



DRAFT

NATIONAL QUALITY POLICY

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1.0 INTRODUCTION

Under the visionary leadership of our Kings, the Royal Government of Bhutan (RGOB) has adopted Gross National Happiness (GNH) as the Kingdom's development philosophy. The RGOB acknowledges that quality is a vital element of the four pillars of GNH including the good governance, preservation and promotion of culture, environment conservation and sustainable economic development including promotion of trade.

The RGOB recognizes that quality assurance requires adoption and implementation of internationally recognized and accepted Standards, Metrology, Conformity Assessment and Accreditation (SMCA) practices in the quality infrastructure framework. It is also recognized that the quality assurance provide a vital link to global trade, market access and export competitiveness of products and services as they contribute to Bhutan's quality infrastructure in meeting the consumer confidence regarding their safety, quality, protection of health and the environment.

Globalization of trade and investment via multilateral institutions such as the World Trade Organization (WTO) as well as regional and bilateral trade agreements promulgate rules governing non-tariff trade barriers. The main challenges in quality assurance faced by development practitioners as well as the international trading system is the variation in certification, testing, inspection practices, and standards used by different organizations and countries. Unless trade partners use similar or equivalent standards and conformity assessment procedures and recognize each other's conformity assessment results as reliable, the costly problem of discriminatory, non-transparent, and unnecessary obstacles to trade will persist. The importance of harmonizing standards and accreditation of conformity assessment bodies (CABs) constituting a nation's Quality Infrastructure (QI) including metrology for both domestic and international trade was prominently noted in the 1994 Agreement on Technical Barriers to Trade (TBT Agreement). The agreement recognizes that harmonized standards and conformity assessment by internationally recognized conformity assessment bodies can expedite the free flow of goods in international commerce.

Unnecessary obstacles to development programmes and trade can be reduced if the results of

metrological services are connected through an unbroken chain of inter comparisons to the Bureau International des Poids et Mesures [International Bureau of Weights and Measures] (BIPM), if standards are internationally harmonized and if Accreditation Bodies are internationally recognized through an international Mutual Recognition Agreement (MRA).

Since 2008, the Royal Government of Bhutan (RGOB) has embraced policies geared towards creating a quality infrastructure and providing an enabling environment for the private sector to do business and serve as an engine for economic growth. While the country has attained significant economic growth, such development can be enhanced and sustained through the adoption of a national quality policy.

2.0 NEED FOR A NATIONAL QUALITY POLICY

The RGOB recognizes that quality is a vital element of the four pillars of GNH including the good governance, preservation and promotion of culture, environment conservation and sustainable economic development including promotion of trade vital for Bhutan's economic growth. The need for the Policy arises from the need to create an effective National Quality Infrastructure (NQI) capable of providing an enabling environment for economic growth and the realization of the GNH.

NQI is generally constituted by the national quality system including internationally recognized and accepted standards, metrology, conformity assessment and accreditation (SMCA) practices.

- 2.1 Standards provide requirements, specifications, guidelines or characteristics that can be used consistently to ensure that materials, products, processes and services are fit for their purpose. Standards are developed by experts and represent best practice to ensure that products and services are safe, reliable and of good quality. Standards save costs, enhances customers' satisfaction, provides access to new markets, and protects environment.
- 2.2 Metrology, science of measurement establishes chain of traceability to international standards vital for maintaining precision and quality of products or services.

- 2.3 Conformity Assessment provides assessment to ensure that specified requirement relating to a product, process, system, person or body is fulfilled. Laboratories, inspection and certification bodies provide conformity assessment services.
- 2.4 Accreditation provides third party attestation on the competence of a conformity assessment body, their competence to carry out conformity task.

The Bhutanese quality infrastructure is in the early stage of development and faces numerous challenges. Recognizing that a national quality infrastructure (NQI) acts as an impetus for the success of all the economic activities, the RGOB in 2010 enacted Bhutan Standards Act and established the Bhutan Standards Bureau as an apex institution to coordinate the provision of SMCA services in the Kingdom. The need to develop Bhutan's quality infrastructure has become vital to enhance the competitiveness of its local industries, promote fair and efficient trade, protect health and safety of the consumers and the environment.

An efficient and effective quality infrastructure does not develop automatically. A national quality policy along with investment of resources are necessary to coordinate efforts of various organizations and define the supporting environment for the development of a competent NQI to be used by the industry and the government in achieving both market access and market success.

3.0 POLICY OBJECTIVES

This policy focuses at improving quality of products and services supporting the four pillars of GNH and developing Bhutan's reputation as a reliable trading partner by establishing an effective and a reliable NQI within the SMCA system. The policy objectives is therefore to develop the national quality infrastructure by:

- 3.1 Strengthening the efficiency and reliability of the existing institutions.
- 3.2 Instituting an incentive structure for deployment of experts.
- 3.3 Harmonizing policies and technical regulations.

- 3.4 Forming an effective multi-faceted partnership arrangement.
- 3.5 Coordinating efforts of the regulatory, sectoral agencies and institutions
- 3.6 Enhancing SMCA awareness and dialogue to improve collaboration

4.0 POLICY TARGETS

The achievement of the policy objectives is contingent upon setting clear policy targets. The targets for the implementation of the policy shall be:

- 4.1. Standards proposed by organizations including the industry and manufacturers are developed/adopted/published by the BSB for local as well as international trade within one year from the receiving date of a proposal. For economy and expediency where appropriate, international standards shall be used in order to support international trade.
- 4.2. National Metrology Institution and conformity assessment bodies including testing laboratories and certification bodies are accredited by an accreditation body affiliated with the ILAC or IAF within one year of their operation.
- 4.3. RGOB accepts only conformity assessments provided by CABs accredited by an accreditation body affiliated with the ILAC or IAF from 1st January 2020,.
- 4.4. CABs ensure uniformity of measurement in industries and commercial services by 1st July 2020.
- 4.5. An incentive structure is instituted by 1st January 2018 to sustain and develop on the existing organizational and human resource capacity specifically for the deployment of experts as members of technical committees and in other areas where appropriate.
- 4.6. RGOB ensures organizations and regulators review and enforce policies and technical regulations or other appropriate mechanisms by June 2020.
- 4.7. RGOB ensures information on QI are published and made publicly available starting 1st

July 2017. Publications also include list of organizations responsible for implementating the NQP and for coordinating the development and management of the NQI.

5.0 POLICY ACTIONS

As per the policy objectives and targets, the RGOB endorses a set of policy actions to strengthen the NQI, institute an incentive structure, harmonize policies and technical regulations, form an effective public-private partnership arrangement, coordinate supporting efforts of the regulatory, sectoral agencies and institutions, and enhance nation-wide SMCA awareness.

5.1 Strengthen the NQI

The RGOB commits to providing adequate facilities and resources to strengthen the efficiency and reliability of the NQI to:

- 5.1.1 Develop/adopt standards needed to support national and international trade with input from all the interested public and private parties.
- 5.1.2 Develop and maintain a suitable infrastructure to provide metrological traceability through an unbroken chain of inter comparisons to the BIPM, to private and public entities in order to support them to achieve comparable and true measurements.
- 5.1.3 Provide conformity assessment of products and services assuring conformance with international standards and measurements where such services are not offered by any other accredited public or private organizations. As conformity assessment services may be provided by private CABs, the RGOB, where appropriate create more CABs as per the needs of market subject to fulfillment of the accreditation requirement.
- 5.1.4 Facilitate provision of internationally recognized accreditations in cooperation with partner accreditation bodies internationally recognized by ILAC or IAF to establish an efficient accreditation system to support the development of a reliable conformity assessment infrastructure in the country. [BSB to take the lead in the field of Accreditation including maintaining list of accredited CABs in the country, while assessments and accreditations

decisions may be subcontracted].

5.1.5 Coordinate supporting efforts of the regulatory, sectoral agencies and institutions to:

- (1) Promote the use of national or international standards to improve quality of products and services to facilitate national or international trade.
- (2) Promote the implementation of management systems as per national and international standards and supporting public organizations to achieve certification requirements.
- (3) Require all public organizations and CABs to calibrate relevant measurement equipments to assure traceability to national/international standard units.

5.1.6 Enhance nation-wide SMCA awareness by:

- (1) Promoting the importance of national standards, metrology and results of accredited conformity assessment bodies.
- (2) Promoting the need for effective enforcement of technical regulations or other appropriate mechanisms.

5.2 Institute an incentive structure

Recognizing that a well-balanced incentive structure is the key to creating an enabling environment for engaging qualified professionals in the development and operationalization of the NQI systems, the RGOB requires relevant bodies and institutions to institute an incentive structure for sustaining and developing their respective organizational and human resource capacity, in particular, focusing on incentives to deploy experts as members of technical committees and in such other areas as may be necessary.

5.3 Harmonize policies and technical regulations

Harmonization of policies and technical regulations including laws are important for the development and sustainability of the NQI. As a number of policies and technical regulations were

enacted at various stages of the country's development, the RGOB requires all such conflicting policies and technical regulations to be harmonized as per the NQI framework and principles. Further,

- 5.3.1 As standards represent good practice, the use of standards is generally voluntary in nature. However, the RGOB through policies and regulatory instruments may oblige the use of standards impacting safety and health of citizens and protection of environment through stipulation and enactment of appropriate technical regulations.
- 5.3.2 While the number of technical regulations may be kept to the minimum e.g. to create a liberal and enterprise friendly environment, the RGOB regulators are obliged to ensure strict implementation of technical regulations issued.
- 5.3.3 Notwithstanding section 5.3.1, the RGOB and its regulatory organizations may recommend the use of existing national or, preferably, international standards, when establishing contracts to purchase or to deliver products and services.

5.4 Form an effective multi-faceted partnership arrangement.

One of the key determinants to the successful implementation of this policy is the need for all bodies involved in the NQI services to form an effective multi-faceted partnership and cooperation arrangement. These include:

- 5.4.1 Public-private partnership arrangement, wherein the private sector participate in the NQI system as an important partner. These partnership arrangements is operationalized through active participation of the private sector in the provision of NQI services including participating as members of the technical boards and committees, and conformity assessment.
- 5.4.2 Public organizations out-source conformity assessment activities to private CAB's as far as possible provided that they are accredited by an internationally recognized accreditation body.

5.4.3 Forge cooperation and partnership arrangement with bilateral, regional and international bodies to promote mutual recognition of standards and conformity assessment services. Such cooperation extends to among other things providing financial and technical assistance for developing the NQI.

5.5 Enhance national awareness on the policy:

Lack of understanding of the NQI system has been a major setback. The RGOB requires BSB to enhance the national awareness on the policy to provide better understanding of the NQI system using all medium of media as well as the existing facilities of educational institutions. The enhancement of national awareness on this policy may include:

5.5.1 Newsclip for print and broadcast on the policy and NQI

5.5.2 Talk-show on television as well as radio

5.5.3 Periodically publish in the print media and websites:

(1) List of national standards adopted

(2) List of metrological services provided by BSB and what services that can be subcontracted to organizations in the region recognized by the BIPM.

(3) Lists of accredited CABs and their services including support offered by BSB to applicant CABs for accreditation.

(4) List of certification provided by the BSB and their benefits to organizations.

(5) Other information on NQI services in the frame of technical education at all levels as well as formation of professional associations to support the infrastructure.

6.0 GUIDING PRINCIPLES

Implementation of this policy by all entities of public and private sector shall be guided by the

following principles:

6.1 Transparency and Ownership

All the measures established in the frame of this policy are implemented in a transparent, non-discriminatory method and without interrupting already existing developments.

6.2 Innovation, production and fair trade practices

Preparations and administration of technical regulations for conformity assessment strive at enhancing innovations, competitiveness and access of local goods to regional and international markets and vice versa.

6.3 Health, safety and environment protection

Adopt good regulatory practices compliant with the TBT Agreement for developing and implementing technical regulations or other enforcement mechanisms promoting health and safety of human lives and protection of environment.

6.4 Private-public partnership

Establish an efficient NQI as the hall-mark of a functioning private-public partnership.

6.5 Mutual recognition and harmonization

Cooperate with national, regional and international bodies providing QI services to promote mutual recognition of conformity assessment schemes.

6.6 Policy Synergies

RGOB and its entities continuously strengthen policy synergies between the quality policy and other relevant policies.

7.0 MONITOR IMPLEMENTATION OF THE POLICY

Effective monitoring of the development and implementation of the Policy is vital for achieving the country's socio-economic transformation, sustainable improvement of productivity, fair trade, protection of consumers and the fragile environment as well as prosperity for all Bhutanese. The policy mandates:

- 7.1 The Board of the BSB (Board) to monitor the implementation of these measures and to report regularly on its effect achieved at the impact and outcome level as per 3E model presented in Figure 1.
- 7.2 The Board to submit an annual performance report of the BSB to the RGOB based on specific performance indicators developed for the purpose.
- 7.3 Governmental units as well as the the private Bhutanese industry shall be directly or indirectly represented in the board of the BSB in order to monitor the activities of the QI.
- 7.4 Based on the recommendations of the Board, the RGOB shall define the annual objectives to amend or to improve this policy, or to provide directives to BSB and other relevant technical and regulatory agencies to effect implementation of the policy recommendations.

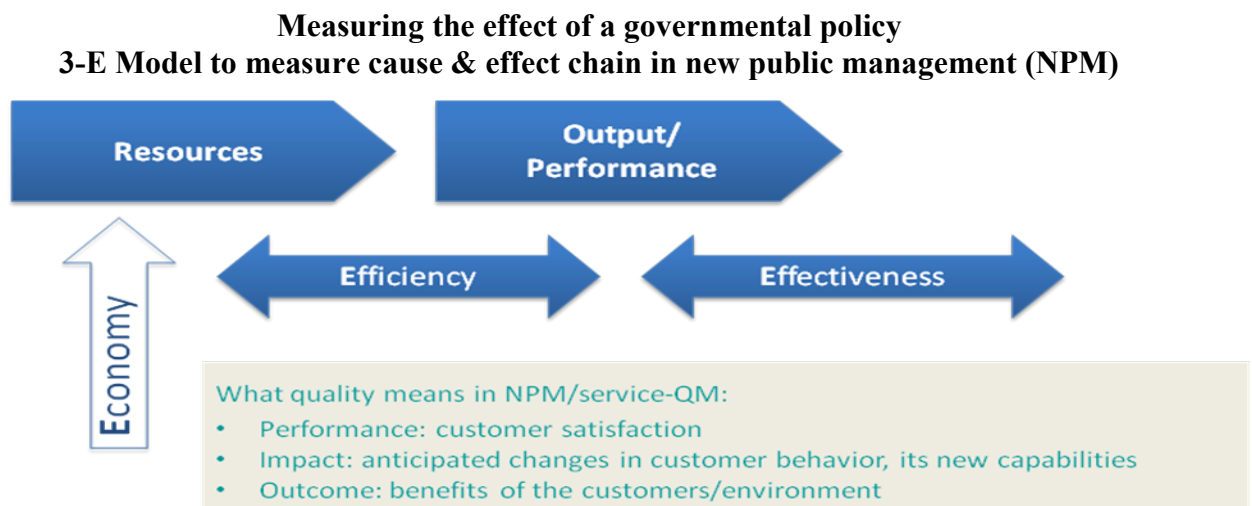


Figure 1: the cause and effect chain of public services

8.0 POLICY DIRECTION

The policy reflects the aspirations of the RGOB to create an understanding on the relevance of the NQI in realizing the development goals as envisioned by our visionary kings in achieving the country’s socio-economic transformation, sustainable improvement of productivity, fair trade, protection of consumers and the fragile environment as well as prosperity for all Bhutanese. All national efforts must therefore converge in the same direction that:

- 8.1 This policy shall provide guidance to all public/private organizations and industries.
- 8.2 The RGOB shall consider this policy when discussing new legislations/regulations and reforms including defining of mandates/objectives of organizations and institutions.
- 8.3 The RGOB organizations as well as public and private enterprises shall take this policy into account when establishing contracts to purchase or to deliver products and services.
- 8.4 Technical and higher learning institutions shall consider this policy, when establishing new curricula in technical and scientific areas or when establishing training in management.
