

# Strengthening the Consumer Movement in Central, Eastern and South Eastern Europe (CESEE)

Current obstacles - Long term objectives - Durable solutions

## IMPLEMENTING STRATEGY\*

\*It is recommended to read this document in combination with the Warsaw 2011 Declaration and the Action Plan for Strengthening the Consumer Movement in Central, Eastern and South Eastern Europe

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## ***Executive summary***

This report is the result of a reflection initiated by BEUC in 2010 on the basis of the observations that converged on the difficulties faced by the consumer movement in Central, Eastern and South Eastern European countries (CESEE).

It combines an analysis of the consumer environment in CESEE carried out by BEUC on the basis of the feedback of its members in the countries concerned, with in-depth field visits carried out by external consultants in six countries (Bulgaria, Czech Republic, Hungary, Lithuania, Poland, Romania), surveying consumer organisations, members of BEUC or not, as well as public authorities active in the area of consumer protection,

The main findings of the report are that the situation of consumer organisations in CESEE is not only difficult, but in many countries, even worsening. Yet it is important to note that the situation is also very different in the different countries: while in some countries there are good reasons to hope that the development of consumer organisations is well under way, in other countries, the movement still remains embryonic. It is fair to say, however, that overall, the role of consumer organisations to feed into policy making is still not significantly enough acknowledged.

While most consumer organisations depend on public funding, there are currently drastic cuttings in this funding, combined with burdensome budgetary procedures. Consumer organisations are mostly understaffed, depend a lot on volunteers and experience a high turnover of staff. They hardly have any business plans and cannot engage into multi-annual strategies.

Beyond financial support, however, consumer organisations mostly lack the political support of their governments to be recognised as legitimate stakeholders. The overall environment in these countries does not provide a status to civil society and there is no tradition as to participatory decision-making. There is hardly any research into consumer policy-related issues and the landscape is often characterised by overlapping activities between consumer organisations and public authorities, while budgets are scarce.

However, in spite of this difficult environment, several actions have been identified that could assist the CESEE consumer movement to develop its influence.

Some of the initiatives identified can be implemented, where appropriate with adequate funding, by BEUC and its member organisations, such as capacity building with targeted training and mentoring schemes.

Other initiatives require commitment of EU or/and national institutions to intervene. It would be important for the EU to acknowledge the need to support the strengthening of the CESEE consumer movement in its new multi-annual consumer policy strategy. In the context of this strategy, many initiatives can be listed, such as interest-free loans for kicking off consumer magazines or websites, start-up money, identification of new funding schemes, such as those related to allocation of fines linked to antitrust procedures, support to capacity-building programmes, etc. Also, initiatives have been listed that are focused more on raising the profile of consumer organisations, by assisting in increased presence in the media.

This implementing strategy should be read in combination with the Warsaw declaration adopted on 20 May 2011, as well as with the CESEE Action Plan, that summarises the different initiatives recommended to be undertaken in order to strengthen the consumer movement in CESEE countries.

## **Background**

In order to support the development of urgent and long term initiatives at this crucial moment of EU policy making (definition of financial perspectives, future consumer policy programme), this document concentrates on possible ways to reinforce the consumer movement and environment in Central Eastern and South Eastern Europe (CESEE).

### **METHODOLOGY**

The document is based on a preliminary analysis undertaken by BEUC in 2010 and a survey among its CESEE members, as confirmed by a more in depth analysis of the current situation of the consumer movement in CESEE. Six countries of the newer (joined 2004) and newest (joined 2007) EU Member States were examined in details: Bulgaria, Czech Republic, Hungary, Lithuania, Poland and Romania<sup>1</sup>. They were judged to be a good representative sample when considering their stage of economic development, size, geographical location, traditions and general situation within BEUC membership.

The field visits were undertaken by external consultants and were focused on meetings with consumer organizations, public authorities and media. They were organized on the basis of the indicators prepared by the European Consumer Consultative Group of the EU on the quality of the consumer movement<sup>2</sup>. Their results were submitted to an advisory board composed of people experienced in capacity building of consumer organisations for endorsement<sup>3</sup> and subsequently approved by the BEUC General Assembly at its Warsaw meeting, on 20 May 2011. They could be followed, depending on available budget, in 2012, by additional research on countries such as Latvia, Slovakia, Slovenia, Malta, Cyprus and Estonia.

### **IMPORTANT NOTICE**

It has to be stressed that the different measures that are proposed in this document, where taken individually will not deliver the expected results and provide the tools for the consumer movement to build its influence within society and markets. There is a ***need for an ambitious global action plan*** that combines complementary measures. It is also important to acknowledge that the development of an influential consumer movement needs a strong approach both on behalf of public authorities and of the national consumer movement. On that point, BEUC alone is not in a position to address all the challenges that have to be met and it will take many actors to contribute to this development. We therefore invite EU institutions, and in particular DG SANCO to engage into a more in depth analysis of actions to be undertaken by national authorities and to consider endorsing a strategic policy paper to address the situation in CESEE countries, calling upon concrete measures and programmes to be implemented.

Beyond the need to adopt a holistic approach with a long term perspective, it will be crucial to make ***adequate financial means*** available, without which it will not be realistic to engage into sustainable solutions. In this respect, this paper proposes on the one hand a list of possible initiatives addressed to the EU institutions, and on the other hand, actions whose responsibility can be taken by BEUC. For the latter, while BEUC can support some of the initiatives under its operating budget, some others additional funding will be necessary.

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<sup>1</sup> For detailed country reports, please refer to the annex.

<sup>2</sup> [http://ec.europa.eu/consumers/empowerment/docs/eccg\\_report\\_indicators\\_012011\\_en.pdf](http://ec.europa.eu/consumers/empowerment/docs/eccg_report_indicators_012011_en.pdf)

<sup>3</sup> Breda Kutin (BEUC Vice President and President of the Slovenian Consumers' Organisation – ZPS), Heinz Willnat (Stiftung Warentest), Drago Trbojevic (Verbraucherzentrale Bundesverband e.V.), Guido Adriaenssens (ICRT) Marie Louise Almutter (DG SANCO) and Hugues Thibaut (BEUC).

However, it is crucial to indicate the **limited financial burden on the EU budget** for the measures that are proposed in this document, with regard to the benefit that EU consumer confidence can bring to consumers first, and to the market thereafter. If all measures are to be implemented, the overall indicative budget for a 7 year period would amount to 14 million €, an average of 2 million € per year. This support would however empower consumer organisations to build up their business plan and move towards financial stability.

## **Main findings**

The situation of the consumer organisations in many CESEE countries is not only difficult, but even worsening. The scope of the identified challenges is far beyond the consumer movement and has to address the global consumer environment in those countries where there has been, in the framework of the accession to the EU, a copy/paste of consumer legislation while the society was not yet ready for that.

The main driving force in most of the CESEE countries for taking on board consumer policy has been the need to adopt the EU consumer protection *acquis*. Similarly the consumer protection structures that have been put in place have also been largely the result of the need to harmonise in order to meet the EU membership criteria. While this of course has been necessary and good, one has to note the following:

- In many of CESEE countries, understanding of consumer policy within governments is very limited, often understood only as a market surveillance and consumer information instrument and it generally tends to be seen as a limited vertical rather than horizontal issue.
- As well as limited understanding of the importance of consumer policy within governments, there is also often limited understanding of the role of civil society (as well as the specific role of consumer organisations) and limited awareness of consumer rights among consumers.
- Consumer organisations in the region are facing major challenges in terms of scope of activities - they are understaffed and only able to deal with basic consumer information, advice and complaints with very limited resources. They are not seen as a partner by the media, and public authorities do not regard them as legitimate and credible stakeholders in policymaking. They are not in a position to influence markets or policies.

However, there are also obvious differences between countries as well as between the capacities and the capabilities of the organisations which suggest the need for subtle and tailor-made responses on the part of BEUC and European institutions<sup>4</sup>.

## **THE CONSUMER ENVIRONMENT**

Most of the newer Member States (with the exception of Cyprus and Malta) have a relatively recent political system in common, and a legacy left by a central control **paternalistic market** that has shaped many of the consumer and civil servant attitudes. But there is a need to bear in mind that these countries are as different from each other as Britain is from France or Denmark from Greece. Not surprisingly, all existing surveys into consumer conditions<sup>5</sup> show that those countries that are more prosperous and have older democratic traditions also tend to have a more consumer-friendly environment and

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<sup>4</sup> For more details, please refer to the country reports, in annex.

<sup>5</sup> Notably the 5<sup>th</sup> Consumer Conditions Scoreboard and the recent Consumer Empowerment Surveys, Eurobarometer 342.

more influential and better resourced consumer organisations, though this is not invariably the case. Several of the organisations interviewed have achieved remarkable results in very difficult environments. Still, population expectancies of free provision of services and the state as the problem-solver, small and unstable resources and acute consumer problems are among the issues inherited from the former political system.

It is also not that surprising that the two countries that have joined the EU most recently in 2007, Bulgaria and Romania, have the **highest material deprivation rates** of all the member States<sup>6</sup>, the lowest score on the consumer conditions index<sup>7</sup>, and the lowest percentage of consumers who feel adequately protected by existing measures.<sup>8</sup> Lithuania also scores low on all these counts. On the other hand Hungary and Poland, which still have a very high proportion of consumers living on low incomes<sup>9</sup>, score nevertheless higher on the consumer conditions index<sup>10</sup>. In both these countries, and particularly Hungary, consumers also show more trust in consumer organisations to protect their rights<sup>11</sup>. The Czech Republic has the lowest proportion of low income of all the CESEE countries (alongside Slovenia)<sup>12</sup> and several other empowerment indicators now compete well up there with the 'older' 15 Member States.

These **big overall differences between countries are also reflected** in the most acute consumer problems and issues that organisations visited have to deal with. For example in the newest member countries (Bulgaria and Romania), and also Lithuania, the biggest concerns are around basic needs and access to basic needs, such as energy and abuses by the energy companies, quality and affordability of food as well as extreme and often uncontrolled practices of the financial and telecommunication industries. In the other three countries visited while those big issues are certainly on the agenda, the focus of the consumer groups is more on product-related problems, miss-selling or financial services. There is also more diversification of consumer groups in these countries, particularly in Hungary and the Czech Republic, with organisations taking on different areas of responsibility.

## CAPACITY OF THE ORGANISATIONS SURVEYED

The capacity relates to a number of characteristics that make the organisation a professional one, capable of carrying out essential tasks such as consumer advice and information, research and advocacy or representation. It includes the system of governance, whether a strategy and workplans have been elaborated, number of staff, types and number of members or subscribers, etc.

The majority of the consumer organisations surveyed in the six countries are membership organisations, with numbers of individual members ranging from 7 (Lithuania) to 25,000 (Romania). But in fact most have members in the hundreds rather than thousands. These are **small numbers**, relative to the size of the populations in these countries<sup>13</sup> and are

<sup>6</sup> 56% and 49% of the Bulgaria and Romania populations are considered materially deprived, according to the % in the Consumer Markets Scoreboard, page 44.

<sup>7</sup> The consumer conditions index (as defined by the SANCO Consumer Markets Scoreboard) is made up of 12 indicators, linked to enforcement, trust in consumer organisations, complaints, redress and product safety. The index could reach in theory 100%; the EU average is currently 67%. Bulgaria and Romania rate 42 and 46 respectively, and Lithuania 49.

<sup>8</sup> See 5<sup>th</sup> Consumer Conditions Scoreboard, including attached individual country statistics.

<sup>9</sup> Material deprivation rate stands at 30% of the population in Poland in 2009, and 41 in Hungary, as defined by the 5<sup>th</sup> Consumer Conditions Scoreboard, figure 44.

<sup>10</sup> 55% for Poland, and 57% for Hungary.

<sup>11</sup> 67% in Hungary and 55% in Poland.

<sup>12</sup> 16% of the population considered materially deprived in 2009, see 5<sup>th</sup> Consumer Conditions Scoreboard, figure 44.

<sup>13</sup> Apart from Lithuania which has a population of 3 million, the other countries surveyed have populations of over 10 million. Poland is the largest (38 million), followed by Romania (25 million).



reflective also of the general public awareness of the organisations, as well as the still poor standing of civil society generally. Several organisations derive their strength from the regional representation and local branches, for example OFE in Hungary which lists 52, though there are serious reported challenges with the funding of these local branches and organisations. Three organisations, in Hungary and Lithuania, describe themselves as umbrellas, with membership of between 13 and 22 other organisations.

The governance structures are mostly 'typical' kind, i.e. a general assembly of members (or their appointed representatives) elects a board which in turn elects a president or chair. Within this general model there are quite a few variations, for example the president or chair is also executive director, or there are no fixed periods for elections. But one of the main issues that transpired in discussions with several organisations in relation to governance is the lack of an organisational structure that can adapt to leadership succession, which calls into question their long-term sustainability. Some of the organisations encountered are synonymous with their leader, and in our judgement will not survive if the leader leaves for any reason. This situation of course is not unique to these countries.

Various types of consumer information *magazines* are published by several of the organisations, including online only versions; consumer magazines which include comparative testing and are members of ICRT are now published in 5 of the 6 countries examined (not in Lithuania) – so far their subscriptions and sales vary from tiny to very small, with the exception of dTest in the Czech Republic which now has 23,000 subscribers and reaching financial stability. This is due to a combination of an effective strategy and business planning and relative readiness of the country's consumers to want and pay for such information. Some of the magazines do better online than offline, for example the one in Bulgaria where unique visits reached 390,000 last year. Some of these magazines (both offline and online) have now reached top professional standards one would expect from an independent consumer magazine; others need a lot more development, including in their contents and research standards<sup>14</sup>.

It is important to note that very few organisations that we surveyed had a formal strategy, or published *work plans*, or even focus or issue priorities based on some kind of situation analysis. Most often the answer we got was very generic, such as 'education' or 'providing information'. In fact only four of the organisations surveyed (in the Czech Republic, Poland and Romania) have given us their detailed strategy/priorities. The explanations for lack of strategy most often and eloquently given are a) that new consumer problems arise all the time, and so they need the flexibility to address them and b) that they have to follow the project money – from government or other sources. The latter concept is even applied to the final extreme by one of the organisations interviewed, whose main focus is to access every project fund available by covering as wide a range of issues as possible under the umbrella of "consumer education".

Finally an important indicator of the capacity of an organisation is the number of *full time staff* it employs, also relative to the proportion of *volunteers* that help it along. The largest number of full-time people (18) is employed by Federacja Konsumentow in Poland; the majority of the rest of the organisations employ 10 full-time equivalent people or less, with 1 to 3 not uncommon, and one or two interviewed had no staff at all. So there is still a lot of reliance on volunteers, which are quoted in large numbers for some of the organisations. It is remarkable how much some of the organisations can achieve with such a small number of people. Magazines tend to employ extra freelance journalists and editors.

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<sup>14</sup> To examine some of the magazines online translation tools were used.

## ACTIVITIES AND DIVISION OF RESPONSIBILITIES

The individual country summaries provide an overview of the consumer organisations and main institutions in each of the countries surveyed. Two key observations emerge:

- **Lack of research.** There is scarcely any research to inform consumer policy, such as market studies or quantitative or qualitative research, being carried out either by authorities or consumer organisations. It seems strategies and priorities are being considered without much impact assessments or evaluations. To inform ourselves on the consumer conditions, we relied mostly on the EU-wide surveys, economic statistics and discussions with organisations and authorities regarding the most acute consumer problems. The evidence in each country that both authorities and organisations have is based on complaints received, so is usually ex-post.
- **Duplications of efforts when budgets are scarce.** The national regulatory authorities in most of the countries we looked at have local branches that deal inter alia with complaint resolution and inevitably also with advice giving since the professionals are there in place. The local branches of the consumer organisations also provide advice (which is often confused with market-surveillance type advice) and often cannot compete with the authorities who have more resources and more expertise. This issue was highlighted to us both by authorities and organisations in Bulgaria, Romania, Hungary and Czech Republic. Interviewees in the latter pointed out that national telephone hotlines, or letter-based, web or email-based advice is more efficient than local walk-in offices. Clearly there is some need for systematization and 'efficiency savings' in this area.

## BUDGETS AND FINANCING

This is one of the most baffling and discussed subject areas in the region. Almost all the organisations we surveyed are **dependent** on public financing (various national funds and EU) for the bulk of their operations. Income from other sources (e.g. membership contributions, magazine sales and subscriptions, other services) still forms a very small proportion of their income.

Information from the organisations who disclosed their finances to us (most are audited budgets) shows that total budgets in 2010 varied between 5,000 to 7,000 Euros for some of the organisations in Lithuania and Bulgaria to over half a million Euros for the bigger organisations in the Czech Republic and Hungary.

However, in all the countries surveyed, budgets ear-marked for consumer organisations are being **cut drastically** (by at least half or more, see individual country entries), and in Bulgaria and Hungary the criteria for funding are being revised as well. For example, the total available for all organisations in Lithuania for 2011 will be 17,000 Euro, in Hungary 575,000 Euro (down from 1.2 million); while in Romania the consumer protection authority provides no funding at all, except the obligatory co-funding for the European Consumer Centre (which is a project of one the BEUC member organisation).

In five out of the six countries surveyed, the funding is project based, both from the consumer protection authorities and from other ministries or national funds. In Bulgaria, core funding is provided as long as the organisations fulfil certain criteria, which are the subject of much heart-searching and discussion. So neither of these methods is considered satisfactory by many of the organisations we talked to, though the point was made by some of our interviewees that if the government strategy is clear and the call for projects consistent with it, then the project route should not be a problem. However, there are further, perhaps unintended but serious consequences which derive from the funding available and they are to do with the viability and role of the local or regional branches or advice offices. In Hungary for example there is no specific funding available for these



branches unless the project is related to advice giving, so finding financing for them is always a problem. The situation is similar in Romania, where a number of local organisations can barely survive, and many don't have an office or modern means of communication. In Bulgaria, where the criteria for core funding demands a minimum number of local branches, the situation is problematic not just in terms of funds but also unnecessary advice-giving duplication with the local consumer protection authorities or forcing organisations to expand in the regions when they may just want to concentrate on information provision and advocacy for example.

An alternative method of funding available emerged during discussions in Romania where the fiscal regulation entitle any citizen to **donate 2%** of his/hers taxes to an NGO or charity, including consumer groups. On our opinion, this possibility as well as other alternative routes of funding clearly deserves further investigation.

## REPRESENTATIVENESS AND IMPACT

This is about capacity of an organisation to influence policy outcomes and markets in the consumer interest, principally through meaningful participation in the policy making process and advocacy and campaigning activities that are decisive.

Public awareness and media presence is one way to measure representativeness; Hungary (71%), followed by Romania (50%) do relatively well in the public awareness stakes, though individual organisations are not named in the survey<sup>15</sup>. Media presence is reported to be good, including by journalists interviewed in some of the countries, particularly for the BEUC member organisation in Bulgaria, Romania (e.g. regular column in national newspaper) and Czech Republic. Effectiveness of campaigns, on the other hand, is more difficult to assess. We asked those organisations interviewed to give us examples of pro-consumer changes they've achieved – some did give concrete examples, though the majority listed activities, often very general, rather than their results. Some of the clear examples of impact included introduction of requested cooling-off period for credit contracts in Romania, or mobile industry agreeing code of conduct to solve shark practices in mobile phone contract renewal practices in Bulgaria, or achieving a good degree of financial stability through increased numbers of magazine subscribers in the Czech Republic.

It is clear from the discussions with several of the organisations and authorities that consumer protection generally in all the countries surveyed plays **second fiddle** to the more powerful industry interests, both in terms of resources and influence at the highest levels. The situation is made even more difficult in those countries where there are several consumer groups that do not speak with a single voice, as turned out to be the case particularly in Lithuania, but also to some extent in Hungary and Bulgaria. In general, what consumer organisations need, even more than money, is more and strong support from their national governments.

Some of the countries have formal structures for consultation with consumer groups; others have a system of open public consultation. However, as reported by many interviewees, the **formal structures are often non-functioning**, or a formality only, or just for transmitting information. The informal relationships and collaboration seem to be functioning better, with the notable exception of Lithuania where relationships look to be confrontational. Sometimes other authorities prove to be more consumer-friendly than the 'main' ministry, for example the Financial Services Authority in Hungary. It was more than evident during the visits, that the resources devoted by governments to consumer policy are both minimalist and being minimized. It was the norm to see during visits departments of 3 or 5 people doing all the consumer policy work (including dealing with

<sup>15</sup> Special Eurobarometer 342, Consumer Empowerment, page 144.

EU legislation) within ministries of a thousand or more employees. Consumer protection work comes some way down the scale of importance within governments.

## **CONCLUSIONS**

Some of the broad conclusions regarding the state of the consumer movement in these countries are already highlighted in the assessment above:

- the emphasis on decreasing the burden on business in all the countries visited,
- the important socio-economic and cultural differences between the countries,
- the weak consumer movement (but some professional organisations), and
- the poor cousin rank of consumer policy within government which is focused principally on market surveillance.

There is still little willingness from consumers generally to give direct support to consumer organisations. It is also worth emphasising that those professional organisations operate in difficult circumstances and have to compete with the formidable array of new media and information forms and sources, something that 'old' country consumer groups never had to do at their start in life.

There are also more specific conclusions such as:

- little consumer research (by consumer organisations or government), so little evidence to inform policy;
- lot of reliance on volunteer expertise in different areas, due largely to lack of resources;
- too much duplication of efforts when budgets are scarce. In addition, many organisations competing for too little funds, and too many consumer magazines competing in too small a market;
- generally very limited public funding and big disadvantages of both existing funding models (project or criteria based);
- lack of professional operating 'instruments' within consumer organisations such as strategic plans, work plans or business plans; very few are actively searching for alternative sources of income.

## ***2020 Target scenario for an influential consumer movement in CESEE***

CESEE countries have a strong national consumer environment where consumer policy is an integral part of the public policy making and is institutionalised in national authorities, where at least one strong consumer organisations exists which is granted public legitimacy to act on behalf of the general consumer interest, and where consumers feel confident about the protection of their rights and the promotion of their interests, where media grant due attention to the advocacy work carried out by the consumer organisations and where other stakeholders accept to engage into a constructive dialogue with them.

In order to contribute to this overall environment that duly takes account of the consumer perspective in policy making, consumer organisations must develop in order to strengthen their influence on markets and on policies. In this respect, a strong consumer organisation is an organisation that:

- Develops on an ongoing basis in-depth expertise such as to inform and advise consumers on issues that matter for them and to provide input and feedback to decision makers on the consumer perspective of policy initiatives.
- Offers information and advice to consumers, via magazines, websites, call centres and any other mechanisms of consumer information and advice.
- Engages with other economic operators such as to make them, where needed, adapt their behaviour in a more consumer-friendly way.
- Handles consumer complaints and represents them or their interests, where appropriate, in ADR systems, in injunction cases or in collective redress cases.
- Provides constructive input into the national and EU policies that directly or indirectly affect the consumer interest in such a way as to be able to set or to influence the agenda and where needed to content of policy initiatives.

## ***The way to the 2020 target***

The recommendations below explore different possibilities and highlight the need for tailor-made and country-specific approaches. Some country-specific recommendations are also given under the country reports in annex.

### **BEUC INITIATIVES**

BEUC can support the consumer organisations in CESEE countries by different initiatives that can be classified in two categories:

- Strengthening of the consumer organisations themselves by networking, transfer of know-how, expertise sharing and inclusion in EU policy discussions.
- Contributing to raising standing of consumerism by direct advocacy towards policy makers and the media.

### **CONTRIBUTION TO STRENGTHENING CONSUMER ORGANISATIONS**

#### *Access to BEUC membership*

In order to address the specific issues linked to the characteristics of consumer organisations in CESEE, BEUC engaged in the review of its criteria for membership in order to make it possible for organisations that do not match the current, strict criteria to still be associated to certain elements of the networking activities of our federation. This will enable them to gain expertise and capacity in EU relevant consumer policy issues, and to create links with colleagues all over the EU.

#### *Support training of CESEE consumer organisations*

The building up of capacity is essential to enhance the influence of consumer organisations in CESEE. This capacity does not only concern the consumer policy issues, some of which are very technical, but also the management of a consumer organisation, which calls for business planning, fund raising, project management, human resources management and public advocacy capacities, preferably with experts from the region as trainers. An important part of the training should also be devoted to train consumer organisations to engage into constructive relationships with the national media.

The existing TRACE programme is commonly considered to be fundamentally useful for consumer organisations in CESEE. It is essential to elaborate on its assets. It could be interesting to devote such a training programme to the specific needs of capacity building in CESEE. This could lead, at least in part, to a delocalisation of training courses in CESEE.

IT-related tools should also be explored in order to be able to stay in more permanent contact with a network of trainees and to engage into a long term and more intensive training relationship than under the current training programme.

Tailor-made programmes for groups of similar organisations followed by individual support would likely be most effective.

#### *Facilitate access to funding of CESEE BEUC members*

Funding being a core issue for the CESEE consumer movement even more than in Western Europe, BEUC could set up a funding expert group enabling exchange of experiences between members, as well as organising training by a professional fund raisers. This would be a response to a recurrent request by our CESEE members. In this respect, the common fund raiser that has been selected by BEUC and ICRT could indeed also assist BEUC CESEE members in addressing the funding issues with professional expertise.

#### *Organise induction programmes for BEUC members' staff*

Junior or senior colleagues from our CESEE members could be invited to spend up to three months with other BEUC member organisations, in order to get an on-the-ground flavour and knowledge of how more affluent consumer organisations prioritise and organise their activities. This would be an excellent opportunity for staff to better understand the business of a consumer organisation.

In parallel, there could also be a possibility to work at BEUC Brussels offices. This would not only make it possible for this staff to get very quickly a lot of expertise on a specific topic, it would also enable a better insight in working methods and consumer interest representation at EU level. For the BEUC secretariat, the fact to have a staff member from CESEE in the office will enhance exchanges of views on various topics that will make it possible to BEUC staff to better understand the situation and approaches in the CESEE.

For each secondment, a work plan would be prepared, with specific goals and deliverables.

The BEUC member organisations have indicated that it would be difficult for them to engage into ambitious induction programmes for their staff, as it is not easy, for those organisations to detach part of their limited human resources. The planning of this activity has to take account of this parameter.

#### *Organise exchange programmes between staff of CESEE organisations and other consumer organisations in Europe: an Erasmus/Leonardo programme for consumer organisations?*

In parallel, beyond unilateral secondments, one could also consider exchanges of staff members if adequate funding could be made available. This could lead at EU level to an Erasmus-type or Leonardo programme for consumer organisations.

For each exchange, a work plan would be prepared, with specific goals and deliverables.

#### *Set up mentoring programmes*

A system of partnership between old and new organisations could be put in place within BEUC. Under this scheme, a more experienced BEUC member would act as a coach for an organisation in CESEE. The scope of this mentoring programme has to be adapted to every situation. It can cover a broad range of issues such as:

- establishment of a business model for publishing a consumer magazine;

- advice and information giving (via telephone, email, hotlines, etc). There are clearly many ways of carrying out advice services, as well as various systems and rules for recording and using the information received for feeding back into policy and campaigning. This could for instance include short secondments to various advice offices in operation;
- identification of a proactive media and press policy (ex. learning about using social networking platforms most efficiently, as well as new forms of marketing - ad-words, search engine, etc.);
- identification of services to raise alternative sources of income (for instance, would it be possible for a consumer organisation in CESEE to run a second-hand shop, or start a new cooperative?).

By having such a systematic contact, it would also be possible to have first line information about the real situation and problems faced by the consumer organisations concerned. It would then be easier to identify more rapidly the kind of support that they need and provide direct solutions.

In this context, consideration should be given to the possibility to include in these mentoring programmes also the good practices that have been developed by some of the organisations in the CESEE countries themselves.

It would also be important to set up through modern communication means (such as video conference) tailor made or specific mentoring, for example energy to energy expert, or leader to leader, and East-East as well as West/South east. A mentoring team within BEUC members could be established, facilitated by a member of BEUC staff.

Secondments of external experts to specific consumer organisations in the region - for a limited period of time - could also be considered (for example finance or online-publishing expert). Sometimes secondments are possible as pro-bono efforts from some of the bigger business or consultancy firms, sometimes charities specialise in this kind of professional secondment volunteering. This would need to be researched in more detail. Language skills may need to be matched as well.

For each mentoring programme, a detailed work plan would be established, with expected outcomes and deliverables. This programme is highly valued by BEUC member organisations that have expressed a major interest in this transfer of know-how.

## **CONTRIBUTION TO INCREASING STANDING OF CONSUMERISM IN CESEE COUNTRIES**

### *Increased BEUC presence in CESEE countries*

BEUC already started to increase its presence in CESEE countries by organizing several events in the countries concerned, also linked to the EU presidencies. In December 2010, a BEUC delegation and the President of our member in Hungary (OFE) met the minister for economic affairs with responsibility for consumer protection presidency. In May 2011, BEUC organised its General Assembly in Warsaw in preparation of the Polish presidency. Our Polish members cooperated with us to set up not only the GA meeting but also a conference where high level Polish policy makers and officials were invited to meet the European consumer movement, exchange views on BEUC priorities for the presidency and discuss the impact and future challenges of the consumer policy and movement after EU accession. Relevant media work was undertaken with success on these occasions. It is our intention to develop similar initiatives in the future to raise the profile of the consumer movement at national level.

*Dedicate part of 50<sup>th</sup> anniversary activities to CESEE countries*

In 2012, BEUC will celebrate its 50<sup>th</sup> anniversary. This will be an opportunity to organise several events and media work that aim to raise the standing of consumer policy with different target audiences. The planning of these activities is underway, but it has been decided to grant specific attention to the target audiences in the CESEE countries.

*Organise contact programme with Brussels based CESEE press*

In order to raise awareness and interest among media on the need to have a strong consumer movement, BEUC will organise events that are specifically focused on the CESEE consumers and their rights with Brussels based CESEE press. In this context, we can build on the consultancy channel that our Slovenian member ZPS has set up for their national press based in Brussels. This could also take the form of breakfast or lunch briefings with small numbers of journalists in order to promote discussion and interactivity. At these events, it could be possible to invite one or several of our members.

*Organise meeting programmes with CESEE MEPs and Parliament's IMCO committee*

BEUC could contribute to consumer issues to be more prominent on the public scene in organising a meeting programme with CESEE MEPs, if possible jointly with the respective BEUC member organisation(s), be it in the country of the MEP/BEUC member or in Brussels. The meetings would be organised around the need for a strong national consumer policy and awareness by individual consumers of their rights and linked to important EU/ BEUC topics discussed in the EU institutions. In this context, it is important to note that an IMCO delegation, led by MEP Roza THUN participated in the conference organised in Warsaw on 19 may 2011.

We will also engage into closer contacts with the IMCO committee's chair/coordinators on how to raise awareness and to generate political support for our activities.

Finally, a programme of 'shadowing' CESEE MEPs by the staff from the regions' consumer groups could be considered, as already happens for example for some of the organisations.

*Warsaw declaration*

The main findings of our analysis and the results of the discussions are summarized in the Warsaw declaration, a short document that will be used in the context of our communication strategy on CESEE strategy.

*Organise training programmes for journalists and public authorities on a regular basis*

As there is evidence of limited understanding of the role of consumer policy among public authorities, and limited integration with other policy areas, the purpose of such training would be to expand public understanding of its role within a specific policy area (e.g. telecommunications or financial services) and to promote understanding of consumer and civil society contribution to policy. This training could be done in the form of interactive workshops as well as informative events on main consumer issues on a regular basis, and in co-operation with the Commission (or led by the Commission).

Training for journalists could also be implemented and take the form of a collaborative project to create a consumer programme (radio or TV), or take the form of sponsored competitions for the best consumer piece over a period, as well as mock interviews, etc.



## WHAT CAN THE EU DO TO CONTRIBUTE TO THE TARGET SCENARIO?

While primary responsibility to develop their influence lies with the national organisations themselves and with the national public authorities, the EU can contribute in various ways.

Fundamentally, as influence building is a long lasting process, it is essential to reintroduce into the **2014-2020 consumer policy programme** a funding or co-funding scheme for the development of the in some CESEE countries still embryonic consumer movement. Such a proactive, prominent and ambitious funding scheme would then allow including several of the proposals that are made below, and that are all linked to the legitimacy and capacity building of the CESEE consumer movement. While it is maybe difficult to target in a funding scheme a specific part of the EU territory, objective criteria for funding can be set that will provide for priority eligibility under the scheme of the CESEE consumer movement. Such an initiative would be totally in line with the proposals identified in the EP own initiative report on the promotion and protection of consumers' interests in the new Member States, that states among its objectives that the European Parliament and the Council devote more financial resources as budgetary authority to enhancing consumer protection in CESEE<sup>16</sup>.

Under this funding scheme, several actions can be envisaged:

## FINANCING MECHANISMS FOR CONSUMER ORGANISATIONS

**Interest free loans** to consumer magazines that provide comparative testing and other relevant consumer information and advice tools, could be developed in order to allow them to build up capacity. These loans could be modelled on the student loans that exist in some countries. Initial reflections could be organised around the following ideas:

- Purpose of the loan to extend existing income generating activities (effectiveness of this to be proven by a realistic business plan)
- The loan should be divided over two to three years to ensure proper spending
- Repayment starts in the fourth year divided into maximum of 7 annual increasing instalments
- Minimum level of loan 300.000 EUR, maximum level 600.000 EUR
- In case of proper repayment and fulfilling of all criteria the last instalment of 20-25 % of the loan could be provided in a form of a grant to further strengthen the activities
- Reporting mechanism on the progress of the organisation to be evaluated systematically
- Selection criteria for beneficiaries to ensure proper repayment:
  - o consumer organisations registered in a (New-CEE) Member state
  - o to have existing activity generating own income of at least 40 % of the loan requested
  - o Annual report & Annual accounts for three years
  - o Revenues in previous year higher than the total financing requested
  - o Business plan proposal

Such a system exists already under EU programmes directed toward SMEs, where loans are granted for a duration of 10 years.

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<sup>16</sup> Report on the promotion and protection of consumers' interests in the new Member States - A6-0378/2005 - Committee on the Internal Market and Consumer Protection - Rapporteur: Henrik Dam Kristensen.

**Start up support or seed** money could also be considered for very small/young organisations. This would also be subject to strict requirements, for example existence of a business plan based on realistic budgets and market research.

Moreover, it would be worthwhile to analyse the **possibility of funding through taxes/fees/fines**: in several Member States, consumer organisations are partly funded via a levy or fines systems. Such systems find their legitimacy in the fact that markets should, either through benefits or misbehaviour, contribute to make the consumer voice heard. It would be useful to engage into a comparative study of the existing funding systems to check whether it would be feasible to transpose such a system in other Member States. The EU could consider, where appropriate, to issue a **Recommendation** based on Article 169 TFEU to Member States to implement such a funding process for their national consumer movement. Distribution of the collected funds could then be based on indicators of quality of the consumer movement (see SANCO study). Also, the EU Commission could consider to analyse the feasibility of devoting part of the fines that are imposed on companies that have been fined by the Commission **under EC competition rules** to contributing to fund the consumer movement in Europe.

Finally and as previously mentioned, special attention should be granted to the alternative method of funding that is available in some countries and where a **fiscal regulation allows any citizen to donate** a certain percentage of his/hers taxes to an NGO or charity, including consumer groups.

#### **CAPACITY BUILDING SCHEMES**

Here we would refer to the training programmes, as well as the mentoring and secondment programmes described above.

#### **PARTICIPATION OF CESEE CONSUMER ORGANISATIONS IN THE EU DECISION MAKING PROCESS**

To sustain the participation of CESEE consumer organisations in **the EU decision process**: make adequate funding specifically available for their participation in stakeholder meetings or expert groups, beyond refund of mission expenses.

To help ensure that the initiative of the European Parliament to organise a **yearly Single Market forum** in order to benchmark the achievement of the internal market, has a specific focus on its impact on consumer welfare. This internal market forum could take place in a CESEE country with the aim of drawing media and public attention in that country and beyond on the consumer dimension of markets, and especially cross-border markets. Moreover, the participation of consumer organisations should be aimed at and consumer organisations from CESEE countries in particular should be involved in the programme of the forum.

To continue and even reinforce the support **to the European Consumer Centres in CESEE countries**: via the quality of their work and the service they deliver to more and more consumers, they will enhance the legitimacy of the consumer movement. DG SANCO should support the location of ECCs in national consumer organisations.

It goes without saying that, more globally, the 2014-2020 consumer policy programme should continue its activities to contribute to awareness raising campaigns for individual consumers, in the context of its consumer information and education campaigns. By addressing strong consumer policy messages to consumers in CESEE countries, the EU will indeed indirectly and even directly encourage them to turn to their representatives, the consumer organisations.

## **REINFORCE THE PROFILE OF CONSUMER POLICY VIA RESEARCH AND MEDIA PRESENCE**

The EU can considerably contribute to reinforcing the profile of national consumer policy.

There is a vital need to ***develop consumer research skills*** in the region, with particular emphasis on empirical research that does not cost a lot of money. Training in research can be both more formal, and on the job, for example by doing it, with mentoring, for specific lobbying or campaigning efforts or for media or magazine publication.

Also, national media should be encouraged to include ***more consumer programmes*** in their schedules: budgets could be made available to produce clips and online media tools in cooperation with university departments. One could also consider supporting the introduction of ***free TV public interesting advertising slots***, as already exists in some countries.

### ***Indicative summary of financial perspectives to take into account for supporting the development an ambitious consumer policy in CESEE***

The table below contains a summary of the global assessment of the financial implications related to the implementation of those measures that are not taken in charge by the BEUC budget. Please note that where EU budget is considered to be a major potential source of financing, this can be identified not only under the budget line specifically devoted to consumer policy, but also under other common policies, such as employment, education, social affairs, regional development, culture, ...

This table is indicative. It is however important to note that the financial burden of strengthening the CESEE consumer movement is extremely light with regard to the positive outcome that it can bring to EU consumer confidence.

Initiatives	Yearly budget	Perspective 2014-2020
Interest free loans (costs indicated related to interest not received, excluding provision of risks)	Between 40.000 € and 215.000 € (as programme would be cumulative, every year two new beneficiaries)	1.000.000 €
Training programme for consumer organizations	1.000.000 €	7.000.000 €
Induction programmes (1 member of staff every year from every CESEE country)	120.000 €	840.000 €
Exchange programmes (1 tandem every year for every CESEE country)	250.000 €	1.750.000 €
Mentoring programmes (2 mentoring topics per year per CESEE country)	450.000 €	3.150.000 €
<b>Total</b>		<b>13.740.000 €</b>