



**Royal Government of Bhutan
Protocol for Policy Formulation**

Policy Concept Note

Context and Background

This policy concept note is submitted for approval to draft a new policy on National Quality Infrastructure (NQI) as per section 11 a) of the Bhutan Standards Act 2010.

The Bhutanese quality infrastructure is in the stage of development and faces numerous challenges to attaining its full potential. Recognizing that a national quality infrastructure acts as an impetus for the success of all the economic activities including the improvement of overall quality of products and services, the RGOB enacted the Bhutan Standards Act in 2010 and established the Bhutan Standards Bureau as an apex institution to coordinate the provision of Standards, Metrology, Conformity Assessment and Accreditation (SMCA) services in the Kingdom.

The need for formulating a NQI policy is based on a number of factors including an analysis of these factors as described in the review of the strengths, weaknesses, opportunities and threats (SWOT) of the current SMCA system presented in the *Annexure 1*.

Major issues addressed in the policy are the development of standards, metrology (science of measurement) and accreditation based on conformity assessment (inspection, certification, laboratory testing and calibration) vital to addressing and enhancing the competitiveness of local industries, promoting fair and efficient trade, protecting health and safety of the consumers and the environment.

The root causes of the ineffective SMCA system in the country is owing to inadequate SMCA policies and regulatory framework; weak institutional capacities; limited coordination/collaboration among SMCA organizations; and low public awareness, low compliance with the existing technical regulations. Failure to address the SMCA system would adversely affect the quality of products and services leading to an unhealthy economy and proliferation of sub-standard goods and services in the country.

Critique of Current policy options and approaches

Bhutan's policy pertaining to technical regulations, standards, metrology, accreditation and conformity assessment is either nonexistent or inadequate. Other policies do not adequately address these issues of quality assurance and consumer protection, product liability and competition, among many others. Further there is the need to enhance the coordination mechanism among institutions and put in check and balances.

Even when specific laws, policies and regulations are in place, lack of understanding and awareness of the framework makes effective enforcement a challenge, particularly when provisions in different laws overlap or contradict.

Adding to this list is the inadequate capacities of public and private sector agencies rendering services in the national quality infrastructure owing to either resource constraints or lack of optimum utilization of the available resources. Further addition to this list is also the non-availability of a comprehensive list of infrastructure inventory, as a result of which even available facilities and equipment utilization are not optimized. The apparent gaps are in areas such as the optimum utilization of resources; accreditation of Conformity Assessment Bodies related to support services and geographical reach.

Policy Recommendations

The development and implementation of this policy will improve the quality of products and services in the Kingdom and enhance Bhutan's economic competitiveness in the domestic and international market. The proposed policy seeks to provide recommendations including:

1. Policy Objectives that enunciates:
 - a. efficiency and reliability of the existing QI;
 - b. an incentive structure to sustain and develop on the organizational and human resource capacity; and
 - c. nation-wide SMCA awareness and dialogue to improve compliance.

2. Policy Targets and Guiding Principles

3. Policy actions, general guidance and considerations
4. Mandates of institutions to implement the policy

Experiences of countries adopting and implementing quality infrastructure have shown major benefits in terms of improving their national economies through improved quality of products and services. Besides these benefits, Bhutan could achieve major cost reduction by improving the productivity and efficiency of the NQI institutions by integrating a number of such functions and services.

Integration of GNH and cross cutting issues

As the NQI will enhance the competitiveness of local industries, promote fair trade practices, protect health and safety of the consumers and the environment, the policy will also address a number of challenges of the GNH, Disaster, Environment, Poverty, Climate Change, Gender, Population, Health, ICT, and other cross-cutting issues.

The proposed policy provides immense opportunities for Bhutan to realize its development philosophy of GNH and effectively deal with issues such as preventing disasters, protecting environment, alleviation of poverty, dealing with climate changes etc. For instance, a building constructed by certified engineers and builders using materials conforming to approved standards not only maintains aesthetic outlook of the structure but also makes the building resilient against disaster besides costing less owing to the reduced cost of maintenance.

Process and indicative timeline

This policy proposal is being drafted in-house by the BSB and the process is expected to be completed by 30th September 2016. BSB would however like to avail the services of International NQI experts during the National Consultation Workshop to provide some of the best international practices and experience. PTB, Germany, who is also assisting the South Asian Regional Standards Organization, has agreed to provide technical assistance to BSB in the form of NQI expert with no cost implications to the RGOB.

A comprehensive national consultation will be initiated to address areas where this policy may conflict with other legislations or regulations. The list of relevant stakeholders to be consulted are submitted at *Annexure 2*.

Major impediments or risk foreseen in the development of the policy.

No major impediments or risk is foreseen in the development of this policy. The draft is already ready for consultation with stakeholders. A copy of the draft policy is submitted at *Annexure 3*.