



The Benefits of Accreditation for Developing Countries

Background /Context:

Nature and Scope of Paper:

All or most developed countries currently enjoy the trade benefits which flow from national accreditation systems and the greater market access which they allow.

The lack of such national accreditation programs in developing countries is clearly a key factor which is preventing their full integration into the established world trading system and thereby stunting their overall economic development. The absence of an accreditation structure has thus been recognized by many developing countries as a key development priority to be addressed. ¹

Developing an accreditation infrastructure can be a daunting task for a national government which does not perceive itself as possessing the knowledge, experience or financial resources to do so. The task is not however impossible, as the success of the Pacific Accreditation Cooperation (PAC), the South African National Accreditation System (SANAS) and the Southern African Development Community in Accreditation (SADCA) illustrate. ² Further, the benefits which are derived are significant and extend beyond the trade sphere. Standardization contributes to the basic infrastructure that underpins society including health, safety and environment while promoting sustainability and good regulatory practice. This paper will examine the benefits of accreditation for developing countries and some of the challenges which can be expected in creating a national conformity assessment/accreditation infrastructure.

What is accreditation?

Before engaging in a description of the benefits derived from accreditation the term 'accreditation' itself should be defined and understood within the larger field of conformity assessment:

Accreditation is the, 'procedure by which an authoritative body gives formal recognition that a body or person is competent to carry out specific tasks' (ISO/IEC Guide 2, s. 12.11). For the purposes of this paper, the term accreditation is restricted to approval by an accreditation body against the guides and international standards published by the International Organization for Standardization and the International Electrotechnical Commission.

Accreditation bodies perform their work independently. Independent in this context means that the assessments are performed by a body that is independent of both the conformity assessment bodies it accredits and their clients. One of the primary purposes of accreditation is to provide confidence to the end users of the accredited bodies that they are in fact competent. Independence is an important factor in increasing confidence as it helps to eliminate the presence or appearance of an impartial or biased assessment which would compromise confidence.

What is Conformity Assessment?

ISO/IEC Guide 2, s. 12.2 describes conformity assessment as, 'any activity concerned with determining directly or indirectly that relevant requirements are fulfilled'. Guide 2 (s. 12.2, Note 1) lists, 'sampling, testing and inspection; evaluation, verification and assurance of conformity (supplier's declaration, certification); registration, accreditation and approval as well as their combinations' as examples of conformity assessment activities.

The Benefits of Accreditation to Developing Countries:

1. Accreditation (as part of a larger national standardization infrastructure) has become almost a de facto prerequisite to international trade

All developing countries have some valuable goods and services that they can export regionally and internationally to improve their economies. Statistically though, developing countries face more technical barriers to trade (TBT) barriers than those of developed countries. Lack of acceptance of laboratory test data and certification results across national borders has been identified as a significant barrier to trade.³ Establishing accreditation systems should help to provide assurance for trading partners that developing countries are competent to test and certify to their requirements, while at the same time overcoming trade barriers by assuring compliance with the World Trade Organization: Technical Barriers to Trade (WTO TBT) agreement.

Although these agreements contain provisions to provide more favourable treatment to developing country Members,⁴ trade within the WTO Sanitary and Phytosanitary (SPS) and TBT agreements is greatly facilitated through the use of an accreditation program. The fact that developing countries face more TBT barriers seems to indicate that a country exporting without an accreditation infrastructure would be more likely to incur the additional costs of duplicative testing and time delays. Such costs could, if not remedied through preferential treatment provisions, create significant disadvantages and/or outright barriers to trade.⁵

The use of an internationally recognized accreditation regime by a country signatory to the TBT Agreement allows that country to rely on the terms of the agreement to establish the competence of their conformity assessment system. Section 6.1.1 of the TBT Agreement states that, "...verified compliance, for instance through accreditation, with relevant guides or recommendations issued by international standardizing bodies shall be taken into account as an indication of adequate technical competence." In other words, the use of an accreditation system in this situation reduces the possibility of goods being denied access on the basis of inadequate conformity assessment.

2. Accreditation is beneficial to government and regulators and promotes good regulatory practice (GRP)⁶

Accreditation supports the establishment of a well-structured national technical regulatory framework and could be an important tool for regulators in developing countries. The accreditation process helps provide assurance to regulators that a particular organization/individual is competent to perform a specified conformity assessment activity (scope) based on recognized and transparent criteria and procedures. A properly functioning technical regulation system can benefit the domestic economy by balancing regulatory and trade interests, improving the quality and consistency of technical regulations and supporting compliance with international requirements which supports good regulatory practice (GRP).

On the international level, accreditation can play an important role in harmonization of technical regulations through the common reference to international standards and guides for conformity assessment. This supports Article 5.4 of the TBT Agreement by helping to reduce conformity assessment related trade obstacles. Harmonized regulations, in conjunction with an accreditation system can provide importing countries with a cost-efficient basis to be confident in the qualities of goods, and an assurance that they satisfy the technical standards of their own regulations. On a global scale this allows for a simpler, more open and more efficient model of trade which is to the benefit of all participants. An effective technical regulatory system is a fundamental key to accessing markets

3. Accreditation systems offer the potential to benefit from a wide range of conformity assessment activities.

A national accreditation system provides the opportunity to benefit from the full range of accredited conformity assessment activities: testing/calibration, product certification, system certification etc., depending on the regulatory, market and export needs of the developing country.

4. The use of accreditation systems provide an opportunity for developing countries to participate in multilateral arrangements.

MRAs (Mutual Recognition Agreements) are legally binding, negotiated agreements between governments for specific regulated products. An MRA allows products such as telecommunications equipment, for example to be tested and certified in the country of manufacture to the export market requirements before the product is shipped.

Benefits of MRAs:

Accreditation may help to underpin MRA agreements between governments for mutual acceptance of test, inspection and certification arrangements.

MLAs (Multilateral Recognition Arrangements) are the other primary form of multilateral arrangement. MLAs are voluntary agreements among accreditation bodies that operate on the basis of the recognition of equivalency of operations among signatories. An MLA is also a confidence building mechanism as it helps to ensure the competence of CABs in economies importing into another market. The use of MLAs may prove to be a better option for developing countries to improve market access to developed countries than the more formal regulatory MRAs.

Benefits of MLAs:

- A reduced need for re-inspection, re-testing and re-certification of products in an importing country may save time and money for both exporters and importers.
- Supports international acceptance of test and measurement data.
- Underpins MRA agreements between governments for mutual acceptance of test, inspection and certification arrangements.
- Ensures that the accreditation programs of signatory countries are re-evaluated regularly against the best practices of the international community.

5. Autonomy (political, economic)

Perhaps the most basic 'value-added' benefit to be derived from the implementation of a national accreditation program is the economic and political autonomy which can be gained. Ownership and control of an accreditation system removes dependence on the accreditation bodies of developed countries. Ownership of the accreditation program prevents a developed country from using the threat of withdrawal of accrediting services for political and economic leverage to accomplish its goals. Uncertainties regarding future accreditations are reduced and national pride is bolstered through a national accreditation body.

By developing their own accreditation infrastructure, developing countries can custom design a system that responds to local needs, and which doesn't necessarily have to replicate a vast, expensive accreditation system more suited for a developed world context.

A country with its own independent accreditation body can directly monitor the work of domestically accredited conformity assessment bodies within their country. In addition to the benefit of greater surveillance access and transparency, a domestically controlled accreditation system may also eliminate the potential scenario of a 'fly by night' foreign accreditation body which could more readily escape domestic penalties. Domestically controlled accreditation systems may therefore be easier to monitor and where necessary, legally discipline.

6. Increased Quality of Goods and Operations

Use of a well-designed and implemented accreditation process may result in an improved quality of goods and services. In developing countries, this is especially true when the accreditation scheme is integrated into a larger quality improvement and recognition program. With an increase in quality of goods comes increased access to markets and the potential for higher profit margins.

Accreditation processes may also improve organizational efficiency through the reduction of waste, better staff time utilization and streamlined management procedures.

7. Accreditation is a Useful Marketing Tool for Developing Countries

Accreditation is internationally recognized as a reliable indicator of technical competence. National economies which have established an accreditation infrastructure are better positioned to build national and international confidence in the quality of products and services which they produce. Increased consumer confidence, especially on an international scale is likely to aid national and regional economic growth.

Challenges of establishing an Accreditation system in Developing Countries

While the benefits of establishing accreditation systems in developing countries are many, some acknowledgment must also be made of the difficulties inherent in building this type of infrastructure. Likely the greatest difficulty is that of costs. An accreditation system is a highly specialized, knowledge-intensive endeavour which can be expected to involve significant costs. These can be contained somewhat by not attempting to replicate a vast developed country system; but only providing the necessary scopes and services. Linked to this is the additional difficulty of designing an accreditation system large enough to provide a full range of conformity assessment programs at competitive rates yet able to sustain itself in a small economy with a limited number of clients. A possible solution to this would be the development of a regional accreditation body rather than individual national accreditation bodies.

In addition, external forces may also impinge on the efforts of developing countries to implement their own accreditation systems. Exporting firms and developing country markets for example, may prefer accreditation by a body from a developed country with which they are already familiar and confident.

Finally, the establishment of an accreditation system could take some years to complete.

Factors which mitigate the challenges

While the implementation of an accreditation program in a developing country involves overcoming a number of significant hurdles, other elements should also be considered in evaluating the feasibility of an accreditation program:

It should be recognized that a developing country does not need to suffer the expense of developing an accreditation program in a knowledge vacuum. A 'standards heritage' of know-how and resources is available from the international standardization community to assist developing countries in building an accreditation infrastructure.⁸ Both the TBT and SPS Agreements encourage WTO members to assist other members in

establishing standardization infrastructures. The knowledge and experience within established accreditation bodies can be used to provide technical assistance to developed countries in the development of their own unique 'developing country accreditation systems'.

The other major factor which must be considered when evaluating the feasibility of an accreditation program is the fact that an accreditation system is one of the key operational capacities required in order to participate fruitfully in the global economy. Once an accreditation program is in place a developing country should, ideally, be able to take advantage of the agreements that have already been put in place to create 'market openings' in developed country markets.⁹ An accreditation system is a vital component of the physical and institutional infrastructure which will better position developing countries to provide internationally recognized conformity assessment services to producers and potential exporters as well as to participate in international standards setting activities and organizations.

Conclusion

This paper has demonstrated that a number of benefits can be derived from the creation of an accreditation system by developing countries. Despite the apparent benefits, many developing countries have not yet implemented a national or regional accreditation system. The reasons for not implementing a globally accepted conformity assessment are complex and may include reasons such as lack of financial resources, lack of technically trained staff and a history of economic dependence on an export structure which focussed on raw material and primary commodity exports where standards are not heavily involved.

A domestic or regional accreditation program will not, in and of itself instantly transform the economic landscape of a developing country or eliminate all future trade disputes. As this paper has shown, what an accreditation program can do is to provide a developing country with a powerful tool to expand their export markets into areas such as developed countries which demand products which are derived from within an internationally accepted conformity assessment regime.

Recognition of the importance of accreditation systems is an important first step. Next, initial steps can be taken towards establishing an accreditation system. Each country must examine their overall goals and resources and decide upon an appropriate strategy. An examination of domestic priorities can be compared with opportunities from donor supporters for possible sources of funding and assistance.

The possibility of developing regional organizations, following the example set by the SADCA model is worthy of special mention and should at least be considered by all developing countries.¹⁰

¹ The UNIDO paper (Enabling Developing Countries to Participate in International Trade: Strengthening the Supply Capacity- A UNIDO Strategy for Capacity Building, 12 March 2002) noted the importance of technical capacity building, including accreditation in developing countries.

² TA large portion of the signatories to the PAC QMS MLA are considered to be developing countries. PAC members operate within the framework of the International Accreditation Forum (IAF) and in cooperation with other regional groups of accreditation bodies around the world. <http://www.apec-pac.org/index.htm>

The South African National Accreditation System (SANAS) is recognised by the South African Government as the single National Accreditation Body that gives formal recognition that Laboratories, Certification Bodies, Inspection Bodies, Proficiency Testing Scheme Providers and Good Laboratory Practice (GLP) test facilities are competent to carry out specific tasks.' <http://www.sanas.co.za/>

In a communiqué (IAF-AM-02-023) following the 16th Annual Meeting of the IAF on 21 and 26 September 2002 it was announced that: The IAF "... was able to welcome the admission to membership of SADCA (Southern African Development Co-operation in Accreditation) as a Special Recognition Regional Group"

³ 'The Role of Testing and Laboratory Accreditation in International Trade'. ILAC-13:1996. Copyright ILAC 1996. Prepared by Heather Baigent. p. 6

⁴ TBT Agreement, Article 12 'Special and Differential Treatment of Developing Country Members'

⁵ Enabling Developing Countries to Participate in International Trade: Strengthening the supply capacity. A UNIDO Strategy for capacity building. 12 March 2002. p. 2
'Products aimed at developed country markets have to meet any applicable standards, quality requirements and technical regulations. In addition, the burden of proof that these are met lies with the exporter. The effective implementation of the respective agreements, as well as the increased participation of developing countries in global trade depend therefore on the ability of the signatory countries to fully satisfy such requirements. For this they need the adequate physical and institutional infrastructure as well as the scientific and technological skills and capabilities.'

⁶ The following document produced by the Government of Canada contains general policy requirements for the development of regulations by Canadian federal regulatory authorities: 'Government of Canada Regulatory Policy 1999', November 1999, Privy Council Office, Government of Canada. http://www.pco-bcp.gc.ca/raoics-srdc/docs/publications/regulatory_policy_e.pdf

The APEC Sub-Committee on Standards and Conformance has produced a document entitled, 'Principles and Features of Good Practice for Technical Regulation'. Among these principles and features is an effort by regulators to use the least trade restrictive means of arriving at their goal. See <http://www.apecsec.org.sg/committee/standards.html> .

⁷ According to the OECD Recommendations concerning good regulatory practice (GRP), where possible/practicable, countries should utilize international standards and conformity assessment mechanisms as the basis for technical regulations.

⁸ Technical assistance may be available from the WTO and WTO programmes in cooperation with other international agencies such as the ITC, IMF, World Bank, UNCTAD and UNDP. In addition, trade-related technical assistance may also be available from other organizations and national governments. The WTO '**Guide to sources of trade-related technical assistance**' is a useful resource to consult in this regard: http://www.wto.org/english/tratop_e/devel_e/teccop_e/tecguide_e.htm

⁹ Johannesburg Summit 2002, World Summit on Sustainable Development, UN/DESA September 2002, *Key Outcomes of the Summit*. "Canada announced that, as of 1 January 2003, it will eliminate tariffs and quotas on almost all products from the least developed countries, and that by 2010, it would double development assistance."

¹⁰ STANDARDS, CONFORMITY ASSESSMENT AND DEVELOPING COUNTRIES, Sherry M. Stephenson, 9 May 1997.
"It may prove easier to bring about the convergence of policy objectives in the standards area, essential to the elaboration of mutual recognition agreements, among a smaller group of countries on the regional level, many of which are at similar levels of development, than it would be on the multilateral level. Thus it would seem to the benefit of developing countries to push hard for progress on trade facilitation at the regional level, at the same time that they increase their compliance with existing multilateral disciplines under the WTO, which also form the basis of regional integration efforts."