

COMMUNIQUÉ ON ACCREDITATION COSTS

Background

The Southern African Development Community Accreditation Services (SADCAS) is a multi-economy accreditation body established in terms of Article 15 B of the Technical Barriers to Trade (TBT) Annex to the SADC Protocol on Trade. The primary purpose of SADCAS is to ensure that conformity assessment service providers operating in those SADC Member States which do not have national accreditation bodies are subject to oversight by an authoritative, reliable and efficient body. SADCAS services the accreditation needs of 14 SADC Member States namely: Angola; Botswana; Comoros; Democratic Republic of Congo (DRC); Eswatini; Lesotho; Madagascar; Malawi; Mozambique; Namibia; Seychelles; Tanzania; Zambia; and Zimbabwe, excluding South Africa and Mauritius who have fully operational and internationally recognized national accreditation bodies, South African National Accreditation System (SANAS) and Mauritius Accreditation Service (MAURITAS). Although Angola has launched its national accreditation body and Zambia has indicated its intention to establish a national accreditation body, both these national accreditation bodies are not yet operational hence conformity assessment bodies in these countries will continue to be serviced by SADCAS in the foreseeable future.

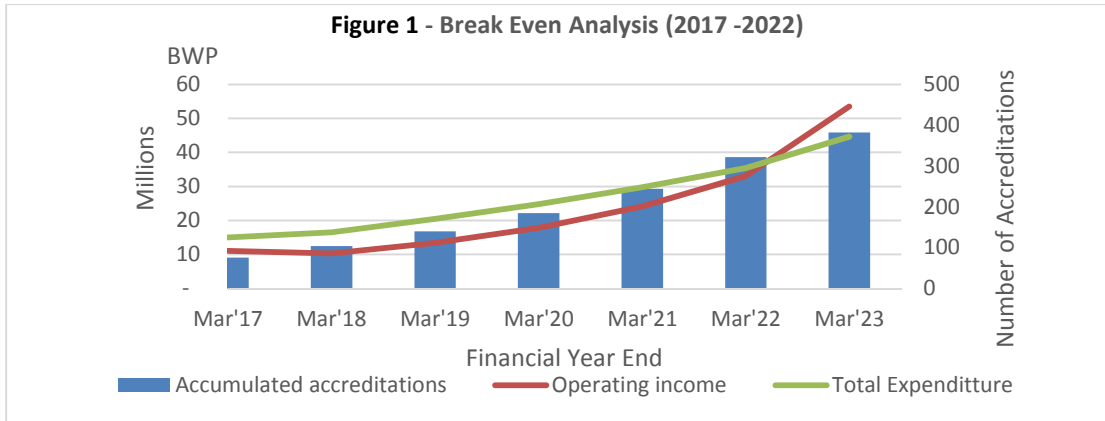
SADCAS is a not for profit company limited by guarantee under the Botswana Companies Act, 2003 (Act No. 32 of 2004). SADCAS is a subsidiary Institution of SADC having been approved as such by the SADC Council of Ministers in August 2007. The relationship between SADCAS and SADC is formalized through a Memorandum of Understanding (MOU) on General Cooperation. SADCAS Headquarters are situated at Gaborone, Botswana.

The set up and operationalization of SADCAS was funded by the Norwegian Government to the tune of NOK 13 million in a 5-year project that ended in March 2012. In order to ensure continuity of SADCAS in the 2013/14 financial year, the Norwegian Government provided additional funds amounting to NOK 1.55 million.

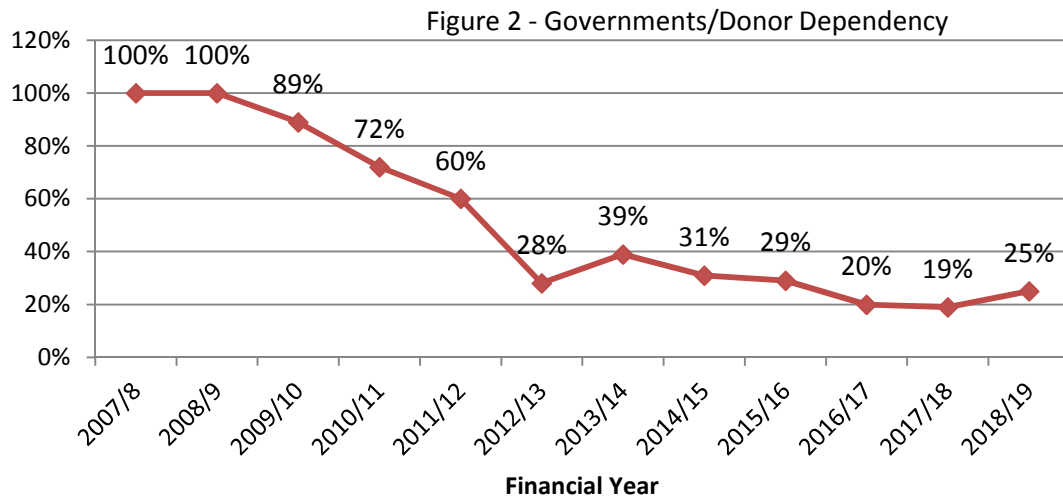
SADCAS generates its own income from accreditation services and training on accreditation associated activities. SADCAS operational budget deficit is funded by the Governments of SADC Member States that are serviced by SADCAS. The contributions towards SADCAS sustainability are based on the accreditation market potential in those SADC Member States that are serviced by SADCAS.

SADCAS thrust has always been to reduce dependency on donor/government funding by increasing own earned income. Based on the projected income and expenditure the break-even point for total expenses is projected to be achieved after the strategic plan period in 2022/23. Refer to Figure 1. This is the basis upon which Governments agreed to funding SADCAS operational budget deficit.

The purpose of this Communique is to communicate and explain the basis of the SADCAS accreditation fee structure to stakeholders (internal and external) i.e. staff, assessors, trainers, Board members, National Accreditation Focal Points, accredited and applicant conformity assessment bodies. To conformity assessment bodies this communique is also designed to highlight that accreditation is an investment from which returns should be realized.



As at 31 July 2019, SADCAS had cumulatively issued 128 accreditation certificates to 103 accredited facilities in 12 SADC Member States and one non-SADC country Ghana. At the same time SADCAS had 64 accreditation applications from 12 SADC Member States and one non-SADC country Cote d'Ivoire at the various stages of processing. SADCAS business is growing steadily not only in terms of numbers but also in terms of geographical, field and sectorial coverage. Dependency on donor/governments funding has been steadily reducing as operational income has been increasing. As at 31 March 2019 and based on audited financial statements dependency on Government funding was at 25%. Refer to Figure 2.



SADCAS Fee Structure

The SADCAS fees are based on a cost recovery model in order to ensure clients meet the cost of the service provided to them. SADCAS fees are publicly available from the SADCAS website in *SADCAS AP 02: SADCAS Service Fees*. The fees are updated regularly.

The components of the SADCAS service fees are outlined in Table 1 and are based on an assessor unit which is one assessor per day. All travel and subsistence are billed at cost.

Table 1 – SADCAS Service Fees Components

Component	Description
Application Fee	The application fee is non-refundable and includes one document review.
Pre-assessment Fees [s1] <i>Note: Pre-assessments are optional but may be compulsory depending on the regulator's condition for acceptance where required.</i>	The rate is charged per assessor unit and is normally undertaken by one assessor over one day. Excludes travel costs.
Initial Assessment Fees	Initial assessments are carried out by a minimum of two assessors, i.e. one Team Leader assessor and one technical assessor. Excludes travel costs.
Annual Accreditation Fees	Charged annually based on the number of assessor units required to assess the facility.
Scope Extension Fees	The fees for scope extension are for the additional technical time required to cover the extended scope.
Fees for Assessing Technical Competence	The fees for assessing technical competence (Technical Signatory) of laboratory personnel shall be charged at a minimum rate an assessor unit for a maximum of three candidates per assessor per day.
Fees for Clearance of Nonconformities	This will be charged based on the required assessor units.
Additional Visits	Any other additional visits that are undertaken upon client's request will be charged depending on the required assessor units.
Travel Costs	For initial assessments that are paid upfront, based on quotations from the travel agent and for periodic on-site assessments billed after the assessment based on the actual costs incurred.
Surcharges	10% surcharge on facilities within SADC Member states that are not contributing to SADCAS. 15% surcharge on facilities from outside the SADC region.

Increases over the past 10 years

The increases effected over the past 10 years is as summarized in Table 2. The increases have been based on the inflationary levels for that period and also taking into account feedback from CABs on level of fees and the need for SADCAS fees to remain competitive bearing in mind the strategic intent.

Table 2 – Increases Effected over the Past 10 Years

Year	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Increase	10%	10%	8%	8%	6%	5.9%	0%	5%	10%	2%

Strategy to Maintain Competitive Fees

The following strategies have been put in place for SADCAS fees to remain competitive:

- **Locally based assessors** – Travel and subsistence currently constitutes 40% to 60% of the accreditation costs. Accreditation costs can be managed by using locally based assessors thus reducing the travel and to an extent subsistence costs. As at 31 July 2019 SADCAS had registered 39 Team Leaders; 116 technical assessors and 4 technical experts. Efforts are underway to develop the SADCAS pool of assessors so that they are locally based in order to minimize travel and subsistence costs of assessors and to also cover the language diversity.
- **Multi skilled assessors** – Use of multi skilled assessors in assessment teams so as to minimize the number of assessment teams' members thus manage the travel costs. This strategy is being used especially under the MLAS.
- The introduction of **risk-based assessments concepts** in scheduling of assessments may result in the reduction of the number of periodic on-site assessments undertaken during a cycle as long as the interval is not more than 2 years.
- **Discounts** have been introduced for those organizations who have a group of CABs accredited by SADCAS.
- **Increasing Clientele base**
 - **Promoting the benefits of accreditation** and advocating for the use of accreditation in both the voluntary and regulatory areas so as to create the clientele base for SADCAS.
 - **Training** on accreditation matters so as to promote a thorough understanding of accreditation requirements.
 - **Development of new accreditation schemes** such as the Medical Imaging Accreditation Scheme which is being explored during the 2019/20 financial year to create a clientele base.
 - Encouraging SADC Member States to develop **technical assistance projects** to develop CAB capacity in the area of accreditation. Projects such as the UNIDO project at regional level and bilateral projects, Trade Related Facility through which a number of countries have benefited on accreditation
 - **Promoting achievement of signatory status** in MRAs and working towards international recognition for the other schemes on offer that are not yet recognized.

Determining Cost of Accreditation

The cost of accreditation is based on the fee structure. The costs depends on a number of factors as follows:

- Scope(s) of accreditation;
- Number of parameters to be assessed;
- Number of personnel to be assessed;
- Travel & Subsistence of assessors; and
- Assessor fees.

When a quotation is accepted by conformity assessment body an invoice is issued. Payment shall be affected before any document review and assessment can be undertaken.

Terms and Conditions

Invoices are raised in BWP/USD and are due and payable in full. Terms of payment are 30 days from the date of invoice. All costs regarding transfer must be paid by the facility and must be communicated to their bank. Initial assessment fees must be fully paid before accreditation is granted. Annual fees are invoiced in April of each year and cover the period until 31 March of the following year. Accredited facilities that do not pay within 60 days or fail to make an arrangement to pay the annual fees will be placed on suspension. Failure to pay fees within the stipulated time shall result in accreditation being withdrawn. SADCAS accepts payments by bank cheque/bank drafts and electronic transfers. SADCAS Bank details are indicated on each raised invoice.

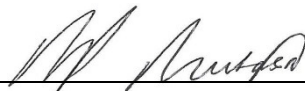
Conclusion

SADCAS fees are reviewed annually and at all the reviews serious considerations are given taking into account the need to maintain competitive fees. With the strategies in place to maintain competitive fees and taking into account the strategic intent to breakeven on operational costs the premise upon which Government funding was introduced, and further noting that the stage of development of SADCAS, SADCAS service fees are fairly priced to recover all direct and indirect costs associated with the service.

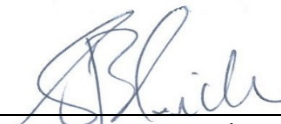
Accreditation is an investment and not a cost as it provides a number of benefits:

- It is a means of demonstrating competence to clients both internal and external
- It is a guarantee for reliable test results
- It increases reliability and quality of products
- It reduces costs associated with repetitive testing and lost time is minimized
- It is a global market requirement and enhances market access
- It facilitates trade and economic growth.

The business benefits of standards and accreditation <https://business-benefits.org/> and the public sector assurance <https://publicsectorassurance.org/> websites jointly developed by the [International Accreditation Forum \(IAF\)](#), [ILAC](#), [International Organization for Standards \(ISO\)](#), [Independent International Organization for Certification \(IIOC\)](#), and [International Certification Network \(IQNet\)](#), showcases these benefits through case studies, research papers, and supporting materials. SADCAS has submitted cases which are showcased on these sites. The results from above studies do indicate that conformity assessment bodies are realizing increased business returns from accreditation.



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Steven Bruce Sidney
SADCAS Board Chairman