



# VALUES AND RULES FOR GLOBAL RESPONSIBILITY

Quality Infrastructure: a Step towards Good Governance

# Quality infrastructure and Good Governance

Two unknowns that belong together



Even experts who are engaged in a special field of quality infrastructure are often not aware of the fact that their rather technical area of responsibility is not only a contribution to scientific research, economic promotion or consumer protection but that it is also an essential element of good governance. The latter becomes obvious mostly when framework

conditions have to be modified within the scope of globalisation and the persistent tendency to create regional economic associations or state communities.

Some quality infrastructure contents must be harmonized, and corresponding amendments of laws are consequently necessary. Good governance becomes evident especially when, within the scope of an international recognition, a guarantee (e.g. for exact measurements) is given, compliance (e.g. with international standards) is proven or a technical competence (e.g. via accreditation) must be documented. This is generally only possible if the state provides the necessary preconditions. These preconditions comprise, e.g., an efficient administration, the implementation of the rule of law, accountability, transparency of decisions and the fight against corruption.

In the course of the good governance debate, amongst others a so-called peer review mechanism was introduced. Within the scope of international quality infrastructure, these comparative

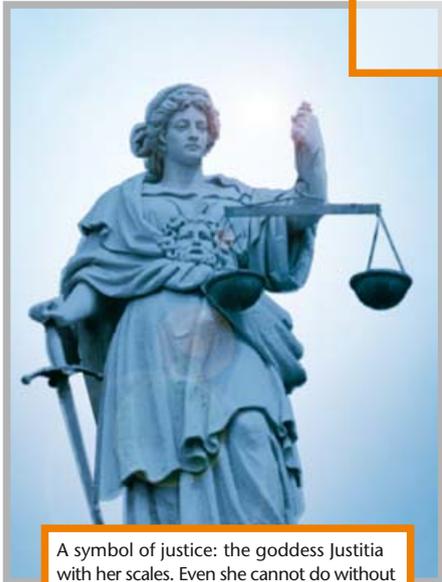
assessments have been practised for a long time as a matter of course and are indispensable conditions for, e.g., accreditation. In other words: quality infrastructure is not only a necessary condition for economic promotion and consumer protection, but its operativeness is at the same time a precondition for and result of good governance. ■

## Info box

The relation between quality infrastructure and good governance has practically not been investigated yet but has always been assumed only. PTB's International Technical Cooperation Department commissioned the Centre for Development Research, from the University of Bonn, to examine and show these relations.

Grote, Ulrike (2006); Qualitätsinfrastruktur und Good Governance – Welchen Beitrag leistet Qualitätsinfrastruktur zu Good Governance, Bonn.

# Good Governance



A symbol of justice: the goddess Justitia with her scales. Even she cannot do without metrology!

What does it mean?

**Good governance** means good policy frameworks conducive to social, ecological and market-economic development. It is a term primarily used in development policy. The development cooperation of different multi- and bilateral donors is becoming increasingly linked with conditions that must be complied with by the developing countries. Among these conditions are, e.g., conducive policy frameworks, rule of law, democracy, fight against corruption, and a responsible use of public resources and political power by the government, participation, decentralisation and privatisation.

The international donor community uses the term "governance" in very different contexts and at different levels, e.g. local, regional, national or global governance.

**Political-administrative aspects of governance:** they comprise state tasks such as the promotion of democracy and the rule of law, fight against corruption and promotion of participation via decentralisation. Besides, the efficiency of bureaucratic processes within the public sector plays an important role. A citizen-friendly administration, a careful handling of public funds, and the simplification of processes are also important elements.

**Socio-economic aspects of governance** describe the framework conditions – such as macro-economic stability, fair income distribution or safeguarding of the property rights – that are defined by a government. ■

# Dimensions of Governance

## Global Governance

### Political-Administrative Governance

International organizations (UN, IMF, World Bank, etc.):

- Strengthening of international cooperation (promotion of the UN system, etc.)
- A dynamic and complex process of interactive decision-making on a broad level

### Socio-Economic Governance

International organizations (UN, IMF, World Bank, etc.):

- Stability of the global economy and markets

At company level:

- Efficient management in multinational systems and companies
- Corporate Code of Conduct

## National Governance

### Political-Administrative Governance

State level:

- Democracy
- Rule of law
- Fight against corruption
- Participation
- Decentralisation
- Streamlining of bureaucratic processes

### Socio-Economic Governance

State level:

- Macro-economic stability
- Fair distribution of incomes
- Safeguarding of the property rights

### Corporate Governance

Company level:

- Efficient management
- Fight against corruption
- Transparency for stakeholders
- Corporate Code of Conduct

# Good Governance

## in the German Development Cooperation

Good governance is considered to be a crucial factor for the reduction of poverty and for the promotion of economic development in developing countries. Since the signing of the Millennium Declaration in 2000, good governance has, with the Millennium Development Goal No. 8 (Setting up of a global partnership for development), become even more part of the industrialised countries' area of responsibility.

In the German programme of development cooperation, good governance is understood as good political framework conditions, rule of law and a responsible handling of political power

and public resources by the state and thus an important precondition for poverty alleviation and ensuring sustainable development (social justice, ecological compatibility, productivity). Furthermore, good governance is considered as being important also within an international scope: it can contribute to ensuring peace and global security.

Moving beyond the above-mentioned promotion areas, good governance is also a cross-sectional topic for most other segments of German development cooperation. ■



The German development cooperation shapes globalization. In this process good governance is an essential part.

### Info Box

#### Good governance – five criteria of the German development policy:

1. Respect for human rights
2. Popular participation in political decision-making
3. Rule of law and legal security (independence of the judiciary, transparency and predictability of the state actions)
4. Market-friendly, socio-economic order (market pricing, principle of competition)
5. Development-oriented state action (government policy oriented towards ecologically, economically and socially sustainable development; fight against corruption, efficiency of the public administration, etc.)

# Global Governance

For a fair and safe global trade

Participation in global trade is possible only if the technical rules are complied with.



The World Trade Organization's (WTO) agreements on technical barriers to trade (TBT) as well as on the application of sanitary and phytosanitary measures (SPS) are two prominent examples of global governance. On the one hand, it is ensured that different elements of quality infrastructure (such as technical regulations and standards or certificates) lead to a

facilitation of trade instead of an impairment, and on the other hand, that public health is not endangered. To this end it is necessary that the conditions for trade are known to all stakeholders, that the observance of these conditions is checked (conformity assessment) and that these checks are carried out by bodies whose competence is internationally recognized (accreditation).

This requires that a large number of preconditions be fulfilled which are typical of quality infrastructure.

It is therefore important to involve the developing countries in the work of the international quality infrastructure organizations. It is the only way for them to put forward their own concerns, to adapt their national quality infrastructure in due time to the changing circumstances, and to ensure a reliable information policy for the manufacturers.

Participation in international technical conferences also means participation in the process of global governance. ■

# Quality infrastructure

## What's behind it?

The term "quality infrastructure" comprises metrology, standardisation, testing, quality management and conformity assessment, including certification and accreditation. Not only are these elements closely linked with each other, but they also form a network that is based on a technical hierarchy. Therefore, its different elements work as a functioning system only in their entirety. The national or regional network must be geared to international requirements. Only in this way is it possible to participate in the international exchange of goods and services.

Quality infrastructure serves manufacturers and consumers at each level of the value chain in the same way by making trade possible at all and by protecting health and the environment.



## Elements of quality infrastructure – only strong if united



### Standards

Specification of requirements (e.g. properties, size, tolerances, etc.) for products and processes



### Metrology

Guaranteed accurate and reliable measurements



### Testing

Investigation as to whether a product or a process fulfils specified requirements



### Certification

Certificate or confirmation of conformity as an attestation of compliance with specified requirements

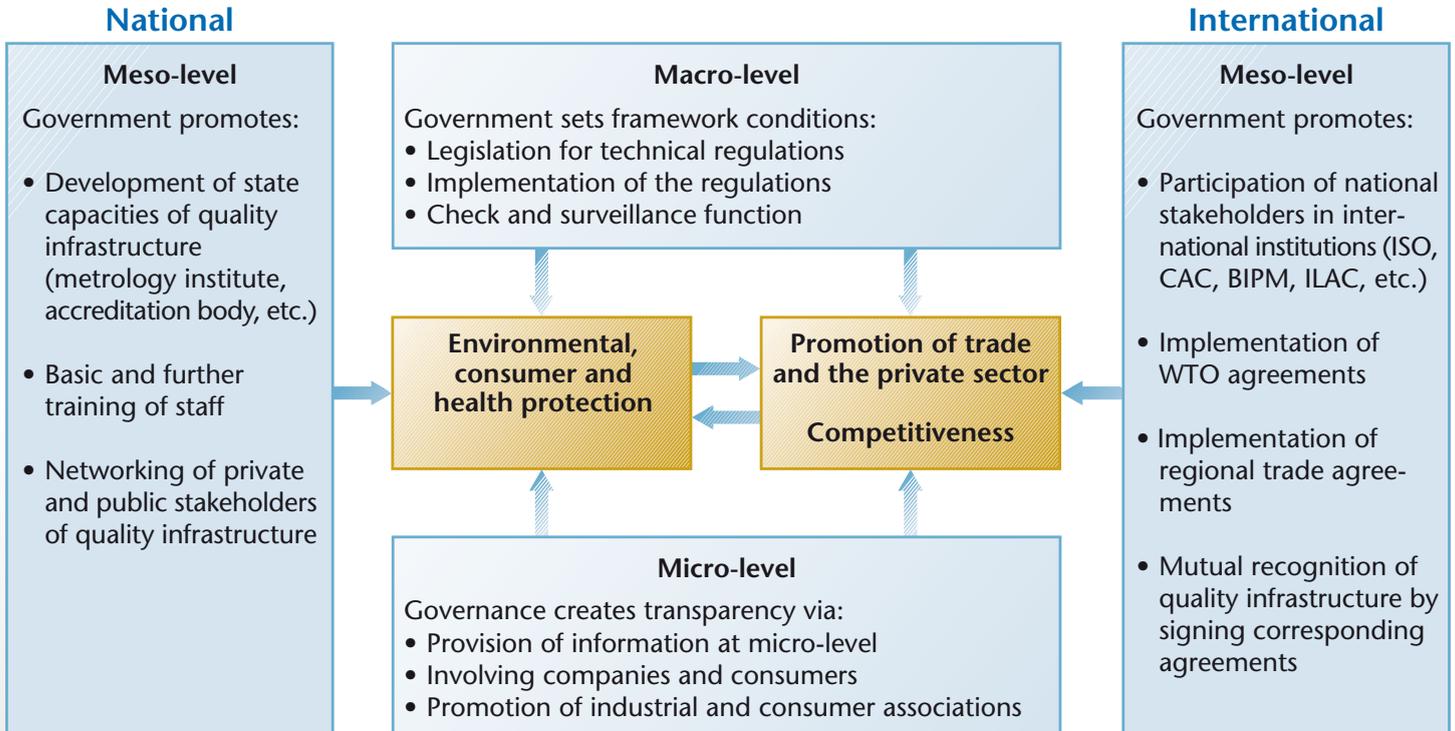


### Accreditation

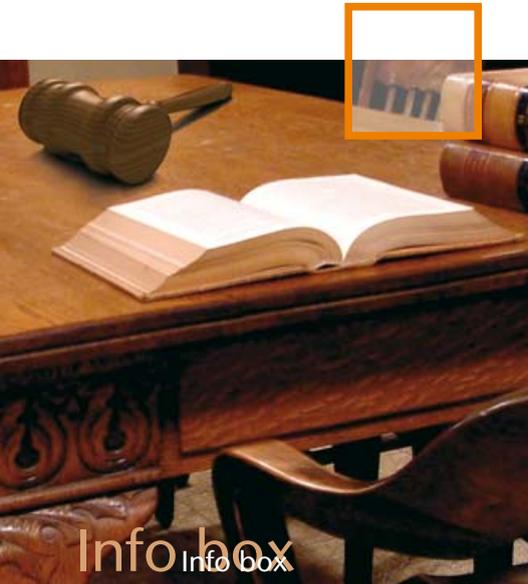
Competence confirmation (e.g. of a calibration laboratory or a certification body)

# Quality infrastructure and government responsibility

The levels of action



# Quality infrastructure – concrete contributions to good governance



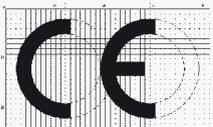
Info box

## Rule of law and legal security

Good governance means, amongst other things, that the State protects its citizens and that the traded goods and services fulfil these protection conditions and values. Laws and technical regulations (such as the Verification Act or regulations for environmental protection or safety at work) serve the consumer or manufacturer, thus all citizens of a state in equal measure. Legislations and their supporting and surveying institutions make the State's actions transparent and predictable. ■

### Contributions to legal reform and legal security

- Elaboration of drafts for technical regulations
- Import control and market surveillance
- Development of accreditation and certification guidelines and their legal basis
- Permanent adaptation of laws and regulations to current developments
- Elaboration of a system of standards on the basis of international standards, regulations and guidelines
- Involvement of different stakeholders – in particular SMEs – in the elaboration and adaptation of laws
- Mutual recognition of conformity evidences



### Example: CE marking

The CE marking was created to ensure for the consumer within the European Community (EC) the free movement of safe goods. The CE marking confirms that all requirements of the respective EC directives (especially with regard to safety and health) have been fulfilled. The CE marking relies on complex procedures which are based on different parts of the quality infrastructure, with the aim of protecting the consumers and ensuring legal security.

## Support and definition of reform processes

Many developing countries are presently in a phase of re-organization or re-structuring. The reform processes involved thereby aim at, amongst other things, privatising state companies and decentralising the administration, which will bring in a delegation of power (devolution). A competitive quality infrastructure represents on the one hand the necessary framework conditions for a national and international exchange of goods and services. On the other hand, the quality infrastructure institutions must face up to these reforms themselves.

In the developing countries, numerous tasks in the field of testing, metrology, calibration and certification are still being carried out mostly and nearly exclusively by state institutions. This is not always necessary. Many tasks could be carried out by private stakeholders or could be delegated to them. In this case, however, compliance with international rules (e.g. accreditation according to internationally valid standards) is necessary.

Decentralised or regional solutions are – not only for developing countries – an option to cut costs and to be able to offer to economy and consumers services at sensible prices and at the necessary technical level. ■



### Promotion of reform processes (decentralization, regionalization, privatization, participation)

- Decentralization of state tasks and responsibilities
- Privatization of tasks and delegation of sovereign tasks to private providers ensuring obligatory supervision
- Strategic partnerships with foreign service providers in the field of quality infrastructure
- Harmonization of standards and technical regulations in regional economic communities
- Recognition of methods of conformity assessment
- Involvement of industry and consumer associations in legislation
- Creation of awareness for consumers and manufacturers
- Preparation for the accession to international technical organizations

Confidence in quality infrastructure requires an appropriate regulatory framework and profound technical capabilities.

# Quality infrastructure

## Development of competitive institutions of quality infrastructure

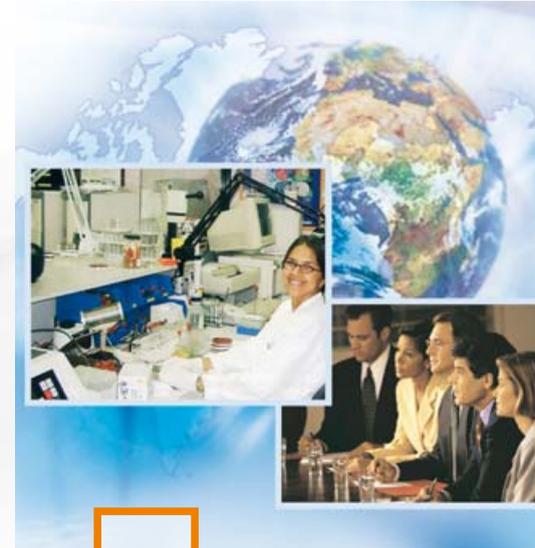
Governments often become aware of their role as a control and surveillance organ only when whole shipments of export goods are rejected because they do not comply with the international standards. Or vice versa: when imported or even national products have caused significant damage due to lacking quality assurance.

It is therefore imperative in terms of capacity building to promote the national administrative structures in due time. The institutions and stakeholders of the quality infrastructure must be able to provide efficient, competitive, transparent and, especially, consumer- and manufacturer-oriented services. Furthermore, these services must be in compliance with international best practices.

The implementation of technical regulations by means of conformity assessment and market surveillance assumes not only profound technical knowledge, but the system must also be designed in such a way that it prevents corruption. ■

### Capacity building

- Creation and development of the institutions of quality infrastructure (conformity assessment and market surveillance)
- Promotion of private service providers (e.g. in the field of certification, testing and calibration laboratories)
- Creation of information interfaces (e.g. WTO enquiry points, information services on standards)
- Promotion of basic and further training in the field of quality infrastructure
- Support to industrial and consumer associations
- Promotion of an active participation of civil society



# Quality infrastructure and good governance

Promotion of an ecologically, economically and socially sustainable development

One becomes aware of the significance of accurate measuring values especially when health is concerned. Incorrect measuring results do not only create costs but can also cause serious damage to one's health. Medical diagnostic and therapeutic devices must therefore be regularly calibrated. To this end, a responsible government provides of a surveillance system and ensures the traceability of the measured values via so-called national standards.

In national and international markets, the environmental friendliness of products and manufacturing processes is becoming increasingly important. If the environmental friendliness of a product is attested by a certificate stating that it complies with standards, this is favourable for its competitiveness. Without internationally recognised testing procedures, corresponding certificates and a confirmation of the competence of the testing laboratories, international trade is practically no longer possible. A functioning quality infrastructure is therefore indispensable to ensure international trade. ■



## Ecological and social impacts of the quality infrastructure

- Consumer protection
- Environmental protection
- Sustainable protection of natural resources
- Safety at work





Good governance shapes the framework conditions of a country for economy and society. On the one hand, these are the legislative tasks, linked with a corresponding administrative structure. On the other hand, good governance means acting in favour of a social economic system. A quality infrastructure taking into account international agreements is not only a way of reducing transaction costs but also a means of increasing the confidence of transaction partners.

Mostly, SMEs are not able to get information on and services of quality infrastructure on foreign markets. However, SMEs contribute to a large extent to economic value creation.

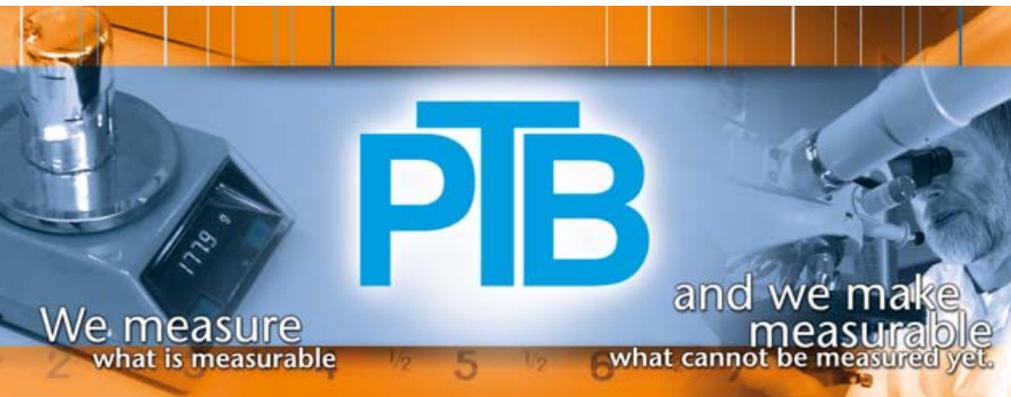
A development-oriented government will therefore substantially promote the availability or creation of a simple access to services of the quality infrastructure. ■

#### **Economic impacts of quality infrastructure**

- Promotion of the private sector
- Promotion of international trade
- Reducing of transaction costs
- Increased confidence in transactions
- Improvement of competitiveness
- Promotion of technological innovations
- Elimination of technical barriers to trade

# Technical Cooperation

Part of the international tasks of PTB



The PTB, the National Metrology Institute of Germany, with its 1,400 staff members is rather a global player in the world of metrology. It faces the responsibility involved for society, economy and science. This is why the orientation and impact of PTB is not restricted to the national borders.

Since the start of German development assistance about 40 years ago, PTB's International Technical Cooperation has been cooperating worldwide

with developing countries and countries in transition. During these four decades, not only has a lot been achieved but also a lot has been learned. Today the technical cooperation is focused on the requirements of partner countries acting in a global world. Partner countries have to set up or improve their quality infrastructure and adapt it to international agreements. Only in this way can they participate in international trade and secure consumer, environment and health protection.

Moreover quality infrastructure enables fair trade and contributes to a socially oriented development.

The international tasks of PTB include representation in all kinds of international organizations in the domain of quality infrastructure. This participation at the same time enables and commits PTB to consult and support its partners according to international standards and best practices.

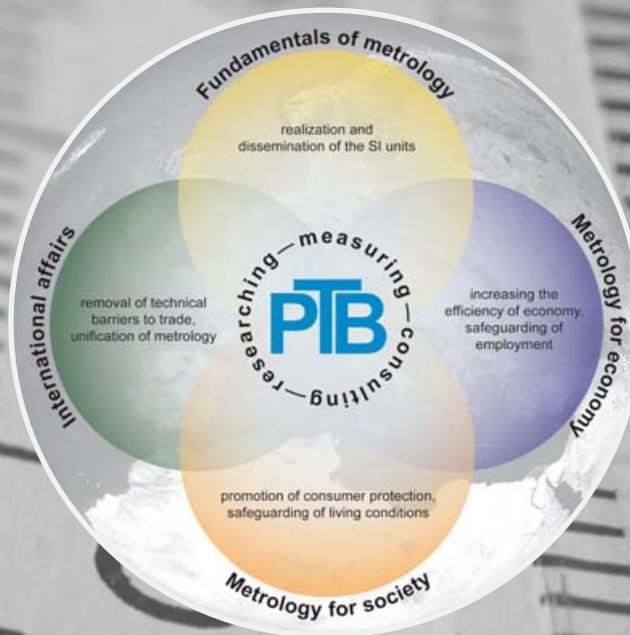
The clients of the Technical Cooperation projects are, above all, the German Ministry for Economic Cooperation and Development (BMZ), which finances the majority of projects with PTB participation. But also the European Union, the World Bank and other organizations are customers of PTB. For the implementation of projects a network of strategic partners is available. All in all, the global networking of PTB has, above all, one objective: the international harmonization of quality infrastructure and its mutual acceptance. ■

# Abbreviations and imprint

BIPM	Bureau International des Poids et Mesures
BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (Federal Ministry for Economic Cooperation and Development)
CAC	Codex Alimentarius Commission
CE	Conformité Européenne / European Conformity
ILAC	International Laboratory Accreditation Cooperation
IMF	International Monetary Fund
ISO	International Organization for Standardization
PTB	Physikalisch-Technische Bundesanstalt (National Metrology Institute of Germany)
QI	Quality infrastructure
TBT	(WTO-agreement on) Technical Barriers to Trade
UN	United Nations
WTO	World Trade Organization

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