



PAGE 4: B.1) YOUR CASE STORY: TITLE AND DESCRIPTION

**Q1: TITLE OF CASE STORY**

Reducing trade costs, need for re-testing, re-inspection and re-certification abroad through the development of a robust National Quality Infrastructure (NQI) in Malawi.

**Q2: CASE STORY ABSTRACT**

Malawi encounters barriers that hinder the country from benefiting fully from the Multilateral Trading System. Internal barriers, e.g. inadequate knowledge and limited accessibility to information on export opportunities, excessive red tape, inadequate financing and poor quality infrastructure, pose major obstacles to Malawi's trade expansion and diversification efforts.

The Malawi Bureau of Standards (MBS) is the National Enquiry Point for the World Trade Organization's (WTO) Agreement on Technical Barriers to Trade. MBS sets standards and conducts tests related to conformity of selected imports and exports. 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. Trade flows are currently negatively impacted by a number of factors including: the absence of significant product diversification, Malawi's dependency on transport corridors and ports in neighboring countries among others. This Case Study is based on two complementary projects being funded in Malawi, by the European Union (EU)/the United Nations Development Programme (UNDP) and the Norwegian Agency for Development (NORAD).

**Q3: LONG DESCRIPTION OF THE CASE STORY**

With the Government of Malawi committed to reducing poverty through increasing employment-generated growth, the 2012 economic reforms restored macroeconomic stability and improved the business enabling environment. While this provides a solid foundation for building competitiveness and increasing investment, it also leads to the realization that reducing trade costs are essential to improve competitiveness, stimulate inclusive economic growth and encourage economic diversification. The public-private dialogue has been identified to introduce more effective control mechanisms by simplifying and streamlining trade policies creating a more neutral environment between producing for the domestic and international market.

There is a clear need for rapid and sustainable economic growth in order for Malawi to achieve the Millennium Development Goals (MDGs) and the overall objective of poverty reduction on a meaningful scale. For Malawi, trade has the potential to be an engine for growth that may lift many Malawians out of poverty. With 85% of Malawi's population dependent on agriculture for a livelihood and agricultural products representing 80% of total exports, food quality and safety are paramount. Now, Small and Medium size Enterprises (SME) are to get a much needed boost to their competitiveness as the country's NQI undergoes a major upgrading. MBS is key for NQI and the private sector does play a role in voluntary conformity assessment services as subsidiaries from multinational companies operating in Malawi are also part of the NQI. For example, the laboratory of the Carlsberg brewery in Blantyre is also used by other companies to test for conformity with private standards.

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MBS has limited capacity and infrastructure to meet the demand for the provision of standardization, metrology and conformity assessment services, the components which comprise the NQI. This is however, well recognized by the Government of Malawi that has demonstrated significant commitment to strengthen the Malawian “quality” landscape through the approval of the National Quality Policy, in May 2013, supported also by financial commitments towards the infrastructure development of MBS. Other policies and strategies for export and socioeconomic development, (e.g. the Malawi Growth and Development Strategy II, National Export strategy, Economic Recovery Plan) will also significantly contribute to improved business environment and enhance quality of life of Malawian citizens.

However, exporters from Malawi are at present disadvantaged by the lack of accredited testing facilities with international recognition for certification of products and therefore export – certificates issued from MBS are only accepted within the region and exporters incur in high costs to obtain certification overseas. The level of acceptance and compliance varies according to the product. This still means that exporters face a serious obstacle through lack of internationally recognized accredited testing facilities for product certification as well as insufficient knowledge of management systems.

Producers hoping to export their goods beyond the region currently have no option but to incur considerable expense and time delays by sending their products outside the country for re-testing, re-inspection, and re-certification in order to obtain recognition of measurements, test, and conformity assessment results already issued in Malawi. These additional costs weigh heavily on the competitiveness of the country’s exports.

Large businesses needing such compliance in order to supply international markets have invested in attaining these standards and certification by internationally recognized accredited bodies. However, faced with this situation, many small businesses simply choose to limit their market outreach to consumers for whom standards are not a must and who are not prepared to pay a higher price for quality goods.

UNIDO’s response along with the Government of Malawi and backed by the EU, the UNDP and the NORAD has been to embark upon an ambitious upgrading of quality infrastructure and capacity-building at MBS. This is seen as a long term and sustainable solution to enhance and ensure that the country’s exports meet international standards by reducing the need for re-testing, re-inspection, re-certification abroad through acceptance of measurements, tests, conformity assessment results issued 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)) and by supporting the improvement of the performance of MBS and encouraging a dialogue between MBS and the private sector. The first step was to draft a National Quality Policy with the substantive support from UNIDO and the financial support from the NORAD, based on a workshop in which stakeholders from both the public and private sectors participated. The Policy has now been adopted by Government and represents the best arrangement for developing and implementing a holistic NQI which will support both the private sector and the regulatory domain.

The Government has committed to build new facilities at MBS under UNIDO’s guidance. The Organization will also provide training to ensure that the MBS is able to deliver audit and certification services to companies, processes, products and services in compliance with the myriad of food-related international standards and guidelines. The projects also aim to strengthen MBS’s role in facilitating better access for enterprises to information on standards and technical regulations. This strengthened infrastructure, backed up by a coherent new National Quality Policy, will lead the way to a sustainable improvement in the support structure and help to ensure that Malawi’s existing and aspiring exporters make their mark on the export scene. Resulting in direct implications for Malawian 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. Malawi deals with a heavy reliance on few agricultural commodities, coupled with the risk of trade bans and export restrictions resulting in strong trade deterrents. Some recommendations can include but are not limited to working closely with both the public and the private sector to help diversify Malawi’s highly concentrated trade away from agricultural commodity dependence. Furthermore, streamlining procedures, waiting times and fee costs should be made more transparent as preparation towards the basis for introducing a Single Window. Lastly, to increase agriculture productivity it is essential to improve transport infrastructure, agricultural technology and support services as these are of key importance for a land-locked country like Malawi for which opportunities to diversity into the export of manufactures is more limited by the high cost of the transportation of goods.

Last but not least, UNIDO’s activities are also contributing to address MBS’ sustainability as well as risk

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management in the regulatory framework of Malawi to tackle safety concerns and improve market surveillance, which is contributing to the recommendations by the Diagnostic Trade Integration Study “Reducing costs to promote competitiveness and inclusive growth” prepared for the Enhanced Integrated Framework in 2014.

**Q4: Please add here web links to project/programme materials.** *Respondent skipped this question*

### PAGE 5: C.2) ABOUT THE CASE STORY

#### Q5: YOUR CONTACT DETAILS

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**Q6: FUNCTION** Public sector

**Q7: FUNDING PARTNER Tick the appropriate box(es)** Bilateral donor, Multilateral organization

**Q8: Additional information** *Respondent skipped this question*

**Q9: START DATE OF PROJECT/PROGRAMME** *Respondent skipped this question*

**Q10: STATUS OF PROJECT/PROGRAMME** On-going

**Q11: DURATION OR, IF ON-GOING, EXPECTED DURATION OF PROJECT/PROGRAMME** 3-5 years

**Q12: COST OF PROJECT/PROGRAMME** Between US\$5 million and US\$10 million

**Q13: Additional information** *Respondent skipped this question*

**Q14: TYPE OF FUNDING FOR PROJECT/PROGRAMME** Grant

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**Q15: PROJECT/PROGRAMME TYPE** Single country / customs territory

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<b>Q16: SINGLE COUNTRY/CUSTOMS TERRITORY</b>	MALAWI
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<b>Q17: REGION</b> (If the region does not appear in the drop down menu, please enter manually.)	East Africa
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<b>Q18: MULTI-COUNTRY</b> (Enter all countries or customs territories)	<i>Respondent skipped this question</i>
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<b>Q19: CASE STORY FOCUS</b> Tick the appropriate box(es)	REDUCING TRADE COSTS FOR MERCHANDISE GOODS , Support for compliance with non-tariff measures (including standards) , Working with trade partners to recognize professional qualifications
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<b>Q20: HOW SUCCESSFUL WAS THE PROJECT/PROGRAMME</b> Tick the appropriate box(es)	Very successful
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<b>Q21: WHAT WERE THE OUTPUTS OF THE PROJECT/PROGRAMME</b> Tick the appropriate box(es)	Officials trained, Laboratory testing facilities, New conformity assessment procedures or processes , New food safety measures or processes, New quality assurance procedures or processes, New laws, rules or regulations on services
<b>Q22: Additional information(maximum 300 words)</b>	<i>Respondent skipped this question</i>

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<b>Q23: WHAT WERE THE OUTCOMES OF YOUR PROJECT/PROGRAMME</b> Tick the appropriate box(es)	Reduction in customs rejections, Increase in merchandise exports, Increase in shipping volumes, New company registrations
<b>Q24: Additional information(maximum 300 words)</b>	<i>Respondent skipped this question</i>

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<b>Q25: WHAT WERE THE IMPACTS OF THE PROJECT/PROGRAMME</b> Tick the appropriate box(es)	Increase in employment, Increase in women's employment, Export market diversification, Reduction in incidence of absolute poverty
<b>Q26: Additional information(maximum 300 words)</b>	<i>Respondent skipped this question</i>

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**Q27: LESSONS LEARNT** Tick the appropriate box(es)

Importance of good project design,  
Importance of alignment with national priorities ,  
Importance of alignment between different development partners in programming  
,  
Importance of engagement by private sector ,  
Importance of agreeing clear project implementation responsibilities  
,  
Importance of agreeing clear project monitoring and evaluation process and procedures  
,  
Importance of attention to long-term sustainability  
,  
Importance of political will and commitment by project partner

**Q28: Additional information(maximum 300 words)**

*Respondent skipped this question*

**Q29: PROJECT OR PROGRAMME MONITORING AND EVALUATION FRAMEWORK** Tick the appropriate box(es)

M&E framework used, Project baselines set,  
Ex post evaluation, Impact assessment