

Standard Summary Project Fiche – IPA centralised programmes

Project number 26: Further Advancement of Conformity Assessment in the Republic of Serbia

1. Basic information

- 1.1 CRIS Number:** 2008/020-406
- 1.2 Title:** Further Advancement of Conformity Assessment in the Republic of Serbia
- 1.3 ELARG statistical code:** 03.01
- 1.4 Location:** Republic of Serbia

Implementing arrangements:

- 1.5 Contracting Authority:** EC Delegation to the Republic of Serbia
- 1.6 Implementing Agency:** EC Delegation to the Republic of Serbia
- 1.7 Beneficiary** (including details of Project Manager):

The Project Manager for the project is the Assistant Minister of the Ministry of Economy and Regional Development (MoERD). The Project Manager will be responsible for the overall delivery of the project in line with its objectives.

A unit shall be established within the Department for Competitiveness and Quality Infrastructure which shall be responsible at the operational level to ensure that all programme activities are carried out according to the agreed work plans and to promptly identify and resolve any outstanding issues. Regular meetings with the technical assistance and other relevant beneficiary(ies) will be held.

A Project Steering Committee (PSC) will be established to provide strategic guidance to the project and provide opinions and recommendations upon request. The PSC will ensure overall coordination of the project, discuss and approve the main outputs of the project, ensure access to the necessary information and will review project progress reports.

The PSC will contain representatives of key stakeholders, including MERD, Ministry of Trade and Services - Trade Inspectorate (MoTS-TI), Accreditation Board of Serbia (ATS), Institute of Standardization of Serbia (ISS), Directorate of Measures and Precious Metals (DMDM), representative CAB's, Office of the Deputy Prime Minister and SIEPA. The EC will also participate in these PSC meetings. The PSC will meet every six months, and ad hoc as required, and will be chaired by the Assistant Minister.

Financing:

- 1.8 Overall cost:** 1.200.000 EUR
- 1.9 EU contribution:** 1.200.000 EUR
- 1.10 Final date for contracting:** 3 years after the signature of the Financing Agreement

- 1.11 Final date for execution of contracts:** 5 years after the signature of the Financing Agreement
- 1.12 Final date for disbursements:** 6 years after the signature of the Financing Agreement

2. Overall Objective and Project Purpose

2.1 Overall Objective:

Improve competitiveness of Serbian companies on the EU market and decrease the trade imbalance enabling freer movement of goods through mutual recognition of conformity assessment results between Serbia and the EU.

2.2 Project purpose

To increase the efficiency of the conformity assessment structure in Serbia through the further development of the relevant legislative and institutional framework and strengthening the capacity of the Conformity Assessment Bodies, as well as of and Market Surveillance capacities, the Accreditation Board and Directorate of Measures and Precious Metals.

2.3 Link with AP/NPAA/EP/SAA

With the government of Serbia having to create and implement the **National Plan for Integration (NPI)**, a strong need has emerged to strengthen the institutions and legislation that deal with conformity assessment. In general, by taking on the priorities set out in the following documents, this project will contribute to the creation and implementation of the NPI (which will latter become **National Programme for the Adoption of the Acquis - NPAA**), whose main priority is to align Serbian legislation with the *acquis communautaire*, and proceed with its full implementation, including in the field of conformity assessment.

The strong need to address the issue of conformity assessment is recognized in the European Commission's **2007 Progress Report**, which identifies the "alignment of the legal framework on standardization, certification, metrology, accreditation, and conformity assessment with European Standards" as a **short term priority**. This is reiterated by the **European Partnership 2006**, which also recognizes the improvement of conformity assessment as a **short term priority** (6.2.1, 6.2.3).

Additionally, the project also addresses the priorities identified in the European Commission's proposal for a **revised European Partnership** (Brussels, 6.11.2007; COM(2007) 660), which should be adopted by the Council of Ministers in January of 2008 in order to replace the existing European Partnership (2006). Under the short term priorities, the section "Free movement of goods" calls for a continued effort to align the legal framework on standardisation, certification, metrology, accreditation and conformity assessment with European standards in 2008. It also stresses the need to continue to adopt the European standards and establish a national coordination body for quality infrastructure.

2.4 Link with MIPD

The **Multi-annual Indicative Planning Document 2007 – 2009 (MIPD)**, under Component I (2.2.3.1) supports "the development and implementation of sectoral strategies compatible with EC internal market legislation and best practices in areas such as standardization, accreditation, metrology and conformity assessment".

Furthermore, line 2.2.3.3 of the same Component states that one of the main priorities of Serbia should be to “Support regulatory and institutional framework for standardisation, accreditation, metrology and conformity assessment”.

This project directly addresses both of the above priorities by improving the regulatory framework for accreditation and metrology and by building the capacity of the key organisations involved – the MoERD, Directorate of Measures and Precious Metals, Accreditation Board and CABs.

The Overall objective of the project is to improve the competitiveness of Serbian businesses, in particular through improving access to EU markets. The MIPD identifies “Improving infrastructures in order to promote business related activities and public services and to facilitate economic and cultural links within Europe” as a key priority under its socio-economic axis. This project focuses on the development of economic links and, as referred to under 3.4. of this document, it is important that activities are delivered in a way which establishes long term international relationships.

The MIPD also requires actions focused on “Enhancing the investment climate and (providing) support to small and medium sized enterprises”. The CABs supported under this project will provide services directly to SMEs. SMEs who are export oriented are the end beneficiaries of this project.

2.5 Link with National Development Plan (where applicable)

Not applicable

2.6 Link with national/ sectoral investment plans(where applicable)

This project was developed in accordance with the **National Strategy for the Economic Development of Serbia (2006-2012)** (*Национална стратегија привредног развоја Србије 2006-2012*). This document points the way for the development of national quality assurance bodies. Moreover, it highlights the necessity to align the national technical regulations, standards and conformity assessment procedures, with EU legislation - with the aim of removing technical trade barriers and speeding up the flow of goods as well as increasing the competitiveness of Serbian industry.

Again it is clear that the above strategic goals are clearly addressed by this project. Increasing the competitiveness of Serbian industry is the overall objective of the project and establishment of conformity assessment procedures, which are consistent with EU good practice, will be completed during project implementation.

Serbia has also committed itself to start activities which will result in the recognition of conformity results from signatories of the Free Trade Agreement of the Western Balkans. (**CEFTA**, Article 13), leading to an overall improvement of conditions for trade. This is not a specific objective of the project and may not be achieved during its lifetime but the increased capacity within the Serbian conformity assessment system will significantly improve conditions for trade within the Western Balkans and other CEFTA countries, as well as providing new markets for the services of the individual CABs (see section 3.2. of this document).

3. Description of project

3.1 Background and justification

Progress to date

By the beginning of 2006 significant progress had been made at State Union level in the field of alignment of the legal framework on standardization, certification, metrology, accreditation, and conformity assessment. This included the coming into force of framework legislation such as the Law on Standardisation, the Law on Accreditation, the Law on Metrology and the Law on Technical Requirements for Products and Conformity Assessment of Products. This progress continued in the second quarter of 2006, when a package of decrees for the implementation of these laws was adopted, namely the decree on the establishment of the accreditation and standardisation bodies, a decree on conformity assessment and on the designation of bodies for conformity assessment and certification as well as a decree on adoption of technical regulations.

In the field of metrology, the decree on legal measuring units has been adopted in the first quarter of 2006. Some progress has been made in the fields of measuring standards and precious metals. The new Serbian Standardisation Body (Institute for Standardization of Serbia - ISS) is an affiliate member of the European Committee for Electro-technical Standardization (CENELEC) (since October 2005), and from January 2008 an affiliate member of the European Committee for Standardization (CEN).

However, after the dissolution of the State Union of Serbia and Montenegro, a new legislative framework needs to be drafted and implemented in Serbian law. The Ministry of Economy and Regional Development (MoERD) needs to redefine the legislations made at the State Union level, so that it can be transposed to Serbian law, and at the same time meet WTO and EU legislative requirements.

In the process of adjusting these regulations to the legal system of Serbia, the Government of Serbia has enacted the Decision on Establishing the Institute for Standardization of Serbia and the Decision on Establishing the Accreditation Body of Serbia. The Decree on Establishing the Accreditation Body of Serbia and Montenegro and the Decree on Establishing the Institute for Standardization of Serbia and Montenegro, adopted at the State Union level, have ceased to apply. The process of transformation of the Accreditation Board and Institute for Standardization from Government institutions to independent non-profit organizations, as well as establishing managing bodies of these institutions, in accordance with the new decisions, is in its final stage.

While the strengthening of Serbian quality infrastructure has been supported through the CARDS 2006 program, which is oriented mostly on building capacity of national institutions for metrology, accreditation and standardization, new project supports implementation of European technical regulation in business entities.

CARDS 2006 Project aims to be a next step towards the improvement of Serbian national Quality Infrastructure. This will be achieved by establishing and executing a program which will include the following actions:

- In the sector **of standardisation** Institute for Standardization of Serbia will be prepared to achieve the 9 conditions (from the Guidelines for the Accession of Affiliates to CEN National Member status) for full membership of CEN/CENELEC. In this sector will be performed activities on raising awareness, hands-on-training, and establishing an EC and the WTO TBT enquiry point for standards.

- In order to achieve international recognition of **Serbian accreditation** international peer evaluation of ATS will be performed, and a programme for awareness raising will be undertaken to ensure the understanding and usage of accreditation and conformity assessment in the area of free movement of goods.

- Directorate for Measures and Precious Metals, as **the national metrology institute** of Serbia will have the scope of its international recognition, extended by accreditation of a

selection of its services, participation in international inter-comparisons and a programme of hands-on training of its staff.

This, the main goal of the CARDS 2006 programme is capacity building of the various relevant institutions. It will enhance their capacities and capabilities, train staff and bring organizations up to speed in order to become members of various European and global organizations.

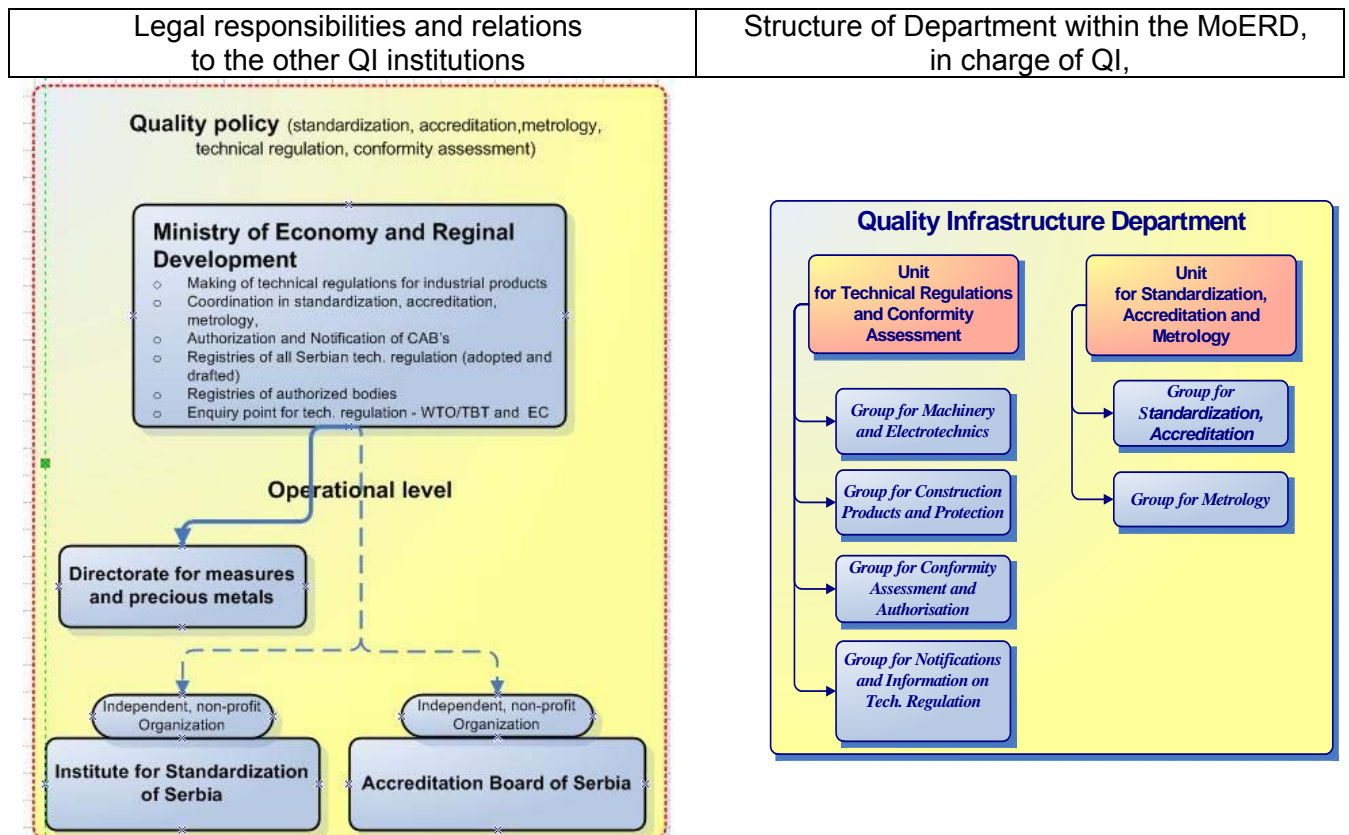
The proposed project aims to build on the capacities that the CARDS 2006 programme will enhance, by focusing on and supporting the Serbian businesses in integrating and implementing EU standards in their operations. The proposed project will target further advances of conformity assessment in Serbia through CABs as main support institutions for Serbian industries in the implementation of the transposed European technical legislation.

As the conformity assessment and market surveillance are closely interconnected and as they shall run coherently and in parallel, the project will also target strengthening of market surveillance due to improvement of business environment and conditions for free trade. Developed capacities in conformity assessment which are needed in preparation products for placing on the market are also very useful for market surveillance authorities when they control products already placed on market.

The Ministry of Economic and Regional Development, recognizes that the harmonization of laws by itself will not be enough to ensure the free trade of goods in international markets. In order to realize the free trade of goods in the region and between Serbia and the EU, it will be necessary to strengthen all quality infrastructure institutions. This is focused on the Conformity Assessment Bodies (CABs), but also includes Department for Quality Infrastructure within the Ministry, the Accreditation Board of Serbia (ATS), the Directorate of Measures and Precious Metals (DMDM) and the Institute of Standardization of Serbia (ISS).



Institutional Framework



Directorate for Measures and Precious Metals (DMDM)

The Directorate for Measures and Precious Metals (DMDM) is a governmental institution under the Ministry of Economy and Regional Development, and is the sole National Metrology Institute in the country. DMDM employs 151 permanent staff, with about 56 persons working for the whole activity of scientific metrology, calibration and type approvals. The remainder of the staff work at the 6 regional verification offices or in the central administration.

DMDM is responsible for scientific, industrial and legal metrology in Serbia. DMDM develops and maintains national measurement standards, and provides traceability for Serbian industries and laboratories through its calibration services. DMDM also performs type approvals of measuring instruments, verification of instruments under legal metrology regulation and market surveillance, and is responsible for the control of precious metal articles in Serbia.

DMDM has made significant progress in the context of international recognition. Serbia is a signatory to the Meter Convention¹, the Convention of the International Organisation of Legal Metrology (OIML) and is a founding member of Euromet (now EURAMET e.v.) DMDM represents Serbia in the above mentioned organisations and WELMEC.

¹ (CIPM is the advisory committee to the Meter Convention, the MRA ensures the mutual acceptance of calibrations delivered by metrology institutes that have signed the agreement)

DMDM is also a signatory to the CIPM Mutual Recognition Arrangement (MRA) and has received approval of a selection of its Calibration and Measurement Capabilities (CMC) under the CIPM Mutual Recognition Arrangement. The Serbian CMC entries at present cover 4 technical areas: electrical metrology, length/dimensional photometry/radiometry and time and frequency.

DMDM is also a signatory of Declarations of Mutual Confidence (DoMCs) for R 60 *Load cells*, R 76 *Non-automatic weighing instruments* and R 49 *Water meters intended for the metering of cold potable water and hot water* and became participant in Mutual Acceptance Arrangement (MAA) on OIML Type Evaluations.

The Bureau of Measures and Precious Metals is also a member of the Association of European Assay Offices - AEAO since 2002.

DMDM became Associate Member of European Cooperation in Legal Metrology (WELMEC), on June 24, 2008. DMDM has a long tradition and reputation as a metrology institute with significant experience as OIML member, so there is a good movement forward in obtaining Associate Member status in WELMEC.

Accreditation Board

The Accreditation Board of Serbia (ATS) is the sole national accreditation body. It was founded in 1998 as a Government body (JUAT) and in 2006 it was transformed to the independent non-profit organization (according to the Decision on Establishing Accreditation Board of Serbia). This Institution is in charge of accreditation for testing laboratories, calibration laboratories, inspection bodies, and certification bodies (for products, management systems and personnel). It employs 22 permanent workers, 28 external assessors, and about 150 external technical experts.

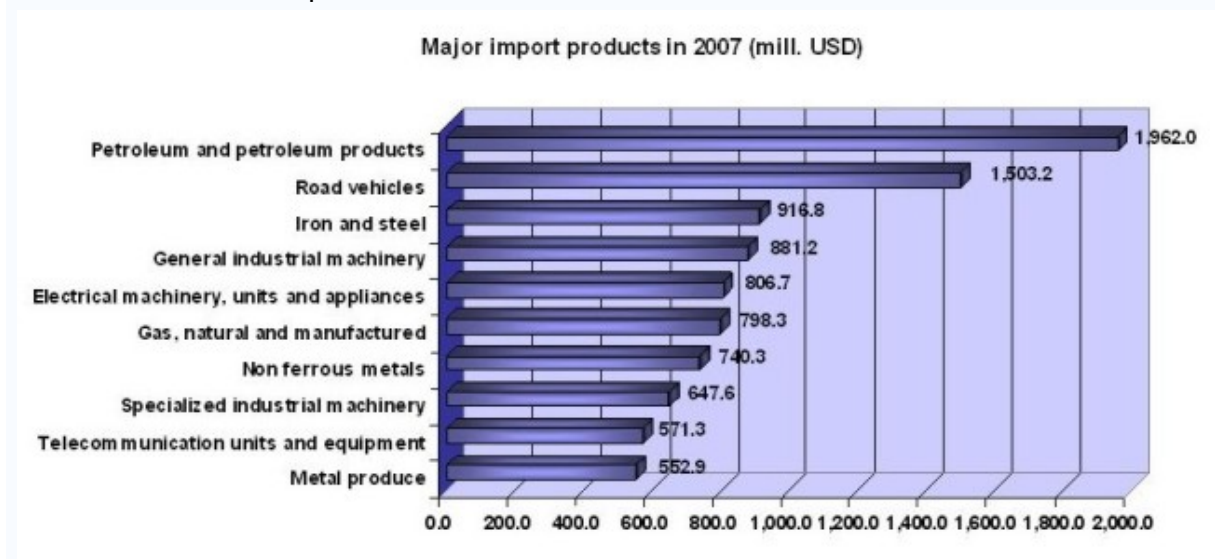
ATS has been an associate member of EA since November 2002 and since March 2007 continues as a signatory of Contract of Cooperation with EA. ATS full membership in EA will give confidence in the accreditation system and will assure mutual recognition of certificates and test results. ATS is required to implement a policy for inter-laboratory comparisons for its accredited laboratories. In order to strengthen the use of accreditation in Serbia it is necessary to educate the customers of the accredited bodies about the advantages of accreditation.

Conformity Assessment Bodies

In Serbia over 300 accredited Conformity Assessment Bodies exist, with more than 200 laboratories. This large number of CABs is due to old but still existing laws and regulations regarding product standards. At the same time, this large number of CABs is not equipped nor trained to meet the challenges posed by international and EU obligations. For example, under current conditions, Serbia is not able to fully implement EU Directives such as 2006/95/EC, 2004/108/EC, 94/9/EC, 97/23/EC (revision 2004/34/EC and 2006/3/EC), 98/37/EEC (revised by 2006/42/EC) 89/106/EEC, as the current conformity assessment bodies are both underdeveloped and under-equipped.

The low level of CABs present capacities can be further justified by the high level of imports of industrial products that Serbia has maintained over a 15 year period. This period has been one of constant import increase, especially that of increased imports of industrial products. During this period, the Serbian economy was in decline, under international sanctions and has since 2000, dramatically increased its exports, but the trade deficit is still very large and growing.

In 2007, the first ten divisions with the greatest import share were the following: petroleum and petroleum products (USD 1,962.0 million, 10.7% of total import), road vehicles (USD 1,503.2 million, 8.2% of total import), iron and steel (USD 916.8 million, 5.0% of total import), industrial machines for general use (USD 881.2 million, 4.8% of total import), electrical machinery, units and appliances (USD 806.7 million, 4.4% of total import), gas, natural and manufactured (USD 798.3 million, 4.3% of total import), non ferrous metals (USD 740.3 million, 4.0% of total import), specialized industrial machinery (USD 647.6 million, 3.5% of total import), telecommunication units and equipment (USD 571.3 million, 3.1% of total import) and metal produce (USD 552.9 million, 3.0% of total import), and these accounted for 51.1% of the overall import.



Current conformity assessment results issued by Serbian bodies are not internationally accepted. In order to be able to serve business operators in Serbia and to provide them with the internationally recognised certificates, CABs, as well as ATS and DMDM need to be further strengthened. DMDM and serbian testing and metrology laboratories should also be equipped with new instruments and equipment.

Moreover, this project will have a positive impact on conformity assessment bodies dealing with issues covered by old approach directives, for example, foodstuff or automotive industry. As the requirements of the old approach directives foresee a lot of testing and certification activities, proposal of the project also aims to strengthen the capacities of laboratories active in those areas. Since the Serbian industry comprises of production which is predominantly regulated by the old approach directives, we are certain that this project will have positive impact on the implementation of the old approach directives as well as the overall increase of national competitiveness.

Market surveillance Authorities

Main authority for market surveillance in Serbia is Market Inspectorate within the Ministry of Trade and Services which is responsible for surveillance of industrial products, but not for agricultural and foods products. There are also different market surveillance authorities within the relevant Ministries, such us: Pressure Equipment Inspectorate, Mining-Geology Inspectorate, Fire protection Inspectorate, Labour Inspectorate, Inspection of Supervision over

the drugs and medical devices, Construction Inspectorate, Road Inspectorate, Railway Inspectorate etc

3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact (where applicable)

Project impact

The project will ultimately contribute to the improvement of the business environment and conditions for trade for Serbian companies. As a primary objective the project will establish recognised conformity assessment standards and testing procedures which will allow for a wider range of Serbian produced goods and products to meet the quality standards demanded in the EU and other international markets.

The provision of these conformity assessment services will increase the quality of Serbian produced goods and will allow a higher price to be charged for them on international markets. Development of an efficient conformity assessment system will also decrease the time taken to approve product quality which will further improve conditions for business growth. The proposed project will directly contribute to raising the competitiveness of Serbian exporters on foreign markets.

Catalytic effect

We expect that this project will also have a positive national and international effect. A national framework will be established for conformity assessment and CABs will be supported which serve key sectors and/or products – i.e. those with greatest export potential.

It is important (see section 3.4. to this document) that project achievements are disseminated across the CAB network and within the Serbian government to provide a sound business case for further investment in the conformity assessment system.

In neighbouring countries to Serbia the conformity assessment is poorly developed and it is expected that the Accreditation Board and the individual CABs can provide services to businesses from these countries.

Catalytic effect of the proposed project will predominantly be visible in the trading data of the Republic of Serbia.

As of 2007 overall foreign trade in the Republic of Serbia, for the period of January - December 2007 amounted to USD 27,175.3 million, which was a 38.6% increase, compared to the same period in 2006. The deficit amounted to USD 9,525.5 million, which was an increase of 41.2% in relation to the same period in 2006. The export - import ratio equalled 48.1% and was lower if compared to the same period in 2006 when it was 48.8%.

Foreign trade in period 2001 - 2007 (in USD mill.)



The enhanced capacities of the CABs will empower the Serbian industries in becoming more competitive on foreign markets. As the EU is Serbia's single largest trading partner, more exportable goods will be tested and certified according to EU standards in Serbia. Additionally, a spill-over effect can be expected throughout the CEFTA region, as sourcing and supply chains are interlinked throughout CEFTA countries, more goods that are CEFTA-sourced will require stronger national quality infrastructure, especially those that will be finalized in Serbia, and exported to the EU. This cross border contribution of the proposed project will undoubtedly create a industry driven demand in other CEFTA countries to strengthen and upgrade their national quality infrastructure.

Sustainability

The project will be sustained in the following ways:

Institutional sustainability – will be assured through the establishment of the appropriate regulatory framework for conformity assessment. The MoERD, particularly the Department for Competitiveness and Quality Infrastructure, will benefit from increased administrative as well as technical capacity. Such improvements will also benefit authorisation procedures and preparation for negotiation and signing of ASAA, which will have an overall positive impact in policy level sustainability.

MoERD is presently enhancing the team that will be dealing with quality infrastructure issues as well as hiring new staff in this department. A strong dedicated department, generating

results and implementing activities foreseen in the Strategy and Action Plan is the best guarantee for sustainability .

It is a requirement that all training materials are produced electronically and that capacity is built within the MoERD and/or Accreditation Board so that future training can be delivered without external support.

Financial sustainability – the supported CABs will continue to charge for services and this revenue will be re-invested to maintain equipment and replace components as necessary.

Policy sustainability – the main engine of sustainability will be the adoption of the CAB Network Development Strategy by the Government of the Republic of Serbia and its implementation through the various activities planned in the Strategy's Action Plan. The project introduces operating standards within the MoERD, MOTS, Accreditation Board and the CABs. These standards will be embedded during the project and then disseminated over time across the whole CAB network.

It is a requirement of the project to produce all necessary manuals for the delivery of the improved services in both electronic and hard copies so that they can be distributed easily across the network. The project will also initiate the next stage of CAB network development by identifying the next priority sectors or products and by the provision of initial training to these CABs.

3.3 Results and measurable indicators:

The project will achieve the following results:

Result 1 - Clear strategy for the short, medium and long term development of the CAB network is prepared and agreed

Indicators

- Completed analysis of the capacity of current CABs;
- National economic needs studied and identified priorities (Completed analysis of the industrial needs/demands)
- Strategy approved by the PSC and adopted by Serbian Government;
- Legislative framework prepared and approved by PSC

Result 2 - Pilot programme for increased capacity of the CABs to provide services to Serbian businesses in line with EU standards

Indicators

- Training needs analysis of CABs and Market surveillance bodies is carried out
- Staff of CABs and MS bodies trained in skills gaps resulting from capacity assessment
- Selected CABs and industrial firms provided with training or direct involvement of experts in coaching industrial firms and CABs how to comply with EU directives and CE-mark their products
- Clients report improved service delivery
- Number of inter-laboratory comparison (ILC) and/or proficiency testing PTs carried out.

Result 3 – Increased capacity of national level institutions to implement the conformity assessment strategy

Indicators

- Training needs analysis of MoERD, Accreditation Board and other relevant stakeholders is carried out
- Over 90% of trainees are satisfied with training provided
- Number of CABs authorised/designated by Ministry

Result 4 – Increased awareness among the business community of the new services available from the CABs

Indicators

- Increased number of businesses contacting CABs
- Increased number of clients for the pilot CABs and for other CABs

Result 5 – Development of international networks and collaboration

Indicators

- Impact Assessment on the effects of signing PECA and ACCA agreements prepared.
- Number of directives (product groups) implemented and ready for signing ACAAs.
- Number of contacts with international counterpart organisations
- Number of agreements with neighbouring countries regarding the delivery of conformity assessment services

3.4 Activities

Contracting Arrangement:

The activities will be delivered through the organisation of a service contract to include the provision of all necessary consultancy, training and advisory services.

Result 1 - Clear strategy for the short, medium and long term development of the CAB network is prepared and agreed

These activities provide the foundation for the other project activities and should therefore be initiated as a priority. The strategy should be based on a clear understanding of good practice from the EU and should be developed through consultation with all identified stakeholders.

An analysis of the current role and performance of the CABs should be carried out and compared with EU models to identify gaps in capacity, service provision and equipment needs. The analysis should involve direct contact with CAB clients as well as with CAB personnel to produce a comprehensive understanding of the types of examinations; the scope of products covered by the existing conformity assessment bodies in Serbia, in accordance with valid domestic and foreign regulations and standards; results issued by the existing CABs.

In order to make a study of the national demands for the conformity assessment services, the development of the conformity assessment strategy should start with analysis of the national industry needs which should be carried out in the very beginning of the project.

An Impact assessment of the effects on Serbian CABs on joining the EU should also be carried out and issues identified here should be incorporated and addressed in the strategy as well as under appropriate activities undertaken under this project. This impact assessment should be carried out using the experience of new European member states and their CABs upon joining the EU. Study visits to such members states may be appropriate for this.

The CAB network has been undergoing a privatisation process. The impact of this process should be assessed to ensure that any further privatisation preserves and promotes the capacity of the existing laboratories and certification institutions in Serbia;

As identified in Section 3, the legislation related to conformity assessment needs to be developed in accordance with EU requirements and in order to facilitate necessary changes to the existing infrastructure. It will not be possible under the project to prepare, submit and ratify legislation, due to the time constraints, but it is expected that legal framework should be prepared and approved by the PSC and priority legislation should be prepared.

Completed analysis on the existing CABs as well as on the need for new CABs. This study will analyse the capacity of existing CABs and the possibility for establishing new ones - in line with economic development and European Union approximation issues; and in line with regional (Western Balkans) conformity assessment needs;

Key Conformity Assessment stakeholders such as the ATS, DMDM, Serbian standardisation institute, industrial associations of economic operators, market surveillance bodies, chambers of commerce and consumers organisations should be engaged in the development of the strategy.

The strategy should be in line with the new legislative framework for marketing of products i.e. The proposal for a Regulation of the European Parliament and of the Council setting out the requirements for accreditation and market surveillance relating to the marketing of products

(COM(2007)0037 and the proposal for a Decision of the European Parliament and of the Council on a common framework for the marketing of products (COM(2007)0053).

Result 2 - Increased capacity of the CABs and DMDM, as well as market surveillance bodies to provide services to Serbian businesses in line with EU standards

The activities to be carried out under this result should be based firmly on the analysis carried out under result 1 so that training provided meets short term needs of the CABs. Training materials should be developed in a format which facilitates easy dissemination both during and after the project. Potential trainers from within the CAB network should also be identified and trained during the project so that skills and knowledge can be disseminated beyond the selected pilot CABs. These trainers may also be from national institutions (see below). Hands-on training in foreign institutions (foreign NMIs laboratories for DMDM staff, EA and foreign accreditation body's for ATS staff, ministries in charge of quality infrastructure and market surveillance in the EU member states for MoERD and MoTS staff) will be performed.

A methodology and procedures should be developed for identifying the CABs and industrial firms to be provided with training or direct involvement of experts in coaching industrial firms and CABs how to comply with EU directives and CE-mark their products . The criteria for this should be identified during the project but selected CABs must work with products and/or sectors which have significant export growth potential. The selection will be made in accordance with the national economic needs identified in the first phase of the project. One of the main criteria should be the possession of accreditation certificate issued by ATS, and ATS, relevant ministries and Serbian Chamber of Commerce should participate in the process of selection of CABs. This methodology will ensure fairness and transparency of procedures.

An inter-laboratory comparison (ILC) and/or “proficiency testing” should be carried out in a minimum of 5 areas with a minimum of 15 laboratories involved.

Result 3 – Increased capacity of national level institutions to implement the conformity assessment strategy

It is critical that capacity building activities are designed and delivered which improve the ability of the MoERD and specifically the DMDM and Accreditation Board to develop the CAB network so that it provides high quality services in the short and longer term. Specific activities should therefore be developed for this purpose and should include:

- Training in network management and the development of network management manuals
- Preparation of documents and procedures for authorisation/designation of CABs
- Inclusion of national organisations in the training of trainers programme
- Participation in study visits
- Assistance to upgrade software for managing the registrar of CABs and provide mentoring support.

It is also critical that the national institutions are involved closely in the development of the strategy under result 1. Formal training and mentoring should therefore be provided in areas such as strategy development and impact assessment.

In addition to these specific activities, the national level organisations should also be encouraged to participate in all CAB training.

Result 4 – Increased awareness among the CAB network business community of the new services available from the CABs

The network of CABs in Serbia is large compared to member states and other pre-accession countries. While there may be the need for rationalisation as legislation is updated in accordance with the EU, the network will still include a considerable number of CABs and it is important that these are all aware of work carried out under the project. This would include actions such as the Impact Assessment on the effects of joining the EU and the strategy for the CAB network. Appropriate mechanisms for ensuring effective dissemination should therefore be developed and co-ordinated at the national level.

The second component to the awareness raising activities is to promote the new and improved services of the CABs to their target businesses. The purpose of this dissemination is to stimulate the growth of the selected CAB client base and also to stimulate increased export activity among businesses.

Result 5 – development of international networks and collaboration

For the future development and growth of the CABs, DMDM and the Accreditation Board it is important that they integrate themselves with counterpart institutions and organisations in neighbouring countries and in EU member states. Under the project the following specific activities should contribute to this:

- The development of a feasibility paper on the potential for Serbian CABs to perform conformity assessments in neighbouring countries lacking such infrastructure
- A study of the impact of signing PECA and ACAA agreements in countries where these instruments were used for a more rapid entry into the EU market

- Support for awareness raising about ACAAs among the public administration and economic operators.
- Determination of the development needs in the country (is there a need/interest in an ACAA, which sectors are of interest, what infrastructure should be developed, which sectors are most important)
- Create a study on the effects of signing PECA and ACAA agreement on Serbia

It is not the direct purpose of the study visits to achieve this aim but study visits should be designed in such a way which supports this objective. Appropriate countries should therefore be selected – i.e. those which have successfully negotiated and signed PECA and ACAA agreements – as well as appropriate visits.

3.5 Conditionality and sequencing

One of the main pre-conditions is that the process of redefining the legislation in the Serbian quality infrastructure system is completed (at horizontal level, the revision of legal framework-laws and Government orders as well as transposition of the five above mentioned EU directives).

The second precondition is that the CARDS 2006 national quality infrastructure project achieved its planned results. This means that the Serbian Institute for Standardization is upgraded and ready to become a full member of the European standardization organizations, the Directorate for Measures and Precious Metals is prepared to be full member of relevant international metrology organizations and signatory to the MRAs that ensures the mutual acceptance of the result delivered by Serbian metrology institute, and that the Accreditation Board of Serbia has signed MLAs in respected areas.

The EA multilateral agreement (MLA) provides a means for goods and services to cross boundaries in Europe and throughout the world. A test or inspection report or a certificate issued by an accredited body in one country is recognized as equivalent to a report or a certificate issued by an accredited body in any of the signatories to the EA MLA. Accreditation bodies recognize that they operate in an equivalent way and that they deliver equivalent accreditations, providing the same level of competence and confidence.

The MLA makes accreditation a "passport" which facilitates access to the EU and international markets through co-operation with ILAC (International Laboratory Accreditation Co-operation) and IAF (International Accreditation Forum). Individual EA members that are signatories to the EA MLA are subject to regular and stringent multi-national peer evaluations. These peer evaluations ensure consistent, harmonized accreditation practices and also facilitate the exchange of information and experience between the signatories.

Since the CARDS 2006 programme and the proposed project address different core issues regarding quality infrastructure, we cannot foresee any problems that might arise in case of partial parallel implementation of the two projects. Since the CARDS 2006 programme is focusing on building the capacities of national quality infrastructure institutions, providing for a basis for the implementation European technical legislation, the proposed project has a goal to enhance conformity assessment infrastructure and the operation of CABs.

3.6 Linked activities

The strengthening of Serbian Quality Infrastructure has been supported through the CARDS 2006 program. However, this project left the strengthening of Serbian Quality Infrastructure incomplete as conformity assessment emphasized as a separate component. The CARDS 2006 program mainly focused on measures that would strengthen metrology, accreditation

and standardization in Serbia. The project planned for IPA 2008 primarily addresses “conformity assessment” in order to complete the strengthening of Serbian quality infrastructure.

3.7 Lessons learned

The experience from a similar project from CARDS 2006 as well as challenges and lessons learned from similar projects shall be taken into account, especially regarding the selection of CABs and industrial firms provided with training or direct involvement of experts in coaching industrial firms and CABs how to comply with EU directives and CE-mark their products. As previous projects conducted under PHARE have shown, particular importance has to be given to transparency of procedures and clarity of conditions, in order to avoid possible market distortions.

Additionally, due to the fact that with this proposed project we aim to best resources available, the lessons learned from PHARE projects mentioned above, will include best practices in the inclusion of assessment and procurement within in a single project.

4. Indicative Budget (amounts in EUR)

| | | | SOURCES OF FUNDING | | | | | | | | | |
|----------------------|--------|---------|---------------------|----------------------------|------------|---------------------------|-------|-----------------|-------------------------|--------------|----------------------|-------|
| | | | TOTAL EXP.RE | IPA COMMUNITY CONTRIBUTION | | NATIONAL CONTRIBUTION | | | | | PRIVATE CONTRIBUTION | |
| ACTIVITIES | IB (1) | INV (1) | EUR (a)=(b)+(c)+(d) | EUR (b) | %(2) | Total EUR (c)=(x)+(y)+(z) | % (2) | Central EUR (x) | Regional/ Local EUR (y) | IFIs EUR (z) | EUR (d) | % (2) |
| Activity 1 | | | | | | | | | | | | |
| contract 1.1 | x | | 1.200.000 | 1.200.000 | 100 | | | | | | | - |
| TOTAL IB | | | 1.200.000 | 1.200.000 | 100 | | | | | | | |
| TOTAL PROJECT | | | 1.200.000 | 1.200.000 | 100 | | | | | | | |

Amounts net of VAT

(1) In the Activity row use "X" to identify whether IB or INV

(2) Expressed in % of the **Total** Expenditure (column (a))

5. Indicative Implementation Schedule (periods broken down per quarter)

| Contracts | Start of Tendering | Signature of contract | Project Completion |
|--------------------------------------|--------------------|-----------------------|--------------------|
| Contract 1.1 Technical Assistance | T + 1Q | T + 4Q | T + 12Q |

All projects should in principle be ready for tendering immediately after signature of the FA.

6. Cross cutting issues (where applicable)

6.1. Equal Opportunities

Equal opportunities for men and women will be guaranteed as to participation in this Project. This relates to the training opportunities for men and women who are currently working within the MoERD, DMDM, ISS, Accreditation Board and CAB's. The improved services of the CAB's will be available to businesses owned by men or women.

6.2. Environment

The project will improve the quality of laboratory testing on a range of products. This testing will directly reduce the negative environmental effects of manufacturing and the production process.

The project will be implemented in a way which is as environmentally friendly as possible and this includes the use of re-cycled paper and the advanced use of electronic filing rather than paper based systems.

6.3. Minorities and vulnerable groups

The project will be implemented in a way which does not discriminate against any individual on the grounds of their gender, ethnic origin, race or religion. Training will be organized in a way which makes events accessible for all potential participants. Information on the individuals receiving support under the project will be monitored during the project and this information will be used to identify any potential discrimination.

ANNEXES

- 1- Log frame in Standard Format
- 2- Amounts contracted and Disbursed per Quarter over the full duration of Programme
- 3 - Institutional Framework – legal responsibilities and statutes
- 4 - Reference to laws, regulations and strategic documents:
 - Reference list of relevant laws and regulations
 - Reference to EP / SAA
 - Reference to MIPD
 - Reference to National Development Plan
 - Reference to national / sector investment plans
- 5 - Details per EU funded contract (*) where applicable:
 - For *TA contracts*: account of tasks expected from the contractor
 - For *twinning covenants*: account of tasks expected from the team leader, resident twinning advisor and short term experts
 - For *grants schemes*: account of components of the schemes

For *investment contracts*: reference list of feasibility study as well as technical specifications and cost price schedule + section to be filled in on investment criteria (**)

For *works contracts*: reference list of feasibility study for the *constructing works* part of the contract as well as a section on investment criteria (**); account of services to be carried out for the *service part* of the contract

(*) non standard aspects (in case of derogation to PRAG) also to be specified

(**) section on investment criteria (applicable to all infrastructure contracts and constructing works):

- Rate of return
- Co financing
- compliance with state aids provisions
- Ownership of assets (current and after project completion)

ANNEX I: Logical framework matrix in standard format

| LOGFRAME PLANNING MATRIX FOR Project Fiche | | Further Advancement of Conformity Assessment in the Republic of Serbia | |
|--|---|---|--|
| | | Total: 1.2 euro | IPA contribution: 1.2 euro |
| Overall objective | Objectively verifiable indicators | Sources of Verification | |
| Improve competitiveness of Serbian companies on the EU market and decrease the trade imbalance enabling freer movement of goods through mutual recognition of conformity assessment results between Serbia and the EU | <ul style="list-style-type: none"> ▪ Value of exports, ▪ Foreign trade data, ▪ Number of certificates obtained | <ul style="list-style-type: none"> ▪ SIEPA ▪ APR ▪ Custom offices ▪ Statistics offices ▪ MERR – register of CABs | |
| Project purpose | Objectively verifiable indicators | Sources of Verification | Assumptions |
| To increase the efficiency of the conformity assessment structure in Serbia through the further development of the relevant legislative and institutional framework and strengthening the capacity of the Conformity Assessment Bodies, as well as ISS, DMDM and the Accreditation Board | <ul style="list-style-type: none"> ▪ Established system of designation of CABs, ▪ Number of signed MRAs and PECAs ▪ Number of issued certificates | <ul style="list-style-type: none"> ▪ MoERD ▪ ATS ▪ ISS ▪ DMDM ▪ CABs | <p>MERR has available trained staff to participate and implement the Project</p> <p>CABs capable of conducting testing/calibration and certification</p> |
| Results | Objectively verifiable indicators | Sources of Verification | Assumptions |
| <ol style="list-style-type: none"> 1. Clear strategy for the short, medium and long term development of the CAB network is prepared and agreed 2. Increased capacity of the CABs and DMDM to provide services to Serbian businesses in line with EU standards 3. Increased capacity of national level institutions to implement the conformity assessment strategy 4. Increased awareness among the business community of the new services available from the CABs 5. Establishment of international networks and collaboration | <ul style="list-style-type: none"> ▪ Strategy approved by PSC and adopted by Serbian Government ▪ Completed analysis of CAB capacity ▪ Completed analysis of the industrial needs Number of staff of CABs trained ▪ Clients report improved service delivery ▪ Number of ILC and PTs performed ▪ Number of CABs and firms trained to comply with EU directives and CE mark products ▪ Over 90% of trainees are satisfied with training provided ▪ Number of designated CABs ▪ Number of staff of MoERD, ATS, ISS and DMDM trained ▪ Increased number of businesses contacting CABs ▪ Increased number of clients for the pilot CABs and for other CABs ▪ Number of contacts with international counterpart organisations ▪ Study of the effects of ACAA prepared ▪ Number of ACAAs signed ▪ Number of agreements with neighbouring countries | | <p>Serbian legal system brought in line with EU legislation (5 EU directives transposed)</p> <p>MERR has available trained staff to participate and implement the Project</p> <p>CABs capable of conducting testing and certification</p> <p>Serbian companies motivated and interested in certifying products</p> |

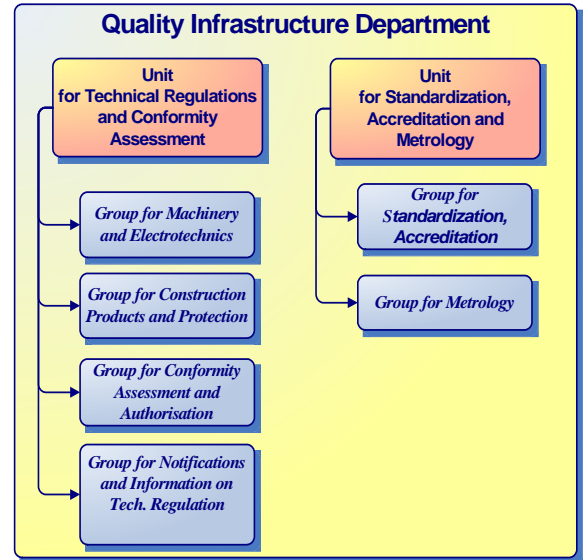
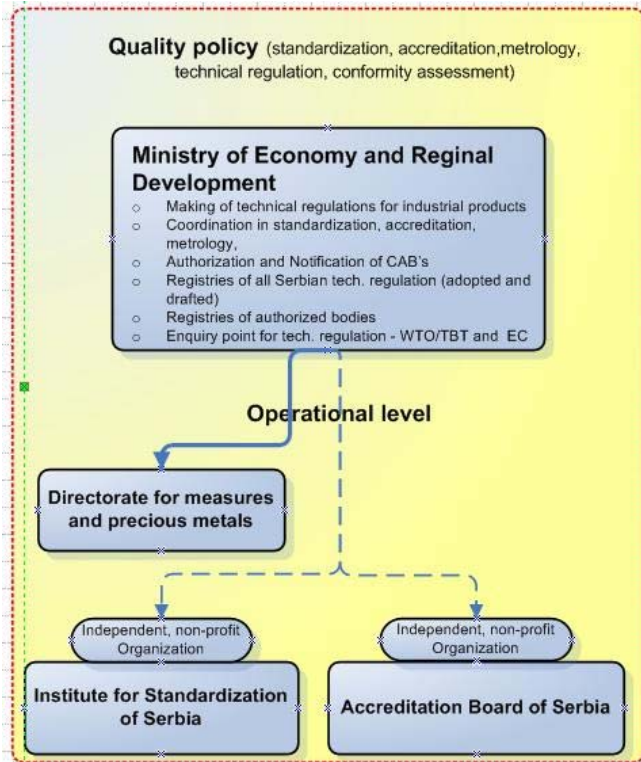
| Activities to achieve results | Means for implementation of Activities | Costs | Remarks on implementation |
|--|--|-------------------------|---|
| <p>1.1. Analysis of existing service provision and capacity of CABs and DMDM</p> <p>1.2. Impact assessment of impact on CAB network of joining the EU</p> <p>1.3. Evaluation of CAB privatisation process</p> <p>1.4. Development of legislative framework</p> <p>1.5. Preparation of priority legislation</p> <p>1.6. Preparation of network development strategy</p> <p>2.1. Training needs analysis of CAB and MS staff</p> <p>2.2. Design and delivery of training programme</p> <p>2.3. Development of medium term training plan</p> <p>2.4. Performing interlab comparisons and/or proficiency testing</p> <p>3.1. Training needs analysis of staff of Serbian quality infrastructure institutions</p> <p>3.2. Design and delivery of training</p> <p>3.3. Design and delivery of training of trainers programme</p> <p>3.4. Mentoring for the software/database</p> <p>3.5. Study visit(s)</p> <p>4.1. Development of dissemination strategy</p> <p>4.2. Implementation of strategy, including design of tools, for dissemination across CAB network</p> <p>4.3. Implementation of strategy, including design of tools, for dissemination to CAB clients</p> <p>5.1. Feasibility study for the delivery of CAB services in neighbouring countries</p> <p>5.2. Impact assessment on joining PECA and ACAAs</p> <p>5.3. Study on development needs for ACAAs (is there a need/interest in an ACAA, which sectors are of interest, what infrastructure should be developed, which sectors are most important)</p> <p>5.4. Awareness raising about ACAAs among the public administration and economic operators</p> | <p>Service contract</p> | <p>1.2 million euro</p> | <p>Priority industries are selected and companies active in the identified industries are willing to participate and share information.</p> <p>SIEPA has available and well trained staff necessary to participate in the mapping activities.</p> <p>Foreign companies are interested in investing in Serbia.</p> |

ANNEX II: amounts (in ₪ Contracted and disbursed by quarter for the project (IPA contribution only)

| Contracted | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Q9 | Q10 | Q11 | Q12 | TOTAL |
|-------------------|-----------|-----------|-----------|------------------|-----------|----------------|-----------|----------------|-----------|----------------|------------|------------------|------------------|
| Contract 1.1 | | | | 1,200,000 | | | | | | | | | 1,200,000 |
| Cumulated | | | | 1,200,000 | | | | | | | | | 1,200,000 |
| Disbursed | | | | | | | | | | | | | |
| Contract 1.1 | | | | 120,000 | | 270,000 | | 270,000 | | 270,000 | | 270,000 | 1,200,000 |
| Cumulated | | | | 120,000 | | 390,000 | | 660,000 | | 930,000 | | 1,200,000 | 1,200,000 |

ANNEX III

The Serbian quality infrastructure system is overseen by the Ministry of Economy and Regional Development, which is responsible for coordinating the process of drafting technical legislation and harmonisation with the New Approach European Directives. There are functioning bodies responsible for metrology (DMDM), accreditation (ATS) and standardisation (ISS). There are a large number of testing, certification and inspection bodies, many of which are accredited (more than 270). More details are given on page 5.



ANNEX IV

- Law on Technical Requirements for Products and Conformity Assessment of Products with the prescribed requirements (“Official Gazette of Serbia and Montenegro”, No. 44/05)
- Law on Standardization (“Official Gazette of Serbia and Montenegro”, No. 44/05)
- Law on Accreditation (“Official Gazette of Serbia and Montenegro”, No. 44/05)
- Law on Metrology (“Official Gazette of Serbia and Montenegro”, No. 44/05)
- Regulation on the manner of drafting and adoption of technical regulations and the registry of these regulations (“Official Gazette of Serbia and Montenegro”, No. 17/06)
- Regulation on the manner of designation of the CAB’s, registry of designated CABs, records of conformity documents, conformity signs and CABs, as well as conditions for implementation of technical regulations of other countries (“Official Gazette of Serbia and Montenegro”, No. 22/06),
- Decree on Manner and Procedure of Conformity Assessment (“Official Gazette of Serbia and Montenegro”, No. 22/06),
- Decision on Establishing Accreditation Body of Serbia (“Official Gazette of RS”, No. 96/06),
- Decision on Establishing Institute for Standardization of Serbia (“Official Gazette of RS”, No. 16/07),
- Free Trade Agreement of the Western Balkans. (CEFTA, Article 13)
- Decision European of the Parliament and of the Council on a common framework for the marketing of products);
- Regulation of the European Parliament and of the Council setting out the requirements for accreditation and Market Surveillance relating to the marketing of products)
- Regulation of the European Parliament and of the Council laying down procedures relating to the application of certain national technical rules to products lawfully marketed in another Member State and repealing Decision 3052/95/EC).

Reference to EP / SAA

- European Commission’s 2007 Progress Report “alignment of the legal framework on standardization, certification, metrology, accreditation, and conformity assessment with European Standards” as a short term priority.
- European Partnership 2006 short term priority (6.2.1, 6.2.3).
- Revised European Partnership section “Free movement of goods” (Brussels, 6.11.2007; COM(2007) 660), short term priorities, “continued effort to align the legal framework on standardisation, certification, metrology, accreditation and conformity assessment with European standards in 2008.”It also stresses the need to continue to adopt the European standards and establish a national coordination body for quality infrastructure.

Reference to MIPD

- The Multi-annual Indicative Planning Document 2007 – 2009 (MIPD), Component I (2.2.3.1)
- line 2.2.3.3 of the same Component
- Section 3.4.

Reference to National Development Plan

- This project was developed in accordance with the National Strategy for the Economic Development of Serbia (2006-2012) (Национална стратегија привредног развоја Србије 2006-2012). section 3.2.

ANNEX V

Details per EU funded contract

Contract 1 – Service contract

The following services will be designed and delivered under Contract 1:

Capacity building

Completion of training need analyses

Design, delivery and evaluation of training activities – including seminars, workshops and mentoring

Organisation and management of study visits

Development of organizational standards of performance

Development of staff procedures

Preparation of strategic and legislative documentation

Support in the preparation of draft legislation and regulations

Development of strategy and associated action plans

Carrying out surveys and other research – including market analysis

Impact assessments

Feasibility studies for expansion of CAB services

Communication and dissemination

Development of EU networks

Development and implementation of marketing strategies

Design and organization of information campaigns

Preparation of marketing and dissemination materials – this might include project brochures, development of signage, preparation of press releases, final brochures

Organising conferences and/or exhibitions