders, and clearing agents safely and reliably deliver goods. In addition, it provides customs administrations with a secure regional system protecting the revenue of each country through which goods transit. The RCTG is part of the operationalization of the COMESA Protocol on Transport, Trade and Transit Facilitation, which requires that all member states implement transit and customs measures to remove barriers to trade and transport in the region. By December 2020, 12 COMESA member and nonmember states had signed and ratified the RCTG Agreement, including Burundi, Djibouti, DRC, Ethiopia, Madagascar, Malawi, Kenya, Rwanda, Sudan, Tanzania, Uganda and Zimbabwe.[45]

COMESA Virtual Trade Facilitation System

COMESA has also emphasized the use of digital services and tools to improve the movement of goods within the region. The COMESA Virtual Trade Facilitation System (CVTFS) is an electronic trade facilitation tool and platform that was developed to monitor consignments along different transport corridors across the region. The system is important for agricultural trade, in particular of perishable products, as it considerably reduces delays in transport and hence food loss. CVTFS is an online platform that integrates COMESA instruments relevant to transport and trade including: Yellow Card, RCTG, Transit Data Transfer Module, Carrier License for road freight operators, COMESA Certificate of Overload Control, and the Customs Declaration Document. The CVTFS allows trade actors to monitor all information on goods in transit anywhere in the region, thereby significantly reducing the cost of doing business. All trade actors can access the system, including customs authorities, freight forwarders, insurance companies, banks, port authorities, container freight stations, and traders themselves. CVTFS therefore improves the tracking of goods by providing full visibility in real time of all tagged consignments from source to destination. The system is currently operational in Djibouti, Ethiopia, Malawi, Tanzania, Zambia and the Northern Corridor states of DRC, Kenya, Rwanda, and Uganda.[46]

Improving small-scale cross-border trade

Through several programmatic interventions, COMESA has committed member states to improving small-scale cross-border trade (SSCBT), which is often dominated by women and the trade of agricultural products. In its efforts to address the difficulties often faced by female cross-border traders, COMESA implemented the Simplified Trade Regime (STR) in 2010 applicable to trade valued at US$2,000 or less. Under the STR, traders are required to complete a simplified customs document; in return, they receive a certificate of origin signed and stamped by a customs official of the exporting country. However, traded goods should also comply with the normal food safety, plant and animal health regulations, including environmental protection.[47]

In addition, the traded goods must be on the official list of products considered under the STR arrangement at the customs offices. STR benefits include fast clearance at border posts, reduced clearance costs, and reduction of informal and illicit trade and its related risks for traders, such as loss of goods and harassment. STR also improves the collection of data on imports and exports, which can inform planning and policy design. STR is currently operational at the borders of Burundi, DRC, Kenya, Malawi, Rwanda, Uganda, Zambia, and Zimbabwe.[48]

Improving access to inputs

COMESA implemented the COMESA Regional Agro-Inputs Programme (COMRAP) in 2010–2011, through the Alliance for Commodity Trade in Eastern and Southern Africa (ACTESA). The program was funded by the European Commission with the aim of improving food security and livelihoods in the COMESA region through capacity building for civil servants in all member states and targeted training activities for regional input providers. The program was piloted in eight countries, including Burundi, Eswatini, Ethiopia, Malawi, Rwanda, Uganda, Zambia and Zimbabwe. COMRAP sought to improve their access to inputs and services, while agro-dealers were trained on needs assessment and delivering inputs in a timely manner. To scale up seed production and distribution rapidly across all COMESA member states, COMRAP provided seed multiplication and laboratory equipment. The program also sought to strengthen the capacity of financial and insurance market actors to deliver credit to smallholders and supply weather-index-based insurance against drought and other weather extremes. Furthermore, COMRAP introduced seed regulations and harmonization frameworks at the regional level, drawing on the experience of other RECs. Over the duration of COMRAP, 755 agents were trained on delivering credit to smallholders, and over 1,700 insurance and bank personnel received training on weather-index-based insurance. In addition, about 25,000 tons of seed were produced, and more than 7,500 people received training, of whom 5,686 were agro-dealers.[49]

Conclusion

COMESA has a sound institutional framework that supports agricultural development as well as agricultural trade. The REC has adopted a pragmatic approach to addressing key barriers to agricultural trade by developing targeted institutional responses as well as solid programmatic interventions. Focusing on unlocking finance for trade through robust banking and insurance institutions is a unique and innovative approach. It can have a transformational outcome if combined with digital technologies, which can make solutions more accessible to smallholder farmers and enable data collection on usage and reach. Similarly, instituting a competition commission, which provides a one-stop shop for implementing regulations and protecting consumer welfare, could further facilitate agricultural trade. Complementing this with a wide range of solutions to ease transit across and between countries (such as Yellow Card, RTCG and CVTFS) has further strengthened intraregional trade. In addition, sector-focused interventions, such as those for leather and cassava, have resulted in robust solutions, tailored for local contexts. Moreover, working across governments nurtures the motivation for regional integration.

Despite these innovations and successes, there is a clear need to frame interventions in long-term policies that are subsequently evaluated. While using a programmatic approach may work on specific, targeted trade barriers, crafting comprehensive policies with clear targets and support mechanisms can provide a wider vision for the region and its member states to work toward. Importantly, independent evaluations of progress would compel implementation and accountability.

Endnotes

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