

**Standard Summary Project Fiche – IPA centralised programmes**

**Project fiche: 15**

**1. Basic information**

**Background:**

**1.1 CRIS Number:** 2010/022-154

**1.2 Title:** Consumer Protection and Market Surveillance

**1.3 Sector:** 03.01 – Free Movement of Goods

**1.4 Location:** Montenegro

**Implementing arrangements:**

**1.5 Contracting Authority:** Delegation of the European Union to Montenegro

**1.6 Implementing Agency:** N/A

**1.7 Beneficiary** (including details of project manager):

**Market inspection (Ministry of economy)**

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Project manager: Rada Marković

**Costs:**

**1.8 Overall cost:** € 735.000

**1.9 EU contribution:** € 700.000

**1.10 Final date for contracting:** Two years after the signature of the Financing Agreement

**1.11 Final date for execution of contracts:** Two years after the final date for contracting

**1.12 Final date for disbursements:** One year after the final date for the execution of contracts.

**2. Overall Objective and Project Purpose**

**2.1 Overall Objective:**

Enhanced protection of consumers and reinforced market system in accordance with EU standards.

**2.2 Project purpose:**

To improve the efficiency and effectiveness of the system of market surveillance and consumer protection in Montenegro.

### **2.3 Link with AP/NPAA / EP/ SAA**

Further to Article 78 of the Stabilisation and association agreement Montenegro took the obligation to cooperate in order to align the standards of consumer protection in Montenegro to those of the Community. Effective consumer protection is necessary in order to ensure the proper functioning of the market economy, and this protection will depend on the development of an administrative infrastructure in order to ensure market surveillance and law enforcement in this field. In this aspect the following issues are identified as priorities

- a policy of active consumer protection, in accordance with Community law, including the increase of information and development of independent organisations;
- the harmonisation of legislation of consumer protection in Montenegro on that in force in the Community;
- effective legal protection for consumers in order to improve the quality of consumer goods and maintain appropriate safety standards;
- monitoring of rules by competent authorities and providing access to justice in case of disputes;
- exchange information on dangerous products.

### **2.4 Link with MIPD**

The Multi-Annual Indicative Planning document for the Republic of Montenegro 2009-2011 (MIPD) in Section 2.3.1.3, subsection Objectives and choices, focuses on market surveillance and consumer protection as one of the key areas within the sector of free movement of goods that needs particular attention in order to improve and enforce the legislation.

### **2.5 Link with National Development Plan**

Not applicable

### **2.6 Link with national/ sectoral investment plans**

The National Programme for Integration identifies market surveillance among the key areas requiring additional investments and support. Section 3.1.1.5 focuses on the short-term and medium-term priorities that have to be addressed with view to harmonising the legislation with the EU acquis and building the capacity of the key market surveillance institutions. Further on, section 3.28.1. Consumer Protection flag out the key steps to be undertaken to align the legislation and practices in Montenegro with the EU strategies and policies for consumer protection.

## **3. Description of project**

### **3.1 Background and justification:**

The market surveillance system in Montenegro is at an early stage of development with reminiscences from the ex-Yugoslavian model in combination with some modern EU practices. It is very complex and includes a number of ministries, separated agencies, institutions and laboratories. At the moment there is no formal coordination body for market surveillance at national level. The coordination is done mainly ad-hoc, there is no strong routine in exchanging information and planning common actions.

As a step forward, a Strategy for the market surveillance in Montenegro was adopted by the Government of Montenegro at the end of 2009. This strategy, based on analysis of the situation in the country and the EU policies and practices, focuses on improving the coordination in the sector by establishing a national coordination body. The current project will help the implementation of the

strategy as it addresses in particular needs related to coordination between the responsible authorities and regular exchange of information on unsafe products.

The enforcement of the market surveillance system in the country passes through the establishment of a favourable legal framework. Despite the many legislative advancement in the last years (a full list is given in Annex 3), harmonization of national legislation with relevant EU directives is still required in the areas. This project will address the need of further transposition of the EU acquis in the market surveillance sector. Further on, the division of responsibilities between the involved bodies needs to be specified more clearly, the gaps/overlaps in market surveillance have to be avoided and the powers of the authorities have to be strengthened in order to ensure compliance with the General Product Safety Directive 2001/95/EC and Regulation (EC) No 765/2008.

The Market inspection is a key body in exercising functions of market surveillance in Montenegro and therefore has a leading role in achieving effects on consumer protection. The surveillance conducted by Market inspection includes application of the primary and secondary legislation in the field of consumer goods and services, and general product safety. The competence of the market inspection covers control on non-food products and overall conformity requirements such as warranties, price information, information on country of origin, customs documentation, invoices with more. The products that are currently subjected to surveillance in Montenegro are electrical products, machinery, construction products, textile/footwear, car parts, furniture and other products (wood, glass, metal, plastics). Food, medicine, cosmetics, and chemical products are subject to surveillance with respect to rule of origin, recording in accounting, prices and invoices. In 2007 the total number of inspections is 21466 while in 2008 they dropped down to 19631 checks.

The inspections are based on annual and monthly working plans, issued specific instructions and received consumers' complaints and signals submitted to a duty inspector or to the answering machine. A register of consumer complaints/signals is being developed and is currently in a testing phase in the offices in Podgorica. In the near future, it should be extended to all offices in Montenegro. There is a written record of all inspections and outcomes. An IT tool will soon be introduced to allow easy registration and use of all information gathered through the checks and provide the statistics needed for selecting the product groups subject to inspection. The current project needs to address this issue by providing the needed software and improving the risk assessment methodology.

Further on, the inspection methodology needs improvement as well. Although there is a large number of checks done in various fields, the methods used and the elements that are checked, are not yet in line with market surveillance priorities in the EU. There is no balance of active (proactive) and passive (reactive) market surveillance activities; testing facilities are not used. Established, systematic working methods are missing; the checks are done dependent on the competence and commitments of the inspectors. This project will offer support for improving the working methods and establishing standards in inspection by transferring of know how and setting of internal procedures. The introduction of appropriate IT tools will also support the improvement of work of the inspectorate. The inspectors need to be fully acquainted with the EU legislation on market surveillance, including the new approach and general product safety directives, as well as with the good practice of surveillance on the EU market. The training delivered so far covered theoretically and partially some of the key issues – new approach and general product safety. However, dedicated training for all market inspectors, involving participatory and interactive approach, and based on a systematic selection of topics, has not been delivered so far. This important gap will also be covered by the current project.

Finally, this project will address another important issue – coordination with consumer organisations and cooperation with business. So far, the coordination with the business organisations remained limited due to lack of understanding of the role of the business and business associations in protecting consumers' interests. The market inspectorate needs to shape a sound policy for communicating with the business and apply preventive approaches in market surveillance. In this aspect there is a need of more initiatives to inform business about the appropriate regulations and standards to be applied at the point of manufacture so to ensure that products put at the market are safe. The market inspectorate

needs to develop an active approach to help business deal with technical files and test reports and access the relevant expertise. Providing greater transparency about what the national market surveillance authorities are doing is also an issue for Montenegro. There is a need of a structured partnership with consumers' and environmental organisations, as well as with media, to provide information and advise to the society in general on the consumer protection issues and to make the citizens more sensitive to non-compliance on the market. The current project will explore a model for active involvement of the public in market surveillance activities and will contribute to improving the relations with the key stakeholders.

### **3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact**

The project incorporates actions and measures focused on improving the market surveillance system in the country. Effective and efficient MS system ensure that products on the market are consistent with the prescribed technical and other requirements, and do not endanger the health and safety of the citizens, neither are harmful to the public interest. Thus, market surveillance is closely linked to consumer protection, but also has an important role in providing functional and fair market. Further on, the project will create conditions for enhancing the information exchange on dangerous products internationally and thus will support the links between the MS bodies of Montenegro and their regional and EU counterparts.

### **3.3 Results and measurable indicators:**

*Result 1: National legal and strategic framework in the area of consumer protection and market surveillance is improved in compliance with Regulation (EC) 765/2008*

*Indicators:*

- Relevant regulations in the field of consumer protection transposed in the amended General Product Safety Law and other laws related to market surveillance and consumer protection;
- Number of by-laws on technical regulation which transpose new directive approach;
- Harmonised legal framework covering mislead advertising, consumer loans and financial services in the distance, the rights of patients, unfair trade practices, package arrangements and unfair regulation in consumer contracts;
- New National consumer protection programme for period from 2012 to 2017 (including detail action plan for the first year of implementation) drafted and adopted
- No of people acquainted with the key documents in particular Regulation (EC) 765/2008 and the revised guidelines for the operation of the RAPEX system (RAPEX Guidelines (2010/15/EU)).

*Result 2: Improved coordination and exchange of information between the responsible market surveillance authorities*

*Indicators:*

- The established coordination body for market surveillance is effectively operating (number of decisions taken, meetings conducted, documents approved);
- Established and publicised general market surveillance programme covering all sectors in which market surveillance is conducted;
- No of coordinated inspections (conducted common projects), number of bodies/people taking part in them;
- Regular (daily) input in the National system on exchange of notification on dangerous products.

*Result 3: Improved capacity of the Market Inspection to perform effective market surveillance*

*Indicators:*

- Number of inspectors trained on new market surveillance methods, including risk assessment, number of training days delivered; number of trainers trained;
- Increase in the irregularities detected (number and percentage);
- Increase in the number of checked products and in the number of successfully performed inspections, compulsory measures taken by authorities and/or voluntary measures taken by economic operators in respect of products posing health and safety risks to consumers compared to previous year;
- No of tested products (% of incompliant products after testing);
- National system on exchange of notifications on measures taken against dangerous products compatible with the requirements of the RAPEX system which will serve as a basis for the future membership in the RAPEX system.

*Result.4: Raised awareness of consumer on their rights and functioning of market surveillance system*

*Indicators:*

- Established functional Central Information System for Consumer Protection (CISCP) - number of users per day, number of consumers' complaints;
- Number of awareness/visibility events organised;
- Increased number of visits to the relevant web sites (Market inspectorate);
- Number of prepared, published and distributed brochures related to consumers rights.

**3.4 Activities:**

The project will be implemented through the following activities

***Component 1: Legislative and strategic framework, will include the following activities:***

- 1.1. Comparative analysis of legislation in Montenegro with the EU law in the area of consumer protection. Preparation of a table of concordance. Preparation of the gap analysis of the current legislation in the field Market surveillance (new approach directives, EU legislation on general product safety, Regulation (EC) 765/2008). Preparing the transposition plan;
- 1.2. Assisting in drafting necessary legislation (laws and by-laws), according to the transposition plan;
- 1.3. Analysis of the market surveillance system and consumer protection in Montenegro;
- 1.4. Drafting of a new National consumer protection programme (2012-2017) and an action plan.
- 1.5. Translation of Commission documents to the Montenegrin language relating to market surveillance, in particular the revised guidelines for the operation of the RAPEX system (RAPEX Guidelines (2010/15/EU)).

***Component 2: National Coordination for consumer protection, including the following activities:***

- 2.1. Provision of support for the Coordination body (a study visit and training) to help understanding the need for concerted actions in controlling the market;

- 2.2. Development of a Market surveillance programme to cover market surveillance of different products or product sectors and different market surveillance authorities;
- 2.3. Support for establishing cooperation mechanisms working in practice and saving time and resources (such as memorandum of understanding, common procedures, coordination circuits, IT system for exchange of information, etc.)
- 2.4. Designing and implementing pilot cooperative projects to test the cooperation mechanisms

### ***Component 3: Market surveillance methodology and practice***

- 3.1. Elaboration of a training curriculum, programme and training materials, as well as training of trainers on effective new surveillance methods, risk assessment and communication with business and consumers;
- 3.2. Provision of trainings in accordance with the training programme;
- 3.3. Analysis of the internal procedures and recommendations for their improvement, including development of quality control systems and internal control standards;
- 3.4. Design and implementation of pilot projects for market inspections (involving pilot cooperative projects involving the bodies responsible for market surveillance)
- 3.5. Preparation and development of proper IT solution and support compatible with the requirements of the RAPEX system which will serve as a basis for the future membership in the RAPEX system and realization of exchange of information on national and international level

### ***Component 4: Public awareness***

- 4.1. Development of a functional Central Information System for Consumer Protection (CISCP) for registering and managing consumers' complaints, exchange of information among the market surveillance authorities and with the consumers; realization of *on-line* consumer complaints.
- 4.2. Designing and implementation of public awareness campaigns on the consumer rights and market surveillance (synchronized with the pilot projects) – including media reports, web sites improvement, press-conferences, publication of print outs and brochures on consumers' rights and key information on the market surveillance authorities.

### **3.5 Conditionality and sequencing:**

For the successful implementation of the project, it is necessary to fulfil the following conditions and assumptions

- Governmental support for consumers protection and readiness of the Government and other state institutions to continue to harmonize national legislation with EU legislation
- Political and economic stability to allow companies develop effectively and be more open to cooperate with consumers and state institutions;
- Active consumers and consumer protection NGOs, willing to cooperate on the realisation of the project activities.
- Efficient coordination among key stakeholders in particularly complicated and multidimensional domains such as market surveillance and consumer protection
- Enough resources within the Montenegrin public administration for setting up of the necessary structures in charge of implementation and enforcing the new legislation.
- Sufficient resources (financial, human and technical) ensured for the market control bodies.

### 3.6 Linked activities

The EU funded "PLAC" project provided support in drafting the Law on Consumer protection, transposing the Consumer directive, and the first versions of the Law on General product safety, transposing the EU directive on general safety products, the directives about imitating products and the regulations on product safety check when importing from the third country countries.

The EU-funded "TRIM MNE" project continued and completed the work on the Law on general safety products and prepared regulations for the implementation of this law, i.e. regulation on exchange information about dangerous products and regulations of the notice of dangerous products. It has also created the guidelines for interpreting RAPEX system, interpreting EMARS, presentation for the inspectors on the Directive of general safety and directives of the New approach. Further on, study visits to Germany on protection of consumers were organised for representatives of governmental and NGO sectors. Support was offered for developing the two-year national programme of consumer protection and the draft Strategy of the market surveillance. The Market Inspection got IT equipment and start up with project of creation particular software for Market Inspection work to MED.

With the support of the TAIEX instrument, Market inspectors visited the relevant market institution of Slovenia.

An IPA 2009 Project will be launched by the end of 2009 to support the Market inspectorate in preparation of selected tables of concordance for selected legislation, drafting of a 2<sup>nd</sup> National Plan for Consumer Protection and corresponding action plan (2010 – 2012); introducing (drafting, promoting) amendments to Consumer Protection Law, raising the understanding of NGOs and public on consumer protection issues. The project will also assess the current capacity for market surveillance in key areas and will provide recommendations for improving the market surveillance system. It will include general training on EU requirements and standards in market surveillance (New Approach Directive & General Safety Directive), as well as training on market surveillance methodology through one theoretic training and one pilot control.

A Regional IPA 2008 Project on quality infrastructure is being implemented as well with the objective to facilitate intra-regional trade and the free movement of goods and thus, contribute to improving the competitiveness of the economy in the region and preparing the beneficiaries for future accession negotiations with the EU. In the area of MS the project envisages, based on assessment of the needs, to deliver general trainings on MS (EU legislation and practices) from cross-border perspective.

### 3.7 Lessons learned

The lessons learnt through previous assistance outline a number of challenges that have to be addressed properly:

- *Coordination*: Further improvements in MS system are dependant, along with the capacity of the institutions, on the quality of inter-institutional cooperation and the regular exchange of quality information. All stakeholders, such as customs, national consumer organization, chamber of commerce, institute of public health, environments, etc. have to be included in the project and effective ways of coordination, saving time and resources, have to be demonstrated through the pilot projects in order to raise their commitment and establish effective coordination mechanisms.
- *Project methodology*: The most effective style of work requires a pragmatic and participatory approach. The public administration is relatively small and under considerable pressure. Exchange of experience is more successful when based on interactive approaches involving all concerned bodies. Tailor-made training should be preferred to standard ones. All interventions

have to take into account the level of development and the needs of the beneficiary institutions and have to propose solutions compatible to the available resources.

- *Conditionality*: Project implementation could be hampered by both insufficient staff or/and high turnover of staff, and insufficiency of the allocated resources. The availability of the needed human and IT resources has to be considered as a pre-condition for the project start. The current resources for market surveillance are not adequate. In planning the market surveillance budgets, the resources should be put in relation to the priority sectors chosen and the amount of products to be subjected to surveillance. No clear commitment on behalf of the Ministry of Economy has to lead to delay/cancellation of the project implementation.
- *Public awareness and involvement of consumers and business*: There is a need for building constructive and positive dialogue with the consumers and business. In this respect, the media has a very crucial role to play. They have to inform and educate the citizens about their consumers' rights and the procedures to defend them. The Market inspectorate should be able to communicate with media, to provide them with the right information in time and to explain professionally the role of the MS bodies. On the other side, business should be treated positively as well, as to ensure business commitment to the principles of free movement of goods and consumer protection.



#### 4. Indicative Budget (amounts in EUR)

			SOURCES OF FUNDING									
			TOTAL EXP.RE	IPA COMMUNITY CONTRIBUTION		NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION	
ACTIVITIES	IB	INV	EUR (a)=(b)+(c) +(d)	EUR (b)	%	Total EUR (c)=(x)+(y)+ (z)	%	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (d)	%
Activity 1												
contract 1	x	-	700,000	700,000	100							-
contract 2		x	35,000			35,000	100%	35,000				-
TOTAL IB			700,000	700,000	100%							
TOTAL INV			35,000									
<b>TOTAL PROJECT</b>			<b>735,000</b>	<b>700,000</b>	<b>95.24%</b>	<b>35,000</b>	<b>4.76%</b>	<b>35,000</b>				

Amounts net of VAT

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

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1 (IPA service)	Q4 2010	Q2 2011	Q4 2012
Contracts 2 (NC supply)	Q2 2011	Q3 2011	Q3 2012

## 6. Cross cutting issues

### 6.1 Equal Opportunity

The concept of equal opportunity is enshrined in the concept for market surveillance as an instrument to eliminate unfair competition and to maintain equal play level for all business operators on the market. Effective market surveillance is crucial in maintaining a fair and efficient trading environment. By improving the MS system of Montenegro, the project will contribute to enforcing the equal opportunity concept at the beneficiary country market.

### 6.2 Environment

Market Surveillance bodies have to ensure that products placed on the market comply with the EU regulations and directives, many of which have environmental implications. Protection of environment is one of the key objectives, together with public safety and health, of market surveillance in general. Effective market surveillance in Montenegro will have a positive impact on environmental protection in the beneficiary country.

### 6.3 Minorities

Not applicable

## ANNEXES

### Annex 1- Log frame in Standard Format

LOGFRAME PLANNING MATRIX FOR Project Fiche	Programme name and number: <b>Consumer Protection And Market Surveillance</b>	
	Contracting period ) expires: Two years after signing of the Financing Agreement	Disbursement period expires one year after the final date for execution of the contract
	Total budget : € 735.000	IPA budget: € 700.000

Overall objective	Objectively verifiable indicators	Sources of Verification	
Enhanced protection of consumers and reinforced market system in accordance with EU standards.	<p>All relevant EU directives introduced into national legislation;</p> <p>Establishment of a market surveillance system necessary to implement the MS requirements of Regulation (EC) 765/2008</p> <p>Decrease in the percentages of irregularities detected on the market (by 15% by 2015)?</p> <p>Increase in consumer claims, requests and initiatives (raising trend)</p> <p>Consumer satisfaction index (improving trend)</p>	<p>Official Gazette, National programme for integration</p> <p>Annual report on the implementation National programme for Consumer protection</p> <p>Reports of the market surveillance bodies (incl. the court)</p> <p>Internal documents of the ministries (book of rules)</p> <p>Index Report</p>	
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
To improve the efficiency and effectiveness of the system of market surveillance and consumer protection in Montenegro.	<p>Increased number of controlled products;</p> <p>Increased number of sanctions imposed;</p> <p>Risk assessment in place and inspections accordantly</p>	<p>Annual reports of the competent institution of conducted controls and the measures undertaken;</p> <p>Report on performed inspection control</p>	<p>Governmental support for consumers protection</p> <p>Political and economic stability;</p> <p>Active consumers and consumer protection NGOs</p> <p>Business development and introducing of quality systems</p>

Results	Objectively verifiable indicators	Sources of Verification	Assumptions
<b>Result 1:</b> National legal and strategic framework in the area of consumer protection and MS is in place	<ul style="list-style-type: none"> <li>▪ Relevant regulations in the field of consumer protection transposed in the amended General Product Safety Law and other laws related to market surveillance and consumer protection;</li> <li>▪ Number of by-laws on technical regulation which transpose new directive approach;</li> <li>▪ Harmonised legal framework covering mislead advertising, consumer loans and financial services in the distance, the rights of patients, unfair trade practices, package arrangements and unfair regulation in consumer contracts;</li> <li>▪ New National consumer protection programme for period from 2012 to 2017 (including detail action plan for the first year of implementation) drafted and adopted</li> <li>▪ No of people acquainted with the key documents -Regulation (EC) 765/2008 and the RAPEX Guidelines (2010/15/EU)).</li> </ul>	<p>Official Gazette Reports of the Ministry; Web site of Ministry EC progress report Governmental decree Internal documents of the ministries (book of rules)</p>	<p>Government and other public institutions readiness to revise and adopt new legislation harmonised with the EU.</p> <p>Efficient coordination among key stakeholders in particularly complicated and multidimensional domains such as market surveillance and consumer protection</p>
<b>Result 2</b> Improved coordination and exchange of information between the responsible authorities on non-compliant products, importers/producers and measures taken	<ul style="list-style-type: none"> <li>▪ The established coordination body for market surveillance is effectively operating (number of decisions taken, meetings conducted, documents approved);</li> <li>▪ Established and publicised general market surveillance programme covering all sectors in which market surveillance is conducted;</li> <li>▪ No of coordinated inspections (conducted common projects), number of bodies/people taking part in them;</li> <li>▪ Regular (daily) input in the National system on exchange of notification on dangerous products.</li> </ul>	<ul style="list-style-type: none"> <li>- Administrative documents;</li> <li>- Agreements</li> <li>- IT system data</li> <li>- Brochures</li> </ul>	<p>Enough resources within the Montenegrin public administration for setting up of the necessary structures in charge of implementation and enforcing the new legislation.</p>
<b>Result 3</b> Improved capacity of the Market Inspection to perform effective MS	<ul style="list-style-type: none"> <li>▪ Number of inspectors trained on new market surveillance methods, including risk assessment, number of training days delivered; number of trainers trained;</li> <li>▪ Increase in the irregularities detected (number and percentage);</li> <li>▪ Increase in the number of checked products and in the number of performed inspections, compulsory measures taken by authorities and/or voluntary measures taken by economic operators in respect of products posing health and safety risks to consumers compared to previous year;</li> <li>▪ No of tested products (% of incompliant products after testing);</li> <li>▪ National system on exchange of notifications on measures against dangerous products compatible with the requirements of the RAPEX system .</li> </ul>	<ul style="list-style-type: none"> <li>- Administrative documents /decisions on measures preventing or restricting marketing of unsafe products</li> <li>- IT system data</li> <li>- Brochures</li> <li>- Notification of voluntary measures taken by economic operators in respect of unsafe products</li> </ul>	<p>Relevant institutions exercise their role in consumer protection system.</p>
<b>Result 4</b> Raised awareness on consumers rights and functioning of MS system	<ul style="list-style-type: none"> <li>▪ Established functional Central Information System for Consumer Protection (CISCP) - number of users per day, number of consumers' complaints;</li> <li>▪ Number of awareness/visibility events organised;</li> <li>▪ Increased number of visits to the relevant web sites (Market inspectorate);</li> </ul> <p>Number of prepared, published and distributed brochures related to consumers rights.</p>	<p>IT system data Media reports Web counter Written materials</p>	

Activities	Means	Costs	Assumptions
<p><b><u>Component 1: Legislative and strategic framework</u></b></p> <p>1.1. Comparative analysis of legislation. Preparation of a table of concordance, gap analysis and a transposition plan in the field Market surveillance (new approach directives, including the horizontal EU legislation on general product safety; Regulation (EC) 765/2008)</p> <p>1.2. Drafting necessary legislation (laws and by-laws)</p> <p>1.3. Analysis of the market surveillance system and consumer protection in Montenegro;</p> <p>1.4. Drafting of a new National consumer protection programme (2012-2017) and an action plan.</p> <p>1.5. Translation of Commission documents to the Montenegrin language relating to market surveillance, in particular the revised guidelines for the operation of the RAPEX system (Rapex Guidelines 2010/15/EU)).</p> <p><b><u>Component 2: national coordination</u></b></p> <p>2.1. Provision of support for the Coordination body (a study visit and training);</p> <p>2.2. Development of a Market surveillance programme</p> <p>2.3. Support for establishing cooperation mechanisms;</p> <p>2.4. Designing and implementing pilot cooperative projects</p> <p><b><u>Component 3: MS Methodology and practice</u></b></p> <p>3.1. Elaboration of a training curriculum, programme and materials;</p> <p>3.2. Provision of trainings;</p> <p>3.3. Analysis of the internal procedures and recommendations</p> <p>3.4. Pilot projects for market inspections</p> <p>3.5. Preparation and development of proper IT solution compatible with the requirements of the RAPEX system which will serve as a basis for the future membership in the RAPEX system</p> <p><b><u>Component 4: Public awareness</u></b></p> <p>1.1. Development of CISC – It system for registration of consumer complaints</p> <p>1.2. Public awareness campaign</p>	<p>1 IPA service contract</p> <p>Several national contracts (supply and services) for additional equipment and software.</p>	<p>IPA budget: 700.000 €</p> <p>National co-financing: 35.000€</p>	<p>Cooperation with institutions involved.</p> <p>Sufficient resources (financial, human and technical ) ensured for the market control bodies.</p> <p>Consumer NGOs and their associations are willing to cooperate on the realisation of the project activities.</p> <p>Strategy of Market surveillance adopted by government.</p> <p>Full commitment of Ministry for Economic Development and other stakeholders.</p>

**Annex 2- Amounts contracted and Disbursed per Quarter over the full duration of Programme**

Amounts in EUR

<b>Contracted</b>	<b>Q1 2011</b>	<b>Q2 2011</b>	<b>Q3 2011</b>	<b>Q4 2011</b>	<b>Q1 2012</b>	<b>Q2 2012</b>	<b>Q3 2012</b>	<b>Q4 2012</b>
Contract 1 (IPA)		700.000						
<b>Cumulated</b>		<b>700.000</b>						
<b>Disbursed</b>	<b>Q1 2011</b>	<b>Q2 2011</b>	<b>Q3 2011</b>	<b>Q4 2011</b>	<b>Q1 2012</b>	<b>Q2 2012</b>	<b>Q3 2012</b>	<b>Q4 2012</b>
Contract 1		210.000		210.000		210.000		70.000
<b>Cumulated</b>		<b>210.000</b>		<b>420.000</b>		<b>630.000</b>		<b>700.000</b>

### **Annex 3 - Reference to laws, regulations and strategic documents:**

- Stabilisation and Association Agreement between the European Communities and their Member States and the Republic of Montenegro
- Council Decision of 22 January 2007 on the principles, priorities and conditions contained in the European Partnership with Montenegro (2007/49/EC)
- National Program for Integration (NPI) 2008 – 2012
- Multi-Annual Indicative Planning Document for the Republic of Montenegro 2009 – 2011 (MIPD)
  
- Procedural laws which regulate the rules of inspection monitoring and the obligations and authorities of inspectors and administrative measures and actions undertaken in the procedure of inspection monitoring, are the following:
  - Law on inspection Control and special laws on work of individual inspections – Law on market inspection and Law on sanitary inspection (Official Gazette of the Republic of Montenegro number 56/92).
  - Bylaws: Decree on joint inspection monitoring and other bylaws related to inspectors ID, manner of keeping records on executed inspections, content of inspection minutes and so on.
  
- Law on Consumer Protection (LCP)
- National Programme for Consumer Protection (NPCP)
- Rulebook on the Arbitration Committee for solving consumers' disputes (Official Gazette, 28/08);
- Decree on criteria for establishing fees for members of the Council of the Arbitral Committee for out-of-court settling of consumers' disputes (Official Gazette, 46/08);
- Decision on the value of the coefficient for the calculation of fees for the operation of the Arbitral Committee
- Decision on appointing chair of the Arbitral Committee.
- Decree on criteria for doing certain jobs established by the National Programme for Consumer Protection and closer criteria, method and procedure of granting financial aid to consumers' organisations (Official Gazette, 46/08),
- Rulebook on the content of keeping record of consumers' organisations was brought (Official Gazette, 17/07).
  
- Law on General Product Safety
- Rulebook on the content of information about dangerous product
- Decree on the method of exchange of information about risks
- Law on technical requests for products and assessment of the accordance of products with the proscribed requests (Official Gazette, 14/08);
  
- Law on internal trade and bylaws;

- Laws in the field of quality infrastructure: Law on technical requirements for products and on products compliance appraisal with prescribed requirements, Law on Accreditation; Law on standardization, Law on metrology, Law on inspection of objects made of precious metals, as well as technical regulations adopted on the basis of the former Law on standardization, which are applied until the adoption of new technical regulations, as well as the Decree on fines prescribed by the Law on metrology and the Law on technical requirements for products and on products compliance appraisal with prescribed requirements;
- Laws related to the protection of right to intellectual property: Law on copyright and similar rights, Law on patents, Law on stamps, Law on marks of geographical indication, Law on legal protection of design, Law on protection of topographies of integrated circuits, as well as the laws adopted in Montenegro, as follows: Law on application of regulations which regulate protection of intellectual property rights, Law on optical disks, Law on cinematography, Law on protection of herbal species and bylaws.
- Law on tourism, and bylaws;
- Law on food safety and Law on food safety and objects of general use, Law on health monitoring of food and products of general use (provisions related to general use of objects), as well as bylaws.
- Other laws from the field of healthcare (on drugs, on medical devices, on health protection), as well as the laws on chemicals, on protection from ionizing radiations, on transport of hazardous substances and so on.
- Law on veterinary service, Law on identification and registration of animals, laws on fishing (freshwater and sea water), Law on plant protection (the part related to pesticides), as well as the laws on fertilizers, on seed material of agricultural plants, on planting material etc;
- Laws on environment, on elements of environment protection;
- Other sectoral laws containing special provisions on inspection monitoring, i.e. law on tobacco, Law on restricting the use of tobacco products, as well as the Law on energy, Law on telecommunications, Law on broadcasting and others.
- Law on general administrative procedure, Law on public administration, Law on civil servants and employees and Decree on organization and manner of work of public administration.



#### **Annex 4- Description of the Institutional framework**

The main institutions responsible for market surveillance in Montenegro are the Ministry of Economic Development, Ministry of Health, Labour and Social welfare and the Ministry of Tourism and Environmental Protection.

**The Market inspection** is a department in the Ministry of Economic Development and it carries out the monitoring of goods in the market, services in the circulation of goods and trading and other similar services which have not been put under the supervision of another inspection body by special regulations. Market monitoring in these areas covers:

- Satisfaction of conditions for carrying out of activities,
- Trading records,
- Product compliance with the requirements of quality and standards, marking and declaring products and accompanying technical documentation for technical products and consumer goods;
- Consumer protection, especially with regards to the protection of their economic interests, including the resolving of consumers' complaints in case of deficits on products (objection, complaint), exercising the rights from guarantees and so on,
- Protection of intellectual property rights (copyright and other similar rights and industrial property rights);
- Carrying out investigations in relation to competition protection and so on.

The market inspection of Montenegro is organized in four working sections, three of which in territorial principle (regional units - I, II and III-central, south and north area), The total number of employed people is 63, of whom there are 56 inspectors. All inspectors have university degrees (27 Law school graduates, 21 graduated economists, 10 graduate engineers of agronomy, technology, forestry). Market inspection is headed by Chief Market Inspector.

**The Sanitary Inspection and the Health Inspection** are a section within the Ministry of Health, Labour and Social Welfare and they perform market monitoring in the area of food safety, harmlessness of cosmetic products, toys, detergents, chemicals, as well as conditions for performing healthcare activities, offering healthcare services, circulation of drugs and medical devices and so on. The Section for the activities of health-sanitary inspection has got 6 employees - Chief health-sanitary inspector who manages the health-sanitary inspection, 4 health inspectors and 1 sanitary inspector coordinator. In eight regional units of the Health-sanitary inspection there are 32 sanitary inspectors. All inspectors have university degrees.

**The Directorate for Drugs and Medical Devices** is an administration body under the supervision of the Ministry of Health, Labour and Social Welfare and it currently has 12 employees. The Directorate is competent for the registration of drugs and medical devices and the control of the circulation of drugs and medical devices.

**The Veterinary, Phyto-sanitary and Agricultural Inspection** are within the Ministry of Agriculture, Forestry and Water Management and they perform the monitoring over the circulation of food, animal foodstuff, animals and products of animal origin, as well as seed material, agricultural plants, planting material, fertilizers and plant protection substances and so on (see chapter 3.12. - 3.12.2. Veterinary activity and 3.12.3. Phyto-sanitary measures).

**The Tourism and Ecological Inspection** are within the Ministry of Tourism and Environment Protection. The Tourism Inspection performs the monitoring of tourism and hospitality services in the market, and it has got Chief Inspector and 17 inspectors, as well as 8 inspectors engaged by Minister's authorization. The Ecological Inspection performs the monitoring of the application of regulations from the field of environment and other regulations, monitors ionizing and non-ionizing radiation (except in medical purposes), carries out the control of radioactivity of all types of goods, as well as of the permissions for import, export and transit of the sources of ionizing radiation and substances,

which harm the ozone layer, of products which contain such substances, including the non-hazardous waste. This inspection has got the Chief Inspector and four inspectors, and all with university degree. Beside these, the inspection is performed by other inspection bodies, within their competencies.

**The Customs Authority** is involved in the surveillance of products according to the Law on the Safety of Products and co-operating e.g. with Sanitary Inspectorate.

## **Annex 5- Details per EU funded contract:**

The project will be implemented through 1 EU service contract, which will cover all activities described in this project. Technical assistance will be provided by a Consultant, selected through a restricted international procurement procedure. The project team will comprise of 3 key experts: Team leader and 2 key experts (1 Legal expert for Component 1 and 1 Expert for Components 2, 3 and 4). Short-term experts will be involved where necessary. The indicative number of working days to be delivered is minimum 700 days. The indicative duration of the project is 18 months.

The Market Inspectorate will assign one person as a National Project Coordinator, who will interact with the Contractor and the EC Delegation. The work of the national project coordinator will be supported by at least 4 employees of the Market inspectorate - one per component.

Additionally, the Market inspectorate will have to:

- Ensure the participation of the appropriate people in all project events and activities;
- Actively cooperate in making available information relevant to the project;
- On own initiative and upon request by the Contractor, establish contacts with people and organisations that are considered instrumental in achieving the project objectives;
- Provide all possible assistance to solve unforeseen difficulties related to implementation;
- Provide financial, technical and organisational support for the implementation of the pilot projects.

The project implementation will be overseen by a Steering committee (SC) to be established during the inception phase. It will include representatives from the European Commission Delegation to Montenegro, the Beneficiary, the Ministry of Economy. Representatives of the other key stakeholders may also be invited at the meetings of the SC. The Contractor will provide the SC with expert and secretarial support.

The main functions of the SC are:

- To assess Project progress and guide it strategically;
- To assess the performance of the Consultant;
- To jointly discuss any critical points or bottlenecks for further activities;
- To propose and discuss remedy actions to be taken in order to tackle problems;
- To issue recommendations affecting timing, cost or contents;
- To comment and/or discuss the Consultant's reports.