

EXTERNAL EVALUATION – SHORT REPORT

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Support of the Quality Infrastructure in Serbia



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Project Coordinator:	Mr. Stefan Wallerath

This report was elaborated by independent evaluators for the PTB. It reflects exclusively the evaluators' opinions and conclusions.

Abbreviations

ACCESS	Assistance to the Competitiveness and Compatibility with the EU of Serbian Small and Medium Enterprises (GIZ project)
ATS	Accreditation Body of Serbia
BMZ	German Federal Ministry of Economic Cooperation and Development
CAB	Conformity assessment body
CMC	Calibration and Measurement Capabilities
DAC	Development Assistance Committee (OECD)
DeGEval	German Evaluation Society
DI	Designated Institute
DMDM	Directorate of Measures and Precious Metals
EA	European Cooperation for Accreditation
EU	European Union
EURAMET	European Association of National Metrology Institutes
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
MoE	Serbian Ministry of Economy
MID	Measurement Instruments Directive
MRA	Mutual recognition arrangements
OECD	Organisation for Economic Cooperation and Development

PTB Physikalisch-Technische Bundesanstalt

QI Quality Infrastructure

SME Small and medium-sized enterprise

1. Project Description

The evaluation concerns the BMZ-financed project „Support of the Quality Infrastructure in Serbia“. This project, with a funding amount of EUR 500,000, started in January 2014 and will end in December 2016.

The political counterpart for the project is the Serbian Ministry of Economy (MoE). The main implementing partners are the Directorate of Measurements and Precious Metals (DMDM), the Serbian Metrology Institute, and the Serbian Accreditation Body ATS. Through the above mentioned main implementing partners, the project cooperates with the Serbian Chamber of Commerce, professional associations of Conformity Assessment Bodies (CABs), universities and research institutes as well as quality infrastructure (QI) service providers (such as testing and calibration laboratories and certification bodies). The target groups of the project are the consumers as well as enterprises and service providers in different sectors, retailers and laboratories that depend on the availability and the utilisation of external QI services.

Serbia aims to become a European Union (EU) member state. The requirements for EU accession in the area of QI are negotiated between the EU and Serbia in Chapter 1 “Free movement of goods”. In September 2014 the EU analysed in a so-called bilateral screening progress the current status in this area. Based on the findings of the screening, the EU set a number of benchmarks to be fulfilled before opening Chapter 1 for negotiation. The last EU progress report from November 2015 notes some progress, but also a lack of capacity in key QI areas.

In October 2015, the Serbian government fulfilled one of the benchmarks by adopting the “Strategy on enhancement of the quality infrastructure in the Republic of Serbia for the period 2015-2020” (QI strategy), as strategic framework for further QI development in Serbia. In the meantime, the transposition of the EU legal framework and its implementation is moving forward.

The objective of the project „Support of the Quality Infrastructure in Serbia“ is that selected QI services in the fields of metrology and accreditation are offered in compatibility with EU requirements. The aim is to build up the institutional framework for an internationally recognised QI system in Serbia, preparing the country for EU integration. In the field of accreditation, the project supports the national accreditation body, ATS, in the accreditation of potential future notified bodies that are enabled to carry out conformity assessment in line with EU directives. In the field of metrology, the project supports the national metrology institute, DMDM, to fulfil the requirements for accreditation as potential future notified body in the framework of EU directives relevant for measurements and to set up an effective market surveillance system for measuring instruments.

2. Assessment of the project

Apart from the mandatory progress reporting to the donor, the German Federal Ministry of Economic Cooperation and Development (BMZ), the main objective of this evaluation is a systematic institutional learning for PTB. The results will be used for the steering and planning of the potential continuation of the project and other PTB technical cooperation development measures.

The external independent evaluator, Ms Suzana Lange, is a freelance consultant for quality assurance of international cooperation projects. She is a member of the German Evaluation Society DeGEval and follows the DeGEval evaluation standards. The technical evaluator is Mr Janko Drnovšek, who is Head of Laboratory of Metrology and Quality and Head of the Department of Measurements and Robotics at the University of Ljubljana, Faculty of Electrical Engineering. At the time of the evaluation, he was also Vice Chair (GA) of the European Association of National Metrology Institutes EURAMET.

The evaluators assessed the project on the basis of internationally recognised criteria of the OECD development committee DAC and the five success factors from the management model Capacity WORKS. The evaluation report is based mainly on findings from a series of interviews. In the period 25-29 April 2016 the evaluation team met representatives of the partner organisations and other relevant institutions active in the field in Serbia in their locations. Additional PTB and GIZ experts were interviewed by telephone.

Results

Status of the change process

The DAC criterion “**Relevance**” examines the compliance of the project with the overarching policies and strategies of the partners and the German government. The PTB cooperation project uses the positive momentum of both pressure and readiness for reforms in the QI sector in Serbia's pre-accession process. It supports Serbia to fulfil the most difficult requirement for EU membership, the implementation and enforcement of the Acquis Communautaire, by providing technical advice, training, up-to date information and tangible insights into the functioning of EU member states' QI institutions and best practices. It supports Serbia in fulfilling the milestones set by the EU for the opening of accession negotiation of Chapter 1 “Free movement of goods”. The project is in line with the Serbian national QI strategy and the needs of the target group of SMEs and consumers. It helps avoid that a lack of proper preparedness of key public institutions and the private sector leads to serious economic disadvantages once Serbia becomes a full EU member. The PTB project is also in line with German development cooperation strategies and works in a complementary way to other cooperation projects.

The relevance is marked with very good (1,0).

The DAC criterion “**Effectiveness**” evaluates the achievement of project objectives based on the indicators defined in the BMZ offer.

Both the implementing partners and MoE as a political partner expressed great satisfaction with the cooperation and the achievements, which mainly took place on the level of the key QI institutions ATS and DMDM, with an additional direct beneficiary, DI Vinča. In the field of accreditation, the project supported ATS in the accreditation of potential future notified bodies that are enabled to carry out conformity assessment in line with EU directives (Indicator 1). The PTB project provided support in more newly introduced Directives than originally foreseen. ATS stated during the evaluation that their assessors are now able to independently run these new accreditation schemes with new CABs and that the number of accredited CABs has increased. Beyond that, ATS also received technical assistance in a long list of specific fields of accreditation in the regulated and in the non-regulated area. In the field of metrology, the project supported DMDM in fulfilling the requirements for accreditation as potential future notified body in the framework of EU Directives relevant for measurement instruments (Indicator 2). DMDM set up the human resources and the institutional infrastructure for the new functions and submitted the application for module B type examination according to EU MID and NAWI Directives to ATS. The process will probably be finalised by the end of the project. Due to a prioritisation of national needs and own capabilities, DMDM will offer accredited services for manufacturers of three measuring instruments instead of four as originally foreseen. Regarding the setting up of an effective market surveillance system for measuring instruments (Indicator 3), DMDM developed a strategy and an annual plan for market surveillance. DMDM expressed the opinion that its staff is well prepared for market surveillance of five measuring instruments. Apart from legal metrology, the project provided diverse support to DMDM for its institutional strengthening and for the development of traceability in new areas of measurement. PTB also supported DMDM in the assessment of potential Designated Institutes (DI). In the follow-up, the first DI, Vinča Institute, became a direct beneficiary of the project receiving support in its CMC submission process.

The PTB project objective is “Selected quality infrastructure services in the fields of metrology and accreditation are offered in compatibility with EU requirements.” The project supports in a systematic and comprehensive way reforms in the QI sector that are in line with EU requirements and international best practices, so the objective is fulfilled.

The effectiveness of the project is rated between very good (1) and good (2), moving closer to very good (1,3).

The DAC criterion “**Impact**” relates to the contribution of the project to overarching development goals by making plausible attributions. A functioning QI system is one of the bottlenecks for Serbian economic development. The PTB project supports high-quality metrology and accreditation services in line with EU best practice, which is a good precondition to prepare the Serbian SME for the European market. Selected clients expressed satisfaction with DMDM and ATS services and could give examples of how the improved QI

services contributed to enhancing their business prospects (Indicator 4). But the impact is limited due to the fact that newly gained competences are often used for short-term business opportunities and for solving challenges in the transitional period instead of redirecting services to post-EU-accession long-term business opportunities. The long duration and high costs of QI services create dysfunctions of other QI components. A trade-off between available total resources and the range of services to be provided has to be made on a political level to guarantee a functioning and quality QI system. The project achieved tangible impact for consumers. Project activities were always designed to simultaneously create value for Serbia in the form of increased integration at the international level. The project created synergies and networks with existing initiatives on the European level. The efforts to strengthen the metrology and accreditation services in Serbia have a multiplier effect not only for the QI system in Serbia, but also throughout the region.

The impact is rated with good (2,0).

The DAC criterion “**Efficiency**” concerns the appropriateness of resources and modes of delivery in relation to the outputs and results achieved.

The project implemented a broad range of workshops, trainings, study visits and other events within a tight time and budget frame. Project beneficiaries praised the excellent level of expertise provided by the PTB project, the high quality of project activities and the flexible and demand-oriented management approach. The input from the project was fully exploited by the project partners according to their actual needs. Other stakeholders were invited to project activities to increase the number of beneficiaries. An important success factor for the efficiency of the project was the peer-to-peer approach with German and other EU QI institutions. Well established and proven practices and materials, recent updates resulting from revisions of the EU guidelines and contacts plus networks could be shared with Serbian partners. Neither intermittent experts, nor long-term resident experts were used in the project and no permanent office structures in Serbia needed to be financed, which saved a lot of resources to be used for direct project activities. The PTB project is set up in strong complementarity to other German development cooperation support, especially to the ACCESS project implemented by GIZ, making use of each other’s added value.

The efficiency is rated with very good (1,0).

The DAC criterion “**Sustainability**” evaluates whether the results achieved are likely to be lasting. The project achievements, from the point of view of expertise, are likely to be durable, as they are in line with Serbia’s own strategic goals and the Serbian QI institutions. There is a high degree of ownership by the partners. Although there are considerable chances that the established system is stable once the project ends, there are concerns for the sustainability of the project arising from a lack of stability provided to the QI sector in Serbia, primarily financial stability and stability of key expert positions. Since the beginning of this PTB project, there was a complete turnover of counterparts on the management level of key

QI institutions. There was also a considerable loss of qualified staff on the technical level. The project supports the setting up of new services in accreditation and metrology without a thorough verification whether these services are justified by a broad demand in the Serbian market after EU accession, and if they can be kept up by own resources. Financial aspects of activities, neglected so far in project planning, have to be better taken into consideration. The partners on the political level have to define prioritisation and commitment and set the appropriate framework for a sustainable QI system. Further progress is not possible without adequate resources to perform new tasks. QI institutions need a certain degree of financial autonomy and stability so that they are able to maintain their professional commitments and fulfil their (international) role regularly and reliably.

The sustainability is rated between good (2) and satisfactory (3), moving closer to satisfactory (2,7).

Causes and success factors for the observed results and change processes

The Capacity WORKS success factor “**Strategy**” examines whether the project has a clear and coherent strategy for change that leads to capacity development on all relevant levels. The overall strategy of the project is pre-defined through the overall EU accession strategy of the Republic of Serbia and Serbia's QI strategy adopted in October 2015, which needs to be elaborated in action plans in the coming months by MoE. The PTB project mainly provided technical support for practical tasks in metrology and accreditation, but upon request, also for more generic questions. Even though PTB supported both DMDM and ATS in a very broad and flexible way, the institutions were not always able to fulfil the needs of their clients in an adequately timely manner due to a lack of resources. The project should support the partners in finding out what exactly the national needs are, and focus more on long-term prospects instead of short-term pressure or opportunities in the transitional period. As the overall objective of the project is a functioning QI system in Serbia and as the different QI components depend on each other, the project should also follow and support the work of other institutions, if needed, and stimulate more horizontal exchange and coordination of information.

Currently achieved: 80%, potentially achievable: 90%

The Capacity WORKS success factor “**Cooperation**” examines the collaboration with relevant stakeholders and other cooperation projects in the field.

The project has concentrated on the two key QI institutions DMDM and ATS with additional direct and indirect beneficiaries. The PTB project stimulated networking between relevant QI stakeholders on national, European and international level, which is of utmost importance. The close cooperation and the use of synergies with the GIZ ACCESS II project proved to be very efficient and successful. Since last year the PTB project is part of the “Serbian-German Initiative on sustainable growth and employment”, which might have the potential to stimulate the demand side for QI services by other cooperation projects. More direct and regular contact is necessary to an EU funded Twinning project between the Czech Republic and the MoE. Each time when PTB project steering meetings take place, regional

cooperation is part of the agenda, such as a regional project on organic farming where ATS is partner or the new SIDA / EFTA funded regional project “QI in the Western Balkans”.

Currently achieved: 80%, potentially achievable: 90%

The Capacity WORKS success factor “**Steering Structure**” examines whether the decision-making and management is appropriate for the project.

The actual steering of the PTB project is done in a bilateral and rather informal way with the implementing partners DMDM and ATS. As major risks for impact and sustainability were identified on the political level, it might be recommended to have a closer contact with MoE in the future for the strategic steering of the project. Project partners describe the management of the project as very demand-oriented, responsive, cooperative and flexible. Relationships are based on trust and built up over the past years of cooperation. Secondary stakeholders such as the Chamber of commerce or CABs were only partly informed about the PTB project. It is recommended that the project organises regular meetings with all important stakeholders to exchange information on project activities and achievements. PTB should think about involving local staff in a formalised way, so that one can ensure day-to-day contacts to Serbian stakeholders.

Currently achieved: 80%, potentially achievable: 100%

The Capacity WORKS success factor “**Processes**” examines how competences and capacities of partners should be enforced to reach project goals in a sustainable way. The processes that lead to achieving the goals of Serbia's EU accession process in the area of QI and international recognition are pre-defined by the international QI system. PTB as a German metrology institute and other EU QI institutions involved bring in valuable peer-to-peer experience in how to fulfil these requirements according to international norms and best practices. It was emphasised by beneficiaries that the most valuable contribution from the German side was the access to a high level of technical expertise and various hands-on trainings and visits. The project mainly worked on the meso-level, with support to the key institutions DMDM (plus Vinča Institute) and ATS. To support the functioning of the QI system as such, it is also necessary to include the standardisation institute ISS and to work on a more strategic level with MoE and with CABs in the future in order to fill that gap in cooperation when GIZ withdraws and when the EU Twinning project ends. The division of tasks between PTB and the beneficiaries in the implementation of project activities is clear, flexible and leads to maximum use of project resources.

Currently achieved: 90%, potentially achievable: 100%

The Capacity WORKS success factor “**Learning & Innovation**” examines whether learning took place on individual, organisational, political and network level and whether lessons learned were incorporated into the project concept and scaled up.

The project has incorporated lessons learned and newly emerging needs that came up in steering meetings and expert reports. Participants' feedback is not collected and used for

planning so far. Not all relevant information is shared by all partners, which would be necessary to provide a sound basis for reporting and monitoring as well as project planning. Continuous learning is an important issue in QI as the Acquis is evolving and as technical innovations require constant adaptations. Therefore, it is important that Serbian stakeholders are well connected to the European and the international QI community to get up-to-date information, and that knowledge is shared among the different fields of governance. Within the partner community, the PTB project has a good visibility, but this is not the case outside of the project. Apart from direct information about the project, it is important to raise awareness of its impacts and the impacts of a functioning QI.

Currently achieved: 80%, potentially achievable: 100%

Learning processes and learning experience

The most important learning outcome of the evaluation is that the technical expertise and commitment of QI institutions and their staff are in principle at a very high level but these competencies have to be backed up by stable framework conditions set at the higher political level.

The PTB project was mainly active on the meso level, bringing in its core value of high-level technical expertise. It could achieve very good results with limited resources. The reasons are that pre-conditions were already very promising and that the technical support of the PTB project was used to fill the last remaining gaps. Through the peer-to-peer approach offered by the project, Serbian beneficiaries got insight into the functioning and good practices of various EU member states' QI institutions. The cooperation was built on trust, so that needs could be openly addressed and were met in a flexible and adequate way. The project supported the networking of Serbian QI institutions both within the country, e.g. with (potential) Designated Institutes, and on the European level. This led to the better positioning of Serbian QI institutions in international organisations and its advancement in the EU accession process.

Nevertheless, the impact and the sustainability of the project are limited due to political or economic framework conditions. The project investments into human resources in key QI institutions are at risk due to recent fluctuations both on the management level and on the technical level. Resources are scarce and therefore prioritisation is necessary. The extension of activities at a sufficient level of quality is not feasible without an increase in budget. Whereas ATS can keep and administer its own generated income, DMDM is dependent on state transfers and external agreement to finance necessary activities, such as participation in international meetings or investments. The developments supported by the project can get into a dead end, if newly gained knowledge and experience are used for short-term business opportunities in a transitional EU pre-accession framework instead of preparing for the real post-accession European market opportunities and challenges. These strategic and financial issues have to be addressed by the project in close collaboration with its political counterparts in Serbia.

Recommendations

Recommendations for the Partners

- MoE could use the assistance of the PTB project for the implementation of the QI strategy and the setting up and monitoring of the strategy plans.
- MoE and its key QI institutions have to set framework conditions to assure the retention of employees and experts in order to guarantee and maintain the results of the project.
- Whereas ATS can keep its generated income, DMDM needs permission and transfer of budget for activities such as participation in international meetings. MoE should grant some degree of financial autonomy and stability to all QI institutions so that they are able to maintain their professional commitments and fulfil their (international) role regularly and reliably.
- DMDM and ATS should not only use the PTB project for technical input, but also for strategic issues and for continuous awareness raising towards the political level and the general public regarding long-term return on investments made into the QI system.
- DMDM and ATS have to ensure a functioning knowledge management involving different stakeholders. Direct project beneficiaries should transfer experiences and expertise to other partners of QI institutions, which were not direct beneficiaries. An appropriate follow up and continuous learning of project partners is important in order to maintain up-to-date expertise in the fast changing field of QI. MoE has to ensure the participation of ATS and DMDM in European networks and international institutions.
- Financial planning, risk assessment and cost-benefit analysis needs particular attention at the national level by national authorities.

Recommendations for the Project Team

- It is recommended to focus the support on long-term prospects rather than on short-term transitional opportunities and challenges. A cost-benefit analysis/ risk analysis should be made before committing to new activities.
- The scope of beneficiaries should be enlarged to be able to provide holistic support to the QI sector. Additional promising partners such as Nicola Tesla Institute of Electrical Engineering and Mihajlo Pupin Institute could be included into project activities.
- The flexible, informal and direct steering between PTB and the counterparts in DMDM and ATS on the operational level should be continued. Nevertheless, there also has to be a strategic steering with MoE, discussing, among other things, the prioritisation of new activities.
- Whereas it is recommended to broaden the range of beneficiaries in future project activities, it is important that the cooperation is based on comprehensive interaction and responsiveness. All beneficiaries should be fully committed on all hierarchical levels, namely on working level as well as on management level. A lack of clear commitment should result in future exclusion from project activities.
- There should be a regular meeting for horizontal information exchange, where all project partners, other important stakeholders and cooperation projects should be invited. Regular exchange of information with other cooperation projects such as EU Twinning or the regional SIDA project is necessary.

- When GIZ withdraws from horizontal QI development in the future, it might be beneficial for the PTB project to have access to local staff for day-to-day exchange with project partners and for other tasks such as PR or monitoring. This access should be formalised with GIZ.
- Not only PTB experts' recommendations, but also participants' feedback should be collected and used for the further development of the project planning. It is also necessary that relevant documents are shared among the partners to establish a solid base for planning and monitoring of results.
- The project should increase its visibility and raise the awareness of benefits of QI by developing targeted PR materials such as success stories. It should contribute information on achievement of important milestones and impact of QI development on the Serbian-German pact for growth and employment.

Recommendations for the PTB Department “Technical Cooperation”

- When setting up the future cooperation system, it is important that a thorough analysis is performed on the beneficiary side in terms of their absorption capacity, related to human resources as well as in terms of their commitments and relevance to national strategic developments in the QI sector.
- Besides technical expertise and strategic advice, a cost-benefit analysis/ risk assessment should play a bigger role, to ensure the sustainability of QI services set up in project activities.
- The cooperation with the GIZ ACCESS II project can be considered as best practice. Cooperation with other German development cooperation projects such as KfW might be beneficial to stimulate the demand side for QI. The new programme umbrella should be used to continue and intensify the cooperation as much as possible.
- The integration and visibility of the PTB cooperation project into horizontal coordination of development cooperation in Serbia, e.g. the Serbian-German pact on growth and employment or the EU integration support project, could be improved.
- It is necessary to establish mutual exchange of information with all relevant and similar projects and programmes in the country, neighbouring countries and the region.
- Public relations and awareness raising should not be neglected. This project has a lot of examples of tangible effects, that can be exploited for the explanation of benefits of a functioning QI to the public and the political level.



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