Lighting Global Quality Assurance

Best Practice for Compliance

Three lines of defense against poor quality products

Design products for quality—ensure they meet standards

Keep bad products from entering the market

Check market for bad products

MVE Terminology

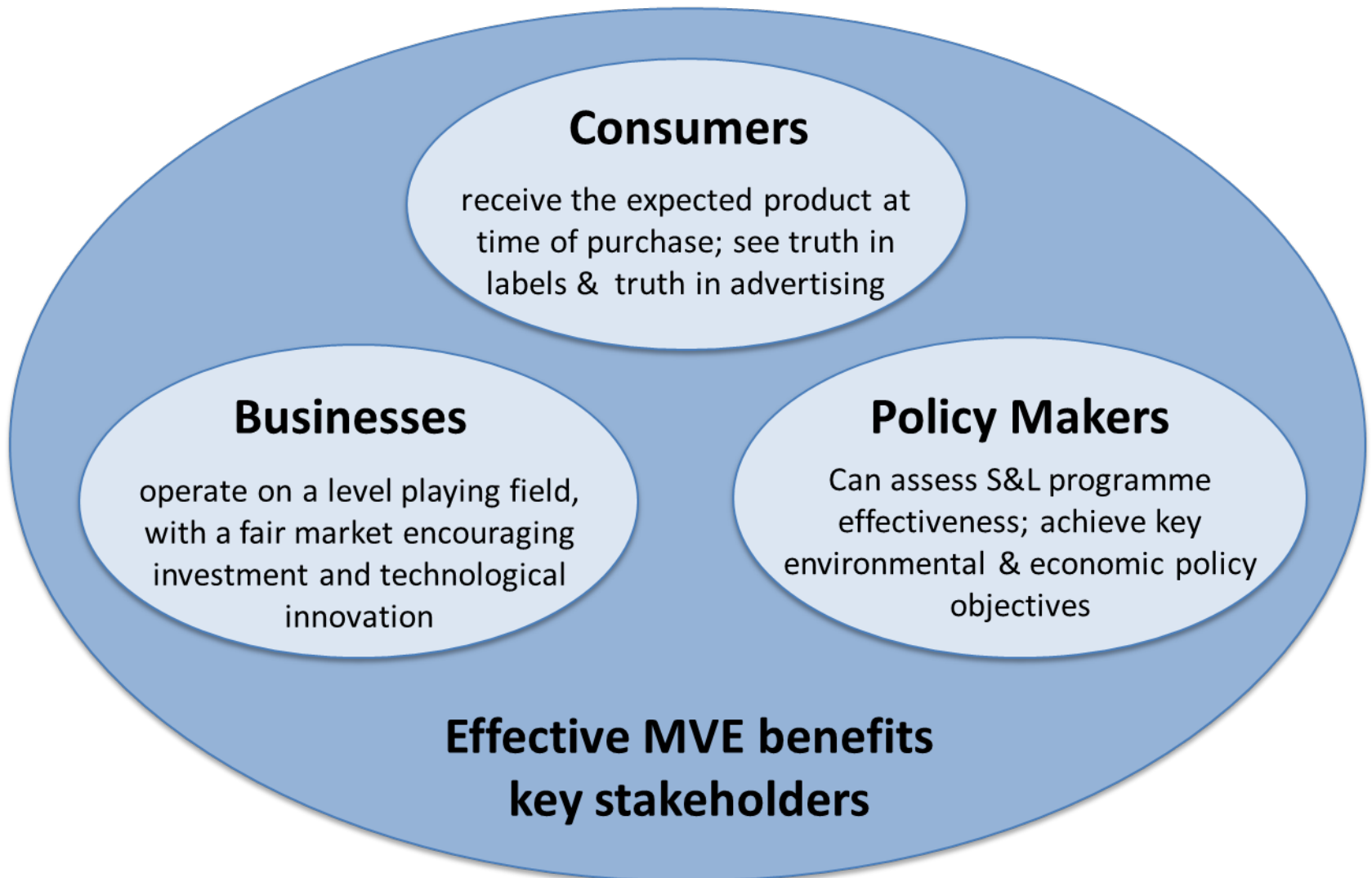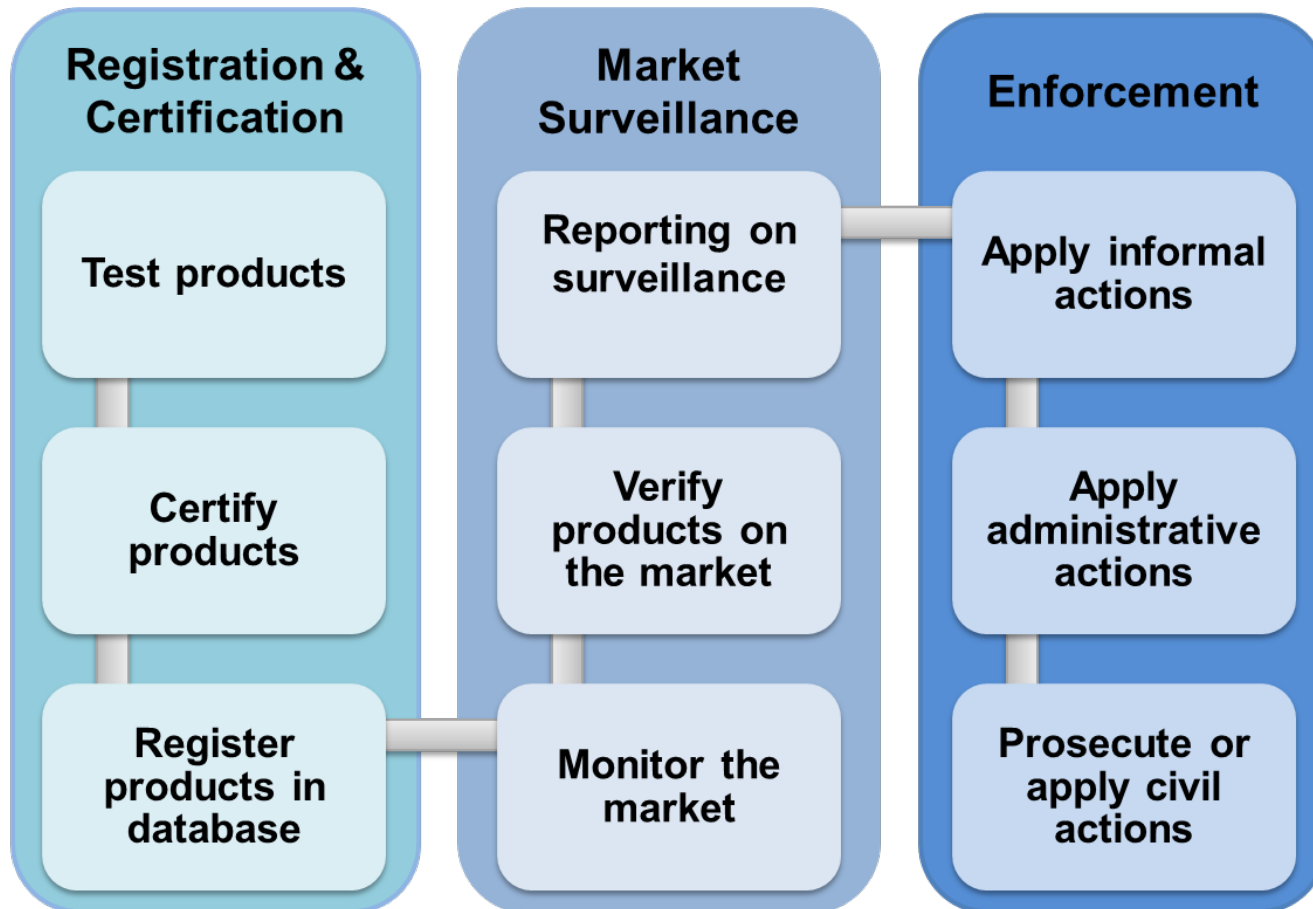| Monitoring	Verification	Enforcement
Collecting information through product registration, manufacturer reporting and market monitoring to seek out potential cases of non-compliance for further verification testing.	Verification testing or processes to determine whether a product actually performs according to its claimed energy performance value: through accredited testing.	Taking action in response to non-compliance offences with a suite of timely and appropriate actions: build on rigorous testing and yielding a high return in terms of market and consumer protection.

Market Surveillance

Benefits for All Stakeholders

Consumers

receive the expected product at time of purchase; see truth in labels & truth in advertising

Businesses

operate on a level playing field, with a fair market encouraging investment and technological innovation

Policy Makers

Can assess S&L programme effectiveness; achieve key environmental & economic policy objectives

Effective MVE benefits key stakeholders

Compliance Strategies

Developing a MVE Program

Build Legal & Administrative Foundation
- Assess existing legislation
- Develop legislative framework
- **Develop administrative guidelines and principles for enforcement**

Determine Roles & Responsibilities
- Identify enforcement authority
- **Determine enforcement responsibilities**
- Identify stakeholder participation

Plan & Budget for Program Activities
- **Determine budget for enforcement**
- Identify potential funding sources

Institutional Collaboration in El Salvador

Clear roles defined for different agencies in El Salvador for every activity

Registration, Certification, Entry onto Market

To place products on the market, suppliers have to make available:

- Supplier details and product specifications, product information requirements, market sales
- Supported by test reports and/or a Declaration of Conformance with product regulations

Different certification or registration approaches:

- **Accredited third-party verification testing** → No upfront cost to government, no delays to product entry, high confidence in results, lower market surveillance costs
- **Government verification testing** → High upfront cost to government, long delays to product entry, high confidence in results, lower market surveillance costs
- **Government certification** → Review of third party verification testing, certification of products
- **Pre-Shipment Verification of Conformity** → Products checked by approved PVOC companies, certified before entering through customs
- **Product registration systems** → Best practice method for capturing and tracking product information, providing details to consumers, and can support market surveillance and track compliance
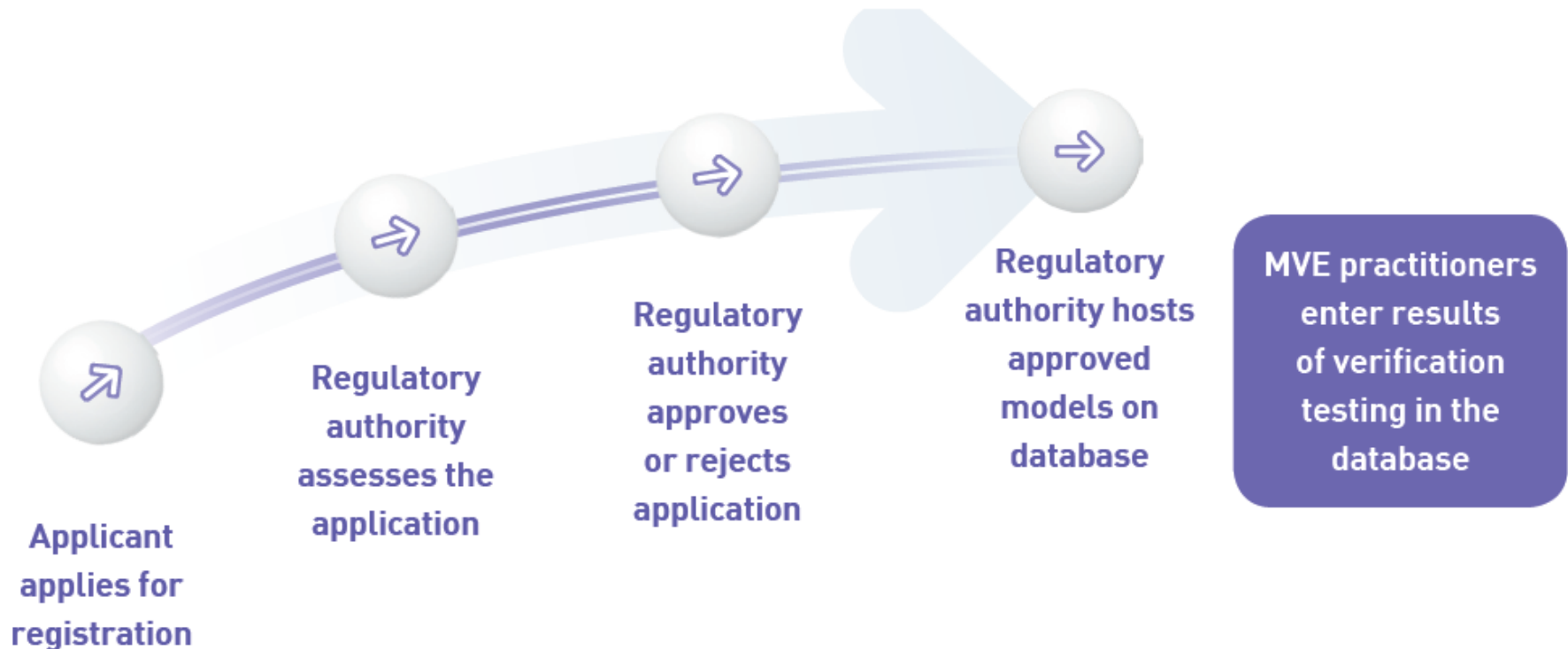
Aim to:

- Ensure products are compliant and can enter the market
- Reduce burden for implementing a standards program (market surveillance)

Product Registration Systems

- Initial compliance gateway

- Can be very effective if requiring third party certification

- Useful tool for setting baselines and tracking market trends

Steps for registering a product in a typical registration system

Applicant applies for registration

Regulatory authority assesses the application

Regulatory authority approves or rejects application

Regulatory authority hosts approved models on database

MVE practitioners enter results of verification testing in the database

Product Registries and Mobile Apps
India's experience

http://www.beestarlabel.com/

Monitor the Market

Monitor and check products for compliance with:

- Labelling requirements and standards requirements

Monitor products using different methods in different places:

- **Document inspections**, to check whether test reports are accurate and quality standards are met
- **Screen testing** select products, to help target products for full verification testing
- **In stores** to check label or marking requirements are met
- On **online** retail websites, checking for product information, truth in advertising and labelling
- Via an enforcement **hotline** – monitoring consumer and competitor complaints
- Monitor results shared by other economies – consider **mutual recognition agreements**

Aim to:

- Identify cases of non-compliance that are immediately visible (display of label etc)
- Identify potential cases of non-compliance for verification testing – targeting risk
- Use monitoring results as a first step for engagement with industry to reach compliance

Identifying Non-Compliance

Stage of Programme	Potential cases of non-compliance	Responsible party
At point of manufacture	• Manufacturing product to not meet performance or quality requirements	Manufacturer
At point of import / placing on the market	• Failure to register a product • Failure to provide proof of testing • Failure to submit product for testing • Failure to cooperate with authorities • Missing label, quality or warranty information • Inaccurate information on product or label	Manufacturer or Importer
At point of testing	• Failure to provide proof of testing • Failure to submit product for testing • Failure to meet performance claims or comply with standards	Manufacturer or Importer
At point of sale	• Missing label or quality information • Misuse of a voluntary or mandatory label • Inaccurate quality information or label • Failure to provide required quality information or truth in advertising in product catalogues, websites and promotional media • Failure to meet quality claims or comply with standards	Manufacturer Importer or Retailer

Verify Products on the Market

Verify products for compliance with:

- Quality Standards requirements
- Correct Labelling display and information

Consider where and how to carry out verification testing:

- **Risk-based testing** → cost-effective, using market monitoring intelligence to target testing, but could miss cases of non-compliance
- **Random testing** → can be costly with little return, but can act as a deterrent to non-compliance
- **Testing all products available (or placed) on the market** → very costly, but eliminates any potential for non-compliance

Aim to:

- Confirm non-compliant products, to be corrected by industry or withdrawn from the market
- Share results of testing with other markets, where possible, to help them target testing and reduce costs – consider mutual recognition agreements

Where to Test Products

Consider needs, objectives, available resources, procurement policies, legal requirements, and other variables

Test laboratories qualified and trained by the LG QA program

Arcata, California, United States
Shenzen, China
Kowloon, Hong Kong
Freiburg, Germany
Nairobi, Kenya
New Delhi, India
Dar Es Salaam, Tanzania
Addis Ababa, Ethiopia

LIGHTING GLOBAL
Catalyzing markets for modern off-grid energy

WORLD BANK GROUP
THE WORLD BANK
IBRD - IDA
IFC | International Finance Corporation
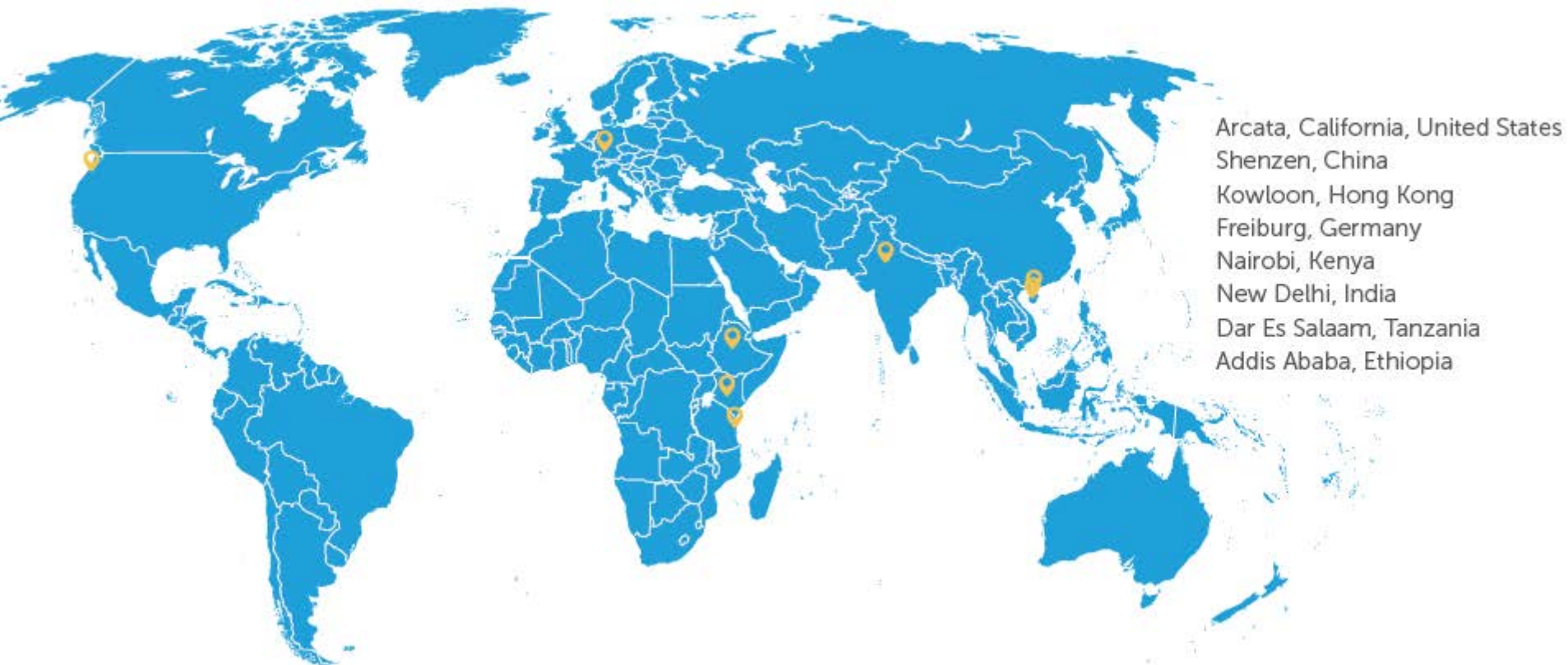
Enforcement

Identify and correct cases of non-compliance, and deter future cases of non-compliance

Identify non-compliance
- Identify where non-compliance can be found
- Identify different types of non-compliance

Address non-compliance
- Identify a proportionate response to non-compliance
- Determine which actions to take
- Identify opportunities for regional collaboration

Communicate enforcement actions to stakeholders
- Communicate the program from the outset
- Communicate as an enforcement action
- Report on compliance activities

Prosecution

Sanctions

Removal of product from the market

Corrective actions
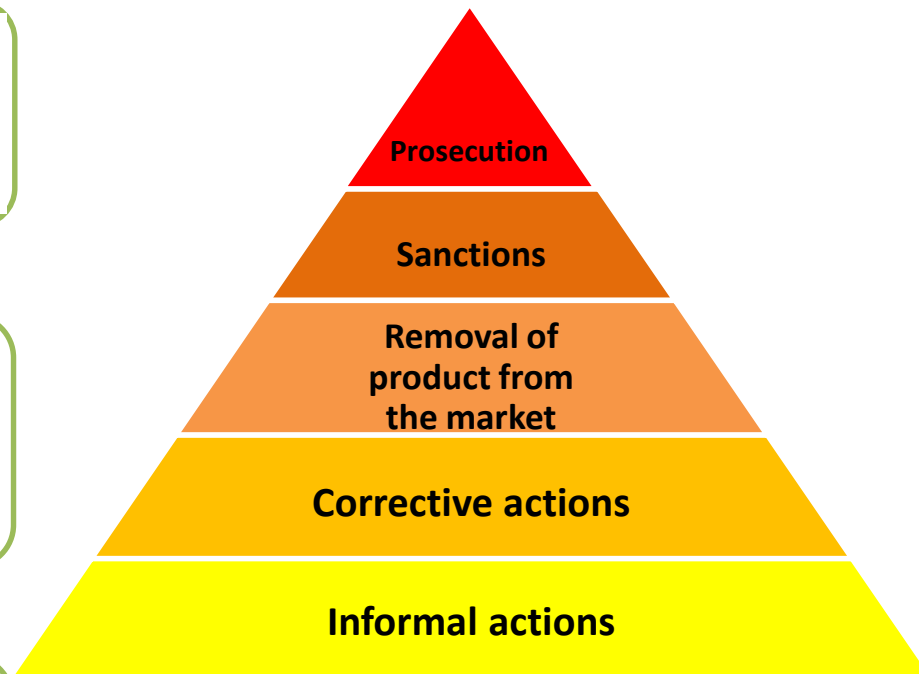
Informal actions

Escalation of Enforcement Actions

Reporting on Compliance

Report on:

- Types of activities planned
- Completed market surveillance activities
- Results of market surveillance activities (where possible)
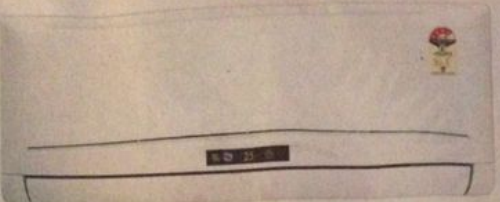
Make information available:

- Publically: on the MVE program website, within the product registration system, shared with other stakeholders
- Privately for documentation and enforcement investigation purposes

Aim to:

- Provide transparency with stakeholders
- Raise awareness with industry that market surveillance action is taking place
- Use the information to monitor trends and impacts of activities, to help improve both the S&L and MV&E programs

If product fails, consumers are alerted!

Attention Consumers

FOLLOWING AIR CONDITIONERS FAILED TO MEET THE ENERGY CONSUMPTION DECLARED ON THEIR LABEL:

In India - Advert in the Hindustan Times
BEE notifies consumers about manufacturers' products that have failed random check-testing

Consider local situation, cultural norms and whether consumers need to be alerted

Communication is Essential

Communication

- Offer regular structured dialogue with stakeholders
- Consult with stakeholders to improve compliance and reduce costs
- Ensure correction action is visible to deter others
- Determine which approaches work best for different cultures

Tools, Training and Guidance

- Develop information material to convey requirements
- Industry guidance to explain regulatory requirements
- Maintain a compliance hot-line
- Use a Frequently Asked Questions webpage

Cross-border Compliance

- Inconsistent and non-collaborative MV&E across borders - similar products placed on different markets

- Why does it need to be addressed?
  - Non-compliant/energy in-efficient products dumped across borders
  - Wasteful duplication of government resources
  - Confusion and unfair market for industry and consumers
  - Increased funding support opportunities

- How can it be overcome?
  - Establishing regional collaboration and relationships
  - Coordinated testing
  - Sharing test results or outcomes

- Examples from the EU ADCO, regional efforts in ECOWAS, ASEAN, lites.asia…

Cross-border Compliance
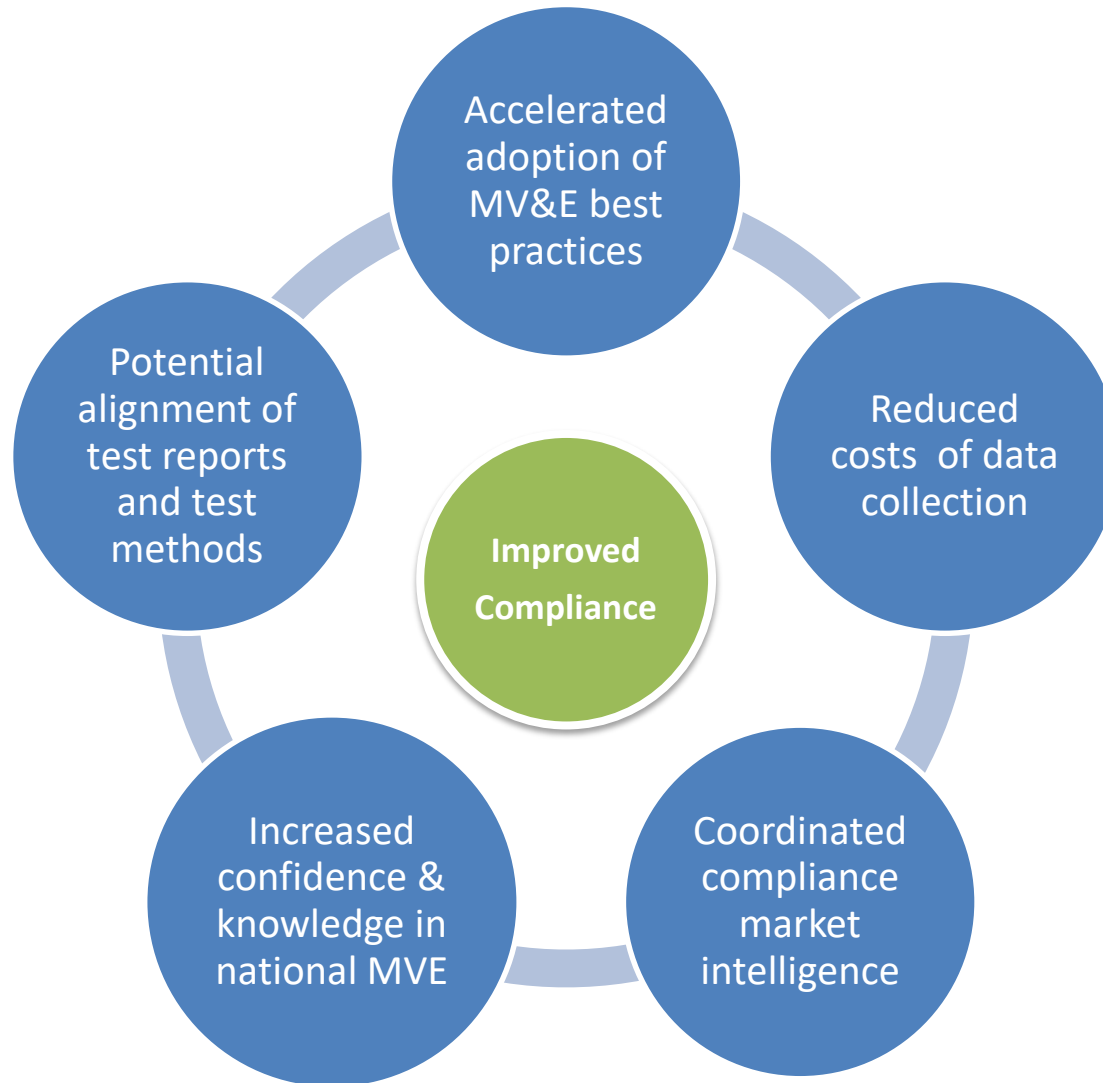
UN Environment MVE Guides for Lighting
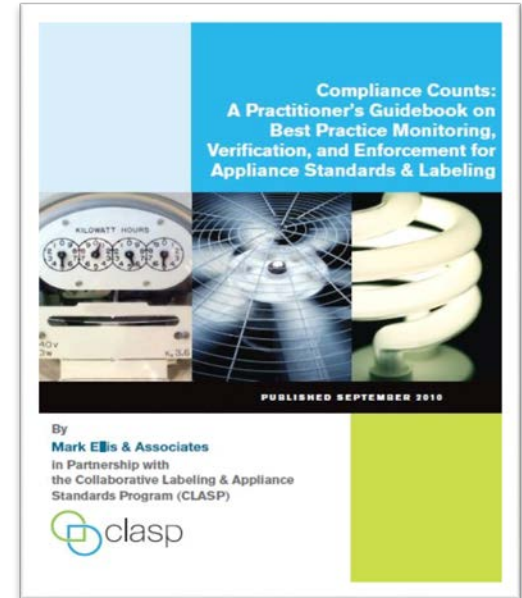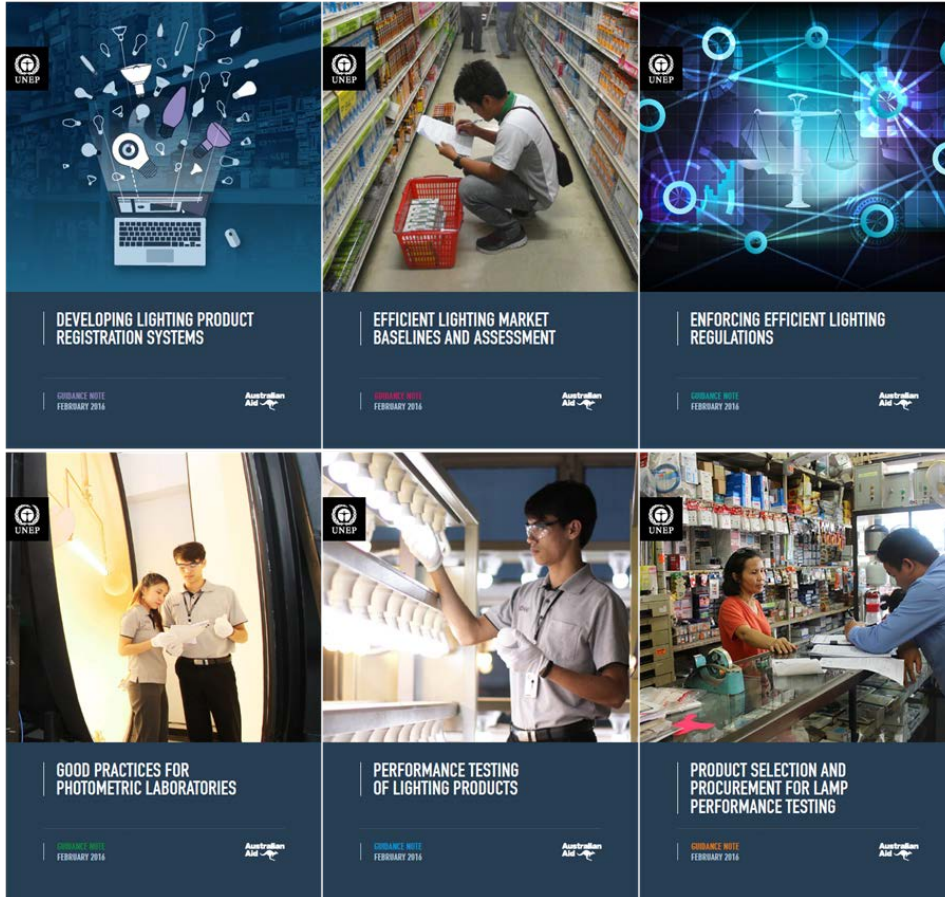
Monitoring Verification
& Enforcement
Guidebook

MVE Economy Profiles

Thank you!

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