

Standard Summary Project Fiche – IPA centralised national programme

Project number 9: Strengthening consumer protection in Serbia

1. Basic information

- 1.1 CRIS Number: 2009/021-638**
- 1.2 Title: Strengthening Consumer Protection in Serbia**
- 1.3 ELARG Statistical code: 03.28**
- 1.4 Location: Republic of Serbia**

Implementing arrangements:

- 1.5 Contracting Authority: EC Delegation (ECD) 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 **Ministry of Trade and Services** (MTS) will be the main project Beneficiary. Furthermore, the Consumer Protection Department within MTS will take on the role of national project leader within the consumer protection management structure.

The Project Manager will be the Assistant Minister responsible for the area of consumer protection within the Ministry for Trade and Services

The **Project Steering Committee** (PSC) will be responsible for the overall quality of project implementation and provision of strategic direction. The PSC will ensure that the project outputs and goals are met in a timely fashion, approve work plans and reports, offer guidance and advise on project activities. The PSC will meet on quarterly basis.

The PSC will include one representative of Department of Consumer Protection, Sector for Market Surveillance and the EC Delegation

Financing:

- 1.8 Overall cost (VAT excluded): 2.9 million EUR**
- 1.9 EU contribution: 2.5 million EUR**
- 1.10 Final date for contracting: 2 years after the signing of the Financial Agreement (FA)**
- 1.11 Final date for execution of contracts: 4 years after the signing of the FA**
- 1.12 Final date for disbursements: 5 years after the signing of the FA**

2. Overall Objective and Project Purpose

2.1 Overall Objective:

The overall objective is to contribute to the **protection of consumer rights and interests** in Serbia in accordance to the EU acquis.

2.2 Project purpose:

Improvement of the legislative framework through further alignment with EU Acquis by the enactment of laws and by-laws and strengthen capacities and cooperation among all institutions included into the consumer protection system.

2.3 Link with AP/NPAA / EP/ SAA

European Partnership (EP)

Within the Section 2/Priorities of the Republic of Serbia/European standards/Internal market /free movement of goods, the EP document stipulate: Strengthening administrative capacities in the field of consumer protection.

The Project envisages activities related to strengthening the capacities of line institutions of the Government of the Republic of Serbia, as well as their mutual collaboration, and cooperation with the NGO sector.

Stabilisation and Association Agreement (SAA)

The Article 78 of the SAA refers to Consumer protection. Within this article, it is stipulated that Parties shall ensure:

- a) A policy of active consumer protection, in accordance with Community law, including the increase of information and development of independent organisations;
- b) The harmonisation of legislation of consumer protection in Serbia on that in force in the Community;
- c) Effective legal protection for consumers in order to improve the quality of consumer goods and maintain appropriate safety standards;
- d) Monitoring of rules by competent authorities and providing access to justice in case of disputes;
- e) Exchange information on dangerous products.

The Project will directly contribute to establishment of integrated and coherent system for Consumer protection in Serbia by enabling enforcement of legislation aligned with EU acquis and by enhancing capacities and improving cooperation among all consumer protection institutions, especially by building partnership between Ministry and consumer protection organisations (NGO's)

2.4 Link with MIPD

The MIPD 2009- 2011 defines: Ability to assume obligations of membership: "Supporting the development and implementation of sectoral strategies and policies compatible with EC internal market legislation and best practices in areas such as standardisation, accreditation, metrology, conformity assessment and market surveillance, consumer protection and general product safety; food safety, veterinary and phytosanitary policy consumer protection; financial services; public procurement; protection of intellectual property rights; data protection, market regulation, etc."

2.5 Link with National Development Plan (where applicable)

N/A

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

National Programme for Consumer Protection (2007-2012)

The Primary goal of the Programme is exercising and affirming the protection of consumer rights and interests, creation of new institutions and establishment of partnership among the participants in exercising, protection and development of consumer rights and interests.. This includes the development of the system of legal protection so as to ensure the rule of law and advancement of democracy and civil society (monitoring of the implementation of existing laws and harmonisation of the legislation of the Republic of Serbia related to consumer protection)

National Plan for Integration (NPI)

Paragraph 3.28.refers to Health care and Consumer Protection/ 3.28.1. Consumer protection / 3.28.1.3.

Mid-term priorities (period 2010-2011) including implementation of the National Programme objectives in the consumer protection field in the 2007-2012 period assumes developing a legal protection system, thus securing the rule of law and promotion of democracy and the civil society. (SEE ANNEX IV)

3. Description of project

3.1 Background and justification:

The development priorities for consumer protection are currently defined by the National Programme for Consumer Protection (2007-2012).

In terms of legislation, the area of consumer protection is regulated by the Law on Consumer Protection dated from 2005 (“Official Journal of RS, no. 79/05), as the system law, as well as other specific by-laws¹ (e.g. Law on Protection of Competition, Law on Advertising, Law on Prices, Law on General Product Safety, Law on Obligations, Law on Banks etc.)

The Legal framework in the field of consumer protection is not fully developed and harmonised with EU legislation, therefore there is no efficient consumer protection in compliance with the obligations Serbia is about to undertake according to the signed Stabilisation and Association Agreement. In this sense, the Ministry has begun drafting of the new Law on Consumer Protection, and its adoption is expected by the end of 2009. The new Law on Consumer Protection shall:

- be harmonised with the main EU directives in this area,
- clearly define the responsibilities of the institutions in the consumer protection system, and
- create basis for establishing special instruments of consumer protection
- according to the practice of developed countries in the European Union.

This law shall be an umbrella law and the basis for all other laws and by laws to be enacted for the purpose of regulating certain sub-areas within wide field of consumer protection.

¹ For the complete list of Laws and sub-laws, please see the Annex IV

Currently, the system for consumer protection in Serbia includes, as the key bodies, the **Consumer Protection Department** and **Sector for Market Surveillance** within the Ministry of Trade and Services which is, according to the Law on ministries, responsible for this area. According to the Law on Consumer Protection, the Ministry has the following competences related to consumer protection:

- to study/analyse and give proposals for legal regulation of consumer issues,
- as well as for enforcement of laws and by laws in this area;
- to study/analyse and give proposals for modes and forms of consumer education;
- to cooperate with authorities on the level of Serbian Government and on the level of local self-government;
- to cooperate with associations, consumer organisations and media in the country.

These activities will also be covered by the new Law on Consumer Protection to be adopted in 2009.

The present capacities of the **Consumer Protection Department** are insufficient and it is necessary to provide training in order to **strengthen staff member's capabilities**. It will be especially needed to train the staff in accordance with development of the legislative framework, considering that it will open new areas of consumer protection, unknown and underdeveloped so far in Serbia (e.g. out-of-court settlements).

In the Ministry, there is also the **Minister's Council for Consumer Protection**, comprising scientists and experts in the field of consumer protection, and the representatives of consumer organisations. According to the practice of developed EU countries the Council is an advisory body that gives recommendations and advice to the Minister in order to define and enforce active consumer protection policy. In addition, the Council enables the participation of consumer protection institutions i.e. NGO sector in creation and enforcement of consumer protection policy.

As well as bodies established inside the Ministry of Trade and Services, the consumer protection system in Serbia includes **other ministries** (Ministry of Health, Ministry of Agriculture, Forestry and Water Management, Ministry for Economy and Regional Development etc.), as well as **regulatory and supervising bodies** of the Serbian Government (Central Bank, Republic Broadcasting Agency etc.), and **consumer organisations** and their associations².

Institutionally, important partners of the government sector in this field are civil associations focused on the consumer protection activities, so called consumer organisations and their associations. The legally defined role of these institutions is counselling, informing and educating consumers and they are in close and direct communication with consumers. Currently, there are about 65 registered consumer organisations and 3 associations, and they could be described as follows:

- low level of knowledge and professionalism,
- no focus on consumer issues,
- low level of expertise,
- inadequate organisation and staff structure,
- lack of mutual cooperation and
- negative attitude towards governmental institutions and other competent authorities³.

² For more detailed description of the institutional arrangements in the system of Consumer protection please see Annex III

³ The detailed SWOT and stakeholders analysis is provided within Annex V

In general, all above mentioned institutions involved in consumer protection in Serbia are not sufficiently developed and do not match the needs of consumers and EU requirements. Also, activities conducted by different institutions are not coordinated enough, which often causes limited positive effect on consumer protection.

Bearing in mind the above and the planned activities of the Ministry by 2011 in order to improve consumer protection, this project focuses on:

- **- Further improvement of legislative framework**, putting an emphasis on specific areas of consumer protection. It is necessary to carry out continuous harmonisation of the legal framework with EU legislation, especially enforcement of the new Law on Consumer Protection (drafting is in progress) and other laws and by-laws in the following fields: misleading advertising and unfair commercial practices, protection of consumer collective interests (e.g. injunctions), out-of-court settlements and further development of EU consumer Acquis).
- **Improvement of coordination** of individual activities and support the realisation of joint programs of MTS with other government authorities, local self-governments and consumer organisations;
- **Development a concept of an overall information system** as a platform for networking all stated key stakeholders
- **Capacity building of consumer protection holders**, MTS and other relevant governmental and non-governmental bodies.

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

Implementation of this project will boost capacity of all relevant bodies involved in consumer protection, enhance their mutual cooperation and notably improve results in domains such are education, financial services, tourist services etc. The project will not establish a new specific body; its purpose is to support consumer protection through the results and components described in sections 3.3. and 3.4.

The Project shall significantly improve the system for consumer protection and such reduce the exposure of consumers to unsafe and low quality products. This will also have strong economic effects and improve the life quality of citizens in Serbia.

Increasing involvement of consumers' associations on the process of consumers' protection is a guarantee that further improvements will be achieved through the design and implementation of effective, non-bureaucratic and flexible procedures for arrangement of disputes.

The Ministry of Trade and Services is committed to making available the necessary resources to sustain the outputs of this project. The sustainability will also be ensured since the employees who attend the trainings will be able to deliver this training further through participation in a Training of Trainers programme. The Project will intend, where ever is possible, to promote training using mentorship and gaining experience in a practical "learning by doing" approach.

3.3 Results and measurable indicators:

Result 1: Completed legal framework covering

- misleading advertising
- unfair commercial practices
- protection of consumer collective interests (e.g. injunctions)

- out-of-court settlement of consumer disputes

The abovementioned results will be achieved through implementation of activities 1.1. – 1.5

Indicators for Result 1:

- Draft of a new Law on advertising and unfair commercial practices submitted to the Government for adoption;
- Draft of a Regulation on protection of consumer collective interests, submitted for adoption;
- Draft of a Regulation on out-of-court settlements, submitted for adoption;
- Comparative analysis of Serbian legislation and the EU *acquis*, with adequate fine tuning of Serbian legislation

Result 2: Established coordination of individual activities among MTS and other governmental and non-governmental institutions included into the Consumer Protection (CP) system

The above mentioned result will be achieved through implementation of activities 2.1. – 2.5.

Indicators for Result 2:

- Plan for coordination of individual activities of relevant institutions in CP system based on identification of relevant institutions and professional profiles engaged in consumer protection;
- Number of implemented joint programmes of MTS and other relevant institutions of the Serbian Government (e.g. education programmes for schools)
- Number of out-of-court settlement bodies established
- Developed concept of an information system as a platform for networking of key stakeholders

Result 3: Improved capacity of the Ministry of Trade and Services and other relevant governmental and non-governmental institutions in compliance with new legislation;

The abovementioned result will be achieved through implementation of activities 3.1. – 3.4.

Indicators for Result 3:

- Elaborated and implemented training programme for MTS, relevant bodies and NGOs
- Number of trainees included into the Training Programme

Result 4: The awareness of consumer has been raised and number of Serbian citizens informed on their consumer rights raised

The abovementioned results will be achieved through implementation of activities 4.1. – 4.3

Indicator for Result 4:

- At least 15% of Serbian consumers in 2012. are aware of their rights
- Increased number of visits to ministry's web site
- Number of prepared, published and distributed brochures related to consumers rights

3.4 Activities

1: Drafting of legal documents comprises out of the following activities:

- 1.1. Drafting new Law on Advertising incorporating provisions related to unfair commercial practice and misleading advertising
- 1.2 Drafting regulation (bylaws) on the protection of consumer collective interests
- 1.3 Drafting of legislation (bylaws) related to the out-of-court settlements (define general rules and institutional setup for out-of-court settlement procedure)
- 1.4 Comparative analysis of legislation in Serbia with the EU law

1.5. Further harmonisation with EU consumer Acquis (e.g. as result of Review of Acquis)

2: Coordination of activities in CP system and realisation of joint programmes of MTS and other relevant institutions will be achieved through realisation of the following activities:

- 2.1. Conducting a study for the purpose of identification of relevant institutions and persons engaged in consumer protection
- 2.2. Drafting the plan of coordination based on the conducted study of institutions in the consumer protection system
- 2.3. Defining joint programmes of MTS and other institutions in CP system and their realisation
- 2.4. Creating conditions for establishment of bodies for out-of-court settlement of consumer disputes
- 2.5. Development of the software of the Information system for Consumer protection (CIS) as a platform for networking of key stakeholders in CP system

3: Improved capacity of the Ministry of Trade and Services and other relevant governmental and non-governmental institutions in compliance with new legislation will be achieved through the following activities:

- 3.1. Conducting the training needs analysis and define Training Programme for staff of MTS, other relevant bodies and NGOs (MTS/Consumer Protection Department, Market Inspection at central and regional level/, Ministry of Economy and Regional Development/Tourism Inspection/, National Bank of Serbia, relevant NGOs, training of trainers targeting lawyers and judges in cooperation with Judicial Training Centre, trainings related to EU media practice on consumer protection for Serbian journalists etc.)
- 3.2. Provision of trainings in accordance with defined Training Programme
- 3.3. Development of education materials
- 3.4. Conduction of education activities

4: The awareness of consumer has been raised and number of Serbian citizens informed on their consumer rights raised will be achieved by the performance of the following activities:

- 4.1 Conduct public survey prior to information campaign on consumer rights
- 4.2 Implementation of information campaigns on the consumer rights (in print media, brochures, conferences etc.)
- 4.3 Conduct public survey after information campaign

This project will be implemented through one service contract.
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Service contract is more adequate contract then twinning having in mind that the Ministry of Trade does not have sufficient capacities to allocate to the twinning project. The Consumer Protection Division within the Ministry has only 5 people in total and a wide range of activities.

In addition, there is no country with an ideal consumer protection system and whose CP system could be copied in its entirety, due to the differences in population ,etc. and the fact that the starting point for establishing such a system is different in Serbia (number of consumer organisations etc.).

3.5 Conditionality and sequencing:

Conditionality

- A key condition for this project is the adoption of the new *Law on Consumer Protection* by the Government and the National Assembly.
- The MTS must commit sufficient resources in terms of human resources and budget throughout the life time of the project and to ensure that the outputs are sustainable in the future.
- The MTS is responsible for the coordination of all actors, particularly consumer associations, to ensure project success and facilitate joint programmes/activities. The MTS will be responsible for ensuring that all relevant actors attend training and instruction.
- The MTS is responsible for inter-ministerial relations in relation to the out-puts of this project.

Sequencing

Implementation of the activities related to achievement of results 1, 2 and 3. will start prior to the activities related to result 4. Activities related to public survey and campaign should be implemented in the third quarter of the project in order to cover the period until the fifth quarter.

3.6 Linked activities

In the area of consumer protection Serbia does not have enough experience with EU standards and has not received specific EU support until the **CARDS 2006 Project on Public Administration Reform/European Integration/Consumer Protection** (06SER01/09/002) started in September 2007 with a lifetime of 2 years. This proposed IPA project should build upon the number of the results expected to be produced by the CARDS project including:

A) - Drafted **new Consumer Protection Law**, replacing the existing one from 2005 that should transpose the main EU rules (Directives) for the protection of economic rights and interests of consumers (modalities of consumer contracts, unfair contract terms, sales contracts, service contracts, contracts in the area of tourism and consumer credits). In the case that the CARDS project will be prolonged for a year (until 2010), as requested by the Ministry, the relevant EU requirements to protect consumer from misleading advertisement and unfair commercial practices will also be implemented in the Serbian legislation. In most of the above legal areas the regulations of the Law have to be précised by by-laws. The elaboration of by-laws and further harmonization of the Serbian legislation with the expected future development of the EC consumer Acquis (e.g. as a result of the current Review of Acquis by the European Commission) will be considered within this project.

B) - **In the enforcement part of the new Serbian Consumer Protection Law** the roles and responsibilities of the Ministry in charge of consumer protection, the tasks of Trade Inspection and non-governmental consumer organizations are defined, as well as the principles and ways for enforcement of consumer rights: enforcement of individual consumer rights, enforcement of consumer collective rights, out-of-court settlement of consumer disputes. These principles will have to be implemented by detailed by-laws and procedural rules, which should be elaborated and practically implemented within the IPA project. Fundamentally, the project will focus on the implementation of the Serbian legislation on consumer protection, drafted under the mentioned CARDS 2006 project.

C) - The **capacity building programme** for MTS and other government bodies, and the training and coaching programme for non-governmental consumer organizations under the CARDS project has been concentrated on the transfer of knowledge about the basic EU rules

and the roles of government and non-governmental sector in the area of consumer protection. The main focus of the capacity building was to accompany the work of the Ministry and of the other stakeholders on the new Serbian consumer protection legislation, harmonized with EU Acquis. The capacity building and training programme under the IPA project shall be focused on improving the knowledge and skills of the staff of the relevant bodies (Trade Inspection, Tourist Inspection, judges, members out-of-court-settlement bodies for consumer disputes, non-governmental organizations) to implement the legal rules.

D) - It is important for the Ministry of Trade and Services to be supported through this project in order to co-ordinate the work of the relevant government bodies and non-governmental organizations and such ensure efficient implementation of the consumer protection legislation and policy. For this purpose, the elaboration of a **concept for an information system** as an (online) platform for networking of all relevant stakeholders and for information exchange on consumer complaints, decisions of courts, decisions of out-of-court settlement bodies, legal actions to protect collective consumer rights, consumer advice standards etc should be supported by the this IPA project.

E) - Also, based on the initial results of the CARDS 2006 project, this project will support **further strengthening of awareness of Serbian consumers** about their rights and interests, developing of media and communication skills of MTS staff and representatives of consumer organizations and provide training for journalists on consumer protection.

3.7 Lessons learned

Direct lessons could be learned only from the CARDS 2006 project (06SER01/09/002), since it has been so far the only project in Serbia specifically on consumer protection.

Lessons from the past activities confirm that the Serbian public administration and the wider public, as in many neighboring countries, currently have a limited knowledge of key issues in this domain. Under this project there are specific activities related to the **dissemination of information** to the relevant line ministries and these activities will be designed with a clear understanding of existing knowledge within the target institutions. This will ensure that materials provide information at an appropriate level and encourage participation in the decision making process in relation to EU harmonization.

The experiences of the CARDS project, especially in the first year of the project implementation, indicate that the resources required in terms of people and time should not be underestimated. It is critical that the necessary staff within the MTS, including Trade Inspection, who are responsible for project implementation, are made available and can dedicate sufficient time to the project specific tasks in order to take an active role in project design and delivery. This is a precondition for the 'ownership' of project results by the beneficiary institution.

Related closely to the above it is important to ensure the appropriate quality of the administrative staff. These problems have been taken account of in the design of the IPA project by building up a core team in the Department for consumer protection at the MTS.

Another lesson to be drawn is a lack of inter ministerial relations, coordination and communication with a potential to undermine the implementation of government policy, especially in policy fields like consumer protection, which is cross-cutting issue and requires **joint approach of different government bodies**. This need has been addressed in the project design by stressing the need to elaborate and implement a coordination plan by MTS.

There is also a need – though it is not a lesson learned from the previous project – to **improve communication** between the MTS and the local and regional self-government bodies, in order to involve them in the overall system of consumer protection and encourage them to provide services to their citizens as consumers. This need has been addressed by the IPA project.

4. Indicative Budget (amounts in EUR)

Strengthening consumer protection in Serbia			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)
Contract 1.1 (TA)	x		2,500,000	2,500,000	100%							–
Contract 1.2	x		400,000			400,000 ⁴	100%	400,000				
TOTAL IB			2,900,000	2,500,000	86%	400,000	14%					
TOTAL INV												
TOTAL PROJECT			2,900,000	2,500,000	86%	400,000	14%	400,000				

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))

⁴ The co-financing for this project will contribute to the development of primary, secondary and tertiary legislation, along with as appropriate regulations and procedures.

5. Indicative implementation schedule* (periods broken down per quarter)

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1	N + 1Q	N + 3Q	N + 12Q

6. Cross cutting issues (where applicable)

Implementation of the project will be, at each stage, in line with EU principles and standards in terms of equal opportunities, minimization of environmental impact and involvement of all social, ethnic and religious components of Serbian society. Cross-cutting issues will be object of specific actions, notably within the activities under the result 3.

6.1 Equal Opportunities

This issue will be respected in a proactive manner, so not only by ensuring access to the planned activities with no gender discrimination but through specific actions. EU principles and Serbian laws and regulations regarding equal opportunities will strictly be respected at each stage of the project.. Respect of principles, laws and regulations on equal opportunities will be monitored.

6.2 Environment

The project does not have any adverse environmental impact. However the beneficiary is engaged to guarantee that planned activities (tasks) will be performed minimizing use of limited resources such as electric power, paper, etc.

6.3 Minorities

The beneficiary is engaged to guarantee, at each stage of implementation of the project, that composition of the staff will respect ethnic and religious diversities. In drafting of legal documents a special attention to the special of the most vulnerable strata of Serbian society will be taken in adequate consideration.

ANNEX I: Logical framework matrix in standard format

LOGFRAME PLANNING MATRIX FOR Project Fiche:		Programme name and number	
Strengthening consumer protection in Serbia		Contracting period expires 2 years after signature of the Financing Agreement	Disbursement period expires 5 years after signature of the Financing Agreement
		Total budget: 2.9 MEUR	IPA budget: 2.5 MEUR
Overall objective	Objectively verifiable indicators	Sources of Verification	
To contribute to the protection of consumer rights and interests in Serbia through development of legislative and institutional frameworks for consumer protection, in accordance to the EU <i>acquis</i>	Further harmonisation of the legislation with EU Acquis Percentage of the resolved consumer disputes Percentage of consumers aware of their rights.	EC Progress Reports Periodical publications of the Ministry (reports of the market inspection and others) Reports of the consumer protection organisations and other relevant institutions Public surveys Republic Statistical Office	
Project purposes:	Objectively verifiable indicators	Sources of verification	Assumptions
- Improvement of legislative framework through further alignment with EU Acquis and enactment of laws and by-laws in the areas of misleading advertising, unfair commercial practices, protection of consumer collective interests and out-of-court settlements.	Further harmonisation of the legislation with EU Acquis Number of drafted laws and sub-laws Statement of compatibility with EU Acquis in consumer protection	EC Progress Reports Official Journal of the Republic of Serbia National Programme for Integration EU expert reports on compatibility Number of qualified staff employed Training attendance lists and reports Public survey	The Government of Serbia dedicated to continue process of EU integration
- Strengthening capacities and cooperation among all institutions included into the consumer protection' system including MTS and other governmental and non-governmental institutions	Number of qualified staff employed within the Department for CP at MTS Elaborated and implemented training programme for MTS, relevant bodies and NGOs Raised awareness among consumers in Serbia on their rights		

Results	Objectively verifiable indicators	Sources of Verification	Assumptions
R1: Completed legal framework covering misleading advertising, unfair commercial practices, protection of consumer collective interests and out-of-court settlement of consumer disputes	Draft of new Law on advertising and unfair commercial practices submitted to the Government for adoption; Draft of Regulation on protection of consumer collective interests, submitted for adoption ; Draft of Regulation on out-of-court settlements, submitted for adoption; Comparative analysis of Serbian legislation and the EU <i>acquis</i>	EC Progress Reports Government decisions Official Journal of the Republic of Serbia	Laws related to consumer protection remain on the priority list of the Government agenda
R2: Established coordination of individual activities among MTS and other governmental and non-governmental institutions included into the CP system	Plan for coordination of individual activities of relevant institutions in CP system Number of implemented joint programmes of MTS and other relevant institutions of the Serbian Government Number of out-of-court settlement bodies established Developed concept of an information system	Report of NPI implementation Reports of the MTS Study for identification of relevant institutions and persons engaged in consumer protection	Government's institutions are willing to cooperate on realisation of joint programmes and activities
R3: Improved capacity of the Ministry of Trade and Services and other relevant governmental and non-governmental institutions in compliance with new legislation	Elaborated and implemented training programme for MTS, relevant bodies and NGOs Number of trainees included into the Training Programme	Training attendance lists and reports Public Survey	Sufficient number of Ministry staff assigned with duties related to consumer protection
R4: The awareness of consumer has been raised and number of Serbian citizens informed on their consumer rights raised	At least 15% of Serbian consumers in 2012. are aware of their rights Increased number of visits to ministry's web site Number of prepared, published and distributed brochures related to consumers rights	Reports of out-of-court bodies Reports of the MTS Public survey Ministry's web site Media reports and articles related to consumers rights	

Activities	Means & Costs	Assumptions
<p>Activities related to R1:</p> <p>1.1. Drafting new Law on Advertising incorporating provisions related to unfair commercial practice and misleading advertising</p> <p>1.2. Drafting regulation (bylaws) on the protection of consumer collective interests</p> <p>1.3. Drafting of legislation (bylaws) related to the out-of-court settlements (define general rules and institutional setup for out-of-court settlement procedure)</p> <p>1.4. Comparative analysis of legislation in Serbia with the EU law</p> <p>1.5. Further harmonisation with EU consumer Acquis (e.g. as result of Review of Acquis)</p> <p>Activities related to R2:</p> <p>2.1. Conducting a study for the purpose of identification of relevant institutions and persons engaged in consumer protection</p> <p>2.2. Drafting the plan of coordination based on the conducted study of institutions in the consumer protection system</p> <p>2.3. Defining joint programmes of MTS and other institutions in CP system and their realisation</p> <p>2.4. Creating conditions for establishment of bodies for out-of-court settlement of consumer disputes</p> <p>2.5. Development of the concept for the Information system for Consumer protection (CIS) as a platform for networking of key stakeholders in CP system</p> <p>Activities related to R3:</p> <p>3.1. Conducting the training needs analysis and define Training Programme for staff of MTS, other relevant bodies and NGOs</p> <p>3.2. Provision of trainings in accordance with defined Training Programme</p> <p>3.3. Development of education materials</p> <p>3.4. Conduction of education activities</p> <p>Activities related to R4:</p> <p>4.1 Conduct public survey prior to information campaign on consumer rights</p> <p>4.2 Implementation of information campaigns on the consumer rights</p> <p>4.3 Conduct public survey after information campaign</p>	<p>Means: One Service contract (TA): 2.500.000€</p>	<p>MTS dedicated to improve its administrative capacity</p> <p>Relevant institutions exercise their role in consumer protection system</p> <p>Government's institutions are willing to cooperate on realisation of joint programmes and activities</p> <p>Consumer organizations and their associations are willing to cooperate on the realisation of the project activities</p>

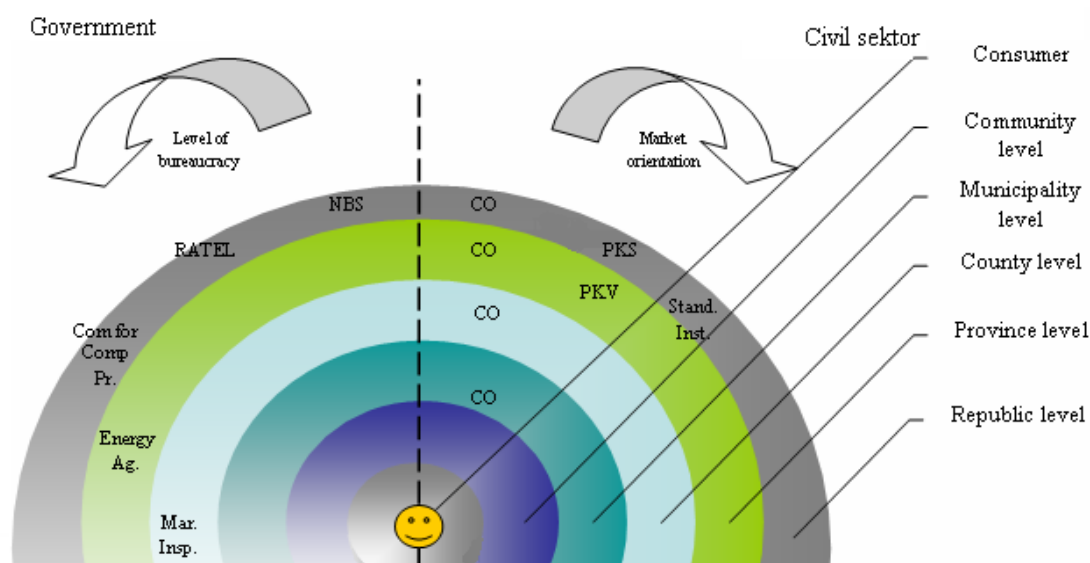
Pre-condition:

New Law on consumer protection adopted by the Parliament (expected to be adopted during 2009)

ANNEX II: amounts (in million €) Contracted and disbursed by quarter for the project

Contracted	N+3Q	N+4Q	N+5Q	N+6Q	N+7Q	N+8Q	N+9Q	N+10Q	N+11Q	N+12Q	N+13Q	Total
Contract 1.1	2.50											2.50
Cumulated	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Disbursed												
Contract 1.1.	0.50		0.44		0.44		0.44		0.43		0.25	2.50
Cumulated	0.50	0.50	0.94	0.94	1.38	1.38	1.82	1.82	2.25	2.25	2.50	2.50

ANNEX III: Institutional framework – consumer protection entities



According to the above diagram, the institutional structure for CP in Serbia is currently comprised of the following institutions:

A. on the level of the Republic of Serbia:

- MTS – Ministry of Trade and Services as the line ministry, and within it the Consumer Protection Division and the Market Inspection
- Other ministries which have supervising function within their responsibility
- Commission for Protection of Competition
- National Bank of Serbia (Consumer Protection Centre)
- Specialised Government’s institutions (RATEL - Republic Broadcasting Agency, AEK) etc.
- Serbian Chamber of Commerce (PKS)
- Standardisation Institute
- Consumer organisations and association

B. on the province level:

- Specialised Government’s institutions (AEK)
- CO - Consumer organisations
- PKV – Chamber of Commerce of Vojvodina

C. on the county level:

- Market Inspection
- Consumer organisations

D. on the municipality level:

- Consumer organisations

The institutional framework for consumer protection is characterised by vaguely defined role, authority (in sense of territorial jurisdiction) and activities of the existing institutions in the consumer protection system, which results in unequal coverage and inefficiency in fulfilling their basic function – ensuring efficient consumer protection.

The scope of work of the **Ministry of Trade and Services** was extended to include the consumer protection related tasks:

1. propose the adoption of the National Program and adopt annual programs for consumer protection;

2. analyse and provide proposals with regard to legislative regulation of consumer related issues, and implementation of consumer related laws and other regulations;
3. monitor the technological, economic, and legal developments in the consumption sector;
4. monitor the implementation of typical contracts, in view of checking for the presence of contract provisions that are infringing the consumer rights;
5. monitor and assess whether the advertising message includes any abusive elements;
6. study and provide proposals for the manner and form of consumer education;
7. maintain contact with consumers;
8. liaise with suitable bodies in the republics and municipalities;
9. liaise with consumer associations and organisations, and media in the country;
10. liaise with international institutions and organisations involved in consumer protection.

In the *new Law on Consumer Protection*, the competences of all relevant authorities will be more broadly defined.

The Council of the Minister for Consumer Protection is a consultancy body with aiming to assist the Minister and, generally, the Ministry, in preparing the best and most efficient decisions about different issues related to development and implementation of the consumer protection policy. Another important purpose for setting up such a council is to facilitate more efficient inclusion of the consumer organisations in the creation of consumer protection policy and to enable them to express their needs in this regard. Members of the Council are the scientists and experts in the field, and the representatives of the ministries and consumer organisations.

In the new law, the competence of the Council will be defined in more detail in the sense of its better operation, which is also the recommendation of the EC Delegation.

Inspection and surveillance activities related to consumer protection are performed by the Ministry of Trade and Services through market inspectors, and other ministries, through the inspectors responsible for inspection surveillance in the relevant area, in accordance with the law (tourism, agriculture, veterinary, sanitary, utility, etc). Regardless of the fact that inspection surveillance authorities play the main role for the implementation of the Law on Consumer Protection, the coordination between all interested parties still missing, particularly with regard to the provision and exchange of information and documents between the inspection authorities in the cities and local self-government units; inspection authorities and competent ministries as well as between the inspection authorities and tax administration authorities.

Specialised independent institutions of the Government of the Republic of Serbia, such as RATEL, AEK, NBS, Commission for Protection of Competition, have been established in certain areas of economy in order to make the Government's policies operational in the respective fields.

Although development of **consumer organisations** in the Republic of Serbia has long tradition, we still do not have necessary infrastructure in the function of the protection of consumer rights and interests.

According to the current Law on CP, consumer organisations:

1. ensure the protection of individual and common interests of the consumers;

2. provide consumers with the information, advice, and other kind of aid related to exercise of their rights;
3. organise education of the consumers;
4. notify consumers about prices, quality, control, and safety of products and services in the market;
5. conduct independent control over quality and safety of the products or services offered;
6. report to the competent government authorities, enclosing the evidence about products and services which do not conform to the prescribed quality and other prescribed requirements;
7. notify consumers about possibilities of non judicial settlement of disputes;
8. file charges with the competent court with the purpose of consumer rights protection;
9. take part in the activities of the competent authority when consumer related issues are being considered;
10. establish cooperation with counterpart authorities and organisations, in the country and internationally.

Implementing arrangements

A small project team within the Consumer Protection Department will be engaged in implementation of the project. It will be comprised of project manager, legal adviser and financial adviser, who will be continuous communication with the contractors, and other staff **members**, will be included if needed.

For realisation of specific activities for which the Ministry lacks capacity, local experts will be hired (from Faculty of Law, Economics etc.).

Legal adviser, with university degree in law, will be the coordinator of all activities and contact person for the contractor regarding strengthening of legislative framework. Financial adviser, with university degree in economics, will be in charge of financial realisation of both contracts within IPA and of the funds provided by the Ministry, and will also be a contact person for matters of financial and non-financial realisation. These two advisers will continuously inform the project manager on the course of the project realisation and difficulties through producing regular reports and extraordinary reports if needed.

For the purpose of drafting the law, a working group will be established with the representatives of relevant ministries, institutions of NGO sector and university, depending on the needs.

ANNEX IV: Reference to laws, regulations and strategic documents

European Partnership (EP) - Within the Section 2/Priorities of the Republic of Serbia/European standards/Internal market /free movement of goods, the EP document stipulate: Strengthening administrative capacities in the field of consumer protection.

Stabilisation and Association Agreement (SAA) - The Article 78 of the SAA refers to Consumer protection. Within this article, it is stipulated that Parties shall ensure:

- a) A policy of active consumer protection, in accordance with Community law, including the increase of information and development of independent organisations;
- b) The harmonisation of legislation of consumer protection in Serbia on that in force in the Community;
- c) Effective legal protection for consumers in order to improve the quality of consumer goods and maintain appropriate safety standards;
- d) Monitoring of rules by competent authorities and providing access to justice in case of disputes;
- e) Exchange information on dangerous products.

National Plan for Integration (NPI) - The paragraph 3.28. refers to Health care and Consumer Protection/ 3.28.1. Consumer protection/ 3.28.1.3.

Mid-term priorities (period 2010-2011) are the following:

3.28.1.3.1. **Legislation** - Implementation of the National Programme objectives in the consumer protection field in the 2007-2012 period assumes developing a legal protection system, thus securing the rule of law and promotion of democracy and the civil society.

3.28.1.3.2. **Institutional Framework** - Creation of institutional prerequisites for establishing a uniform system for the consumer rights protection at all the levels, along with the strengthening institutional cooperation between the bodies and organizations within the consumer protection system; promoting and strengthening of independent, non-profit, non-party and specific consumer organisations (form the national to the local level), formation and development of specialised consumer protection organisations; further enhancing of administrative and technical resources of the consumer protection department within the competent ministry; setting up of appropriate bodies at the level of various ministries in individual fields, aimed at a more efficient consumer protection.

MIPD for Serbia - The MIPD under the component 2.3.3 (page 25) defines: Ability to assume obligations of membership: “Supporting the development and implementation of sectoral strategies and policies compatible with EC internal market legislation and best practices in areas such as standardisation, accreditation, metrology, conformity assessment and market surveillance, consumer protection and general product safety; food safety, veterinary and phytosanitary policy consumer protection; financial services; public procurement; protection of intellectual property rights; data protection, market regulation, etc.”

National Programme for Consumer Protection (2007-2012) - Part: 5. Goals and tasks of consumer protection defines: primary goal of the Programme is exercising and affirmation of protection of consumer rights and interests, creation of new institutions and establishment of partnership among the participants in exercising, protection and development of consumer rights and interests. On the basis of the assessment of the situation in the area of consumer protection in the Republic of

Serbia and recommendations of EU experts, it is possible to set apart the following goals:

5.1. Development of the system of legal protection so as to ensure the rule of law and advancement of democracy and civil society (monitoring of the implementation of existing laws and harmonisation of the legislation of the Republic of Serbia related to consumer protection)

5.2. Creation of institutional conditions for establishment of a unique system for protection of consumer rights at all levels and strengthening of institutional cooperation between the authorities and organisations involved in the consumer protection system

5.3. Creation of conditions for partnership cooperation and active inclusion of consumer organisations for more complete exercise of consumer rights and interests

5.4. Improvement of the education of consumers and other actors and groups on the market, with the aim of consumer awareness raising with regard to their real position and power on the market through education about the rights, obligations, and consumer protection at different levels, and introduction into the curriculum, beginning from the primary school to the doctors degree with the aim of training the consumers.

5.5. Improvement of the information of consumer and other relevant groups and entities, as one of main rights in the EU consumer protection, through creation of conditions for the development of an integrated information and communication system of consumer protection, realisation of educational– informative contents about consumer protection through public service and active participation of representative consumer organisations, improvement of cooperation between consumer protection organisations, as well as other organisations, with media, which will contribute not only to better consumer information but also to giving them opportunity to appropriately respond to the situation on the market, creation of material presumptions for inception and implementation of projects, with the aim of further information and improvement of consumer protection.

5.6. Creation of the conditions for provision of assistance and support to the consumers, in exercise of their rights, through out-of-court protection;

5.7. Improvement of consumer protection in individual areas

5.7.5. Financial services (banking services, insurance services and other financial organisations and institutions (savings houses, investment funds, leasing, etc). With the purpose of consumer protection when consumer credits are approved, it is necessary to, in an identical manner, present the terms of the offer, so that the potential user may compare the value of services of different banks and select the most favourable one in accordance with their own criteria. Importance of the identical presentation of elements of the offer of financial services is accentuated in the EU Directive 87/102/EEC on consumer credits, and the goal is to allow the consumers, users of credit, the opportunity to compare, not only the prices but also other terms of the use of credit. With the purpose of better information and education of consumers, it is necessary to pass the Law on Consumer Credits and harmonise other regulations that govern this area. Overcoming the problem in the domain of financial services advertising - both by using the conventional and the online media which is expressed in disrespect of consumer rights - presupposes the harmonisation of different guidelines and regulations that govern these issues.

5.7.9. Education – Programmes and projects for consumer protection and their introduction into education system are necessary to be prepared shortly in collaboration with the Ministry of Education.

The relevant legislation that regulates area of consumer protection in Serbia, beside the **Law on Consumer Protection** which adoption is expected by the end of 2009 includes:

- Law on Consumer Protection (Official Journal of RS, no.79/05),
- Trade Law (Official Gazette of FRY, no. 92/93, 50/93; 41/94; 29/96; 37/02 and Official Journal of RS, no. 85/05 and 101/05);
- Competition Law (Official Journal of RS, no.79/05),
- Law on Advertising (Official Journal of RS, no.79/05);
- Law on Obligations (Official Gazette of SFRY, no. 29/78, 39/85, 45/89 and 57/89 and Official Gazette of FRY, no. 31/93)
- Law on Prices (Official Journal of RS, no. 79/05)
- Law on Banks (Official Journal of RS, no. 107/05) etc.

RELEVANT EU CONSUMER PROTECTION LEGISLATION (*current status 16 July 2008*)

- DIRECTIVE 2005/29/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 11 May 2005 concerning **unfair** business-to-consumer **commercial practices** in the internal market and amending Council Directive 84/450/EEC, Directives 97/7/EC, 98/27/EC and 2002/65/EC of the European Parliament and of the Council and Regulation (EC) No 2006/2004 of the European Parliament and of the Council Directive 97/55/EC of European Parliament and of the Council of 6 October 1997 amending Directive 84/450/EEC concerning **misleading advertising** so as to include **comparative advertising** ('Unfair Commercial Practices Directive')
- DIRECTIVE 2006/114/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 12 December 2006 concerning **misleading and comparative advertising**
- Directive 98/6/EC of the European Parliament and of the Council of 16 February 1998 on consumer protection in the **indication of the prices** of products offered to consumers
- COUNCIL DIRECTIVE of 20 December 1985 to protect the consumer in respect of contracts negotiated **away from business premises** (85/577/EEC)
- DIRECTIVE 97/7/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 20 May 1997 on the protection of consumers in respect of **distance contracts**
- DIRECTIVE 2000/31/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 8 June 2000 on certain legal aspects of information society services, in particular electronic (**E-Commerce Directive**)
- Council Directive 93/13/EEC of 5 April 1993 on **unfair terms** in consumer contracts
- DIRECTIVE 1999/44/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 25 May 1999 on certain aspects of the **sale of consumer goods and associated guarantees**
- Council Directive 85/374/EEC of 25 July 1985 on the approximation of the laws, regulations and administrative provisions of the Member States concerning **liability for defective products**

- Directive 2002/22/EC of the European Parliament and of the Council of 7 March 2002 on universal service and users' rights relating to electronic communications networks and services (**Universal Service Directive**)
- Directive 98/27/EC of the European Parliament and of the Council of 19 May 1998 on **injunctions** for the protection of consumers' interests
- COUNCIL DIRECTIVE 2002/8/EC of 27 January 2003 to improve access to justice in **cross-border disputes** by establishing minimum common rules relating to legal aid for such disputes
- Regulation (EC) No 2006/2004 of the European Parliament and of the Council of 27 October 2004 on cooperation between national authorities responsible for the enforcement of consumer protection laws (the Regulation on **consumer protection cooperation**)

OUT-OF-COURT SETTLEMENT BODIES

- 2001/310/EC: COMMISSION RECOMMENDATION of 4 April 2001 on the principles for **out-of-court bodies** involved in the consensual resolution of consumer disputes
- 98/257/EC: Commission Recommendation of 30 March 1998 on the principles applicable to the bodies responsible for **out-of-court settlement of consumer disputes**
- Regulation (EC) No 861/2007 of the European Parliament and of the Council of 11 July 2007 establishing a European **Small Claims Procedure**
- Directive 2008/52/EC of the European Parliament and of the Council of 21 May 2008 on certain aspects of **mediation** in civil and commercial matters

ANNEX V - Details per EU funded contract

The key and non - key experts for the activities under result 1, 2 and 3 should have proven expertise in the field of technical legislation, consumer protection system as well as for design of IT, public campaign, training and other expertises.

Activities under result 4 of the project will encompass activities related to conduction of public survey and delivery of wide and comprehensive raising awareness campaign related to consumer protection in order to maximise the impact of the services delivered.

The profiles of key experts for the activities under result 4 are closely related to public raising awareness issues and conduction of public survey.

The co-financing for this project will contribute to the development of primary, secondary and tertiary legislation, along with as appropriate regulations and procedures.

ANNEX VI – S.W.O.T. and Stakeholder Analysis

<p>Strengths</p> <ul style="list-style-type: none"> - strategic orientation of the Serbian Government to develop a consumer protection system according to good practices of developed EU countries, as a part of NPI of Serbia into EU - strengthened capacities of MTS in the field of consumer protection - existence of the institutions of Government responsible for consumer protection and their interest to upgrade it 	<p>Weaknesses</p> <ul style="list-style-type: none"> - lack of capacities of MTS (human and financial resources) - insufficient professional competence of the MTS staff in certain specific areas of CP - lack of laws and by laws for certain areas of CP - insufficient capacities and professional competence of the MTS staff to implement the new Law on CP - insufficient capacities of MTS for coordination of activities of the institutions in the CP system - lack of unified instrument for information exchange among the institutions in CP system
<p>Opportunities</p> <ul style="list-style-type: none"> - National Programme for Consumer Protection for the period 2007-2012 - new Law on Consumer Protection harmonised with the main EU directives in this area - existence/presence of civil associations focused on activities of consumer protection - readiness of the European Union to provide technical assistance for development of CP in Serbia 	<p>Threats</p> <ul style="list-style-type: none"> - change in priorities of consumer policy, due to potential changes in structure and orientation of the Government - untimely/late enactment of the National programme for CP, upon expiration of the existing one - no interest in cooperation of certain Government's institutions on realisation of joint programmes and activities - long procedure for adoption of legislation - fragmentation of the NGO sector for CP, <ul style="list-style-type: none"> - low level of professionalism and specialisation, - absence of mutual cooperation of civil associations focused on the activities on consumer protection and their cooperation with governmental intuitions - hostile attitude of NGO sector towards the line ministry and other governmental institutions for consumer protection - suspension of support of EU due to potential changes in the structure and orientation of the Government in the field of EU integration

Stakeholders./beneficiaries covered by this project can be classified into **direct** and **indirect**.


Direct are:

- staff in MTS dealing with consumer protection
- civil associations focused on activities on consumer protection,
- other governmental institutions responsible for consumer protection,

Indirect are:

- consumers, including specific target groups among consumers (e.g. pupils in elementary and secondary schools),
- traders, service providers and producers

Table: Stakeholder analysis

		Degree of influence	
		High	Low
High Degree of importance	A. staff in MTS dealing with consumer protection		
	civil associations focused on activities on consumer protection		
Low Degree of importance	C. traders and producers	B. other governmental institutions responsible for consumer protection consumers - children (age from..... to), pupils in elementary schools D. Others	

- Stakeholders positioned in Box A are the most important stakeholders and they are direct beneficiaries of the project results, because the project activities have been defined based on their needs.
- Interests of stakeholders in Box B have been included in the defining of specific project activities due to their importance.
- Stakeholders stated in Box C are important since education of this group on consumer policy also has direct impact on the attained level of consumer protection;
- Stakeholders positioned in Box D are not key stakeholders and activities in this project effectively ignore this group