



**IMPLEMENTATION AGREEMENT
BETWEEN
PHYSIKALISCH-TECHNISCHE BUNDESANSTALT
AND
ANDEAN COMMUNITY – GENERAL SECRETARIAT
CONCERNING THE PROJECT:
COORDINATED DEVELOPMENT OF THE QUALITY
INFRASTRUCTURE (QI) IN THE ANDEAN REGION**

22 DE JULIO DE 2010

IMPLEMENTATION AGREEMENT

between

**Physikalisch-Technische Bundesanstalt
Bundesallee 100
38116 Braunschweig, Germany**

- hereinafter referred to as "PTB or German Implementing Organization" -

and

**Comunidad Andina
Secretaría General
Paseo de la Republica 3895,
Lima 27, Perú**

- hereinafter referred to as the "General Secretariat" -

concerning the project

**Coordinated Development of the Quality Infrastructure (QI) in the
Andean Region**

- hereinafter referred to as the "Project" -

70

1. INTRODUCTION

1.1 BACKGROUND

The Physikalisch-Technische Bundesanstalt (PTB) of Germany, is an entity that is developing technical cooperation activities in Latin America and the Andean region for over three decades, promoting the development of quality infrastructure as an important and essential element to penetrate International markets with high demands regarding quality, safety and environment, in order to meet the surveillance and control actions of governments, and also to promote innovation and technological development of industry in the beneficiary countries from this cooperation.

In this line of action, the Unit of Technical Cooperation of Germany (PTB), announced to the CAN Member States through General Secretariat, a project profile to strengthen the Andean integration through improving the actual services of quality infrastructure. The Project would have two phases, the first one will be developed in three years at a cost of € 500 000, financed by the Federal Ministry for Economic Cooperation and Development of Germany (BMZ) to be managed by PTB. PTB requested the designation of technical coordinators and a national coordinator as representatives of their country; in that order, a Technical manager of the areas of Accreditation, Technical and Metrology Regulation and a National Coordinator were designated by the CAN Member States. On June 26 2009, CAN Member States committed themselves to support the implementation of the Project.

The PTB has developed an identification mission to establish the current status of quality infrastructure in the CAN Member States in July 2009. On October 20, 2009, the PTB informed the General Secretariat about the approval of the Federal Ministry for Economic Cooperation and Development of Germany in the allocation of resources to the project's first phase..

In this regard was carried out the planning workshop in Santa Cruz, Bolivia on 9 and December 10, 2009, where they obtained as a result the General Plan of the first phase, Operational Plan 2010 and the System Monitoring and indicators; agreeing among others, to support the needs in the productive chain of food sector as being of common interest to CAN Member States.

In that workshop, the CAN Member States agreed to name the project: "Coordinated Development of the Quality Infrastructure (QI) in the Andean Region", which aims to strengthen the national quality infrastructure and cooperation between them in order to improve the regional availability of the competent services of Quality Infrastructure, achieve international recognition and to be demand-driven, also a group of strategic axis were identified in the Planning Workshop in Bogota.

1.2 Strategic Axis

- Promote of the cooperation between quality infrastructure of Bolivia, Colombia, Ecuador and Peru.
- Strengthen of the QI during the operation and integration of its components, according to International best practice.
- Strengthen the development and orientation of the demand of the QI services.
- Increase the awareness, involvement and participation of the QI by users and consumers in countries.
- Developing a management model of QI services for value chains .

The representatives of CAN Member States agreed on this issue, adding two more administrative action lines in addition of the strategic axis identified in the Planning Workshop in Bogota.

- Systematization and knowledge management
- Operational monitoring and impact

Additionally, representatives of CAN Member States agreed:

- Definition of milestones

As part of the final validation of a planning document, the National Coordinator will propose additional milestones to integrate into the POA, especially those that represent the project sustainability such as: tools / methodologies / models to develop / good practice.

- Project Documentation

To instruct the General Secretariat and the consultant intermittent PTB to develop a proposal on how to organize project documentation and the development of certain formats (PowerPoint presentations, letters, use of logos etc).

- Operational monitoring and impact

Instruct PTB intermittent consultant, to develop formats to monitoring and reporting in order to increase transparency, efficiency and the interweaving of the instruments themselves based on criteria and instruments in the PTB.

- Using the virtual platform of the CAN

Instruct the General Secretariat to send basic information about using the e-CAN core circle of actors in the project (National Coordinators, technical managers, coordinators and consultants of the PTB).

- Formal offer to BMZ

Request to the project coordinator from PTB to distribute a translation of the summary of the submitted proposal to the German Ministry for Economic Cooperation and Development, which contains the main agreement between the BMZ and the PTB.

1.3 Additionally, representatives of the CAN Member State, agreed to work the food chain, and for this purpose they committed to:

- Definition of products

The CAN Member State shall define the final products that will develop the CALIDENA exercises in their respective countries. Colombia and Ecuador will define until January 15, 2010 and Bolivia and Peru, will define until April 2010.

- Preparation of the Production Chains

124

For the purpose of beginning work on the strategic axis N° 5 "Developing a management model of QI services for value chains", the countries have committed themselves to prepare their supply chain on the following dates:

- i. Colombia: January 2010
- ii. Ecuador: January 2010
- iii. Bolivia: April 2010
- iv. Peru: April 2010

1.4 Principles of Cooperation

a. Role of National Coordinators

- Be the focal point for the project and from the project to other actors
- Keep informed the other participants of the QI and the General Secretariat about the activities of the project
- Coordinating with the technical managers
- Ensure that the lines of action planning are considered in the action plans of the technical managers.
- Track the activities and report results and impacts
- Seek alliances
- Promote the project in the environment
- Seek additional resources (national, regional and international)

b. Role of the Technical Managers (former Technical Coordinators)

- Develop action plans generated from the workshop CALIDENA
- Implement the action plans and report to the National Coordinator
- Seek cooperation with their counterparts in the Andean network
- Actively participate in regional meetings
- Promote the project

c. Intermittent Expert Role

- Support, encourage, suggest, facilitate planning process, implementation, conceptualization, monitoring and evaluation
- Maintain communication with the National Coordinators and the General Secretariat
- Coordinating with the project leader in the PTB and the short-term technical consultants
- Report to the PTB

d. Role of the General Secretariat

- Coordinate with national authorities responsible for the proper development of the project activities
- Maintain communication throughout the region (National Coordinators) and the PTB to facilitate planning, implementation and evaluation of the project
- Coordinate with the respective Andean technical networks
- Convene meetings
- Managing external funding sources
- Developing and maintaining the website
- Find mechanisms to facilitate free transit of measurement standards and reference materials through customs.

60

e. Role of PTB

- Coordinate with the General Secretariat and the National Coordinator
- Allocate resources to the project activities
- Support, encourage, suggest, facilitate planning, implementation, conceptualization, monitoring and evaluation
- Actively participate in the selection of productive chains to work
- Facilitate the exchange of experiences with other regions (eg. Central America and the Caribbean)
- Inform the German Ministry for Economic Cooperation and Development about the project progress.

Finally, the representatives agreed to organize an annual meeting between November 1 - 15, 2010, and reported their compliance with the contents of this Implementation Agreement, considering that it meets the current needs of its quality infrastructure since this is an indispensable component to support the domestic, regional and international trade for the CAN Member States.

2. Project objective and indicators

2.1 Objective and duration

The project is defined as: "Coordinated Development of the Quality Infrastructure (QI) in the Andean Region", which aims to strengthen the national quality infrastructure and cooperation between them; in order to improve the regional availability of the competent services of Quality Infrastructure, achieve international recognition and to be demand-driven.

The duration of the project is scheduled for six years, from November 2009 to October 2015; and is divided into two phases.

The objective for the first project phase is defined as: "The capacity of the available national QI is improved".

The duration of the first phase is from November 2009 to October 2012. The second phase is scheduled from November 2012 to October 2015.

2.2 Indicators of success

The achievements of the project objective will be assessed by the following indicators:

- Increased number of cross-national arrangements between the institutions of the national QI. Possible criteria are agreements on division of labor, harmonization of standards, standardization of methods, common use of services
- Increased number of international recognitions in the areas of metrology and accreditation
- 70 % of clients and user of national QI services judge that the services comply with their needs

- A verified model for integral operation of value chains with QI services is replicated in at least two countries

3. Contributions to the Project by the Government of the Federal Republic of Germany via PTB

3.1 The Government of the Federal Republic of Germany shall provide PTB with up to EUR 500.000 (five hundred thousand Euros) for the German contribution for the first phase of the project. This amount shall include the costs incurred by the German Implementing Organization.

3.2 Contributions of the Government of the Federal Republic of Germany for the second phase of the project will depend on the result of the evaluation and on the resource availability of the Government of the Federal Republic of Germany.

3.3. Activities shall be undertaken with prior mutual consent of both PTB and General Secretariat. This would require the development of an operational plan for the implementation of the activities of the project. PTB is responsible for the general coordination of the project and for the management of the funding.

3.4 Provision of experts

PTB shall make available for the project short-term experts for the following fields:

- Organizational development
- Quality infrastructure services
- Awareness building/networking for users of quality infrastructure services
- Organization and implementation of training, seminars, workshops based on identified needs of the QI institutions
- Evaluation/impact assessment

3.5 Training

PTB shall provide in the framework of the project, training where required for officers of quality infrastructure organizations from CAN Member States.

PTB shall assume the following costs:

- Training courses
- Accommodation and living expenses
- Travel expenses.

4. Contributions by General Secretariat

General Secretariat shall

- Collaborate with PTB in the development of the operational plan for the project

- Appoint a qualified Technical manager to undertake the successful and timely coordination and communication with the quality infrastructure organizations of CAN Member States
- Promote regional integration in the field of quality infrastructure
- Provide necessary administrative and auxiliary support for the project

5. Other provisions

5.1 Steering Committee

PTB and General Secretariat shall nominate representatives for the Committee (called "Comité de gestión de proyecto") who shall be responsible for steering and coordinating the project activities and ensure the smooth and timely implementation of the project activities within scope and in accordance with the defined and agreed implementation policies and procedures. Coordinated by General Secretariat, each CAN Member State shall nominate a representative.

5.2 Evaluation/impact assessment

An evaluation/impact assessment must be undertaken, at least once, at the end or during the third year of this Project. To this end, both PTB and General Secretariat shall second external experts/appraisers to the Project. General Secretariat shall participate in the evaluation/impact assessment and shall assist the expert(s)/appraiser(s) in their work and allow them to examine all the relevant documents and records. General Secretariat shall coordinate the support of CAN Member States to the evaluation/impact assessment.

Both General Secretariat and PTB shall be informed of the results of the evaluation/impact assessment. General Secretariat shall inform the CAN Member States of the results of the evaluation/impact assessment.

5.3 Suspension of contributions and termination of Agreement

PTB may suspend its contributions if:

1. General Secretariat fails to fulfill its obligations arising from this Agreement or arrangements relating to this Agreement.
2. Circumstances arise which preclude, or place in considerable jeopardy, the objective of the Project described in Clause 1 above.
3. The Government of the Republic of Germany decided not to finance phase two of the project

If one of the circumstances described above arises and endure beyond a period to be agreed between PTB and the counterpart institution, or if this situation is not remedied within this period, PTB may, with the consent of the Government of the Federal Republic of Germany, prematurely terminate the implementation of this Agreement.

66

General Secretariat may suspend its contributions to/participation in the Agreement if there is a breach of Clause 3 or an irrevocable breakdown in the implementation of activities which places in jeopardy the objective of the Project.

5.4 Continuation of project activities

In case of suspension of contributions under this Agreement or termination of this Agreement with General Secretariat as described in Clause 5.3, PTB may continue project activities directly with CAN Member States.

5.5 Terms of Agreement

Regarding the duration and the exception relating to the cessation of benefits referred to in clause 5.3, this Agreement will be valid for the duration of the two phases (currently scheduled to run from 11/2009 to 10/2015)

The terms of this Agreement may be extended by mutual consent of both parties in writing in the event of a delay in the execution of the German contribution as agreed in this Agreement and/or in the execution of the agreed contributions of General Secretariat.

5.6 Adjustment of Agreement

If the provisions of this contract, impede optimum achievement of the objective defined in clause 2 above, PTB and General Secretariat may adjust or amend these provisions by mutual consent at any stage during the implementation of the Project. Any amendments shall be made in writing.

PTB may unilaterally terminate this Agreement if the commission with which it has been charged by the Government of the Federal Republic of Germany is withdrawn. In this case, it must give General Secretariat at least, if possible, 3 months notice of such withdrawal.

5.7 Written Form

Amendments and additions to this Agreement, and any other important declaration and communication of significance to the execution of this Agreement, shall be made in writing.

5.8 Agreements with individual implementing organizations of CAN Member States

The person responsible for the contribution by PTB and the persons responsible for the contributions by General Secretariat or other implementing organizations may together conclude a binding agreement on additional details concerning execution of the Project (e.g. on the basis of an operating plan), or in any other suitable way lay down those details in writing and, where necessary, adjust any such agreement to take into account developments in the Project. In all such cases, General Secretariat and PTB should be informed.

Entry into force, copies

This Agreement shall enter into force on the date it is signed by both parties hereto. It shall be drawn up in two originals.

Braunschweig, 3. JUN. 2010

Lima, 22.7/10

For and on behalf of
PTB



Manfred Gahrns
Head of Section
"Legal Matters"



GENERAL SECRETARIAT