

# EUROPEAN UNION CONTRIBUTION AGREEMENT WITH AN INTERNATIONAL ORGANISATION

FED/2012/297-561

(the "Agreement")

The European Union, represented by the European Commission, (the "Contracting Authority")

of the one part,

and

United Nations Development Programme - UNDP with its Head office at One United Nations Plaza,  
New York, NY 10017 USA (the "Organisation")

of the other part,

(Individually a "Party" and collectively the "Parties"), have agreed as follows:

## Special Conditions

### Article 1 - Purpose

- 1(1) The purpose of this Agreement is a contribution by the Contracting Authority for the implementation of the action entitled: "Development of a robust standardization, quality assurance, accreditation and metrology (SQAM) Infrastructure in Malawi" (the "Action") as described in Annex I.
- 1(2) The Organisation will be awarded the contribution on the terms and conditions set out in this Agreement, which complies with the provisions of the Financial and Administrative Framework Agreement (FAFA) between the European Community and the United Nations signed on 29 April 2003, and consists of these special conditions (the "Special Conditions") and their annexes.
- 1(3) The Organisation accepts the contribution and undertakes to do everything in its power to implement the Action under its own responsibility.
- 1(4) The Action is a Joint Management Action for all purposes of this Agreement.
- 1(5) The Action is a Multi-donor Action for all purposes of this Agreement.

### Article 2 – Entry into force, Implementation Period and Execution Period

- 2(1) This Agreement shall enter into force on the date when the last of the two Parties signs.
- 2(2) The implementation period of this Agreement (the "Implementation Period") will begin on the day following that on which the last of the two Parties signs.
- 2(3) The Implementation Period, as laid down in Annex I, is 44 months.
- 2(4) The execution period of this Agreement shall start at the entry into force of this Agreement as provided for in Article 2(1) and shall end at the moment when final payment is paid by the

Contracting Authority in accordance with Article 17 of Annex II or when the Organisation repays any amounts paid in excess of the final amount due pursuant to Article 18 of Annex II. In cases where there is no final payment by the Contracting Authority or final repayment by the Organisation, the end of the execution period shall be the end date referred to in Article 12.5 of Annex II.

### Article 3 - Financing the Action

- 3(1) The total cost of the Action eligible for financing by the Contracting Authority is estimated at EUR 3,860,468 as set out in Annex III.
- 3(2) The Contracting Authority undertakes to finance a maximum of EUR 3,800,000; equivalent to 98.43 %<sup>1</sup> of the estimated total eligible cost specified in paragraph 1; the final amount will be established in accordance with Articles 14 and 17 of Annex II.
- 3(3) Pursuant to Article 14.4 of Annex II, 7% of the final amount of direct eligible costs of the Action to be reimbursed by the Contracting Authority to the Organisation in accordance with Articles 14 and 17 of Annex II, may be claimed by the Organisation as indirect costs.
- 3(4) Pursuant to Article 14.3 of Annex II, the Regulation under which this Agreement is financed does not exclude financing of taxes in the case the Organisation can show it cannot reclaim.

### Article 4 - Narrative and financial reporting and payment arrangements

- 4(1) Narrative and financial reports shall be produced in support of payment requests, in compliance with Articles 2 and 15.1 of Annex II.
- 4(2) Payment will be made in accordance with Article 15 of Annex II; of the options referred to in Article 15.1, the following will apply:

Pre-financing		EUR 758,096
Interim payments	1.	EUR 1,390,295
	2.	EUR 1,076,736
	3.	EUR 417,363
Forecast final payment		EUR 157,510

### Article 5 - Contact addresses

Any communication relating to this Agreement shall be in writing, shall state the number and title of the Action, and shall use the following addresses

For the Contracting Authority:

Payment requests and attached reports, including requests for changes to bank account arrangements shall be sent to:

European Commission

Delegation in Malawi

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<sup>1</sup> The remainder EUR 60,468 or 1.57% will be financed by UNDP.

For the attention of Financial Unit/Section, Delegation of the European Union to Malawi - P.O. Box 30102, Lilongwe 3

Copies of the documents referred to above, and correspondence of any other nature, shall be sent to:

European Commission

Delegation in Malawi

For the attention of Operational Unit/Section, Delegation of the European Union to Malawi - P.O. Box 30102, Lilongwe 3

For the Organisation:

Resident Representative United Nations Development Programme in Malawi, P.O. Box 30135, Lilongwe 3

**Article 6 - Annexes**

6(1) The following documents are annexed to these Special Conditions and form an integral part of the Agreement:

- Annex I: Description of the Action
- Annex II: General Conditions applicable to European Union contribution agreements with international organisations
- Annex III: Budget for the Action
- Annex IV: Financial identification form
- Annex V: Standard request for payment

6(2) In the event of a conflict between the provisions of the present Special Conditions and any Annex thereto, the provisions of the Special Conditions shall take precedence. In the event of a conflict between the provisions of Annex II and those of the other annexes, the provisions of Annex II shall take precedence.

**Article 7 - Other specific conditions applying to the Action**

7(1) The following shall supplement the General Conditions:

7(1)(1) Communication and Visibility Plan: Article 6 of the General Conditions is complemented by the inclusion of Section VIII of the Description of the Action (Annex I). The implementation of the envisaged communication and visibility provisions will be incorporated into the reporting arrangements, which are further elaborated below, and discussed in preparation for the main monitoring and evaluation missions, which will be extended to the EU (as stipulated under Article 8 of the General Conditions).

7(1)(2) Reporting: Section 4(1) above and Articles 2 and 15.1 of the General Conditions are complemented as follows:


Annual narrative and financial reports will be submitted by UNDP to the EU as per calendar year, before the end of the fourth month following the end of each




calendar year. For the year 2012, the narrative and financial reports covering the period from the start of the implementation period up to the end of December 2012 will be submitted to the EU by the end of April 2013. In addition, an interim Narrative Progress Report and an interim Financial Report reflecting the initial budget consumption shall be submitted to the EU to allow monitoring on a bi-annual basis (i.e. every six months). In the event that an interim report as specified above can be used to support a payment request, as stated in Article 15.2 of the General Conditions, no additional reporting for the payment request is required. Interim reports shall be forwarded to the Contracting Authority within 45 days of the expiry of the covered period.

Done in Lilongwe, Malawi in three originals in the English language, two for the Contracting Authority and one for the Organisation.

**For the Organisation**

Name Richard Dictus  
Position Resident Representative UNDP  
Signature   
Date 28/8/2012

**For the Contracting Authority**

Name Alexander Baum  
Position Head of EU Delegation  
Signature   
Date 31.08.2012

## ANNEX I

### DESCRIPTION OF THE ACTION

**Project Title:** Development of a robust standardization, quality assurance, accreditation and metrology (SQAM) Infrastructure in Malawi

Accounting No. FED/2012/297-561

#### I. BACKGROUND INFORMATION

**1.1 Beneficiary Country:** The Republic of Malawi

**1.2 Contracting Authority:** The European Union Delegation in Malawi

#### 1.3 Situation Analysis

Malawi is a landlocked, densely populated country in Southern Africa where nominal annual income currently stands at around US\$290<sup>1</sup> and the Gross Domestic Product is estimated at US\$3.5 billion. The population is estimated at 13 million people<sup>2</sup> with an annual population growth rate of about 2.8 per cent. The country's economy is characterized by a high dependence on agriculture - vulnerable to weather shocks -, a narrow industrial base and weak inter-sectoral linkages.

Although agriculture contributes 35 percent of GDP compared to 46 percent by services and 19 percent by industry, the sector accounts for more than 80 percent of Malawi's export earnings, and supports 85 percent of the population. In addition, Malawi's trade and investment position is weak as per its low trade per capita ratio<sup>3</sup> of US\$80. This is largely attributed to structural challenges including supply-side constraints, inadequate legislation pertaining to foreign direct investment, poor public trade facilitation services, reliance on a narrow export base, the economy's vulnerability to exogenous shocks, and slow technology advancement and absorption.

There is a clear need for rapid and sustainable economic growth if Malawi is to achieve the Millennium Development Goals (MDGs) and the overall objective of poverty reduction on a meaningful scale. Trade has the potential to be an engine for growth that lifts the vast majority of the people of Malawi out of poverty. However, the country faces barriers that prevent it from benefiting fully from the world trading system. Moreover, internal barriers, e.g. inadequate knowledge and limited accessibility to information on export opportunities, excessive red tape, inadequate financing, poor infrastructure, pose major obstacles to Malawi's trade expansion and diversification efforts. Such quantifiable supply-side constraints substantively add to operational costs and undermine trade development and export competitiveness in Malawi.

Malawi is an original Member of the World Trade Organization (WTO). It is also a signatory and beneficiary of a number of bilateral and multilateral trade agreements. These include the SADC Trade Protocol, COMESA, the Malawi-Zimbabwe bilateral trade agreement and Malawi-South Africa

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<sup>1</sup> WDI, World Bank 2008

<sup>2</sup> NSO, National Statistical Office Malawi 2008

<sup>3</sup> Trade per Capita is estimated as an economy's total trade of goods and commercial services (exports and imports, balance of payments basis) divided by the population. It is calculated on the basis of data for the three latest years available (2004-2007)



bilateral trade agreement, and the US-AGOA initiative for concessional exports to the US market. Malawi's membership to overlapping regional and bilateral arrangements with different geographical coverage, trade liberalization agendas and trading rules makes its trade regime very complex.

The Malawi Bureau of Standards (MBS) is the national enquiry point that is required by the WTO under the Agreement on Technical Barriers to Trade. MBS sets and implements standards and conducts conformity tests on selected imports and exports. An increasing proportion of its funding over the years has come from revenues generated by its quality assurance and testing activities. There are three technical divisions operating within MBS: (i) chemical and textile; (ii) engineering and materials; and (iii) food and agriculture.

The MBS is a parastatal organization established in 1972 by an Act of Parliament (Cap 51:02) under the Law of Malawi with the mandate "to promote standardization of commodities and of their manufacture, production, and processing or treatment, and to provide for matters incidental to, or connected with standardization".

A new Malawi Bureau of Standards Act has since been tabled and subsequently approved at Parliament in July, 2012. It addresses the challenges encountered during the implementation of the previous act (Cap.51:02). The objectives outlined in the current act, that the MBS has to execute in order to fulfil its mandate include, amongst others,:

- Promote standardization in commerce and industry;
- Make arrangements or provide facilities for the testing and calibration of precision instruments, gauges and legal apparatus for the determination of their degree of accuracy by comparison with standards approved by the Minister on the recommendation of the Board, and for issuing related certificates;
- Make arrangements or provide facilities for the examination in order to examine, test or analyze articles, materials and substances;
- Control, in accordance with the provisions of the Act, the use of standardization marks and distinctive marks;
- Provide for the testing of locally manufactured or imported commodities with a view to determine whether such commodities comply with the provisions of this Act, the Merchandise Marks Act or any other law related to standards of quality.

MBS provides business services directly to government entities and private companies. Besides, in order to best serve its clients and maintain independence from Government, MBS should systematically assess its market demand which, as in most cases, is often overlooked.

There is a strong perception that market demand for conformity services, particularly with regards to testing and calibration services for the private sector, is higher than currently available. However, exporters from Malawi are at present disadvantaged by the lack of internationally accredited testing facilities for certification of products for export. Certificates from MBS are only accepted in the region and exporters incur in high costs to obtain certification overseas. More generally, MBS has limited infrastructure to meet demands for the provision of Standards, Quality Assurance, Accreditation and Metrology (SQAM) services within Malawi.

Also the uptake of quality management systems such as ISO 9000 standards and of systematic preventative systems for food, drug, biological and chemical safety such as HACCP, whose principles inform ISO 22000, has been low. Large businesses that require such standards to supply international markets have invested towards attaining these standards and towards being certified by internationally accredited bodies. Whilst smaller businesses have chosen to limit supply efforts to markets where such management systems are not, at present, a must. However, the need for such standards, across all companies – from small to large, is increasing and a failure to adopt them may well limit the country's exports to less demanding and hence less attractive markets. Overall, the country's Metrology capacity is in disrepair since the MBS lacks adequate equipment for calibration and resources for enforcing correct measuring.



Against this background, investing in SQAM infrastructure will bring long term benefits by helping to drive up product standards and food safety in the country. SMEs and the general public would benefit from better quality management services, reliable product specifications and good manufacturing processes that meet international standards; moreover improved food safety measures and improvements in metrology will have a significant impact on consumer protection. Therefore, strengthening the SQAM infrastructure in Malawi is the long term and sustainable solution to promoting exports from Malawi that meet international standards.

#### 1.4 Justification for the Intervention

As per above, the development of SQAM infrastructure in Malawi is a sustainable solution to promoting exports that meet international standards. Currently, product certification issued by the Malawi Bureau of Standards does not comply with International standards and is not accepted on foreign markets, though the level of acceptance and compliance varies by product. This has grave implications on exporters that are required to undertake re-inspection or re-certification of products through private providers (located abroad) and involves higher costs and significant time delays. Exporters would therefore benefit considerably from having a lower cost, internationally accredited product certification facility in Malawi.

To be effective towards companies and organisations, The National Quality Infrastructure (NQI) should be able to:

- provide information on the application of technical regulations, on the implementation of standards especially those related to management systems (e.g. quality and food safety), training on the application of those standards, auditing and certification of the conformity of management systems in organisations, certification of conformity of products within the range of applicable standards;
- offer compliance testing and calibration services.

For such purpose the NQI, and specifically the MBS, should be prepared to incessantly evaluate the market demand for its services and to undertake the right initiatives to foster demand and consequently to deliver appropriate business to business (B2B) services.

Such obligations of MBS, imply the existence of a focused organisation, of competent and accountable staff, and of adequate resources as far as equipment is concerned.

The “Development of a robust standardization, quality assurance, accreditation and metrology (SQAM) Infrastructure in Malawi” project intends to:

- equip the Malawi Bureau of Standards with the critical soft and hard assets needed to fully execute its mandate;
- improve systematic accessibility to all aspects related to Technical Regulations and associated enforcement institutions;
- achieve international recognition of national certificates of conformity for product and management systems standards;
- support SMEs to implement quality management systems and build capacity for export in enterprises that grow and process agricultural products for which the practice of HACCP and ISO 22000 standards will be a great asset for its competitiveness in doing business with customers abroad.

The project's overall activities are focussed to achieve the following results:

1. A Malawi Bureau of Standards accredited for delivering audit and certification services to companies, processes, products and services in compliance with International Standards and

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guidelines (ISO 9001 QMS, ISO 17025, HACCP based Food Safety System, ISO 22000:2005);

2. The National Metrology function is assured with effectiveness and efficiency.

### 1.5 Programmatic Framework

Government of Malawi, with technical and financial support from the UNDP Country Office, has formulated a new strategic programme on Private Sector Development (PSD) for the next five years, consistent with the Malawi Growth and Development Strategy (MGDS I & II) which envisages private sector and export-led growth in Malawi. The new Programme is expected to contribute to implementing the Government's shared vision of reducing poverty in Malawi through the promotion of exports and the diversification of the economy and transforming Malawi from a predominantly consuming and importing country to a predominantly producing and exporting one.

The SQAM Infrastructure project ties in well with the UNDP supported overarching Private Sector Development Programme and addresses infrastructural constraints that have a binding on the performance and competitiveness of exports.

## II. CONTRACT OBJECTIVES AND EXPECTED RESULTS

### 2.1. Objectives

**The overall objective of the "Development of the SQAM Infrastructure in Malawi"** is to enhance the ability to export goods from Malawi by reducing the need for re-testing, re-inspection, or re-certification abroad, through acceptance of measurements, tests, conformity assessment results issued in Malawi.

The purpose of the project is to contribute to a more adequate, effective and sustainable National Quality Infrastructure (NQI) in Malawi in accordance with international and regional principles and practices (e.g. Common Market for Eastern and Southern Africa (COMESA), Southern African Development Community (SADC)), by supporting the enhancement of the performance of the Malawi Bureau of Standards (MBS). This will have direct implications in terms of benefits for Malawi enterprises through improved business services provided by the National Quality Infrastructure and indirectly, and in the long term, in terms of improved protection of consumer rights of Malawian citizens.

### 2.2 Main Project Results

The project is aimed at achieving eight results:

**Result 1:** Increased efficiency and sustainability of the Malawi Bureau of Standards<sup>4</sup>,

**Result 2:** Better technical regulations - Support to the review and development of technical regulations.

**Result 3:** Enhancement of the Malawi Bureau of Standards capacity.

**Result 4:** Enhanced capacity of the National Enquiry Points (NEP). Proactive and responsive NEP to the information and notification requirements of WTO/ TBT/ SPS/ agreements.

**Result 5:** Strengthened Sanitary and Phytosanitary (SPS) infrastructure.

**Result 6:** Small and medium enterprises (SME) meet quality requirements.

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<sup>4</sup> This result area includes the approval of the National Quality Policy that was drafted and validated in April 2012.





**Result 7:** Preparation of the organisational and operational internal bylaws and business plan for a national Malawian accreditation body.

Results and Description of Activities:

**R1. Increased efficiency and sustainability of the Malawi Bureau of Standards.**

This result includes among other tasks, the **review of the organisational structure** of MBS, **service description** and delivery procedures, **monitoring**, and an **extensive market survey** that will determine the demand for MBS current and prospective services; it will also support the set up of a **marketing unit** within MBS and the preparation and delivery of a **training plan** for MBS personnel.

**Related activities**

**R1-ACT 1.** Visibility event to present issues to be addressed by the project and to receive input from relevant stakeholders.

**R1-ACT 2.** Review and set-up of organisational structure, service delivery procedures and knowledge management.

**R1-ACT 3.** Market survey regarding demand for testing and calibration in the country.

**R1-ACT 4.** Preparation of a business plan and monitoring system for MBS.

**R1-ACT 5.** Preparation of a "marketing unit" in MBS.

**R1-ACT 6.** Enhancement and updating of MBS's internet site to reflect the project outcomes.

**R1-ACT 7.** Preparation and delivery of a "training plan" for MBS.

This result area directly relates to business units of the MBS, including the operationally independent sub-sets of MBS with their own functions, clients, methodologies, suppliers, objectives and targets (e.g. the four entities required to be accredited by an independent third party: the certification body for management systems, the certification body for products, the testing laboratories and the calibration laboratories) besides the future training unit of MBS and possibly other business units (e.g. a marketing unit).

**R2. Better technical regulations - Support to the review and development of technical regulations.**

Under this result a **survey of existing national Technical Regulations** will be undertaken and a **publicly accessible and updated database** comprising the full texts of TR and the reference to the correspondent enforcement authorities will be set up.

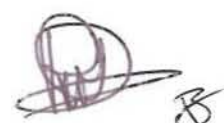
This result will also enforce **concepts of "Better regulations"** which have been applied in OECD countries within the last ten years. "Better regulations" or "Better legislation" entails clear Technical Regulations, easier and less expensive to comply with by its recipients and less burdensome for the authorities to enforce – thus generating efficiencies and reducing costs for the private sector, other organisations and government.

**Related activities**

**R2-ACT 1.** Summary documentary and field survey of the Malawian situation with respect to technical regulations and enforcement of the same.

**R2-ACT 2.** Awareness and training on "Better regulation".

**R2-ACT 3.** Data gathering and collection of TR, analysis and consolidation.



**R2-ACT 4.** Establishment of a strategy and a plan for the institutionalisation of "Better Regulation" in Malawi. Establish an NMI mobile calibration facility and accreditation for the same.

Technical Regulations<sup>5</sup> must be clear and easily accessible. To achieve such result, the activities are meant to survey the existing national TR and to construct a publicly accessible and updated database incorporating the complete text of TR and references to relevant enforcement authorities. This will also be an opportunity for MBS to offer any enforcement authority business services to assess product compliance with applicable TR.

**R3. Enhancement of the Malawi Bureau of Standards capacity.**

The key goal of this result area is to **have all MBS conformity assessment bodies accredited** by the end of this project.

**Related activities**

**R3-ACT 1.** Development within MBS of an accredited product certification body.

**R3-ACT 2.** Development within MBS of a management systems certification body for ISO 9001 and ISO 22000 / HACCP.

**R3-ACT 3.** Upgraded and accredited testing laboratories in MBS.

**R3-ACT 4.** Upgraded and accredited calibration laboratories in MBS.

**R3-ACT 5.** Development of a training business unit.

**R3-ACT 6.** Development of a business unit to manage a pool of Malawian auditors.

Result 3 "Enhancement of the Malawi Bureau of Standards" along with Result 6 "Small and medium enterprises (SME) meet quality requirements" are critical interventions. Certainly, this result area will strengthen MBS' business services while result 6 is aimed at increasing the demand of such services from the private sector.

The ultimate goal of accreditation will be achieved through ongoing activities implemented throughout the life span of this project which include improved competencies of personnel, working procedures for a documented and functioning management system, internal audits, revamping and installation of adequate equipment.

The accreditation by an accreditation body, that is a full member of the International Laboratory Accreditation Cooperation (ILAC) (or a full member of the International Accreditation Forum, Inc. - IAF for the certification bodies), will allow MBS accredited conformity assessment certificates to be easily accepted in importing countries.

**R4. Enhanced capacity of National Enquiry Points (NEP). Proactive and responsive NEP to the information and notification requirements of WTO/ TBT/ SPS/ agreements.**

The National Enquiry Points (NEP) in MBS are already active and this project intends to **enhance its capacity** to be able to identify, store, update, create and use the information on **foreign TR**, standards and conformity assessment dispositions of countries that import from Malawi.

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<sup>5</sup> Within the scope of this project, TR as defined by WTO's Agreement on Technical Barriers to Trade: Technical regulation: "Document which lays down product characteristics or their related processes and production methods, including the applicable administrative provisions, with which compliance is mandatory. It may also include or deal exclusively with terminology, symbols, packaging, marking or labeling requirements as they apply to a product, process or production method."



**Related activities**

**R4-ACT 1.** Enhance the WTO and SPS national enquiry point in MBS.

**R4-ACT 2.** Identify, store, update, create and use the information on foreign TR, standards and conformity assessment dispositions of countries that import from Malawi.

**R5. Strengthened Sanitary and Phytosanitary (SPS) infrastructure.**

This result area relates to the diagnosis and action plan for Malawian food products used either for domestic or foreign consumption. The review will also consider all imported food products entering the Malawian market.

**Related activities**

**R5-ACT 1.** Review the national SPS infrastructure.

**R5-ACT 2.** Develop a road map to improve the Malawian SPS infrastructure.

**R5-ACT 3.** Review and upgrade the legislation for the SPS infrastructure.

**R6. Small and medium enterprises (SME) meet quality requirements.**

This Result comprises mainly two complementary activities:

a) Direct technical assistance to 35 selected enterprises for the **set up of management systems** complying with management standards ISO 9001, ISO/IEC 17025, HACCP and ISO 22000.

b) Training trainers-cum-counsellors and auditors on the **application and auditing management systems standards**, ISO 9001, ISO/IEC 17025, HACCP and ISO 22000.

**Related activities**

**R6-ACT 1.** Preparation of an overall training and technical assistance programme to SMEs.

**R6-ACT 2.** SME: HACCP / ISO 22000 Food safety management systems. Technical assistance to 15 SMEs.

**R6-ACT 3.** SME: ISO 9001 Quality management systems. Technical assistance to 10 SMEs.

**R6-ACT 4.** SME: Other type of quality requirements in export markets. Technical assistance to 10 SMEs.

**R6-ACT 5.** Trainers-cum-counsellors and auditors: training in HACCP / ISO 22000 Food safety management systems.

**R6-ACT 6.** Trainers-cum-counsellors and auditors: Training in ISO 9001 Quality management systems.

**R6-ACT 7.** Trainers-cum-counsellors: Training in "Initiating quality improvement in selected sectors".

**R6-ACT 8.** Awareness seminars: ISO 14000 Environment management systems; GLOBALG.A.P. (Good Agricultural Practice).

**R6-ACT 9.** Trainers-cum-counsellors and auditors: Training in ISO/IEC 17025 General requirements for testing and calibration laboratories.

Result 6 will further provide MBS with a remarkable incentive to market and promote its business services.



The activities undertaken within result area 3 and 6 will also address issues of private sector participation in the institutionalization of the national accreditation body and conformity assessment bodies thus allowing for greater opportunities for investment and management of such entities. The selection criteria for the beneficiary SMEs will be aligned to the overall UNDP supported PSD Programme.

**R7. Preparation of the organisational and operational internal bylaws and business plan for a Malawian accreditation body.**

Activities under this result pertain to preparatory work and all necessary undertakings related to the set-up of a **Malawi national accreditation body**. A national accreditation body would increase in country efficiencies and largely reduce costs for enterprises and other organizations to accredit their conformity assessment bodies.

**Related activities**

**R7-ACT 1.** TA for the preparation of the organisational and operational internal bylaws and business plan for the Malawian accreditation body. Build up the managerial and technical capacity of BSTI senior staff members.

### **III. ASSUMPTIONS AND RISKS**

There are two special conditions that require consideration under this project:

**The National Quality Policy:** Commitment from Government of Malawi at policy level. This entails full support and approval of the National Quality Policy, currently in a Draft form. The final approved document would enhance the policy framework for this specific project and would ideally increase the resource envelope for SQAM infrastructure related interventions from other development partners.

**MBS new premises:** Malawi Government's commitment towards a timely construction of new and adequate facilities for MBS, that are meant to host the equipment procured for testing and calibration laboratories, is a critical success factor for this project.

The main risk related to this project pertains to delayed disbursement of government funds for the construction of the new MBS premises. This will have a major impact on the timely procurement of the needed fixed equipment for the new Metrology Institute. The fixed equipment will be fitted in the premises only upon finalization of the new building and upon completion of environmental conditioning of the same.

Another risk pertains to the limited technical and financial management capacity of MBS. To mitigate such risk, under this project, UNDP will provide all the required technical assistance, also through its specialized UN Agencies and external contractors, to achieve the required capacity for project execution.

Within this context, the UN has supported MBS in the preparation of TORs seeking Technical Assistance for the design of the new MBS premises for the calibration and testing laboratories. Technical Assistance, funded by the UN, for the design of the new premises for MBS, in particular the compound for the Metrology laboratories (funded by Government), will be activated upon signature of the EU-UNDP Contribution Agreement.



## IV. MANAGEMENT AND IMPLEMENTATION ARRANGEMENTS

### 4.1 General

The overall European Union support to the Action budget is Euros 3,800,000.

**Duration of the Programme:** The duration is defined in Article 2 of the Special Conditions of the present EU-UNDP Contribution Agreement.

**Target groups:** Ministry of Industry and Trade (MoIT), Malawi Bureau of Standards (MBS), Malawian Enterprises (particularly SMEs and Business Service Providers), Technical Regulators.

**Final beneficiaries:** Malawian Private Sector, Society at large (through a more competitive economy and standards-oriented private sector).

**Project partner:** Malawi Bureau of Standards (MBS).

### 4.2 Timeframe

The proposed timeline, required for completion of the project, entails three phases:

#### Phase I:

The first phase of the project involves an overall assessment of the National Quality Infrastructure and will entail data collection for the exact quantification of baseline data for all the indicators included in the logical framework. Moreover, and most importantly, this phase will also undertake an exercise for the quantification of the demand for testing and calibration in Malawi. In this same phase, MBS will be critically reviewed and all new departments required will be gradually phased in (e.g. Marketing Unit). Project Result two and five pertaining to Better Technical Regulation and SPS Infrastructure respectively, will be also carried out in this phase of the project.

#### Phase II:

A second phase will be mainly dedicated to develop the conformity assessment bodies aboard MBS (the certification bodies and the testing and calibration laboratories).

In this phase of the project, procurement and installation of partial equipment will be initiated. The procurement and installation of all the equipment will be carried out in three phases (a detailed list of equipment, and phasing in of the same, can be made available upon request). Mobile Equipment that can be readily procured, installed and used in the present premises of MBS; will be procured in the first phase while Fixed Equipment will be fitted into the new Metrology premises upon completion of the building.

#### Phase III:

A third phase of the project includes all those activities pertaining to technical assistance to enterprises and training of trainers and auditors.

In this phase, the Fixed Equipment will be procured, installed and used in the new premises of MBS; this will occur in the second and third phase of the equipment procurement and installation plan.

The last six months of the implementation period of the programme will be dedicated to finalizing activities, especially the installation of equipment in the new premises, and to review the organisational structure and procedures put in place by MBS. During this phase, a project evaluation will also be undertaken. This final phase will also include the third-party audits for the testing and calibration laboratories since these audits will only be warranted when new equipment is installed and operating under appropriate conditions in the new facilities.

### 4.3 Project Management

This Action is going to be implemented through the joint management modality whereby the European Union's contribution is going to be entrusted to UNDP through a Standard Contribution Agreement



compliant with the terms and conditions set out in the Financial and Administrative Framework Agreement (FAFA).

In accordance with UNDP rules and procedures, the Action will be implemented through the national implementation (NIM) modality. The MBS will be responsible for the Project implementation and for the management of a project specific bank account where the advances from the Funds will be deposited by UNDP. Based on work plans prepared by MBS, UNDP will review the request for advance and disburse the appropriate amounts.

The MBS will be accountable to UNDP for the use of funds advanced to the Programme according to agreed upon work plans. The MBS will be expected to maintain books of accounts for the UNDP, in accordance with UNDP's national implementation (NIM) accounting and reporting guidelines.

Reporting on the use of funds by MBS to UNDP shall be in accordance with the financial and technical reporting guidelines and the activity/plan/time schedule formats. As stipulated in the UNDP NIM programming manual, the MBS will also be responsible for preparing and submitting financial reports, progress reports and advance requests for the implementation of the project to UNDP Malawi on a regular basis and in accordance with UNDP's programme management procedures.

#### **4.4. Procurement of Goods and Services**

Procurement of goods and services for the Project will be consistent with the UN procurement guidelines. For domestic and international procurement and for contracting of national and international technical personnel UNDP remains the sole accountable and responsible for the implementation of the project.

## **V. REQUIREMENTS**

### **5.1 UNDP Managing Agent**

UNDP will act as Managing Agent of the funds and will oversee the implementation of the Project and ensure Project compliance with the terms and conditions applicable to the present EU-UNDP Contribution Agreement. The Managing Agent of the funds will be responsible for the following:

- ensuring that all financial reporting requirements are adequately complied with by reviewing financial reports from MBS;
- ensuring that advances based on agreed work plans are transferred timely to MBS upon acceptance of the financial report for the previous quarter;
- ensuring timely submission of regular progress and financial reports to all stakeholders;
- monitoring programme implementation together with national counterparts (e.g. spot checks, inventory checks, field visits);
- facilitating specific procurement and recruitments;
- providing relevant technical assistance in programme implementation, through other UN Technical Agencies, namely through UNIDO.

Based on Annual Work Plans (AWPs) agreed with MBS and approved by the Steering Committee, UNDP as Managing Agent, will make cash transfers according to the National Implementation (NIM) modality and following the procedures of the UN Harmonized Approach to Cash Transfers (HACT). Cash transfers for activities in AWP will be made by UNDP using the following modalities:

- a) Direct cash transfers whereby cash is transferred directly to the implementing partner (MBS) prior to the start of activities based on agreed cost estimates;
- b) Reimbursements whereby the Implementing Partner is reimbursed for expenditures agreed prior to the costs being incurred;
- c) Direct payments to vendors or third parties for obligations incurred by the implementing partners on the basis of requests signed by the designated official of the implementing partner;

Delays in submission of financial reports may negatively impact access to future advances. No new direct cash transfers will be made until at least 80% of prior advances have been satisfactorily reported against. If the implementing partner does not fully liquidate any advances within 5 months from date of transfer, UNDP will suspend any further Direct Cash Transfer until the Implementing Partner clears all outstanding Direct Cash Transfer.

Moreover, if the Implementing Partner has qualified audits for two consecutive years or rated higher than Significant Risk by HACT assurance activities, UNDP will suspend Direct Cash Transfers.

As the Managing Agent, UNDP Malawi will enter into specific Memoranda of Understanding with UN Technical Agencies that support MSB with Technical assistance for project implementation. In accordance with corporate policy on the management of non-core resources, a standardised cost recovery rate of 7% of the direct eligible costs will be applied for General Management Services (GMS).

## 5.2 Operational Management Team

The operational Management team will be located in MBS and will be composed of MBS existing staff, MBS newly recruited staff and short / longer term Technical Assistance provided by UNDP and UN Technical Agencies.

The operational Management team will be led by an **International Chief Technical Advisor** and his/her **National Counterpart**.

The Chief Technical Advisor will be based in MBS for the duration of the whole project. The cost for the Chief Technical Advisor will be supported by the project. The Advisor will have an MBS National Counterpart (part of MBS core staff, at senior level, newly recruited and on the payroll of MBS). The Chief Technical Advisor and the National Counterpart will operate in tandem and will be responsible for the coordination and technical implementation of the programme.

The International Advisor and National Counterpart will be supported by a programme management support team, (personnel already existing in MBS and/or to be newly recruited, the cost of which will be supported by MBS) and composed of an Accountant, an Administrative Assistant, a Driver, that will be responsible for general administration / logistics of the project.

Short term Technical assistance will also be provided by UN technical specialist agencies throughout the project in the form of International and national consultancies.

	POSITION	FROM	RESPONSIBILITIES
1	Chief Technical Advisor	UNDP/ UNIDO	Responsible for Technical and Policy direction of the project and accountable for the Project Results
2	MBS National Counterpart to CTA	Part of MBS core staff (at P5 level)	MBS National Counterpart and Project Coordinator
3	Accountant	MBS	Responsible for financial management of the project
4	Administrative Assistant	MBS	Responsible for the general administration of the project
5	Driver	MBS	Responsible for transport and logistics of the project

## VI. REPORTING

### 6.1 Reporting

Reports will be submitted to the EU Delegation in Malawi by UNDP and will include the following items:

- **Annual Technical and Financial Reports:** which will be prepared in line with provisions set out in the FAFA (Article 2), the General Conditions (Article 2) and as stipulated under the Special Conditions (Articles 4 and 7).
- **Final Narrative and Financial Report:** which will be prepared in line with provisions set out in the FAFA (Article 2) and the General Conditions (Article 2).
- The Management Team will also produce, as appropriate, project updates related to priority issues.

With regards to project activities, the reporting will be at Result level. With regards to reporting on the entire programme, the UNDP will submit to the EU Delegation, reports that report against Annex III of the Contribution Agreement (The Budget of the Action).

## 6.2 Project Steering Committee

An ad-hoc Steering Committee will be set up. The EU Delegation will be represented in the Steering Committee, will attend quarterly meetings, and will participate to the annual reviews and the final evaluation.

The Steering Committee will assume the following functions:

- Discuss, assess, advise, validate and oversee the overall strategy, management and implementation of the various project activities;
- Assist in facilitating the overall implementation of programme activities in coordinating all institutions and groups involved in the project;
- Review, approve and endorse all Reports;

The Steering Committee shall meet four times a year (the frequency of the Progress Reports); however, for any extraordinary situation the committee can meet and take appropriate action.

Participation to the Steering Committee could be composed of the following members:

1. Representatives of the Private Sector and Private Sector interest groups (e.g. Food Processors Association, Exporters Association etc);
2. A representative of the Ministry of Industry and Trade;
3. A representative of the Malawi Bureau of Standards;
4. A representative of the Malawi Confederation of Chambers of Commerce and Industry;
5. A representative of the Malawi Investment and Trade Centre;
6. A representative of the Ministry of Agriculture and Food Security;
7. A representative of UNDP;
8. A representative of the European Union Delegation;
9. The Chief Technical Advisor and the National Counterpart will act as Secretariat to the Steering Committee.

Additional members and observers can be invited as deemed necessary by the Steering Committee.

The definite structure of the Steering Committee will be determined and agreed upon during the inception phase of the project. If necessary, adequate sub-structures may be established for each of the planned Project Results. The following Table 1 shows the main players involved in the project.

**TABLE 1** Main players for the SQAM Project



ENTITY	POSITION AND/OR FUNCTION
Ministry of Finance	National Authorizing Officer, Contracting Authority. Higher level authority responsible for the implementation of the three components of the Financing Agreement which includes the present SQAM Project.
Principal Secretary in the Ministry of Industry and Trade	Project Supervisor for the components “trade statistics and information system (TSIS)” and the “standardisation, quality assurance, accreditation and metrology infrastructure development (the Development Plan for MBS)” of the Financial Agreement.
Steering Committee	Oversee and validate the overall direction and policy of the SQAM Project. Discuss, assess, advice and validate the overall strategy, management and implementation of the Project.
European Union Delegation in Malawi	All reports for the European Union Delegation under the SQAM Project will be prepared in line with provisions set out in the FAFA (Article 2) and the General Conditions (Article 2). The European Union will provide payments in accordance with Article 7 of the FAFA and Article 15 of the General Conditions). These will be complemented in accordance to Articles 4 and 7 of the Special Conditions.
United Nations Development Programme	Operational Management. Administration and operational implementation of the SQAM Project will be undertaken in compliance with the terms and conditions set out in the EU-UNDP Standard Contribution Agreement and compliant with the terms and conditions set out in the Financial and Administrative Framework Agreement (FAFA).
Malawi Bureau of Standards	Project Implementing Partner.

## VII. MONITORING AND EVALUATION

In compliance with UNDP's monitoring, evaluation and reporting requirements, Monitoring & Evaluation will be undertaken as defined in UNDP's Programme and Operations Policies and Procedures (POPP).

Any monitoring and evaluation exercise, undertaken by the EU as a donor, will be in compliance with the provisions of the FAFA (Art.1) and the General Conditions (Art. 8). Such exercise will be planned and implemented in a collaborative manner and funded by the EU outside the scope of the present Contribution Agreement. In this respect, the EU Delegation may:

- a) *Directly recruit independent consultants, on specific Terms of Reference, to carry out external monitoring based on ROM [Results-Oriented Monitoring] systems, which in principle should start from the sixth month of project activities, and will be finalised at the latest 6 months before the end of the operational implementation phase;*
- b) *Directly recruit independent consultants, on specific Terms of Reference, to carry out external evaluations, including, for example:*
  - *A mid-term evaluation mission (if required);*
  - *A final evaluation, at the beginning of the closing phase;*
  - *Possibly, an ex-post evaluation.*

- c) *Analyse the conclusions and recommendations of any evaluation, jointly with UNDP, Government of Malawi and shall jointly decide on the follow-up actions to be undertaken and any necessary adjustments that are deemed being necessary. The reports of any evaluation and monitoring mission will be shared with all parties including UNDP, the Government of Malawi and the European Union Delegation, in order to take into account any recommendations that may result from such undertakings.*

#### *Audit and internal control*

As per the "day-to-day technical and financial monitoring", this will be mainly based on the objectively verifiable indicators (OVI), their targets and sources of verification set in the logical framework.

For such purpose, at the project inception phase the Operational Management Team will validate and establish exact "baseline" and "targets" for all the OVI's assigned to the Project Results and related estimated costs.

In order to attain the objectives set by the project, it's critical to set disciplined work methods, transparent procedures, appropriate job descriptions for technical assistance, good communication practices, an efficient accounting system and factual technical and financial reporting.

The project shall be subject to the internal and external auditing procedures laid down in the Financial Regulations, Rules and directives of UNDP.

## **VIII. COMMUNICATION AND VISIBILITY**

UNDP will ensure that information and visibility activities will be undertaken in accordance with the Joint Visibility Guidelines for EC-UN Actions in the Field adopted in 2008<sup>6</sup> and in compliance with Article 11 of the FAFA and Article 6 of the General Conditions.

For this purpose, the Operational Management Team is tasked to:

- prepare a communication and visibility plan for the entire programme as part of its activities during the inception phase;
- comply with visibility requirements for example in training activities and awareness-raising events;

Particular attention will be given to the promotion of the project during exhibitions, conferences and similar events, as well as in all public and official written material related to the project.

All equipment and documentation related to the programme shall carry the European Union logo as well as those of the United Nations.

## **IX. DONOR COORDINATION**

The present intervention is financially supported by the European Union. However, the project is synergetic with a broader "Private Sector Development Programme", supported by UNDP, and other development partners.

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<sup>6</sup> Available on the EC website:

[http://ec.europa.eu/europeaid/work/procedures/financing/international\\_organisations/other\\_documents\\_related\\_united\\_nations/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/financing/international_organisations/other_documents_related_united_nations/index_en.htm)

In order to increase synergies between the activities of the present project and the other components of the Private Sector Development Programme, the Operational Management Team should actively engage and interact with the implementing partner of the broader programme. This should entail timely sharing of information on project activities and progress attained.

The active participation of representatives from the PSD programme to meetings of the Project Steering Committee can also be a good practice to exchange ideas and opinions and to develop the interaction and coordination of activities to efficiently achieve the common goal of export-led growth in Malawi.

## **X. CROSS CUTTING ISSUES**

### **10.1 Gender**

The Project will promote gender equality in all relevant and pertinent activities and will try to enhance competitiveness of women entrepreneurs particularly in the selection of enterprises for the technical assistance activities and in the selection of local trainers-cum-counsellors and auditors for training on the application of management system standards.

### **10.2 Environmental sustainability**

The quality infrastructure is a critical national asset. Technical Regulations (TR) are required for installations and industrial processes. Most of these TR rely on voluntary consensual standards as a means to technically specify the requirements defined by the law. The application and enforcement of the TR depends on the ability and independence of the conformity assessment bodies to “demonstrate that specified requirements related to a product, process, system, person or body are fulfilled”<sup>7</sup> and all these aspects are inherently embedded in the quality infrastructure.

### **10.3 Good Governance**

An accredited conformity assessment body (CAB) is a self-regulated body that must conform to stringent International Standards and to periodical audits (carried out by an independent party, namely the accreditation body) which will ensure evidenced competence and impartiality of the CAB. This project starts with the absence of a Malawian accredited CAB and has the ambition to set up at least four accredited CABs thus setting a good example of a public entity self-embodied that has a good governance system.

With the assistance of government entities the project will support the mapping of existing technical regulations and correlated enforcement authorities. The findings will be updated and made available to the public. The project team will also develop recommendations that may lead to an institutionalized unit that would take on the work pertaining to better regulations, critical for good governance practices.

### **10.4 Human rights**

The project addresses human rights by carrying out activities aiming at improving the technical and operational conditions for safer food and products and by introducing activities related to better regulations.

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<sup>7</sup> This is the definition of “conformity assessment” in ISO/IEC 17000:2004 Conformity assessment — Vocabulary and general principles

## LIST OF ANNEXES

**ANNEX A.** Logical Framework

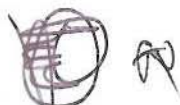
**ANNEX B.** Equipment for calibration and testing laboratories



**ANNEX A Indicative Logical Framework** Developing the business infrastructure: standardization, quality assurance, accreditation and metrology (SQAM)

**TABLE A1. OBJECTIVES AND PROJECT RESULTS**

OVERALL OBJECTIVE, PROJECT PURPOSE, PROJECT RESULTS	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS
<b>1st LEVEL Overall objective</b> OVO: Enhanced ability to export goods from Malawi by reducing the need for re-testing, re-inspection or re-certification abroad through the acceptance of measurements, tests, conformity assessment results issued in Malawi and improvement of the protection of consumer rights of Malawi citizens.	<b>OVI-OVO-1:</b> Increase in volume and value of Malawian exports. <b>Baseline and target</b> to be established in tables for products subjected to conformity evaluation by Malawi or importing countries law, presently exported or potentially exportable.	Trade statistics; export performance reports. Internal data in MBS.	
	<b>OVI-OVO-2:</b> Annual variation of the number of non-compliances of enforced national technical regulations. % of national technical regulations actually being enforced. <b>Baseline and target</b> to be established during the first 3 months of the project implementation.	Data collected from enforcement entities (mainly inspection and market surveillance entities).	
<b>2nd LEVEL Project purpose</b> SO: An adequate, effective and sustainable National Quality Infrastructure (NQI) in Malawi in harmony with international and regional principles and practice like those of COMESA and SADC, by supporting the implementation of the strategic plan of the Malawi Bureau of Standards (MBS).	<b>OVI-SO-1:</b> Variation in % between the project inception and end of project in the following quantified profiles for NQI: Performance profile for the basic principles. Performance profile for the practice. <b>Baseline and target</b> to be established during the first 3 months of the project implementation.	Data collected among the actual entities of the NQI.	<b>ASSUMPTIONS Project purpose &gt;&gt; Overall objective</b> <b>ASP-SO-1:</b> Availability of resources to build the new compound of MBS laboratories, as planned.
	<b>OVI-SO-2:</b> Number of private and public organisations, accredited or certified. <b>Baseline: ## Target:</b> increased number (by ## units) of accredited and certified organisations, by the End of Project (EoP).	MBS's own data.	<b>ASP-SO-2:</b> Availability of resources to implement medium term activities and short term measures to gain international accreditation in identified areas where service is required.
<b>3rd LEVEL Project results</b> R1: Increased efficiency and sustainability of the Malawi Bureau of Standards.	<b>OVI-R1-1:</b> Availability of National Quality Policy (NQP), consensual amongst its stakeholders and approved by the Minister of Industry and Trade. <b>Baseline:</b> NQP pre-existent for discussion and approval. <b>Target:</b> The reality of a consensual and approved National Quality Policy.	Project outcomes and progress reports	<b>ASSUMPTIONS Project result &gt;&gt; Project purpose</b> <b>ASP-R1-1:</b> MBS acts as an organisation focused on client needs, having a convenient way for clients to buy and pay its services, with competitive prices and a suitable communication approach towards clients and partners.
	<b>OVI-R3-2:</b> MBS's reviewed and formalised organisational structure, service delivery, procedures, responsibilities, knowledge management and monitoring. <b>Baseline:</b> non-existent. <b>Target:</b> MBS's formalised structure and operational procedures.	MBS's own data.	<b>ASP-R1-2:</b> MBS is able to maintain and recruit skilled staff.
	<b>OVI-R1-3:</b> Efficiency of business services provided by MBS to Malawian organisations, public and private. <b>Baseline: ##. Target:</b> Efficiency improvement of ##% by the End of Project (EoP).	Evaluation gridline designed at the beginning of the project.	<b>ASP-R1-3:</b> The national accreditation body is operational and works in partnership with an accreditation body full member of IAF and ILAC.
	<b>OVI-R1-4:</b> Percentage of financial autonomy of MBS's budget from GoM and donors. <b>Baseline: ##%. Target:</b> a yearly percentage committed by the Director-General of MBS.	MBS's accounting system.	



OVERALL OBJECTIVE, PROJECT PURPOSE, PROJECT RESULTS	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS
<p><b>R2:</b> Better technical regulations - Support to the review and development of technical regulations.</p>	<p><b>OVI-R2-1:</b> Organisations that prepare technical regulations (TR) adopt a methodology for clear, feasible, cost effective and harmonized technical regulations put forward by the project team after being previously discussed with stakeholders. <b>Baseline:</b> non-existent. <b>Target:</b> Adoption by organisations that prepare TR of a methodology for "Better technical regulations".</p>	<p>MBS's own data.</p>	<p><b>ASP-R2-1:</b> Willingness from organisations that prepare TR to take into account the proposed outcome for this Project Result.</p>
<p><b>R3</b> Enhancement of the Malawi Bureau of Standards capacity</p>	<p><b>OVI-R3-1:</b> Increased demand and offer of MBS business services: standards, training services, testing and calibration. <b>Baseline:</b> # <b>Target:</b> Sustainable increased demand of 7% per annum in the second year of project implementation and beyond.</p>	<p>MBS's accounting system and certificates.</p>	<p><b>ASP-R3-1:</b> Malawian public organisations and enterprises are aware of the impact of the compliance with international standards to do business.</p>
	<p><b>OVI-R3-2:</b> MBS's Product certification body accredited by an accreditation body full member of IAF. <b>Baseline:</b> non-existent. <b>Target:</b> Accreditation granted until EoP</p>		
	<p><b>OVI-R3-3:</b> MBS's management systems certification body accredited by an accreditation body full member of IAF for the international standards; ISO 9001 ISO 22000 and HACCP. <b>Baseline:</b> non-existent. <b>Target:</b> Accreditation granted until EoP</p>		
	<p><b>OVI-R3-4:</b> MBS's testing laboratories accredited by an accreditation body full member of ILAC for the international standards. <b>Baseline:</b> non-existent. <b>Target:</b> Accreditation granted until EoP, to 2 laboratories, minimum.</p>		
	<p><b>OVI-R3-5:</b> MBS's calibration laboratories accredited by an accreditation body full member of ILAC for the international standards. <b>Baseline:</b> non-existent. <b>Target:</b> Accreditation granted until EoP, to 2 laboratories, minimum.</p>		
	<p><b>OVI-R3-6:</b> MBS's training unit operational. <b>Baseline:</b> non-existent. <b>Target:</b> MBS's training unit providing training services of ## hours*person / year with an operational profit.</p>		
<p><b>R4:</b> Enhanced capacity of National Enquiry Points (NEP). Proactive and responsive NEP to the information and notification requirements of WTO/ TBT/ SPS/ agreements.</p>	<p><b>OVI-R4-1:</b> Availability through MBS of a public service that provides a comprehensive and updated data base with the Malawi technical regulations (TR), draft and approved national standards. <b>Baseline:</b> Non-existent for TR. <b>Target:</b> The reality of an internet public information service on national technical regulations and standards.</p>	<p>MBS own data.</p>	<p><b>ASP-R4-1:</b> Availability of all current TR.</p>
	<p><b>OVI-R4-2:</b> Number of TR that were incorrectly not notified during its draft stage. <b>Baseline:</b> ## <b>Target:</b> Zero TR that were incorrectly not notified during its drafting stage.</p>	<p>MBS data base of national TR.</p>	<p><b>ASP-R4-2:</b> Awareness among the organisations that prepare TR, of the dispositions of WTO's agreements on TBT and SPS particularly of those about information and notification</p>
	<p><b>OVI-R4-3:</b> Availability through MBS of a public service that provides a business information service particularly for exporting companies on foreign TR, standards and conformity assessment dispositions of countries that imports from Malawi. <b>Baseline:</b> Barely sufficient <b>Target:</b> The reality of a public information service through internet and human interface on foreign TR, standards and conformity assessment dispositions.</p>	<p>MBS own data.</p>	



OVERALL OBJECTIVE, PROJECT PURPOSE, PROJECT RESULTS	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS
<b>3rd LEVEL Project results</b> <b>R5 Strengthened Sanitary and Phytosanitary (SPS) infrastructure.</b>	<p><b>OVI-R5-1:</b> Report reviewing the SPS infrastructure in Malawi and corresponding "Road map for improvement" discussed and approved by stakeholders.  <b>Baseline:</b> Non-existent <b>Target:</b> Report and road map on SPS in Malawi approved by stakeholders.</p> <p><b>OVI-R5-2:</b> Report on the review and upgrade of SPS legislation in Malawi discussed and approved by stakeholders.  <b>Baseline:</b> Non-existent <b>Target:</b> Report on Malawian SPS legislation approved by stakeholders.</p>	Project outcomes and progress reports	<b>ASSUMPTIONS Project result &gt;&gt; Project purpose</b> <b>ASP-R5-1:</b> Awareness with SPS tackled issues among Malawian enterprises working in the food production chain and governmental entities within the SPS infrastructure.
<b>R6: Small and medium enterprises (SME) meet quality requirements</b>	<p><b>OVI-R6-1: SME:</b> HACCP / ISO 22000 Food safety management systems. Number of SME with a management system conform to HACCP / ISO 22000 requirements through project assistance.  <b>Baseline:</b> Non-existent in the 15 assisted SME <b>Target:</b> All the 15 SME conform to HACCP / ISO 22000 requirements.</p> <p><b>OVI-R6-2: SME:</b> ISO 9001 Quality management systems. Number of SME with a management system conform to ISO 9001 requirements through project assistance.  <b>Baseline:</b> Non-existent in the 10 assisted SME <b>Target:</b> All the 10 SME conform to ISO 9001 requirements.</p> <p><b>OVI-R6-3: SME:</b> Other type of quality requirements in export markets. Number of SME able to comply with specific quality requirements in export markets.  <b>Baseline:</b> Non-existent in the 10 assisted SME <b>Target:</b> All the 10 SME able to comply to specific requirements.</p> <p><b>OVI-R6-4: Trainers-cum-counsellors and auditors:</b> training in HACCP / ISO 22000 Food safety management systems. Number of trainees approved as trainers and auditors.  <b>Baseline:</b> Barely existent among the 20 admitted trainees <b>Target:</b> 90% of the trainees approved as trainers; 80% of the trainees approved as auditors.</p> <p><b>OVI-R6-5: Trainers-cum-counsellors and auditors:</b> Training in ISO 9001 Quality management systems. Number of trainees approved as trainers and auditors.  <b>Baseline:</b> Barely existent among the 20 admitted trainees <b>Target:</b> 90% of the trainees approved as trainers; 80% of the trainees approved as auditors.</p> <p><b>OVI-R6-6: Trainers-cum-counsellors:</b> Training in "Initiating quality improvement in selected sectors (i.e. wood, horticulture, agro-processed foods)". Number of trainees approved as trainers.  <b>Baseline:</b> Barely existent among the 20 admitted trainees <b>Target:</b> 90% of the trainees approved as trainers.</p>	<p>Final independent audit (passed without any major non-conformity).</p> <p>Statement of the person in charge in each assisted SME.</p> <p>Written examinations at the beginning and at the end of the course.</p>	<p><b>ASP-R6-1:</b> Local experts sufficiently qualified to select companies and trainees for the activities of this Project Result R5.</p> <p><b>ASP-R6-2:</b> Sufficient number of SMEs interested and available for participating in training/ consulting/ coaching/ auditing.</p> <p><b>ASP-R6-3:</b> Sufficient number of trainees interested and available to participate in the training sessions.</p> <p><b>ASP-R6-3:</b> Enterprises are prepared to put to use the knowledge and skills acquired by their trainees.</p>



OVERALL OBJECTIVE, PROJECT PURPOSE, PROJECT RESULTS	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS
	<p><b>OVI-R6-7: Seminars:</b> Number of participants; % of affiliation with public or private sectors; evaluation by participants.  <b>Targets:</b> 50-plus participants; 50% plus from private sectors; evaluation of 75% plus.</p>	<p>Data collected during the seminar.</p>	<p><b>ASSUMPTIONS</b> Project result &gt;&gt; Project purpose</p>
	<p><b>OVI-R6-8: Trainers-cum-counsellors and auditors:</b> Training in ISO/IEC 17025 General requirements for the competence of testing and calibration laboratories. Number of trainees approved as trainers and auditors.  <b>Baseline: ## Target:</b> Admission of 20 trainees; 90% of the trainees approved as trainers; 80% of the trainees approved as auditors.</p>	<p>Written examinations at the beginning and at the end of the course.</p>	
<p><b>R7</b> Preparation of the organisational and operational internal bylaws and business plan for a future national Malawian accreditation body.</p>	<p><b>OVI-R7-1:</b> Availability of the organisational and operational internal bylaws and business plan for the national Malawian accreditation body, consensualized amongst its stakeholders and approved by the Minister of Industry and Trade.  <b>Baseline:</b> Non-existent <b>Target:</b> The reality of an consensual and approved organisational and operational internal bylaws and business plan for the national Malawian accreditation body .</p>	<p>Project outcomes and progress reports</p>	<p><b>ASP-R7-1:</b> The Accreditation Bill enacted in Parliament.</p>





## **ANNEX B. Equipment for calibration and testing laboratories**

### **Sequencing of activities for the improvement of testing and calibration capacity within MBS:**

The sequencing of activities aimed at strengthening the MBS with regards to its conformity assessment services should be as follows:

- 1 Market survey;
- 2 Preparation of justifications for the purchase of equipment for each laboratory ( six calibration and three test laboratories; more laboratories may be established based on the results of the market survey);
- 3 Procurement of laboratory equipment considered to be a priority and that can be installed and used within existing buildings. Installation of equipment, recruitment and training of staff that will operate the new equipment. Dissemination of information regarding the new services;
- 4 Procurement of laboratory equipment considered to be a priority that can only be installed and operated in the new premises. Installation of equipment and recruitment and training of staff.
- 5 Procurement, installation and operation of the remaining equipment.

A detailed list of equipment required by MBS has been produced and includes Metrology Equipment and Testing Equipment. The list can be made available upon request.



## ANNEX II

### General Conditions applicable to European Union contribution agreements with international organisations

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as measures related thereto taken by the Organisation shall be reported to the Contracting Authority without delay.

Where appropriate the Organisation shall terminate contracts with partners, contractors or agents involved in fraudulent behaviour or corrupt practices in connection with this or any other actions implemented by the Organisation and financed by the European Union, and shall take all reasonable measures to recover funds unduly paid.

- 1.6 Without prejudice to Articles 1.3 and 10, the Agreement and the payments attached to it shall not be assigned to a third party in any manner whatsoever without the prior written consent of the Contracting Authority.
- 1.7 The provisions regarding "Joint Management Actions" in these General Conditions may be applied where at least one of the following conditions is met:
  - the performance of the Action requires the pooling of resources from a number of donors, and it is not reasonably possible or appropriate to assign the share contributed by each donor to each type of expenditure (hereinafter, "Multi-donor Actions"), or
  - the European Commission and the Organisation are bound by a long-term framework agreement laying down the administrative and financial arrangements for their cooperation; or
  - the European Commission and the Organisation have jointly assessed the feasibility and defined the terms for implementation of the Action.
- 1.8 Where the European Commission is not the Contracting Authority, it shall not be a party to this Agreement, which shall only confer on it rights and obligations where explicitly stated. It will nevertheless endorse the Agreement to ensure that the Contracting Authority's contribution is actually paid by the EU budget, and the provisions on visibility in this Agreement will apply accordingly.

## **Article 2 - OBLIGATIONS REGARDING INFORMATION AND FINANCIAL AND NARRATIVE REPORTS**

- 2.1 The Organisation shall provide the Contracting Authority with full information on the implementation of the Action. To that end, the Organisation shall provide before signature of this Agreement a work plan for the first period of implementation specified in the Description of the Action. The Organisation shall also draw up progress reports and a final report. These reports shall consist of a narrative part and a financial part. Reporting, narrative as well as financial, shall cover the whole of the Action, regardless of whether this Action is wholly financed or co-financed by the Contracting Authority.
- 2.2 The Contracting Authority may request additional information at any time, providing the reasons for the request. Such information shall be supplied within 30 days of the request.
- 2.3 The Organisation shall send the Contracting Authority progress reports in accordance with the provisions below. Every report shall provide a complete account of all aspects of implementation for the period covered.

The report shall be laid out in such a way as to allow comparison of the objective(s), the means envisaged or employed (in particular all expenses actually incurred by the Organisation), the results expected and obtained and the budget details for the Action.



- 2.9 If the Organisation fails to supply a final report by the final report deadline laid down in Article 2.6, and fails to furnish an acceptable written explanation of the reasons why it is unable to comply with this obligation, the Contracting Authority may refuse to pay any outstanding amount and recover any amounts unduly paid.

Furthermore, where the Organisation fails to present a progress report and where relevant a request for payment by the end of each 12-month period following the date laid down in Article 2(2) of the Special Conditions, the Organisation shall inform the Contracting Authority of the reasons why it is unable to do so, and shall provide a summary of the state of progress of the Action. If the Organisation fails to comply with this obligation, the Contracting Authority may terminate the Agreement in accordance with the first indent of Article 12.2, refuse to pay any outstanding amount and recover any amounts unduly paid.

- 2.10 In addition to the above mentioned reports, the Organisation will ensure that progress and situation reports, publications, press releases and updates, relevant to this Agreement, are communicated to the Contracting Authority as and when they are issued.

The Organisation and the Contracting Authority will further endeavour to promote close collaboration and exchange of information on the Action. The Organisation will invite the European Commission to join any donor committee which may be set up in connection with Multi-Donor Actions.

- 2.11 In any event the Organisation shall inform the Contracting Authority without delay of any circumstances likely to hamper or delay the implementation of the Action.

### ***Article 3 - LIABILITY***

- 3.1 The Organisation shall have sole responsibility for complying with any legal obligation incumbent on it.
- 3.2 The Contracting Authority may not under any circumstances or for any reason whatsoever be held liable for damage or injury sustained by the staff or property of the Organisation while the Action is being carried out or as a consequence of the Action. Therefore, the Contracting Authority may not accept any claim for compensation or increases in payment in connection with such damage or injury.
- 3.3 Subject to the rules governing the Organisation's privileges and immunities, the Organisation shall assume sole liability towards third parties, including liability for damage or injury of any kind sustained by them in respect of or arising out of the Action. The Organisation shall discharge the Contracting Authority of all liability associated with any claim or action brought as a result of an infringement by the Organisation or the Organisation's employees or individuals for whom those employees are responsible of rules or regulations, or as a result of violation of a third party's rights.

### ***Article 4 - CONFLICT OF INTERESTS***

The Organisation undertakes to take all necessary precautions to avoid conflicts of interests and shall inform the Contracting Authority without delay of any situation constituting or likely to lead to any such conflict.

There is a conflict of interests where the impartial and objective exercise of the functions of any person under this Agreement is compromised for reasons involving



reports prepared in response to, and in accordance with, its legislative directives are excluded from this provision.

- 6.6 The Organisation accepts that the Contracting Authority and the European Commission (where it is not the Contracting Authority) publish in any form and medium, including on their websites the name and address of the Organisation, the purpose of the contribution as well as the amount contributed and if relevant the percentage of co-financing.

Upon a duly substantiated request by the Organisation, the European Commission may agree to forego such publicity if disclosure of the above information would risk threatening the Organisation's safety or harming its interests.

- 6.7 With due regard to the applicable rules on confidentiality, security and protection of personal data, the Organisation shall publish, on an annual basis, including by electronic means such as Internet, the following information on grant and procurement contracts financed by the Contracting Authority: title of the contract/project, name and nationality of the contractor or grant beneficiary and amounts of the contract/project. For Multi-donor Actions, the level of information shall comply with the Organisation's rules and procedures pertaining to ex-post publicity.

- 6.8 The Organisation shall provide to the Contracting Authority the address of the website where this information can be found and shall authorise the publication of such address in the Contracting Authority's internet site.

The Organisation ensures that the obligation to publish this information shall be also applied by its implementing partners as described in Annex I of this Agreement, with regard to their own grant and procurement contracts financed by the Contracting Authority.


#### **Article 7 - OWNERSHIP/USE OF RESULTS AND EQUIPMENT**

- 7.1 Ownership, title and industrial and intellectual property rights in the results of the Action and the reports and other documents relating to it shall vest in the Organisation, as the case may be together with third parties or as may otherwise be agreed by the Organisation.

- 7.2 Notwithstanding the provisions of the first paragraph and subject to Article 5, the Organisation shall grant the Contracting Authority (and the European Commission where it is not the Contracting Authority) the right to use free of charge and as it sees fit all documents deriving from the Action, whatever their form, provided it does not thereby breach existing industrial and intellectual property rights.

- 7.3 Unless otherwise specified in the Special Conditions, the equipment, vehicles and supplies paid for by the Contracting Authority's funding shall be transferred to local authorities or local partners (excluding commercial contractors) of the Organisation or to the final recipients of the Action at the latest when submitting the final report. The documentary proof of those transfers shall be kept for verification along with the documents mentioned in Article 16.3.

By way of derogation from the preceding paragraph, the equipment, vehicle and supplies purchased in the framework of multi-donor actions which continue after the end of the Implementation Period of this Agreement, may be transferred to these local authorities, partners or final recipients at the end of the project, programme or action of the Organisation. The Organisation pledges to use the assets to the benefit of those

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## **Article 10 - CONTRACTING**

- 10.1 If parts of the Action are contracted, the contracting arrangements, including in particular the principles for the award of procurement and grants, shall be as specified in the Description of the Action. If they are not specified therein, the Organisation will present them to the Contracting Authority as soon as they are available. The Organisation will also inform the Contracting Authority, with as much prior notice as possible, of changes in these arrangements. The Organisation will provide detailed information on contracting arrangements in the final report.
- 10.2 Unless otherwise agreed by the Parties in writing, the procurement of any goods, works or services and the award of grants by the Organisation and its partners in the context of the Action shall be carried out in accordance with the applicable rules and procedures adopted by the Organisation.

This is based on the understanding that the Organisation's rules and procedures conform to internationally accepted standards, in compliance with the principles of transparency, proportionality, sound financial management, equal treatment and non discrimination, care being taken to avoid any conflict of interests.

Without prejudice to the specific procedures and exceptions applied by the Organisation, the award by the Organisation of grants financed by the Contracting Authority's contribution shall comply with the following principles:

- grants shall not be cumulative, awarded retrospectively or have the purpose or effect of producing a profit for the grant beneficiary;
- grants must involve co-financing from other donors, save in cases of humanitarian and crisis situation, the protection of health and fundamental rights of people, where the grant beneficiaries are third countries or other international organisations and where it is in the interest of the European Union to be the sole donor.

- 10.3 If allowed by the applicable regulatory provisions of the European Union, the origin of the goods and the nationality of the organisations, companies and experts selected for carrying out activities in the Action shall be determined in accordance with the Organisation's relevant rules. In any event goods, organisations, companies and experts eligible under the applicable regulatory provisions of the European Union shall be eligible.

In all other cases the partners, contractors, experts and goods, the cost of which are financed out of the Contracting Authority's contribution, shall originate in the European Union or the country or countries eligible under the programme of which the Action is part. Any departure from the rules of origin and nationality set out above is subject to the specific provisions of the applicable regulatory provisions of the European Union.

- 10.4 The Organisation shall adopt reasonable measures, in accordance with its own procedures, to ensure that potential candidates or tenderers and grant beneficiaries shall be excluded from the participation in a procurement or award procedure financed by the Contracting Authority's contribution, if these persons:
- are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;



## **Article 12 - TERMINATION OF THE AGREEMENT**

12.1 If, at any time, either Party believes that the purposes of this Agreement can no longer be effectively or appropriately carried out, it shall consult the other Party. Failing agreement on a solution, either Party may terminate this Agreement by serving two months' written notice. In this event, the Organisation shall be entitled to payment of the contribution only for the part of the Action carried out, and to reimbursement of commitments entered into by the Organisation for the implementation of the Action, which the Organisation cannot reasonably terminate on legal grounds. The part of the EU contribution unspent or not spent in accordance with this Agreement, shall be recovered by the Contracting Authority in accordance with Articles 17 and 18, after all liabilities incurred by the Organisation have been satisfied, including interest earned where applicable.

12.2 Where the Organisation:

- fails, without justification, to fulfil any of the obligations incumbent on it and, after being given notice by letter to comply with those obligations, still fails to do so or to furnish a satisfactory explanation within 30 days of sending of the letter;
- fails to comply with articles 1.5, 1.6 or 4;
- makes false or incomplete statements to obtain the contribution provided for in the Agreement or provides reports that do not reflect reality;
- commits financial irregularities or is guilty of grave professional misconduct;
- undergoes legal, financial, technical or organisational change that is liable to affect this Agreement substantially or to call the award decision into question;

the Contracting Authority will enter into discussions with the Organisation and, failing a proper solution within one month, may terminate this Agreement, after giving seven days' notice, and without paying compensation of any kind. In that event the Contracting Authority may demand full or partial repayment of any amounts unduly paid, after allowing the Organisation to submit its observations.

12.3 Prior to or instead of terminating the Agreement as provided for in Article 12.2, the Contracting Authority may suspend payments or the declaration of eligibility of expenses as a precautionary measure, informing the Organisation immediately.

12.4 This Agreement shall be automatically terminated if it has not given rise to a payment by the Contracting Authority (including pre-financing) within three years of its signature.

12.5 Unless this Agreement is earlier terminated pursuant to Article 12, the payment obligations of the European Union hereunder shall cease at the "end date", which shall occur 18 months after the end of the Implementation Period as defined in Article 2 of the Special Conditions.

The Contracting Authority notifies the Organisation of any postponement of the end date. The Contracting Authority shall postpone the end date, so as to be able to fulfil its payment obligations, in all cases where the Organisation has filed the payment request in accordance with contractual provisions or, in case of dispute, until completion of the dispute settlement procedure provided for in Article 13.

- costs directly arising out of, or related to, accepting or distributing contributions in kind;
- costs of consumables and supplies directly attributable to the Action;
- expenditure on contracting directly attributable to the Action;
- the proportion of field office costs that corresponds to the amount of activity directly attributable to the Action or to the proportion of funding by the Contracting Authority;
- costs deriving directly from the requirements of this Agreement (dissemination of information, evaluation specific to the Action, specific reporting for the needs of the Contracting Authority, translation, reproduction, insurance, targeted training for those involved in the Action, etc.) including financial service costs (in particular bank fees for transfers).

14.3 The following costs shall not be considered eligible, whether or not presented as being related to the Action:

- debts and debts service charges;
- provisions for losses or potential future liabilities;
- interest owed by the Organisation to any third party;
- items already financed from other sources;
- purchases of land or buildings;
- currency exchange losses;
- taxes, duties and charges charged to the Organisation, unless the Organisation (or, where applicable, its partners) can show it cannot reclaim them and the applicable regulations do not exclude coverage of taxes.

14.4 A fixed percentage of direct eligible costs, not exceeding 7 %, may be claimed as indirect costs by the Organisation to cover the administrative overheads incurred for the Action. The resulting funding in respect of indirect costs does not need to be supported by accounting documents.

Subject to the above, for comparable Actions and Actions where there is more than one donor the amount claimed as indirect costs shall not, in percentage terms, be higher or lower than for other comparable contributions.

Indirect costs are eligible provided that they do not include costs assigned to another heading of the budget of this Agreement.

Indirect costs may be charged on the value of in-kind commodities delivered by the Contracting Authority, including their associated costs.

Where the rates applied in accordance with the Organisation's governing bodies' decisions exceed 7%, the Organisation may recover the balance as direct eligible costs, subject to the provisions governing direct eligible costs referred to in this Article 14 being fulfilled.



If the Contracting Authority does not intend to approve a report, as submitted, it shall revert to the Organisation with a request explaining the reason and specifying the additional information it requires within the first 45-day period. The deadline for approving the report shall be suspended pending the receipt of the requested information. If the Contracting Authority deems that a payment request cannot be met, it shall revert to the Organisation with a request explaining the reason and specifying the additional information it requires within the second 45-day period. The payment period shall be suspended pending the registration of a properly formulated payment request.

Reports shall be presented in accordance with the stipulations of Article 2.

Approval of a report does not imply recognition of the regularity, authenticity, completeness and correctness of the declarations and information contained therein.

- 15.3 On expiry of the payment period specified in Article 15.1, the Organisation may, within two months of receiving late payment, demand interest at the rate applied by the European Central Bank to its principal refinancing operations, as published in the C series of the Official Journal of the European Union on the first day of the month in which payment was due, increased by three and a half percentage points.

The interest shall be payable for the period elapsing from the day following expiry of the time limit for payment up to the day of payment. Any partial payment shall first cover the interest.

The interest shall not be treated as an income for the purposes of determining the final amount of European Union financing within the meaning of article 17. The suspension of payment by the Contracting Authority may not be considered as late payment.

- 15.4 The level of pre-financing referred to in Article 15.1 above shall be set at a level of between 80% and 95 % in 5% increments taking into account past record of the Organisation in particular as regards timely submission of the final report.
- 15.5 The Contracting Authority will make payments in Euro into the bank account referred to in the financial identification form in Annex IV. Where payment is to be made to a bank account which is already known to the Contracting Authority, the Organisation may provide a copy of the relevant financial identification form.
- 15.6 Where feasible, the funds paid by the Contracting Authority shall be maintained in Euro denominated bank accounts. They may be pooled together with contributions from other donors. They may be exchanged for other currencies in order to facilitate their disbursement.
- 15.7 For Joint Management and/or Multi-Donor Actions, the Organisation's rules and procedures pertaining to bank interest shall apply, and an equal treatment among donors shall be ensured. This is based on the understanding that these rules and procedures conform to internationally accepted standards.

In all other cases, interest earned by the Organisation on funds received from the Contracting Authority shall be identified as such and reflected in reports to the Contracting Authority. In such cases, subject to the conditions provided for in the applicable regulations of the European Union:

- for pre-financing equal or below EUR 250 000 (or for crisis management, equal or below EUR 750 000 per agreement at the end of each financial year and for projects

**Article 16 - ACCOUNTS AND TECHNICAL AND FINANCIAL CHECKS**

16.1 The Organisation shall keep accurate and regular records and accounts of the implementation of the Action. Separate accounts or sub-accounts shall be kept for each Action, and shall detail all income and expenditure.

The accounting regulations and rules of the Organisation shall apply. This is based on the understanding that these regulations and rules conform to internationally accepted standards.

16.2 Financial transactions and financial statements shall be subject to the internal and external auditing procedures laid down in the Financial Regulations, Rules and directives of the Organisation. A copy of the audited financial statements shall be submitted to the European Commission by the Organisation.

16.3 The Organisation shall, until at least five years after the end date as specified in article 12.5:

- keep financial accounting documents concerning the activities financed by the contribution and,
- make available to the competent bodies of the European Union, upon request, all relevant financial information, including statements of accounts concerning the Action, whether they are executed by the Organisation or by its implementing partners or contractors.

16.4 In conformity with its financial regulations, the European Union, including its Court of Auditors, may undertake, including on the spot, checks related to the Actions financed by the Contracting authority.

16.5 These provisions shall be applied in accordance with any specific agreement concluded in this respect by the Organisation and the European Union.

**Article 17 - FINAL AMOUNT OF FINANCING BY THE CONTRACTING AUTHORITY**

17.1 The final amount to be paid by the Contracting Authority to the Organisation shall not exceed the maximum contribution established by Article 3(2) of the Special Conditions, even if the overall actual expenditure exceeds the estimated total budget set out in Annex III.

17.2 Where Article 3(2) of the Special Conditions sets out a maximum percentage of estimated total eligible cost to be financed by the Contracting Authority, and if the eligible costs at the end of the Action are less than the estimated total cost specified in Article 3(1) of the Special Conditions, the contribution of the Contracting Authority may be limited to the amount resulting from multiplying the actual expenditure by the percentage laid down in Article 3(2) of the Special Conditions.

Where the percentage set out in article 3(2) of the Special Conditions is likely to change in the course of implementation, the Organisation shall consult the Contracting Authority without delay so as to agree on appropriate measures, in accordance with Article 9.

17.3 The Organisation accepts that the contribution of the Contracting Authority shall be limited to the amount required to balance income and expenditure for the Action and that it may not in any circumstances result in a surplus for the Organisation.

## ANNEX III – BUDGET

**Project Title:** Development of a robust standardization, quality assurance, accreditation and metrology (SQAM) Infrastructure in Malawi

Result: Activity	EURO (€)				
	CA TOTAL 4 yrs	Year 1	Year 2	Year 3	Year 4
R1: Increased efficiency and sustainability of the Malawi Bureau of Standards	278,134.00	132,481.00	64,493.00	64,493.00	16,667.00
R2: Better technical regulations - Support to the reviews and development of technical regulations	85,904.00	85,904.00	0.00	0.00	0.00
R3: Enhancement of the Malawi Bureau of Standards capacity	1,416,144.00	76,199.00	1,012,471.00	327,474.00	0.00
R4: Enhanced Capacity of National Enquiry Points (NEP). Proactive and responsive NEP to info and notification requirements of WTO/TBT/SPS agreements	11,824.00	11,824.00	0.00	0.00	0.00
R5: Strengthened Sanitary and Phytosanitary infrastructure	32,872.00	32,872.00	0.00	0.00	0.00
R6: Small and Medium Enterprise (SME) meet quality requirements	612,401.84	189,922.00	113,608.84	295,127.00	13,744.00
R7: Preparation of the organisational and operational internal by-laws and business plan for a national Malawian Accreditation body	0.00	0.00	0.00	0.00	0.00
Operational Management Team (operation costs and visibility)	1,074,072.00	370,518.00	234,518.00	234,518.00	234,518.00
SUB-Total Project Direct Eligible Costs (EXCLUDING CONT)	3,511,351.84	899,720.00	1,425,090.84	921,612.00	264,929.00
CONT (2.75%) - has to be ≤ 5%	96,562.18	24,742.30	39,190.00	25,344.33	7,285.55
SUB-total Project <b>Direct Eligible Costs</b> (INCLUDING contingency)	3,607,914.02	924,462.30	1,464,280.84	946,956.33	272,214.55
Indirect Costs (GMS 7%): Administrative Costs has to be ≤ 7% of Direct Eligible Costs	252,553.98	64,712.36	102,499.66	66,286.94	19,055.02
<b>GRAND TOTAL</b> (Including contingency)	3,860,468.00	989,174.66	1,566,780.50	1,013,243.27	291,269.57



# FINANCIAL IDENTIFICATION

PRIVACY STATEMENT

[http://ec.europa.eu/budget/execution/filers\\_fr.htm](http://ec.europa.eu/budget/execution/filers_fr.htm)

## ACCOUNT NAME

ACCOUNT NAME(1)

ADDRESS

TOWN/CITY  POSTCODE

COUNTRY

CONTACT

TELEPHONE  FAX

E - MAIL

## BANK

BANK NAME

BRANCH ADDRESS

TOWN/CITY  POSTCODE

COUNTRY

ACCOUNT NUMBER

IBAN(2)

REMARKS:

BANK STAMP + SIGNATURE OF BANK REPRESENTATIVE

(Both Obligatory)(3)

Antoinette D'YVE  
Relationship Manager  
Institutionals

**ING Belgium SA/NV**  
avenue Marnixlaan, 24  
1000 BRUSSELS  
Phone 02/547.21.11

DATE + SIGNATURE ACCOUNT HOLDER :

(Obligatory)



DATE

1 FEB. 2009

- (1) The name or title under which the account has been opened and not the name of the authorized agent
- (2) If the IBAN Code (International Bank account number) is applied in the country where your bank is situated
- (3) It is preferable to attach a copy of recent bank statement, in which event the stamp of the bank and the signature

## ANNEX V

### Request for payment for contribution agreement with an international organisation

Lilongwe, 28 August 2012

For the attention of Financial Unit

Delegation of the European Union to Malawi  
P.O. Box 30102 Lilongwe, 3  
Malawi

Reference number of the Agreement: FED/2012/297-561

Title of the Agreement: "Development of a robust standardization, quality assurance, accreditation and metrology (SQAM) Infrastructure in Malawi"

Name and address of the Organisation: United Nations Development Programme in Malawi,  
P.O. Box 30135, Lilongwe 3

Request for payment number: First Instalment

Dear Sir/Madam,

I hereby request payment of pre-financing under the Agreement mentioned above.

The amount requested is EUR 758,096, as indicated in Article 4(2) of the Special Conditions of the Agreement.

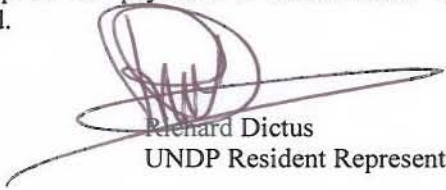
The payment should be made to the following bank account:

Name of Bank:	ING Belgium SA/NV
Branch Address:	60 Cours St Michel, 1040 Brussels (Belgium)
Account Number:	301-0186139-77
IBAN:	BE80301018613977

Please when making the payment indicate the following communication: FED/2012297-561.

I hereby certify on honour that the information contained in this request for payment is full, reliable and true, that the costs incurred can be considered eligible in accordance with the Agreement and that this request for payment is substantiated by adequate supporting documents that can be checked.

Yours faithfully,

  
Richard Dictus  
UNDP Resident Representative

N.B.: Instalments of prefinancing, Interim payments and final payments are subject to the approval of the corresponding report (see Article 15(1) of the General Conditions of Agreement)