
Analysis of the Consumer Movement in Central, Eastern and South Eastern Europe (CESEE)

**Service Contract 17.020200/11/611140
DG SANCO**

October 2012

Table of content

Executive summary	3
Introduction and Overview	4
Methodology	5
Main findings	7
The consumer environment	7
The Consumer Organisations	8
Capacity of the organisations surveyed	8
Activities and division of responsibilities	9
Budgets and financing	10
Representativeness and impact.....	11
Conclusions.....	12
Recommendations for possible actions	13
Contributions to Strengthening Consumer Organisations	13
1. Training and capacity building:	13
2. Business planning and resources:	14
3. Communications	15
4. Contribution to increasing standing of consumer policy in CESEE	15
Country reports	16
The State of the Consumer Movement in Cyprus	17
The State of the Consumer Movement in Estonia	23
The State of the Consumer Movement in Latvia.....	28
The State of the Consumer Movement in Malta	32
The State of the Consumer Movement in Slovakia	36
The State of the Consumer Movement in Slovenia	43
Annexes	49
Annex 1: Table of organisations	50
Annex 2: Questionnaire to organisations	54
Annex 3: Questionnaire to authorities.....	59

Disclaimer: *The views and opinions expressed in this report are those of the authors and do not necessarily reflect the official policy or position of the European Commission.*

Reuse is authorised, provided the source is acknowledged. The reuse policy of the European Commission is implemented by a [Decision of 12 December 2011](#) .

Executive summary

This report is the result of an evaluation of the consumer movement in Central, Eastern and South Eastern European countries (CESEE) covering Slovakia, Slovenia, Estonia, Latvia, Cyprus and Malta. Its purpose is to analyse the current situation and to develop options for actions, both at national and at EU level, to strengthen the consumer organisations in these countries. A similar study covering Bulgaria, the Czech Republic, Hungary, Lithuania, Poland and Romania has been carried out and published by BEUC - The European Consumer Organisation¹, in 2011.

The study combines analysis of the consumer environment in CESEE based on a survey of the consumer organisations in the countries concerned, with in-depth interviews with organisations, relevant public authorities and consumer-oriented media, carried out during field visits.

The main findings of the report are in line with those of the previous study carried out by BEUC, which revealed the scale of the challenges encountered, and the fact that the situation of consumer organisations surveyed was not only difficult but worsening. Yet it is important to note that the situation is also very different in different countries: while it was evident that in some of the countries there were fully developed and successful consumer organisations, in others the consumer organisations are still at an embryonic stage of development. Overall, the role of consumer organisations as contributors to policy making is still not acknowledged in any significant way.

Further, a majority of consumer organisations surveyed are fully dependant on public funding, and in all of the six CESEE countries there are drastic cuts to the funding provided to them. As a result, consumer organisations are understaffed, depend a lot on volunteers and experience a high turnover of staff. Few are able to plan ahead with multi-annual strategies or develop business plans.

Beyond the meagre financial support, consumer organisations often lack the political support of their governments to be recognised as legitimate stakeholders. In half of the countries surveyed, civil society is some way away from gaining full status, and a culture of participatory decision-making is still under development.

As in the previous evaluation carried out by BEUC, we found a general lack of consumer research being carried out by organisations or government departments, and as a result little evidence to inform consumer policy. There are also overlapping activities between consumer organisations and public authorities, particularly in the advice and information or education areas.

As a result of this six-country research and evaluation, actions have been identified that could assist the CESEE consumer organisations to continue to develop and to increase their influence. The recommendations are divided into three main categories of training and capacity building, business planning and communications.

¹ Reference **Ref.:** X/2011/074 - 24/06/11, available from <http://docshare.beuc.org/Common/GetFile.asp?ID=41468&mfd=off&LogonName=Guesten>. The following countries have been evaluated: Bulgaria, Czech Republic, Hungary, Lithuania, Poland and Romania.

Introduction and Overview

One year ago, the European Consumers' Organisation, BEUC, published its report on Strengthening the Consumer Movement in Central, Eastern and South Eastern Europe (CESEE), following an evaluation of consumer organisations and the environment in which they operated in six countries which have joined the European Union since 2004². This current report is intended as a follow-up to complete the picture, and analyses the consumer movement in the remaining six Member States, that have joined the EU since 2004: Cyprus, Estonia, Latvia, Malta, Slovakia and Slovenia. It is commissioned by the Directorate General for Health and Consumer Protection of the European Commission, and its aim is to address:

- strengths and weaknesses of the consumer organisations in these six countries
- challenges faced by national organisations in these countries
- opportunities for sound organisational and financial development
- consumer organisations impact and influence on national policy making

The report aims to make recommendations both for actions to strengthen consumer NGOs and their influence on national levels, and for issues that can be most effectively addressed at the EU level. Importantly too, it builds on the findings and recommendations of the BEUC report (see above), and uses the same evaluation criteria for the country by country reviews. As a result, we can now have a comprehensive and comparable picture of the consumer organisations and wider consumer environment in the 12 new Member States, as well as understand better their imperative needs for further help and development. The results, particularly those based on quantitative criteria (see Methodology, below) can also be used as a bench-mark to measure future development.

In its previous study BEUC emphasised the scale of the challenges encountered, and the fact that the situation of consumer organisations surveyed is not only difficult but worsening, and that in many countries the movement remains embryonic, as well as the considerable cuts in public funding on which the majority of the consumer organisations depend. The situation uncovered during the research for the current study has not proved to be very much different, and even worse in some of the aspects examined. On the positive side, one of the countries evaluated for this report has one of the strongest and most effective consumer organisations, an example of what can be achieved in difficult circumstances and on low budgets providing other factors such as leadership and practical business planning are also in place.

As the crisis in the Eurozone has deepened, the national spending cuts affecting also consumer protection have become if anything even more drastic. And because the countries surveyed this time round are some of the smallest in the EU³, the majority of the consumer groups depend entirely on public funding, so the scale of the cuts seen may well mean some will not survive. Further, in some of the countries surveyed the consumer movement has not progressed significantly in the last ten year or more, and in one of the countries at least it

² Reference **Ref.:** X/2011/074 - 24/06/11, available from <http://docshare.beuc.org/Common/GetFile.asp?ID=41468&mfd=off&LogonName=Guesten>. The following countries have been evaluated: Bulgaria, Czech Republic, Hungary, Lithuania, Poland and Romania.

³ The largest of the countries surveyed this time was Slovakia, with 5.4 million people. The population of the other five ranged between less than 0.5 million in Malta to 2.2 million in Latvia.

has fragmented and weakened further. In these countries, the impact of the absence of effective consumer “watchdogs” is evident also in increased consumer detriment, for example in the form of unfair practices and predatory business activities that go unpunished. Governments, for the most part, do not recognise consumer organisations as legitimate partners, and consumer organisations, with one or two notable exceptions, do not play the role of assertive advocates to impose their views.

As in the first six countries surveyed, there is virtually no research into consumer issues and there can also be overlap in activities between consumer organisations and public authorities.

Overall, as one of the organisations interviewed remarked “Consumer policy and protection is seen as a luxury not as an important tool to increase consumer trust, to improve competition and to help the recovery of economy”.

Methodology

Six countries of the newer (joined 2004) EU member countries were examined in detail. They were the six not examined during the first BEUC study in 2011: Cyprus, Estonia, Latvia, Malta, Slovenia and Slovakia. We looked at the existing relevant research for all these countries. But the essential part of the evaluation, as previously, consisted in field visits and detailed interviews with groups working on national level and some of the most relevant government departments and agencies, as well as a questionnaire-based survey of all the national consumer organisations in these countries. We also interviewed, whenever possible, print and broadcast media journalists working on consumer issues.

A number of quantitative and qualitative evaluation criteria were used, related to the institutional capacity, governance and representativeness of the organisations. These largely followed the recommendations of the European Consumer Consultative Group (ECCG) on monitoring indicators for the consumer movement, focusing in particular on those relevant to the non-governmental consumer groups. They are outlined briefly in the table below⁴, and a copy of the full questionnaire is in Annex 1. In addition, and to give an accurate picture of the consumer environment in each of the countries examined, we used the most relevant research and indicators from the latest Consumer Conditions Scoreboard published by the Commission⁵.

Overall, between February and May 2012, we visited and interviewed 17 organisations, and received 23 questionnaire responses. Detailed country reports follow this introductory outline; and the table in Annex 2 gives an overview of all the indicators for the organisations who responded to our survey.

⁴ Report of the ECCG on monitoring indicators of the consumer movement, January 2011, http://ec.europa.eu/consumers/empowerment/docs/eccg_report_indicators_012011_en.pdf

⁵ SEC(2012) 165 final, May 2012

Evaluation indicators used**	
Institutional Capacity	
Formal strategies and workplans	<i>Quantitative yes/no indicators; the content of the strategies or workplans are not assessed, just their presence</i>
Annual reports	<i>As above</i>
Membership and/or subscriptions	<i>Quantitative indicators: number of members for organisations that are membership based; number of subscribers for organisations that publish information (magazines or websites)</i>
Number of salaried staff and volunteers	<i>Quantitative indicator: number of people that work for the organisation in paid or unpaid capacities, full or part time, and what is the overall full-time equivalent</i>
Budgets and financing	<i>Quantitative indicator: income organisations receive from all sources.</i>
Public knowledge of consumer organisations	<i>Quantitative survey-based indicator. It was only available in some of the countries surveyed, from past Eurobarometer surveys.</i>
About the Organisations	
Main activities	<i>Quantitative indicator, though qualitative judgements can be made (for e.g. considering number of activities against number of staff and budgets).</i>
Regional branches and networks	<i>Quantitative indicator</i>
Age, structure, aim and governance system	<i>Both quantitative and qualitative indicators - particularly re the governance system (oversight, decision making process, etc)</i>
Impact and Representativeness	
Representation on national bodies or other consultative structures	<i>Both quantitative and qualitative indicators - latter relating to both the status/significance of the consultative body and the effectiveness of the representation</i>
Membership of international or European umbrella bodies	<i>Quantitative indicator</i>
Participation/involvement in the decision making process	<i>Qualitative interview-based indicator</i>
Campaigns and their achievements	<i>Qualitative interview-based indicator, including assessment of the campaign description</i>
Media presence	<i>Both quantitative (media quotes) and qualitative interview-based indicator</i>
Consumer research	<i>Quantitative evidence-based indicator</i>

**Indicators described as quantitative were collected through the questionnaire addressed to all organisations, via interviews or from other authoritative sources. Indicators described as qualitative were collected through structured interviews with consumer organisations, consumer protection bodies and media in each of the countries.

Main findings

The consumer environment

Most of the six countries examined for this study have been hit by the global and Eurozone economic crisis more or less, and affecting the wellbeing of their consumers in different ways. While Malta, in the opinion of many, has not been strongly affected by the economic crisis, Latvia has been hit harder than most, resulting in more than a fifth (21%) drop in its households expenditure during 2008-09, and underwent a drastic austerity program; nevertheless both its authorities and consumer organisations seem to have handled this well, as trust in both have increased dramatically since the crisis⁶. Its neighbour Estonia, the most developed of the Baltic countries, has managed to overcome the crisis less painfully and faster than its neighbour.

In Slovenia, on the other hand, one of the most prosperous countries of the newer Member States, the economic crisis has only recently started to be felt by consumers and a national reform program and drastic public expenditure cuts are taking place. Similarly Cyprus, which enjoyed above EU average growth and prosperity up to the crisis, has been affected by its close trade and bank links to Greece and its crisis, as well as a power station disaster which has affected its energy supply and prices. Not surprisingly, consumer confidence and trust figures have gone down in both countries⁷.

These differences between the countries surveyed are also reflected in the most acute problems that their consumers face. In Slovakia, which has very high unemployment rates (14%) and some of the poorest consumers in the EU⁸, during the field visit we were given acute examples of consumer detriment, caused in particular by unregulated rogue lenders in the financial sector, and increasingly big problems with unfair commercial practices and terms in consumer contracts and financial services. Lack of effective counter-actions from the authorities, and weak advocacy on the part of consumer organisations exacerbated the problem.

In Cyprus, very high prices for essential foodstuffs (milk, bread), fuel and energy, due in large part to lack of competition, were cited as the biggest consumer problems; similar problems were highlighted in Malta too. In Slovenia, a number of problems were highlighted, common also to the 'older' member countries, such as lack of effective competition, and complex and difficult to compare tariffs in the telecommunications sector. This country however has the lowest number (in the EU) of consumer complaints addressed to traders⁹.

In all the six countries evaluated, organisations pointed to the absence of effective consumer redress (Alternative Dispute Resolution -ADR - is still in beginner stages, and consumers do not go to court), overall poor enforcement of existing legislation and poor knowledge by consumers of their rights. Such findings are also confirmed by the most recent research by the European

⁶ According to the 7th Consumer Conditions Scoreboard, trust in public authorities has increased from 58% of the population in 2008 to 64% in 2011, while trust in consumer organisations has gone up 13 percentage points in this period (58% to 71%).

⁷ For detailed figures see the country reports, pages 16 to 50.

⁸ See Slovakia country report, page 36 for details

⁹ See Slovenia country report for details, page 44.

Commission, which rates all the countries surveyed by this study as below the EU average in terms of their Consumer Conditions Index¹⁰.

The Consumer Organisations

With a couple of notable exceptions, the majority of consumer organisations in the countries examined for these studies are weak and not effective in many respects, and this is despite several large EU-funded programmes to support their development since the 1990s¹¹. Some have remained at this 'beginner' stage for close on 30 years; others have weakened further through multiplication of consumer organisations and competition for scarce public funds.

The notable exceptions in the six countries examined are in Slovenia in particular, where the single consumer organisation is strong, well-known and fully professional; and in Cyprus where, although there is space for further development, the two organisations nevertheless provide needed input to consumer protection and policy, and have high profiles. In Estonia, Latvia and Malta, the public authorities are currently in a better position to provide needed services to consumers; in the two Baltic countries, with little tradition of consumer NGOs, organisations are generally small, local and fragmented, while in Malta, public bodies generate more trust than the (single) volunteer-based consumer group. In Slovakia we found a particularly difficult situation, with several groups providing similar services, and an almost complete lack of co-operation.

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.

Many of the organisations surveyed in the six countries are membership organisations though the numbers of members are generally very small even when taking into account that these are small countries. The consumer association in Slovenia has the highest number of paying members, which are also subscribers to its magazine (see below). Two of the organisations in Estonia and Latvia are 'umbrellas' of small local organisations, with 7 and 10 members respectively.

The governance structures were for the most part of what can be described as the 'typical' kind, i.e. a general assembly of members (or their appointed representatives) elects a board which in turn elects a president or chair. Some of the organisations, particularly those providing ADR services in Slovakia, described themselves as simply 'non-for profit' without a detailed governance structure or membership. Further details of the information provided by the organisations regarding their governance structures can be found in the table in Annex 2 of the report.

¹⁰ The Consumer Conditions Index provides an overview of key indicators measured through quantitative surveys of consumers and published, most recently in the 7th Consumer Conditions Scoreboard, May 2012. Indicators include enforcement; trust in consumer organisations, redress, etc.

¹¹ It was not within the scope of this study to also evaluate these capacity building programmes and examine the reasons why they seem to have been only partially successful in leading to the development of sustainable consumer organisations.

The only monthly consumer and comparative testing magazine in the six countries is published by the Slovene Consumers Association, with an overall circulation of 8,500; this is a professionally produced magazine, partly subsidised through public funding. The other magazine in the region is the quarterly published by the Cyprus Consumers Association with some 800 paying member-subscribers. There is only one other more regular printed information produced by a consumer group, which is a newspaper produced by the Cyprus Consumers Union and Quality of life. One of the groups in Slovakia provides product test information to consumers via a TV broadcast (40 short broadcasts per year on national TV). Information is provided via websites by a few more organisations, though few of them are well-developed, or have large numbers of visitors. This general paucity of information produced by the consumer groups in four of the countries examined is a reflection on their current state of development.

In common with previous finding by BEUC, the vast majority of the organisations surveyed did not have a formal strategy, or workplans, or business plans. In fact only one organisation did. In some cases organisations were aware of the need to have a more formal and focused process (for e.g. in Cyprus), in others they stated that there is no need since their focus has always been on a particular activity (e.g. consumer advice and ADR in Slovakia), and others still stated their dependence on yearly calls for projects which made it impossible to plan long-term.

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.

In the six countries surveyed, the largest number of staff is employed by the Slovene Consumers Association (ZPS) and its associated research institute (MIPOR) - altogether 17 internal staff plus external contractors. A few other organisations employ 5 staff or less, but the majority are staffed by enthusiastic and committed volunteers. In Malta, for example, the one and only consumer organisation has been operating on a volunteer basis for the last 30 years.

Activities and division of responsibilities

The individual country reports attached provide a more detailed overview of the consumer organisations and main institutions in each of the countries surveyed. In general, a majority of organisations surveyed describe their activities as providing information and advice to consumers. What is meant by this can be different for different organisations. For example several provide advice telephone lines for consumers to call, as well as email or web-based advice. This is the case for e.g. in Cyprus (the Consumers Association) and in Slovakia; indeed in Slovakia the oldest organisation's (Association of Slovak Consumers) business model has always been advice giving, on the model of the German consumer advice bureaux who imparted the skills in their early days. Other organisations are focused on forms of consumer education, which is more often than not education for adults or other consumer professionals, for e.g. via various information leaflets or workshops or 'adult schools' as happens in Cyprus.

As remarked previously, in the Baltic countries and in Malta, activities and services which are associated in other countries with consumer organisations are carried out for the most part by the consumer protection authorities. In five out of the six countries examined, the European Consumer Centres (ECC) are also run by the authorities. The exception is Slovenia, where the ECC is run successfully by the consumer organisation. In general we found willingness, particularly from enforcement authorities, for better co-operation with the non-

governmental sector, but often this was hampered by lack of resources or proper planning on what particular organisations wanted to do or achieve.

At the same time, there is generally little research to inform consumer policy, such as market studies or quantitative or qualitative research, being carried out either by authorities or consumer organisations. So consequently there is an over-reliance on complaints data or on Commission-generated priorities when formulating policies, which may not be entirely suited to particular conditions in each country. This was highlighted to us in Slovakia for example.

A unique role for consumer organisations is that of “watchdog” - detecting injustice in the market and advocating, campaigning and lobbying governments for change to improve the situation of consumers. We found few organisations in the region that carry out these kinds of advocacy activities in a strategic manner, and consequently few that have a high media presence. Again, the organisations in Slovenia in particular, but also to some extent in Cyprus, were the notable exceptions.

Budgets and financing

An essential prerequisite to capacity, as for the previous report, public financing was one of the biggest areas of concern to consumer organisations, not least because it is being drastically cut, if available at all. In Latvia and Malta there is currently no public financing of consumer organisations, beyond provision of some office space and re-imburement of membership fees to the European Consumer Organisation (BEUC). In Estonia, Cyprus, Slovakia and Slovenia, budgets have been or are being cut drastically due to the economic crisis and government austerity programmes. Current total available budgets in these countries range from 80,000€ in Slovakia to 358,000€¹² in Slovenia. Slovenia and Cyprus are the only countries where consumer organisations seek alternative sources of funding beyond that from the government purse. In Cyprus for example a licensed lottery draw provides an extra operational amount to the Consumers Association, while in Slovenia, two thirds of the total funding of the consumer organisation has been provided by a combination of membership fees and other projects. The actual income, from all sources, of individual organisations (who had any) in 2011 ranged from less than 5,000€ in Estonia and Slovakia to over 900,000€ for the organisation in Slovenia (for both the association and its research institute)¹³.

The modalities for providing funding also cause heart-searching discussions, both from organisations and authorities, and particularly in a country such as Slovakia, where there are many organisations competing for a small state budget. In a majority of cases the money is distributed on the basis of a yearly call for projects, and priorities covered may or may not stay the same. In Cyprus public money is disbursed for basic consumer organisations functions (such as information and advice) and separately for projects; no money is available for operational expenses such as rent and salaries. In Slovenia calls for tender maybe annual or multi-annual - for example a consumer advice centre contract will be awarded for four years.

With regards to yearly calls, consumer organisations often complain of lack of transparency, for e.g. in publishing results, and no clear criteria for selection as well as impossibility to plan ahead when projects may change from year to year or can be awarded to different organisations in different years. Awarding public

¹² This figure is still under discussion

¹³ In Slovenia this is down from approximately 1.2 million € in 2009.

funds for the wrong priorities was also criticised, particularly in Slovakia where the bulk of the funding went to ADR while the biggest need was in taking rogue lenders to court. Authorities, on the other hand, remark on poor project performance and delivery, no long term impacts and duplications of effort between organisations. Furthermore a couple of authorities emphasised the need for organisations to find alternative sources of funding, while organisations point out to the difficulties of doing so in countries with very small populations and people used to free government services.

In some of the countries, for e.g. Slovakia and Slovenia, a tax donation route was also available, whereby any citizen can donate a proportion of his/her taxes to any civil society organisation; however, no consumer groups mentioned it as a viable possibility during interviews, partly because it requires a lot of extra marketing capacity and (yearly) effort for little return, and the competition is stiff.

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; in terms of public awareness, both Slovenia and Cyprus do rather well: in the former 71% of the population could name spontaneously the consumer organisation, and 79% in the latter¹⁴. Latvia and Estonia, on the other hand score rather low, with only 19% and 9% of those surveyed respectively being able to name a consumer organisation, while state authorities score much higher. These figures very much reflect the realities we found on the ground.

Media presence was reported to be excellent also in the case of Slovenia's consumer organisation; with some 1800 media pieces reported last year and journalists and others interviewed identifying the organisation as the voice of consumers. In Cyprus, the Consumer Association has a wide media presence, though it finds it more difficult to promote its own agenda in the media.

Effectiveness and impact of advocacy, on the other hand, is more difficult to assess and the evaluation in the six countries revealed that not many organisations have the capacities to engage in such activities. A good example of effective action came from Slovakia, where consumer organisations have the right to take cases to court on behalf of consumers: a successful collaboration between the market surveillance authority and one of the consumer organisations (Ombudspot), resulted in a ban of unfair commercial practices by one of the internet services providers and compensation for hundreds of consumers. However, this organisation is no longer active through lack of funding, while lack of funds prevent consumer groups for taking other much needed court actions. Other evidence of recent influence we have had comes from Slovenia, for example taking banks to court on behalf of 160 consumers whose contracts were changed without notice and winning, including compensation for the wronged; or a successful campaign against a fee introduced by one of the mobile operators.

But despite these great examples of what can be achieved with the right vision, skills and resources, examples of such actions and influence were not easy to come across. Some of the barriers, as explained by many, included the small

¹⁴ Special Eurobarometer 342, Consumer Empowerment, page 148. Individual consumer organisations are not named.

size of the evaluated countries, where everybody knows everybody and therefore laws are easy to circumvent and influence may be better achieved in a café than on the streets or in the courts. Others are related to attitudes to consumer protection and policy generally, as it seems, like for the other newer Member States evaluated previously, that it plays a secondary role to industry interests particularly in a time of crisis. But consumer groups can also be their own worst enemies when they do not co-operate and do not speak with a single voice, as is the case in at least half the countries surveyed.

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 a public relation exercise (as reported in Cyprus for e.g.), or the consumer organisations refuse to co-operate and participate (as in Slovakia with the Consumer Advisory Council which never materialised) or they have not the right expertise or resources to participate effectively (as in Latvia and Estonia).

With regard to representation at EU level, all six countries have one organisation member of BEUC, the European Consumer Organisation as well as participation in the European Consumer Consultative Group (ECCG). One common complaint we heard during interviews in the countries that have more than one consumer group is that the organisation holding the EU representation does not share information or consults for common country consumer positions. This was part of the wider lack of co-operation encountered, but it may signify that the national views and positions heard at the EU level are not necessarily representative.

Conclusions

Overall, the general conclusions regarding the state of consumer organisations surveyed in six of the smallest newer member countries of the Union are not much different from those outlined in the earlier report, produced by BEUC in 2011¹⁵: organisations, with some notable exceptions outlined above, are on the whole weak; they do not co-operate to become stronger; and in some countries all the work is practically done by public authorities. This is also related to history and traditions and the general standing of civil society. The limited public funding available is further being reduced, and the small populations in these countries means that there is unlikely to be a critical mass of members to support organisations and make them self-sufficient. Nevertheless there were also some shining examples of what can be achieved, even in difficult circumstances

As previously, main conclusions include:

- There is very little consumer research (by consumer organisations or government), so little evidence to inform policy. This is true of all the countries visited.
- Many of the organisations are entirely volunteer based; with very rare exceptions this means that organisations cannot become sustainable long-term.
- At least two of the countries evaluated (Slovakia and Estonia) have too many organisations competing for too little funds, and doing the same kind of work

¹⁵ Ref.: X/2011/074 - 24/06/11, available from <http://docshare.beuc.org/Common/GetFile.asp?ID=41468&mfd=off&LogonName=Guesten>

- Two of the countries (Malta and Latvia) provide no public funding at all, beyond in kind facilities and BEUC membership fees. Culture and traditions in these countries (and Estonia too) mean that many of the functions associated elsewhere with non-governmental organisations are carried out by the public authorities
- Only in Slovenia, and to a lesser extent Cyprus, the consumer organisations have developed well beyond 'the beginner' stage to become fully professionalised and effective in fulfilling their mission.
- The vast majority of the organisations surveyed have not developed professional operating 'instruments' such as strategic plans, work plans or business plans; very few are actively searching for alternative sources of income.
- In many instances lack of co-operation between national organisations means they cannot be effectively represented at the European level.

Recommendations for possible actions

A number of recommendations were made in the earlier study, published by BEUC in 2011, evaluating the consumer movement in the first six Central Eastern and South Eastern European countries (CESEE1)¹⁶. Those recommendations still stand, with a few further possibilities emerging from the current evaluation and discussions with consumer groups, authorities and consumer journalists. The need for a number of tailor-made and country specific approaches has been confirmed equally strongly during the course of this research.

For convenience and ease of use, the two sets of recommendations are consolidated. We also indicate, whenever possible (*in brackets*), who these recommendations are directed at. Country-specific recommendations are also given under the country summaries.

Contributions to Strengthening Consumer Organisations

Suggestions below are divided into three main categories of training and capacity building, business planning and communications.

1. Training and capacity building:

- A clear picture of consumer organisations in each country should be developed, with their readiness for future development assessed according to strict criteria. This means that programmes should not only be tailor-made, but that public resources should be targeted wisely at a limited number of organisations most likely to benefit from them, deliver results and become sustainable long-term. (*Commission, BEUC*)
- Tailor-made coaching, through the development of a constant and long-term relationship, also known as mentoring. This can be done through modern communication means, such as video conferencing. It should be specific, for example energy expert to energy expert, or leader to leader, and East-East as well as West/South-East. A coaching team across BEUC members could be established, facilitated by a BEUC member of staff. (*BEUC, if extra resources available*)
- Secondment of external experts to specific consumer organisations in the region for a period of time; for example finance or online-publishing expert people working with the team; language skills may need to be matched as well. Sometimes secondments are possible as pro-bono efforts from some of the bigger business or consultancy firms, sometimes charities specialise

¹⁶ See note 1

in this kind of professional secondment volunteering. This would need to be researched in more detail. (*Commission programmes; other donors*)

- Consumer research. There is clearly 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 coaching, for specific lobbying or campaigning efforts or for media or magazine publication. (*Commission training programmes/projects; national governments co-funding; BEUC members expertise*)
- Competition for young professionals for design of best consumer campaign; the winner gets support to implement and mentoring of expert/established organisations (*BEUC lead, EU grant*)
- Production of a survival kit for new or weak consumer organisations. The kit could include a number of different tools and modules, for e.g. How to start a consumer organisation; how to do things (campaign, research, lobby) on a small budget; the basics of a campaign, etc. (*BEUC and its members*)
- Training of public authorities. As there is evidence of limited understanding of the role of consumer policy, and its integration with other policy areas, the purpose of such training would be a) to expand public understanding of its role within a specific policy area (e.g. telecommunications or financial services) and b) promote understanding of consumer and civil society contribution to policy. This training could be done in the form of interactive workshops, and in co-operation with the Commission (or led by the Commission)

2. Business planning and resources:

- Loans provided under strict criteria, for example for developing comparative testing magazines. The loans could be offered by the Commission, for a strict period of time and under strict criteria which would include existing financial sustainability. They could be modelled for example on the student loans that exist in some countries (in terms of interest rates, terms of repayment, etc). Such loans could also be granted to winners of specific competitions (for the best long-term business plan for e.g.). (*Commission; National Authorities*)
- A special program from the EU social and cohesion funds for consumer organisations, and introducing co-financing (similar to ECC scheme) for policy work, to oblige national governments to co-finance work on EU and national levels (*Commission*)
- Start up support, or seed money for very small/young organisations to be able to develop. This would also be subject to strict requirements, for example existence of a clearly budgeted business plan and market research. (*National Authorities, for example re-allocating some of the available budgets for the purpose*)
- Training and coaching for business planning, including effective organisation management, how to run an office, carrying out market research and so on. Again a tailor-made programme for groups of similar organisations followed by individual support would likely be most effective. (*Commission; BEUC*)
- Exploration of a range of services that can be provided, as well as other modalities for raising money (e.g. through levies or taxes). This can be included as part of the business planning and market research process, as well as brainstorming and learning from organisations and NGOs generally in different countries (for example would it be possible for a consumer organisation to run a second-hand shop, or start a new co-operative?)

(Commission programme; BEUC and its members; external entrepreneurs and experts)

3. Communications

This important category would of course include existing training on campaign strategy, giving media interviews, public relations and lobbying but there are some other ideas that could be explored:

- Training and coaching in advice and information giving – via telephone, email, hotlines, etc. This could include short secondments to various advice offices in operation. 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 (including data protection). *(Commission programmes)*
- Using new media. Learning about using social networking platforms most efficiently, as well as new forms of marketing the organisation and its causes – such as ad-words, search-engine optimisation, etc. Some of the bigger consumer organisations can impart their experience, or collaboration can be sought with in-country specialist agencies. *(Commission training programmes)*
- Regular roundtable meetings with consumer affairs stakeholders (consumer organisations, authorities, media, commission) for exchange of experience, common project developments and networking purposes *(can be hosted in turn by different countries/authorities)*
- Training of journalists. Another essential, given the poor partnerships with the media in some of the countries. This could 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. *(Commission programmes)*
- Establishing co-operation and networks between TV consumer programmes on the Eurovision level *(Eurovision; Commission)*
- Produce films and online media clips in collaboration with media departments of universities. – e.g. designed as practical part of campaign training etc)
- Encourage introduction of free TV public interest advertising slots (as already happens in some countries). *(Commission; national authorities)*

4. Contribution to increasing standing of consumer policy in CESEE

The BEUC previous study mentions contact programme with the CESEE press in Brussels, and meetings with CESEE MEPs.

- In addition, a programme of 'shadowing' CESEE MEPs by the staff from the regions' consumer groups should be considered. *(Commission)*
- Various training programmes and multi-stakeholder workshops/events could be organised more in the Eastern countries, with both EU parliamentarians and press invited. *(National Authorities)*

Country reports

The State of the Consumer Movement in Cyprus

Field visit report

Contexts

Cyprus is one of the two island countries of the newer (since 2004) Member States that was not an economy in transition, but an open free-market economy. It has other specifics however with a Berlin-style wall cutting off roughly a third of the island, including part of its capital Lefkosia (Nicosia), and a relatively small population of some 800,000 people (in the Republic of Cyprus). It is part of the Eurozone since 2008 and enjoyed above EU average growth and prosperity up to the global financial crisis in 2009; the situation was worsened by a massive explosion at a naval base in 2011 which destroyed the power station. While this is being repaired and large deposits of natural gas in its waters look promising for the future, energy is being supplied by old generators with diesel fuel, with consequent rise in prices. It is also deep in financial debt crisis as its banks are closely linked with Greece and business has been hit by the collapse of Greek trade¹⁷. As a result, unemployment is on the rise (current estimate over 10%¹⁸). Still, Cyprus consumers are some of the wealthiest in the Mediterranean region, and the country's per capita household income stood at above EU average in 2010 (20,146)¹⁹, one of only nine EU countries to do so. It is also ranked by the UN as one of the very high human development countries²⁰.

The Consumer Environment

As the economic situation has deteriorated, the most acute problems reported by organisations and media interviewed during the field visit for this study are the rising prices - in particular food, fuel and energy prices, in great part due to lack of effective competition and price fixing practices in these sectors. Electricity prices in particular have gone up by 40% since the power plant disaster last year, and are controlled by the one, state-owned electricity board. In the food sector, prices of essentials such as milk and bread are quoted to be particularly steep - three times more than the equivalent products in Germany for example, as research from one of the consumer organisations demonstrated. Again, there is only one milk marketing board which sets prices.

The ineffectiveness of the competition enforcement regime in Cyprus was one recurring theme highlighted by virtually all those interviewed - consumer organisations and journalists. For a variety of reasons the independent Commission for the Protection of Competition (CPC) has not been effective in imposing decisions, beyond surveys and discussions, and is described as

¹⁷ <http://www.bbc.co.uk/news/world-europe-18607537>

¹⁸ <http://www.datosmacro.com/en/unemployment>

¹⁹ 7th Edition Consumer Conditions Scoreboard, may 2012, page 69 (Gross adjusted disposable income of households per capita by Member State (PPS, 2010)

²⁰ UNDP Human Development Report 2011, available at

http://www.undp.org/content/undp/en/home/librarypage/hdr/human_developmentreport2011.html, see statistical tables, page 127

understaffed, under-resourced and unable to carry out its duties²¹. The Competition and Consumer Protection Service (see below) as the title suggest, does have a competition remit, but only as explained to us 'through our price observatories'. If anything suspicious is detected they pass on the information to the CPC for investigation.

Organisations also pointed to the absence of consumer redress possibilities (ADR legislation is still being developed and consumers do not go to court), poor enforcement of existing legislation and poor knowledge by consumers of their rights. One consumer representative pointed to lack of independent institutions as one of the core problems "all are under the public sector"²²; another concluded that currently "Everything is negative around us, and the prices are rising. Some people are desperate when they call here, pensioners, low income or unemployed people".

This current rather pessimistic outlook is supported to a good extent by the country's consumer statistics as published in the most recent Consumer Conditions Scoreboard. Its Consumer Conditions index stands at 54% (2011), 8 points below the current EU average (62%)²³, while less than half of the country's consumers (42%) feel adequately protected by existing measures. Both these figures are down on the 2008, when measurement started, and before the economic crisis hit.

Map of the Consumer Movement

Institutional framework

The government entity responsible for consumer policy in Cyprus is the Competition and Consumer Protection Service (CCPS), which is part of the Ministry of Commerce, Industry and Tourism. This unit is run by what seemed like a very enthusiastic and committed all-women team and has a very wide remit, as it covers all functions related to consumer policy and enforcement, including market surveillance; there is no separate trade inspectorate. It reports 41,396 market inspections for 2011 (though consumer groups consider them not very effective in terms of consumer protection, as they solve problems when they arise rather than preventing them in the first place). The only area CCPS does not cover is that concerned with food products.

In addition the CCPS provides a free telephone advice and complaints submission line (the statistics for 2011 are 1,810 complaints and 2,476 information requests), carries out awareness campaigns, and publishes educational material directed at consumers as well as hosting all the EU/international networks such as SOLVIT, RAPEX, and the European Consumer Centre (ECC) Cyprus. This last is housed in the same building as the ministry, but has its separate team and Director.

One of the unit's biggest undertakings, connected both to consumer information and competition is the so-called Observatory of Prices, a price monitoring survey,

²¹ See also <http://www.cyprus-mail.com/competition-commission/competition-commission-failing-protect-consumers-says-chief/20120530>

²² Economic assessments point to an over-inflated civil service sector, with the state payroll taking over 30% of the total public annual expenditure; see for example <http://www.state.gov/r/pa/ei/bgn/5376.htm>; <http://www.indexmundi.com/>

²³ 7th Consumer Conditions Scoreboard, May 2012, pages 33 and 83-84. The Consumer Conditions Index provides an overview of the key indicators describing the consumer environment at national level, as measured through surveys of perceptions, attitudes and experiences of consumers in particular.

started in 2007, covering basic consumer products and fuel products in “order to protect consumer rights through price transparency”. These are published on the internet site of the Ministry as well as distributed through the press “consumers can now quickly and easily locate the least expensive gas station according to their choice of date, district, area and fuel type”.

The ministry states that this price monitoring campaign has been a success story both in terms of enhancing competition and increasing consumer awareness. However it has come in for some criticism from the consumer organisations and the media people interviewed, mainly related to its costs versus benefits; journalists for example find the information is not easy to use (“too complicated for us to interpret”), and is not consumer friendly, and people don’t access it on the ministry website. There does not seem to be any evaluation and/or consumer research or statistics regarding the use of this information, though no doubt it does provide a valuable historical record on price rises generally for basic goods.

The Competition and Consumer Policy Service publishes an annual report concerning its activities, including support to consumer organisation. However, apart from the mission and high level objectives of the unit, and its legislation enforcement remit, there doesn’t seem to be a government process for formulating periodic and specific consumer policy strategy or programmes. This is also confirmed by the consumer organisations, neither of which was aware of the existence of an official consumer programme or strategy in Cyprus. One of the organisations pointed out at the lack of, and need for research into consumer needs and conditions in order to identify biggest detriments and priorities “we have to use Eurobarometer and European Commission research for this at the moment”.

Involving consumer groups

The main Ministry mechanism for involving consumer organisations in the policy-making process is via the Consumer Consultative Committee which is chaired by the Minister, includes both consumer organisations as well as other stakeholders. This, according to the ministry, discusses various consumer centred issues, such as prices of goods, interest rates, new legislation etc. According to the consumer groups, it is a potentially valuable tool, but not effective as it is currently used: “it is quite big; everybody expresses their views and the Minister is happy that he has heard the views. It is more of a PR event”. It takes place about once a year, maximum twice, depending on the Minister currently in charge.

The consumer organisations also cite a number of other committees and boards, including Parliamentary Committees in which they take part. These are considered more meaningful in terms of influence, particularly the ones that follow the public consultation procedure, usually when adopting new EU legislation. It was one of the stated objectives for one of the consumer organisations interviewed to increase consumer influence and improve decision making in both the Parliamentary and Consumer Consultative Committees. Perhaps however not unique to Cyprus, a small country where everybody knows everybody, as one consumer representative remarked “if you really want some influence, you have to have personal one to one relationships with MPs”.

Division of tasks and government support to consumer organisations

While it makes sense to combine all the institutional consumer protection functions in one government department on an island with a small population, it can be seen from the description above that there are not that many tasks left to be delegated (officially at least) to consumer organisations. According to the ministry, consumer organisations are “generally involved in consumer information and advice and consumer education”, though all of these are also functions of the

unit of the Ministry, so there is duplication. Functions that do not seem to be covered in a comprehensive way are consumer research and market investigations to inform future policy.

There is government financial support to the two consumer organisations (see below) as well as to the consumer departments of the two labour unions. The proposed budget is approved by the House of Representatives. The support is divided into core ('basic funding') which is given to the organisations for provision of information, such as website, magazines, etc. This does not cover infrastructure costs however, such as staff salaries and office rentals. For this 'basic' element to be awarded organisations have to submit financial statements, activity plans and budgets. The ministry also awards project-based grants, based on proposals submitted by the organisations themselves, which are then assessed by the Ministry, but need the final approval of the Ministry of Finance.

For 2011, the total budget allocated to consumer organisations was €170,000 (of which €51,258 for projects). For 2012 this has been reduced to 110,400, with the sum allocated for 'core' funds halved to 59,000, to be distributed between the two consumer organisations and the respective labour union departments. Not a big sum. Interestingly about 40% of projects funds for 2011 (€20,508) remained unallocated - a fact which can be interpreted in more than one way, depending on whom you speak to. Some of the consumer representatives criticised the lack of published criteria for project assessments, and lack of transparency regarding allocations of projects and funding.

The Consumer organisations

There are two consumer organisations in the EU part of Cyprus, one long-established, the other relatively new. We also learned about a Turkish organisation on the EU-side of the island, however there was no response to any of our attempts at contact, and the other organisations did not seem to know it.

According to the European Commission most recent research, the percentage of consumers who trust consumer organisations 'to protect their rights as consumers' stood at just below half in 2011 (49%), down considerably on the 2010 figure (57%) and well below trust in public authorities (60%) or the EU average for consumer organisations (72%)²⁴.

The **Cyprus Consumers Association (BEUC, ANEC, ECCG and ICRT member)** was established in 1973, and is governed by a Board of 21 volunteer members with an elected President. The organisation has about 4,500 members of which 800 pay subscription fees. It has four staff (two part-time), and offices in Larnaka and Limassol as well as the capital Nicosia/Lefkosia. It publishes a magazine which includes product testing information carried out by International Research and Testing (ICRT)²⁵; some of the tests are carried out at home, for example at the time of the interview it was about to test the chemical contamination of certain food products, for e.g. from packaging or pesticides. It gives advice - estimates dealing on average with 25-27 telephone calls per day; it also has a complaints facility on its website. The website itself records over 40,000 unique visits per day. Also worth noting are its so-called "adult consumer schools", where attendance is free and which the organisations report as a successful well attended enterprise. (See also Annex for overview table of all organisations' activities).

²⁴ 7th Consumer Conditions Scoreboard, May 2012, page 83

²⁵ CCA is a member of International Consumer Research and Testing (ICRT)

A Flash Eurobarometer survey conducted in 2008 in conjunction with the EU-funded consumer rights awareness campaign records an 80% consumer recognition rate of the organisation. More importantly, the organisation has a recently-elected President, who recognises the need for the organisation to professionalise further, and develop evidence-based priorities and strategies and use available project funds to help support them long-term. There is a recognised need for more consumer research to identify the most pressing needs and foresee future problems (complaints data is not enough), and more effective communication techniques, both with the members and for campaigning purposes, as well as provide more tools to members and consumers generally to "be really demanding; the Cypriot consumer normally complains, but he/she doesn't do much about it". This last sentiment was echoed by many of our interlocutors. There are also plans to reform the complaints and advice-giving system, to make them more efficient.

So under this Presidency, the organisation can expect important reforms. However, the available funding is as always is a serious issue, and the dramatic decrease in government funding does not help - this year they are expecting less than half of what they had in grants in 2011. This is supplemented by membership fees and, more importantly, from the proceeds from the licensed lottery which the organisation runs (people buy lottery tickets for €2 each and win various prizes which are donated for free, such as holiday hotel rooms or travel tickets). Last year this generated enough money (€44,000) to pay for office rent and some of the staff salaries.

Cyprus Consumers Union & Quality of Life (ANEC member) is the second, more recent organisation (founded in 2003), and initially a splinter group from the Consumers Association, as its President was one time President of the CCA. It is now a fully-fledged organisation, based also in Lefkosia and consisting entirely of volunteer members who lend their time, expertise and (clear) enthusiasm to the organisation. It quotes 998 members (in May 2012) altogether who pay between €10-20 in membership fees, which helps pay the rent for the modern office they use as a base. The annual budget (including government contribution) quoted is around €25,000 to 35,000 - and its statutes prevent it from having donation from other sources. Although there is no formal strategy, the organisation has some clearly defined goals, such as: convincing government to set up an independent authority on Food Safety, and create a Consumer Ombudsman; for itself more effective representation in decision making bodies and more research into topics affecting consumers, etc. It comes across as the more vociferous and campaigning organisation - for example a recent strong campaign on rising food prices (colourful posters were still all-round the office) which was based on research comparing prices for the same foodstuffs in Germany and Cyprus showing local market prices to be up to 291% more expensive on basics such as bread, milk and yogurt. A further application for a project to continue this research a second year running was rejected by the Ministry.

There is of course some duplication of work between the two organisations, but their styles are clearly different. To an (interviewing) outsider, the Board of this organisation displays real commitment and understanding of consumer issues. Others believe that the CCU style may be too aggressive for the culture and sensibilities in Cyprus, while the representatives of the organisation believe that it is considered as poor cousin both in terms of funding and opportunities for representation. However there seems to be, generally, an *entente cordiale* - though effective representativeness in the EU institutions of all consumer bodies in Cyprus maybe an issue.

Interestingly, the Board of the CCU&QL showed no particular desire to institutionalise and grow further, and believe that their volunteer base covers all their needs; they would just like to have an employed office assistant. Given their remit, and the particular situation in Cyprus, this is most likely the right view.

Despite their differing communication styles, both consumer organisations recognise the need for more public and more effective campaigning in Cyprus, including getting the message more effectively across to the media. The Cyprus Consumers Association in particular is well represented in the media, but on the media's own terms: "if they want something they call us all the time, but if we want to get across our message it's not very easy, we do not control the situation" (this is by no means unique to Cyprus). There are no specialist consumer programmes on TV or radio, consumer issues are covered as part of the news reporting programmes.

Conclusions

The Competition and Consumer Protection Service (CCPS) in the Ministry has a very large remit, some of which may duplicate with the functions of the consumer organisations - in particular the information, education and advice giving functions; given the big reduction in consumer organisation support overall, this is perhaps not the most sustainable approach, in particular as there is also a clear need for stronger enforcement and redress.

Although having two organisations vying for members may seem excessive in such a small country, they do have different styles and potentially different future impacts. Bringing in from the cold the second organisations, in terms of Cyprus consumers' European representation, should be looked at.

And - a common theme throughout our research - the big gaps are:

- The evidence base - no substantive research being carried out into consumer problems and attitudes
- The funding of consumer organisations - small and reduced even further
- Complete lack at present of effective redress mechanisms, beyond the complaints resolution system of the CCPS

Priority recommendations of the consumer organisations and others included:

- Better implementation of policies and laws
- More concern for the consumer "in action rather than words - in reality, despite the rhetoric, the consumer is not the first concern. Cyprus is a small society, small economy and small market. A lot of 'balkanism' going on. Very difficult to impose laws here because everybody knows everybody. Take the non-smoking laws as an example - everybody smokes everywhere"
- Creation of independent institutions, such as Consumer Ombudsman, and a Food Authority.
- Promote (in the media and by organisations) the naming and shaming of bad businesses and praising of good ones.
- For the consumer organisation(s): improvement of membership base and proactive seeking of more alternative sources of funding; further institutional professionalization.

The State of the Consumer Movement in Estonia

Field visit report

Contexts

With a population of just 1.6 million people, Estonia is the smallest and the most developed of the three Baltic EU member countries. Like elsewhere in Europe, its households suffered as a result of the economic crisis in 2008-9, with expenditure dropping by approximately 15%²⁶. The country however managed to overcome the crisis faster and less painfully than other member countries and now has the highest GDP growth rate in Europe²⁷. The country has a strong reputation for some of the most advanced e-government systems.

As well as ranking high on the world's economic growth indexes, the country is also ranked very high in the UN human development index (34th) and second highest, after the Czech Republic, in the most recent NGO Sustainability Index²⁸. According to the research published in the latter, there are some 32,000 NGOs in the country, though over two-thirds of them are very small volunteer-based organisations, and most of them lack financial resources so can only be active for a short term. This situation can be equally applied to the state of consumer organisations.

The Consumer Environment

Growing food and energy prices put a strain on the household budget; the increasing proportion of food, housing and transport expenditures shows households' deteriorating welfare in spite of modest wage growth during last couple of years²⁹.

Most problems reported by consumers in Estonia also relate to its advanced telecommunications and electronic goods industries, as according to a consumer survey carried out in 2008³⁰, the biggest problems reported by respondents referred to these sectors: one-sixth of Estonian citizens (17%) had problems with a mobile phone company during the past two years, while 13% had problems with purchases of electronic or household appliances.

According to consumer organizations the main consumer problems are related to the huge electricity and gas prices increase (heating by 17%, electricity 13,7% and gas 11,7% in the period from March 2011 to March 2012). Electricity market will be open for the competition in January 2013 and consumers will be able to choose energy supplier, but prices went up so much that a lot of consumers will have problems paying their bills. Consumer organizations believe government

²⁶ OECD.stat, ilibrary

²⁷ According to Statistics Estonia, in 2011 the GDP increased by 7.6% compared with 2012 (-3.1%), while the forecast for 2012 is that its economy will grow by 1.7%; see <http://estonia.eu/about-estonia/economy-a-it/a-dynamic-economy.html>

²⁸ NGO Sustainability Index for Central and Eastern Europe and Eurasia, 14th edition, 2020, USAID

²⁹ Baltic Household Outlook, april 2011

³⁰ Consumer protection and consumer rights in Estonia Analytical Report, Flash EB series #244, July 2008

should prepare a regulation or price capping (social packages for vulnerable consumers). The second important area is an increase of retail banking fees for basic services. Prices for comparable services provided by Swedish or Danish banks are much higher in comparison to Estonian tariffs in the opinion of the consumer organization, proof of a lack of competition on the Estonian market. Prices of waste collection are also high.

Consumer condition index³¹ in Estonia increased by 3 points, from 54 in 2010 to 57 in 2011. The percentage of consumers who feel adequately protected by existing measures is 52. The percentage of consumers who trust public authorities to protect their rights as a consumer is 60 and the percentage of consumers who trust consumer organisations to protect their rights is slightly higher (61%).

According to the latest Consumer scoreboard report³², dispute resolution seems to be a cause for concern. The percentages of consumers who find it easy to resolve disputes with sellers/providers through ADR (27%) and through courts (12%) are, respectively, the lowest and the second lowest in the EU.

More recently, the percentage of consumers who feel adequately protected by existing measures has risen considerably - by 9 percentage points, from 43% in 2010 to 52% in 2011. Other indicators have also improved - trust in public authorities to protect consumer rights (by 4%), trust in consumer organisations (by 3%) and trust in sellers (by 4%)³³.

Map of the Consumer Movement

Institutional framework for consumer protection

The legislation and structure for consumer protection in Estonia follows the more frequently encountered model of a ministry responsible for setting strategies and policy (the Ministry of Economic Affairs and Communications, MoEC), which is responsible for drafting product safety legislation and legislation in the area of consumer economic interests, related for e.g. to advertising, commercial practises, and consumer complaint handling. It is also responsible for co-ordinating all policy matters connected with the EU level consumer protection decision-making. Other important policy actors include the Ministry of Justice responsible for e.g. for legislation on consumer contracts, and the Ministry of Social Affairs and Agriculture responsible for public health and food safety respectively.

The Consumer Protection Board (CPB) is the main public enforcement authority, responsible to the Ministry. Its primary duty is to protect the rights and interests of consumers. There are several regulatory and supervisory bodies covering electronic mass media, public utilities, banking and insurance.

The CPB has a wide and practical remit and covers practically all areas of consumer protection, such as market surveillance and complaints handling, but also advice, education and information, both for consumers and traders. It has

³¹ Consumer Conditions Scoreboard, 7th Edition, May 2012, Consumer condition index is based on consumers and retailers survey results. All questions reflect positive outcomes thereby allowing the index to reach, in theory, a maximum value of 100%. All questions have an equal weight in the index; the objective is to create a long term data set which can be used by EU members to estimate the impact of their policies on the welfare of their citizens. By comparing national outcomes with those of other EU countries, best practices can be identified and promoted.

³² Consumer Conditions Scoreboard, 7th Edition, May 2012

³³ As note 7

very high visibility and recognition amongst consumers, in fact one of the highest in the EU, with 74% of Estonian consumers able to name it³⁴. The telephone advice service is free, and it has high and pro-active visibility in the media. According to media representatives interviewed, journalists routinely approach the CPB when they need statements, rather than the consumer groups (see below). It seems that in Estonia the public authority covers the bulk of the consumer protection duties.

The European Consumer Centre of Estonia is part of the operation of the Consumer Protection Board.

Some of the research into consumer issues is carried out by the Estonian Institute of Economic Research which provides an annual overview on the consuming environment and consumer protection development.

The consumer organisations

The non-governmental consumer movement consists of one national umbrella organisation, **the Estonian Consumers Union (ETL in Estonian)** and a number of small local organisations (around 14), 7 of which are currently members of the ETL.

The umbrella organisation, in its own words *'provides lobbying and campaigns, information and advice to consumers, manages web site, organizes and participates at seminars and workshops. Is has a Strategy for 2012-2016 and work plan for 2012'*. The ETL is also the member of the European and International consumer federations and consultative structures: BEUC, Consumers International, ANEC and the European Consumer Consultative Group.

The main function of the local organisations is to provide information and advice in their localities, but practically we found that most of these groups had no capacity to provide a professional up-to-date advice service for consumers.

The Consumer Protection Advisory Centre of Tallinn was one of the organizations interviewed during the visit. It is a small consumer organization, developed in the early nineties when the German government provided technical assistance to the organization. Its advice centre used to be part of the umbrella organization, but decided to cease membership of ETL. It provides advice to consumers on different issues at the Advisory Centre or by phone, e-mail and also through its own website. The organization keeps detailed records of the consumer complaints that it receives, and one of the board members is covering the running costs for the office and service from his own pocket, because the organization is not receiving public funding.

Tartu Consumer Advice and Information Centre was the third organization we interviewed. This is another small consumer organization which moved out of ETL, dissatisfied with the umbrella organization. The members of this group had a very good understanding of the consumer problems in Estonia.

Overall the non-governmental organisations are fragmented and in interviews were not satisfied with the management and activities of their umbrella body. Its membership has also gone down and those interviewed felt that the organisation was generally not progressing (it has only one member of staff for e.g.). The local organisations are very small and volunteer based. Only one consumer centre of the several seemed to have systematic records of consumer complaints.

³⁴ Consumer Empowerment report, Eurobarometer 342, page 148, 2011

Involving consumer groups

There is a formal consultative body, the Consumer Protection Council set up to advise the enforcement authority (CPC) on consumer policy. It is the main body through which non-governmental organisations can participate in the shaping of policy by government. The meetings take place once per year and their agendas include experience and know-how exchange, strategy and activities of the CPC, and discussion on current and future financing. There is no formal consumer representation on other regulatory and supervisory bodies that deal with consumer issues and according to officials interviewed the limitations for such input at the present time would be the limited expertise and capacities of the consumer organisations.

Organisations are, however, invited to respond to consultations in the legislative process and to participate in parliamentary committee hearings. In 2011, the government adopted a document called Good Engagement Practices aimed at improving the process of involving the public and interest groups in decision making. The document contains principles, and departments are free to choose their own systems of engagements - but a yearly report will monitor the process in practice. It is early days yet to assess consumer organisations engagement in this process.

Financing and support to consumer organisations

The government has provided support to consumer organisations since 1996. The budget was greatly reduced, to 51,000 € in 2009 (from 87,600 €) due to the economic crisis. The bulk of this fund goes to the national umbrella, ETL. The Ministry evaluates project proposals put forward by consumer organisations once every year and makes decisions based on assessments of their scope and expected outcomes. The whole process is being currently reviewed, according to the Ministry, to make it more transparent. The Ministry also believes that there is a need to increase the capacities of the consumer groups, and make them less reliant only on government subsidies. The government also emphasised the need for small organisations to work together in order to use limited resources more efficiently - for example by consolidating advice functions and carrying out common projects.

Conclusions

On the positive side Estonia's 'consumer conditions' index, the statistic which measures the state of the consumer environment according to a number of key indicators³⁵, has gone up in 2011 (by 3%), and the country also has a well-known and majority trusted consumer protection authority. The process to involve consumer organisations in decision making is also improving. Less positive is the overall state of the non-governmental consumer organisations, which are weak, very small and fragmented. Most of these very small volunteer-only based organisations operate locally and have no resources to provide professional services to consumers.

So in practice the consumer protection authority is in a better position to provide relevant services (hotline, advice and information, complaint handling) than any of the consumer organisations. At the same time because there is little advocacy activity or consumer-side input into the specialist bodies and regulators due to

³⁵ Key indicators include those related to enforcement, consumer organisations and information, complaints, redress and product safety - 7th Consumer Conditions Scoreboard, page 30, May 2012, http://ec.europa.eu/consumers/consumer_research/editions/docs/7th_edition_scoreboard_en.pdf

lack of expertise and capacity. As in most other countries evaluated the already small budgets have been cut even further, and the funding sources are insecure.

Main suggested recommendations for improving the state of the consumer organisations in Estonia include:

- Basic capacity building for consumer organisations, though this should be carefully targeted and ideally if possible eventually lead to a more effective reorganisation of the non-governmental organisations
- Available budgets for consumer projects should be carefully targeted to aid such development and be granted on a multi-annual basis, encouraging growing expertise, specialisation and diversification of funding sources

The State of the Consumer Movement in Latvia

Field visit report

Contexts

Latvia is the middle-sized of the three Baltic EU member countries. When Latvia split from the Soviet Union, it had a population of 2,666,567, which was close to its peak population. The latest census recorded a population of just over 2 million in 2011³⁶. The decline is caused by both a negative population growth rate and large negative net migration rate, for economic reasons. Similar to Lithuania Latvia had a period of dynamic economic growth since its transition to a market economy, driven mainly by trade with the neighbouring countries and Russia and increased domestic demand. However the country was hit severely by the economic crisis with resulting drastic austerity measures which saw public sector wages slashed and rising unemployment; household expenditure dropped by almost 21% ; even though the economy is now recovering and growing again, a lot of households remain deeply in debt. 46.1% of the population is considered materially deprived, the third highest rate in the EU³⁷.

Latvia has an increasingly thriving and influential NGO sector, with thousands of new ones being registered every year. However the majority, and in particular those concerned with advocacy are still small, relying largely on project funding, and on the whole are not as yet sustainable long-term³⁸. The consumer organisations, as reported, were less active in responding to the crisis than other civil society groups.

The Consumer Environment

Latvia scores relatively high on a number of consumer environment indicators, its consumer conditions index (as defined by the EU Consumer Markets Scoreboard) has increased dramatically by 10 points from 2008 to 2011 (49% to 59%)³⁹. In terms of popular recognition consumer protection organisations in Latvia do better than the government authorities, according to the latest EU-wide survey⁴⁰. Trust in both has increased dramatically from 2008, and stands at 64% for public authorities (above the EU average), and 71% for consumer organisations. However, the recent research also shows one of the lowest consumer empowerment rates in the EU, with 41% of consumers not complaining despite having reason to do so⁴¹.

Rising food and energy prices, increasing share of food, housing and transport household expenditures shows their deteriorating welfare in spite of modest wage growth during the last couple of years⁴². The survey of the households' welfare conducted by the Central Statistical Bureau in 2010 shows that the rising prices

³⁶ See <http://www.csb.gov.lv/en/statistikas-temas/population-census-2011-key-indicators-33613.html>

³⁷ 7th Consumer Conditions Scoreboard, May 2012, page 69

³⁸ The 2010 NGO Sustainability Index for Central and Eastern Europe and Eurasia, USAID, 2011

³⁹ 7th Consumer Conditions Scoreboard, May 2012, page 116

⁴⁰ Consumer Empowerment, Eurobarometer 342, page 144: 34% could name a consumer organisations, 10% an authority.

⁴¹ As per note 4, above

⁴² Baltic Household Outlook, april 2011

forced households to economize on food, buying less, and cheaper or discounted food products.

The main the main consumer problems, identified during the field visit , according to the Latvian National Association for Consumer Protection are in the energy sector and related to costs, level of consumption, disconnections, energy efficiency, vulnerable consumers and energy consumption, as well as issues for tenants in multiple flats dwellings, and problems generally in the public utilities, financial services, and in the field of resolving consumer disputes via forms of alternative dispute resolution.

Map of the Consumer Movement/protection in Latvia

Institutional framework

The structure and legislation for consumer protection in Latvia is described in the country report published on the DG SANCO website⁴³. It has the usual model of a ministry responsible for policy and setting strategies (the Ministry of Economics in this case and its Internal Market Department is responsible for the elaboration of consumer policy and consumer legislation), while the State Consumer Rights Protection Centre (CRPC) has the wide responsibilities for the implementation of the policy and enforcement, including co-ordination of some 18 other government agencies that have various sectoral responsibilities for consumer protection. The Authority handles consumer complaints and runs an alternative dispute resolution system, and operates a national telephone hotline. It also hosts the European Consumer Centre; so one could say that it has pretty much a comprehensive coverage of the Latvian consumer protection market, from enforcement and market surveillance to complaints resolution and advice. There are no other ministries in Latvia directly responsible for consumer policy but there are several regulatory and supervisory bodies covering electronic mass media, public utilities, banking and insurance.

Following the financial crisis, the state budget for consumer protection has been drastically reduced, and one major consequence was that the mid term document of consumer policy planning from 2004-2010, adopted by the Cabinet of Ministers became void in October 2010. As a consequence Latvia has no general consumer policy strategy or work programme prepared for the current period. New policy guidelines of consumer protection and market surveillance are being prepared by the Ministry of Economics. In the meantime the Consumer Rights Protection Centre develops its own annual action plan and sets priorities, based on consumer complaints and analysis of the market sectors and other relevant factors.

The consumer organisations

The consumer organizations in Latvia all belong to one umbrella organization, the Latvian National Association for Consumer Protection (LPIAA in Latvian) was created in 1999 to assist consumers in Latvia in asserting their rights⁴⁴. It consists of a network of 10 local consumer organizations, or Clubs, covering all of Latvia. In fact it includes all local consumer groups, so in this respect there's good co-operation and coverage of the country.

Its main areas of activity are in the sectors which generate the main consumer problems – energy (price, connections, efficiency) , housing tenants problems, public utilities, financial Services, and resolving consumer disputes (mediation

⁴³ http://ec.europa.eu/consumers/empowerment/docs/LT_web_country_profile.pdf

⁴⁴ www.pateretajs.lv; www.consumerenergy.lv

and Alternative Dispute Resolution, ADR). It has a small number of administrative staff (4), while at the local level there are co-ordinators in each of the 10 regional organisations and some 570 volunteers which provide advice and consumer information. It represents Latvia on the European Consultative Consumer Group in Brussels, and is a member of BEUC, the European Consumer Organisation and ANEC, which represents European consumers in standardisation.

Involving consumer groups

LPIA is involved in advocacy work and participates in a number of national working groups set up by the Ministry of Economics and other ministries (Health, Finance, Agriculture) discussing issues such as the national consumer strategy, alternative dispute resolution and so on.

As a regular established mechanism to influence the decision making process, NGOs are invited to participate in regular weekly meetings of State secretaries and the consumer organisation is invited to hearings in Parliament and to join public events and campaigns; a Consumer Consultative Council is also mandated by the consumer protection legislation and has been established in 2006. According to the authorities, this has not been found to be “an efficient tool for the exchange of opinions and to improve the consumer protection level”, but its work is going to be restarted in the autumn of 2012, due to the need of a “common ground for opinion exchange”.

In fact in Latvia there is a legal base (Art 23 of the Consumer Protection Act) for even more engagement than the resources of the organisation permit at the moment. According to the Ministry however, a more proactive engagement of the consumer association in the policy processes would be welcome, but it is aware that this may not be possible with current meagre resources and lack of expertise.

Financing and support

Since the financial crisis, all financial support for the National Association for Consumer Protection has stopped, except for provision of office space (in the Ministry building), and membership costs to BEUC. The Association therefore operates on small grants when available and it gets some contributions in kind from local authorities (mainly office space for the local organisations). The government officials recognise that such meagre support is an obstacle to developing the necessary expertise in the consumer NGOs.

Conclusions

Latvia has all the necessary consumer protection instruments on paper, and its authorities do understand in principle the role and needs of the consumer organisations. But due to the acute financial crisis of 2008, the baby seems to have been thrown away with the bath water: the budgets have been cut so drastically that there has not been a possibility to implement many of the activities envisaged in the consumer protection programmes between 2005 and 2010, including those for strengthening the capacity of the consumer organisation. And therefore it has not been able to play an effective role and be very influential in shaping the policy debate.

Some voices inside the LPIA are also critical of the way that the organization has been managed and how its priorities have been set up, as being too much focused on providing advice and not receptive enough to the new trends in consumer movement taking place in the more developed consumer environments. Others would like to see more young people to be engaged to

tailor organization more to the needs of present days young consumers. This, however, cannot be achieved without outside help or funding strategies in place.

Therefore, as for Estonia, the suggested initial recommendations for Latvia include

- Proactive exploration of sustainable funding sources
- Basic institution and capacity building for the consumer organisation
- Proactive seeking of young consumer activists who do not know what is not possible, as well as restructuring the existing association to respond better to current consumer needs

The State of the Consumer Movement in Malta

Field visit report

Contexts

Malta is an island country that gained its independence from Great Britain in 1962, and the smallest of the EU Member States with a population of under half million (409,836). It is part of the Eurozone, and despite the dependence of its economy on foreign trade and tourism, seems to have suffered relatively little from the 2009 economic downturn, and growth has recovered⁴⁵. The country's economy is classified as high income by the World Bank and as a very high human development country on the UNDP Human Development Index. It has a comparatively low proportion of materially deprived people, at 14.7% of the total population just above the EU average of 13.5%⁴⁶.

Malta is not included into the yearly NGO Sustainability Index⁴⁷, therefore comparison with other countries in this report is not possible. According to a survey carried out by National Statistics, non-governmental organisations have historically played a key role in the Maltese society⁴⁸ for about a century, and volunteering has a long tradition, rooted in the activities of the Church organisations, particularly their missionary work.

Volunteering is defined by the law, and currently there are 330 officially registered voluntary organisations, but their estimated number is probably higher. Most of the NGOs in Malta operate with the help of voluntary workers. Stakeholders have suggested that volunteers represent 12% of the Maltese population. According to the above-mentioned survey, membership and religious organisations comprised 46% of NGOs, 26% are performing social work activities, while the others cover the areas of education, health and veterinary services. A total income of 37 million € in 2007 was reported by the NGOs. Donations accounted for 44% of a total income, services provided by the NGOs 22%, government subsidies and international grants 19%, while membership fees only 2%. Organisations performing social work activities generated most of the income out of all NGOs. There is a general belief, however, perceived on the basis of the interviews held with public officials and the national newspaper journalist, that a non governmental organisation should be a voluntary organization.

The Consumer Environment

Due to its nature and size, Malta's consumer environment is characterised by lack of competition and general tolerance of high prices and low service standards. According to consumer representatives and journalists interviewed, the most acute consumer problems are in the telecommunications sector, fuel and gas

⁴⁵ Sources: <http://www.nationmaster.com/index.php>; The Economic Update, http://www.maltaeconomicupdate.com/index.php?option=com_k2&view=item&id=317:the-maltese-economy-current-state-and-prospects&Itemid=252

⁴⁶ 7th Edition Scoreboard, p 69, European Commission, May 2012

⁴⁷ USAID

⁴⁸ Study of Volunteering in the European Union Country -Report Malta ,National Statistics Office, 2007

prices as well as need for stronger regulations (and regulators) and liberalization with no advantages for consumers (for e.g. public transport operated by a private provider). Consumer issues and topics in many instances are taken over by politicians and there is generally no tradition of professional services provided by non-governmental organisations.

Malta scores relatively high on a number of consumer environment indicators, its consumer conditions index (as defined by the EU Consumer Markets Scoreboard) has gone up to 60% in 2011 (2% increase on 2010), there is a high level of trust in public authorities to do their job in protecting consumer rights and consumer empowerment seems to be high (most complain when things go wrong). On the other hand satisfaction with complaint resolution is low, and sweeps of internet ticket sales and consumer credit sites reveal very low compliance with the EU legislation⁴⁹.

Map of the Consumer Movement

Institutional framework

Malta is one of the very few countries in the EU where consumers trust public authorities to protect their rights, more than they trust consumer organisations⁵⁰. This is perhaps due to the fact that the state institutions carry out the bulk of consumer services⁵¹.

The structure and legislation for consumer protection in Malta is described in the country report published on the DG SANCO website⁵². The Ministry responsible for consumer policy and consumer affairs is the Ministry of Finance, The Economy and Investment; the Malta Competition and Consumer Affairs Authority is the main consumer enforcement authority responsible for competition policy and consumer policy. The Authority handles consumer complaints and runs an alternative dispute resolution system, and operates a national telephone hotline. It also hosts the European Consumer Centre.

There is yet another body, dealing with consumer protection: the Consumer Affairs Council is an independent body, which has the role to advise the Minister responsible for consumer affairs on policy matters. There are also regulatory and supervisory bodies in the telecommunication and financial services sectors, as well as in the utilities sectors.

Regarding redress structures, there is a Consumer Claims Tribunal where consumers can obtain quick and inexpensive redress.

As the above described structures show, public authorities have a comprehensive and adequately resourced coverage of the Maltese consumer protection market, from enforcement and market surveillance to complaints resolution and advice.

There is no formal consumer strategy or programme in Malta but the Ministry quoted collective redress as a priority (as elsewhere in the EU), with Alternative Dispute Resolution (ADR) and online dispute resolution (ODR) legislation awaiting adoption in the Parliament (in April 2012). Another priority, according to the Minister is consumer empowerment through information campaigns.

⁴⁹ As note 2, pages 125-127

⁵⁰ As note 3: 70% of consumers trust public authorities to protect their rights, and 68% trust the consumer organisation to do the same. In both cases this is a slight increase on the 2010 figures.

⁵¹ However, in a another Eurobarometer survey, 342 on Empowerment, more consumers could name the consumer organisation (34%) than they could the state institution (10%)

⁵² http://ec.europa.eu/consumers/empowerment/docs/LT_web_country_profile.pdf

The consumer organisation

There is just one registered consumer organization in Malta, the Consumers' Association (CAMALTA) which was set up in 1982. It consists entirely of volunteers and has 105 members. CAMALTA is active mainly in the consumer advocacy area, and has a seat on many boards and working groups (including the Consumer Affairs Council), as well as regular meetings with the Minister responsible for consumer affairs. Although it is involved in the structure for resolving complaints, the services it can provide are very limited; its main current role is as a pressure group. It states it has been instrumental in bringing about two new pieces of legislation (the ADR and ODR mentioned above), has contributed in pushing forward the consumers' agenda with all government departments and regularly comments on new legislation. CAMALTA is a member of the European and international consumer federations (BEUC and Consumers International), as well as acting as Malta representative on the European Consumer Consultative Group.

The organisation operates on a tiny budget, as besides provision of free office space, coverage of BEUC membership fees and some occasional financial provision (e.g. setting up of the website), the government does not provide any financial support. The 105 members pay a membership fee of 5€ each, while other projects are less and less accessible. Increasing the membership base and fees could provide a slightly better support base, but realistically it is difficult in a country of the size of Malta to find viable alternative sources of income for a consumer NGO, including for e.g. publication of a consumer magazine⁵³.

Conclusions

CAMALTA is the only consumer organisation and has been so for 30 years; its competence on some of the important topics is acknowledged by the authorities, but it is hampered by extremely limited resources and overall capacity. It was obvious and acknowledged during our evaluation trip that this consumer organisation would benefit from an injection of a better cross-section of the Malta population into the ranks of its volunteers, in particular younger people and women. And government representatives interviewed would like to see more consumer groups developing on the island, including sectoral groups as many consumer issues are not addressed by the NGO sector. However this seems unrealistic in circumstances where government provides no public funding to the NGO sector and where many consumer topics are taken over by political parties.

The historical background and tradition that a non-governmental organisation should be a voluntary organization is most certainly another obstacle. Effective consumer protection work in the 20th century requires a professional service to consumers, which is not possible to be delivered by a group of volunteers. In 2007-2008, there was a successful consumer information campaign in Malta, on consumer rights in the EU, funded by the EU Commission. During this project, considerable efforts were made to ensure government support for the consumer association so it could function and participate in the campaign. Such efforts have sadly not led to desired long-term results, but perhaps the time is ripe for such efforts to be repeated, providing the right conditions for rejuvenation of the association are in place. Equally, efforts to ensure that the existing organisation is

⁵³ According to BEUC's advisory panel experts, publishing a magazine in a country the size of Malta would be a challenging problem not just because of lack of expertise and professional staff, but also from the perspective of market penetration: the biggest daily newspaper (The Times) for e.g. has a circulation of 25,000 and a break-even for the consumer magazine would require a similar number of subscribers.

less political and more purely consumer oriented may also be helpful for future development.

So it seems clear for Malta that efforts should be made, both by the authorities and the existing organisation to create more of a representative consumer movement, for example by:

- Specific advice and training for the consumer organisation on possible sources of income in the Malta circumstances and environment, including start-up funding to develop such sources
- Injecting more public resources into an independent consumer body, which could be conditioned on certain criteria and functions - for example carrying out consumer research to inform national policies and priorities; or developing certain sectoral specialisations, for example for the utilities sector. Examples of such funding for independent groups exist in other EU countries

The State of the Consumer Movement in Slovakia

Field visit report

Contexts

The Slovak Republic, Slovakia for short, split from Czechoslovakia and became an independent state in 1993, four years after the Velvet Revolution. Situated, geographically, right in the centre of Europe, it's been dubbed the Tatra Tiger due to its rapid growth in the early 2000s, principally fuelled by good tax conditions for foreign investment, cheap skilled labour and exports, rather than increased domestic consumption. The banking sector, for example, is entirely in foreign hands. Unemployment has remained high at 14% and is not projected to come much down soon. Slovakia adopted the Euro three years ago⁵⁴.

Significantly too from a consumer conditions perspective, the country has a strong rural make-up, with almost half of the population living in villages of less than 5000 people. Material deprivation rate is high, at almost a quarter of the population and above the EU average of 17.4%⁵⁵; the gross adjusted disposable income of households per capita by Member State (PPS, 2010) for Slovakia in 2010 stood at 13, 550, below the EU average (19,365). Put simply and in conclusion, Slovakia's consumers are still some of the poorer in the EU, though in global terms it is ranked as a very high development country by the UNDP⁵⁶.

Slovakia's civil society and non-governmental organisations (NGOs) also seem to have undergone a Tatra Tiger-like development: as reported by the USAID NGO Sustainability Index their numbers stood at 34,947 in 2010, an increase of 1,000 compared to figures of the previous years. This is a high number for a relatively small country of 5,000 million people⁵⁷. Such expansion is also true of consumer organisations, which now stand at around 35 in number, up from only one national organisation in the early 2000s.

The Consumer Environment

During our field visits we were given some of the most acute examples of consumer detriment in the EU caused by unregulated rogue traders in the financial sector, as well as increasing big problems with unfair commercial practices and terms in consumer contracts and financial services. This despite a fairly good consumer protection and legal redress system on paper, but which

⁵⁴ Sources: OECD Economic Outlook (http://www.oecd.org/document/51/0,3746,en_33873108_33873781_45270259_1_1_1_1.00.html), The Economist (www.economist.com), Statistical Office of the Slovak Republic (<http://portal.statistics.sk/showdoc.do?docid=44184>)

⁵⁵ 7th Consumer Conditions Scoreboard, May 2012, page 69. The material deprivation rate monitors the share of the most materially deprived consumers in the EU. It reflects the percentage of the population who cannot afford to purchase at least three of the nine following items: unexpected expenses, a one-week annual holiday away from home, mortgage or utility bills, a meal with meat, chicken or fish every second day, or keep their home warm enough, have a washing machine, a colour TV, a telephone or a personal car

⁵⁶ <http://hdrstats.undp.org/en/countries/profiles/SVK.html>

⁵⁷ 2010 NGO SUSTAINABILITY INDEX for Central and Eastern Europe and Eurasia, 14th Edition, November 2011, USAID, page 177

does not work in practice, in part due also to a very fragmented consumer movement with resulting weak and under-resourced organisations.

The most acute of the problems reported, by both authorities and consumer organisations, relate to thousands of low income consumers being victim to unscrupulous lenders who are not subject to financial sector consumer protection regulations. This is described as a catastrophic situation; lenders in contracts stipulate consumers' homes as security for small loans of Euro 1,000 and below, then charge huge interest rates and when people cannot pay back turn up on their doorstep with debt collectors and even, as reported to us, police help to confiscate their homes. Consumer organisations who deal with hundreds of such cases have the right to initiate court cases that concern protection of consumers; and they can go to an official Board (or Committee) consisting of several government authorities who can evaluate the contracts and give an opinion which serves as evidence and encouragement for consumer organisations to take cases to court. Despite such lender contracts being judged as unfair, organisations do not have the resources to take all such cases to court. And even when a contract term is declared unfair in one district court, and therefore cannot be used, unscrupulous companies take it to another district court to bypass the original verdict. In the opinion of many of those we spoke to, including authorities, too much of the meagre available state resources are given to alternative dispute resolution (ignored by bad companies), and not enough to taking unscrupulous business to justice⁵⁸. In one town alone - Poprad - organisations have some 800 cases on their books, and most of them will not be solved because rogue companies will not co-operate and consumer groups will not pursue because they do not have the resources for doing so. Other interlocutors emphasised the lack of protection for consumers of financial services and lack of effective regulatory supervision and sanctions in this sector - which is the responsibility of the Ministry of Finance. There does not seem to be any strategic action on its part to remedy the situation at the moment, in order to have effective preventions rather than ex-post slow and expensive cures; and other authorities indicated their dissatisfaction with the situation. Problems with unfair contract terms were reported in other sectors as well, such as mobile telecoms sector, and companies get away with it because they are big and because of problems both with enforcement and redress.

Consequently much of the criticism from consumer groups was directed at the Ministry in charge for "slavishly" following Commission consumer priorities (currently ADR), with no targeted measures to address particular issues of consumer detriment in Slovakia. However, the Trade Inspectorate in its response to our questionnaire points out that "According to our experiences there is still big space for out of court dispute resolution activities. Our regional inspectorates informed us that in many cases traders are open to fulfil consumer rights just after making them familiar with relevant law" - in other words, a lot of the consumer detriment may result from trader ignorance of consumer rights.

The rather unsatisfactory situation for many of the consumers in Slovakia is confirmed also by the independent quantitative research carried out by the EU Commission. The most recent Country Consumer Statistic published in its 7th Scoreboard that although Slovakia has experienced a slight increase in the Consumer Conditions Index (to 54 from 53), the "prevalence of unfair commercial practices is a reason for concern. Slovakia has the highest EU percentages of

⁵⁸ Out of the total sum of Euro 80,000 granted to various consumer groups for projects in 2012, only Euro 7,000 was granted for taking cases to court, with the bulk of the rest dedicated to dispute resolution, and some to education

consumers who came across fraudulent advertisements/offers (42%) [...] and the second highest percentage who came across misleading or deceptive advertisement/offers (57%)..." and "...the sweep on consumer credit revealed that all sites checked had to be flagged for further investigation"⁵⁹.

Map of the Consumer Movement

Institutional framework for consumer protection

The ministry responsible for consumer protection is the **Ministry of Economy and Construction**. It deals with the relevant policy and legislation (including relevant EU-generated policies), the co-ordination of all other ministries in matters of consumer protection (such as ministries of Finance, Education or Health), and cooperation with, and funding of, the consumer organisations. This large portfolio is being carried out by a department of seven employees within a ministry of 300 civil servants concerned primarily with market development - a ratio encountered in many other countries. The current consumer protection priorities of the Ministry follow closely those set by the Commission for the period ending in 2013, and include consumer information, education, law enforcement, Alternative Dispute Resolution (ADR) and collective redress. ADR, as remarked above, is currently carried out mainly by (several) consumer organisations, but given the development of new legislation at the EU level this is currently under review.

A separate and independent **Trade Inspectorate** is the general market surveyance and enforcement authority for most non-food products and services, and monitors the implementation of over 40 laws and regulations, including the directive on consumer credit. In common with trading standards authorities in other member countries, it can initiate its own market inspections, but also investigate complaints from individuals or NGOs (including consumer organisations). In four years between 2007 and 2011 it received in total 80 complaints from consumer organisations (0.2% of all complaints), half of which were justified.

The Trade Inspectorate has powers of monitoring, implementation and sanctions (fines) for non-conformity with the laws, but cannot solve individual disputes - which can only be done at the moment through mediation by consumer groups or in a court of law. Not surprisingly, few consumers (or consumer organisations) will take low value claims to the courts if not resolved through other means, as court proceedings are both slow and costly.

The Inspectorate also pointed out that they give individual advice to consumers, and carry out consumer education duties as these are current gaps in the market: for example during 2011 they gave consumers, overall for the country, some 7,800 pieces of advice "If the consumer organisations were able to cover these activities, it would enable us to make deeper investigation in some areas on internal market instead of providing with advices or education of consumers".

Involving consumer groups

The main mechanism for involving consumer groups in the government decision making process is through public consultations, which are published and have a period of three weeks for responses. The Ministry of Economy says that it notifies consumer groups in advance of such consultation - however groups rarely respond (this was also confirmed by some of the groups interviewed). This seems to be the case also with consumer-related policies from other Ministries. There

⁵⁹ 7th Consumer Conditions Scoreboard, May 2012, page138 et ff

are no other formal involvement mechanisms. The initiative of a Consumer Advisory Council, a consultative body with consumer groups, is mentioned in the official documentation but has not been permanently institutionalised because - as confirmed to us both by the Ministry and some of the consumer groups interviewed - the consumer organisations could not cooperate and refused to take part.

The Trade Inspectorate has formal mechanisms for involving consumer groups in its investigations; they can file a complaint, as mentioned above, and be kept informed of the on-going proceedings and results of inspections; and representatives of consumer organisations contact the inspectorate to ask for advice on issues such as terms of consumer contracts, internet sales and unfair commercial practices. Representatives of the Inspectorate also take part as lecturers in workshops organised by consumer organisations.

The Inspectorate gave us one instance of effective co-operation with the consumer organisation Ombudspot (see below) regarding hundreds of consumer complaints about an internet service provider; the Inspectorate carried out proceedings to ban the provider's practices which were deemed unfair, while Ombudspot filed a lawsuit against the provider on behalf of the consumers, and both succeeded. However, as the authority told us "In relation to communication between our authority and consumer organisations, we miss one strong single voice representing all consumer organisations. We do not have regular communication and co-operation with these consumer organisations; organisations contact us ad hoc with particular problems".

Division of tasks and government support to consumer organisations

There is quite a clear division of tasks in Slovakia between authorities' functions and those of consumer organisations, but there is considerable duplication between the many consumer groups. Apart from two organisations (see below) that focus entirely on testing of products and services, and (formal) consumer education respectively, most of the other groups that we met or responded to our questionnaires work mostly on consumer advice and ADR, and court actions when resources allow - though according to the Trade Inspectorate (see above) there is still even more need for the former. All these are activities prioritised and funded by the government. We saw little evidence of research or lobbying/advocacy activities.

The consumer organisations' virtually only means of support however, unless they exercise entrepreneurship (as one of them does), are either from state funding or other project funding, including international. There is one other form of funding for NGOs in Slovakia (as in other countries visited) - a tax donation of 2% by individuals and 1.5% by legal entities (or 2% if they contribute 0.5% from their profits). The biggest beneficiaries of this tax are 101 existing corporate foundations⁶⁰. Nevertheless, some of the organisations we spoke to do make efforts to access this funding, but they say it not only requires considerable effort but it is also hard to compete with the big players.

Currently funding for consumer organisations is project based, provided annually following a call for tender. The budgets available have been drastically reduced

⁶⁰ These are foundations established by the largest companies in Slovakia, such as Slovak Gas Company, the Orange Foundation, etc; the financial crisis has resulted in about 20% less revenue available to NGOs through this tax provision between 2009 and 2010, which totalled to about 44 million €. Source: 2010 NGO SUSTAINABILITY INDEX for Central and Eastern Europe and Eurasia, 14th Edition, November 2011, USAID, page 179

from 200,000€ per year to about 70-80,000€ in 2011 and 2012 (150,000€ if the support to the European Consumer Centre is counted). The themes of the projects are fairly constant, according to the priorities described above, with the bulk going to ADR activities. In 2012, altogether 14 projects were awarded with a maximum project value of 9,000 €. Consumer groups criticise the fact that there is no transparent criteria for selection and that they can never develop under the current system, as the funding is unpredictable from year to year. Some also told us that a programme of seed grants over a few years would enable the stronger organisations to develop and become self-sufficient.

The Ministry, however, points out that the same 4 or 5 more active organisations get the funding, the topics for projects are predictable and that such funding shouldn't be considered as something consumer groups can be permanently dependent on. In 2010 it gave just one massive project for ADR to one of the consumer groups in Poprad, on condition of co-operation with other groups round the country but it seems such co-operation did not happen, so it reverted to several smaller grants for ADR directly to local groups.

The Consumer organisations

Nobody could tell exactly how many consumer organisations there are in Slovakia; the estimate is of about 35 and growing in number (from only one in the late 1990s). However, many of them are local organisations, and even fewer are active on national level - we spoke and had questionnaires back from seven of the organisations (listed below). In general, all were very small organisations with well under ten members of staff, volunteer based and small project based resources (generally fewer than 30,000€). Few have proper governance structures, strategies or workplans. Worst of all, they are in competition and there is an almost complete lack of co-operation between them. Some of the impacts of this are very practical: for example several give advice to consumers, but complaints statistics are not aggregated or shared, so there is no overall picture of what consumers in the country most complain about despite the fact that all are funded from the same source. Equally, as there is no central database or repository for up-to-date advice information, there is a lot of duplication of effort, not cost effective. As a result of this too, balanced Slovak representation at the EU level maybe very poor, as only one of the organisations is represented and others claim they are not being consulted.

Below is an overview of the Slovak consumer organisations whom we interviewed or who responded to our questionnaire:

- **Association of Slovak Consumers:** this is the first and oldest (22 years old) of the consumer organisations. Its focus and priorities has been primarily on consumer advice from its very beginning, and it remains so to this day. It also lists consumer education and ADR (mediation) amongst its priorities. It has 11 regional advice centres (down from 15), run with help from volunteers, and maintains 2 advice hotlines - one covers general advice and doorstep selling of energy services, the other is a mobile hotline working longer hours and weekends. Overall it deals with some 15,000 consumer complaints per year, most by phone or email; about 1000 of these go to mediation. The organisation has some 450 members, mostly, as explained to us, elderly people with little ability to pay. It is a member of BEUC (the European Consumer Organisation), Consumers International and represents Slovakia on the European Consumer Consultative Group.
- **Association of consumers in Slovak republic:** this is quite a unique product and service testing organisation (more of a team than an organisation); unique in that it does not publish a magazine but instead produces a TV test "magazine", broadcast 40 times per year for 9 minutes

each. Five (5) staff members produce the programme, which is paid a fixed sum by the TV Company. The product tests and information used are exclusively those of the Czech consumer organisation and its magazine Dtest⁶¹, which is credited and promoted with links in every programme. This is both a good co-operation agreement, and such TV-based method of dissemination gives a far bigger audience than a printed magazine could provide. The organisation lists amongst its achievements a test of identical food products sold in Slovakia and Austria, just over the border, which showed inferior ingredients in the version on the Slovak market.

- **Ombudspot, the Association for Consumer Rights Protection.** The organisation, based in the town of Poprad, was created in 2002 and has specialised in out of court dispute resolution and consumer redress since 2004. It was mentioned by the Trade Inspectorate as an effective partner in getting redress for consumers complaining about an internet service provider (see above) and it is the organisation that received major funding to develop the service up to 2011. It reported meeting all its targets and creating an effective ADR service; however this year the Ministry decided not to continue with its support (different reasons are given by each side, which are hard to verify) and divide it instead among several local organisations. This is an illustration of the risks of total dependency on public funding. At the time of the interview, the leader of the organisation has just been newly elected as an independent Member of the Slovak Parliament, and it was unclear if the organisation would be able to continue its activities.
- **Consumer Protection Society of S.O.S Poprad:** this organisation is three years old, created originally by staff who split from Ombudspot (above), but became fully active in August 2011. It deals with consumer and patients' rights and its main focus is on out of court dispute resolution as well as advice giving and taking cases to court if necessary. It employs two staff and about 10 or more volunteers according to need. It has recently obtained funding for two projects from the Ministry for 2012.
- **The Consumer Institute:** Originally part of the Association of Slovak Consumers since 1992, it has been an independent organisation since 2005. It has a specific focus on consumer education and it is accredited to do so via seven modules; the main project funding from the Ministry for 2012 is provided for this consumer education activity. It also states amongst its activities consumer advice, surveys and tests and various publications, including a journal on consumer issues The Consumer, though only one issue was published in 2011, and two are planned for 2012. The organisation had no staff at the time of the interview, and was run entirely by volunteers.
- **Association of Service Users (ASU)** The organisation was established in 2004 by law and economic students under supervision from its Chairman, and was at its most active between 2004 and 2008. It has received no grants after 2010, and has no staff, mainly surviving on some volunteer help and personal funds of the Chairman. It claims discrimination as the reason, since change of management at the Ministry.

⁶¹ The two organisations have a co-operation agreement since last year. DTest (member of International Consumer Research and Testing) is published by the biggest consumer organisation in the Czech Republic, and has a version of its website and some 1,300 subscribers in Slovakia: see <http://www.dtest.sk/>; the Slovak website received 246,120 visits in 2011. The section of this website covering Slovak consumer legislation and rights was also produced in collaboration with one of the Slovak organisations.

Conclusions

As can be seen from the section above, the situation with consumer organisations in Slovakia is one of the worst encountered during the assessments in the newer Member States. The reasons seem rather complex, as the legislation and the system overall affords them good powers and on the whole fair divisions of responsibilities with the government bodies. In addition, there are plenty of organisations dealing with complaint resolution, plus the co-operation and the web presence with the Czech organisation ensures good professional dissemination of product testing information, and accessible to a mass of consumers via TV. The funding situation too was much better until two years ago, as well as the conditions for funding which were more lenient and bottom up. One can only speculate as to the reasons, but the reality is of many and weak organisations that do not speak with one voice and do not co-operate and which duplicate efforts. Even the most established has not developed considerably over twenty or so years. This situation can result in real detriment for consumers - one can also speculate that the dire situation with rogue lenders exploiting vulnerable consumers described above would not have necessarily happened if stronger consumer organisations were present to campaign and lobby for change.

To sum up, in the words of one of the stakeholders "the priorities are not right - bodies are too distilled, we need one strong body at the right level. Practice of consumer protection doesn't have the importance that it should have to protect the people".

The priority recommendations of the organisations interviewed included:

- For BEUC, encouragement of better co-operation between consumer organisation with possible facilitation of future consolidations
- A review of existing funding policies, to address in a more targeted and strategic way the needs and consumer detriments in Slovakia. This could include, for example, provision of seed grants, or repayable loans to those organisations that come up with viable business plans for future development.
- A strong need for change in government policies of support for consumer organisations, including more transparent criteria, publication of project allocation and an obligation on organisation to publish annual reports of their activities funded by government projects.
- Specific policies to protect more adequately consumers of financial services, and better redress for those affected by rogue lenders.
- A review of consultation and representations mechanisms in place for consumer organisations
- More inclusive representation of organisations at EU level
- As elsewhere, there is also need for training and building up expertise for input in the different sectors (financial, telecommunications, energy) for consumer representatives.

The State of the Consumer Movement in Slovenia

Field visit report

Contexts

The Republic of Slovenia - a small Alpine country in the heart of Europe with a population of just over 2 million people - was born on June 25th 1991 after its population voted for independence from Yugoslavia. It is the most prosperous of the former control economies countries that joined the EU in 2004⁶². It is part of the Eurozone since 2007. Its economy has been booming up to 2008, but the signs of serious recession have only recently started to hit home with "worst still to come"⁶³. Unemployment has risen to 8.8%. It has a new government since December 2011 and considerable time has been spent since to determine the balance of power; there is a national reform program with 800 million Euros in cuts planned, including administrative, social and health-care reform; support for consumer protection has been one of the victims. The country is ranked as the 21st in the world (very high) in the UN human development index.

According to the yearly NGO Sustainability Index, Slovenia still has a little way to go to count as a fully-fledged NGO-propitious environment, with financial viability, public image and organisational capacity as lowest rated. Nevertheless some 22,000 NGOs are registered in the country; according to the Index, the financial crisis increased the visibility of the NGO sector, but also undermined financial stability through a decrease in donations and reductions of public resources⁶⁴. This is certainly also true of the Slovenian Consumers Association (ZPS), although it has been one of the strongest and most visible NGOs in the country for some years, as remarked by virtually all organisations and media interviewed during the field visit (see Consumer Organisations below).

The Consumer Environment

In common with other countries evaluated, there are no systematic research or market investigations being carried out into consumer conditions, so the main intelligence about the day to day situation of consumers in Slovenia is garnered either from complaints or from the research carried out by the consumer organisations. The complaints and advice system itself came in for a lot of criticism from many of those interviewed, including the media, and there is currently no effective single free public national consumer advice system in operation; the advice system has been changed several times in the past decade adding to uncertainties for consumers. Linked to this the redress system is also not efficient and much criticised - there is no alternative dispute resolution

⁶² The gross adjusted disposable income of households per capita for Slovenia (PurchasingPower Standards, 2010) is 16,148, the highest in the newer Member States with the exception of Cyprus and on a par with Portugal and Greece for e.g. Source: Eurostat as quoted in the 7th Edition Scoreboard, May 2012, page 68

⁶³ Interview with the European Delegation and other officials. See also OECD summaries and forecasts, <http://www.oecd.org/dataoecd/60/29/47876548.pdf> and http://www.oecd.org/document/37/0,3746,en_33873108_33873781_45274789_1_1_1_1,00.html

⁶⁴ USAID 2010 NGO Sustainability Index for Central and Eastern Europe and Eurasia, 14th Edition, Nov 2011, page 184

system in place for consumers and they do not go to court for small value disputes. These deficiencies are reflected to some extent in the latest Commission consumer conditions scoreboard which shows percentage of consumers who feel protected by existing measures considerably lower than the EU average, and also down on previous years⁶⁵. On the other hand the level of consumer protection is high, as proven by EU research data: Slovenia has the lowest percentage of consumers in the EU who have encountered problems when buying something (11%)⁶⁶ or who made a complaint to a seller or provider (8%).

The identified acute gap in consumer advice and redress systems is being addressed through the very recently published national consumer strategy programme for 2012-2017 which stipulates that consumer advice will be delegated to a consumer organisation or another NGO on the basis of a four-year contract call for tender. The setting up of a Consumer Complaints Board (ADR) is also a priority in the programme.

Other problems highlighted by the Trade Inspectorate, the consumer organisation and the media included a panoply of issues including problems with competition, complex and difficult to compare tariffs in the telecommunications sector; and a lot of problems in the service sector such as air passenger rights, dental care. The strong deficiencies of consumer protection in the financial services sector were highlighted in particular by the consumer organisation; calling for institution of a financial services consumer protection authority is one of the Slovene Consumer Association's campaigns.

Finally the rise in food prices and worsening of food quality was also mentioned by our interlocutors as an issue.

Map of the Consumer Movement

Institutional framework for consumer protection

In common with many other countries, a ministry of economy (now called Ministry of Economic Development and Technology) looks after consumer policy and legislation (drafts, EU transposition), while a Trade Inspectorate is charged with the enforcement and implementation of some 100 plus acts concerned with consumer protection; there are other enforcement authorities that deal with particular areas such as the Health Inspectorate which has responsibility for toy safety or the Postal and Electronic Communication Agency which enforces privacy in electronic communications legislation and led, so we are told, by a consumer-friendly e-privacy Information Commissioner. There is an Inspection Council tasked to make sure that the work of these various inspectorates is co-ordinated, and this is led by yet another Ministry, of Public Administration. The Trade Inspectorate has 147 inspectors which work according to a business plan set out each year, and it publishes on its website results of its activities for the general public. The Inspectorate also deals with consumer complaints - around 1,000 per year. It emphasised during discussions that it does this is a stop gap activity, given the above mentioned deficiencies in advice and redress, which can detract from its institutional remit and priority, which is to carry out market surveillance. Some of our interlocutors, including from media journalists covering consumer issues, voiced concerns that this system of enforcement is too complex and dispersed with the resulting problem that communication, including concerning

⁶⁵ 7th Consumer Conditions Scoreboard, May 2012, page 141. EU average for percentage of consumers who feel protected by existing measures is 58%, while it is 37% in Slovenia in 2011 down from 39% in 2010 and 45% in 2008.

⁶⁶ As for note 4, page 142

international or EU developments, can be poor and there is no efficient co-ordination of policy across government and making sure it is properly integrated in all activities.

Back to the policy level and state structures: the government suspended the Consumer Protection Office in autumn 2011, believed not to have been efficient in its role⁶⁷, and turned it into a new department for Consumer Protection within the competent ministry. The consumer organisation does not consider this change a problem in itself, but rather the underlying government attitudes to consumer affairs: *"We are now 15 years back [...] Consumer Policy and protection is seen as a luxury, not as an important tool to increase consumer trust, to improve competition and to help recovery of economy"*⁶⁸. This view was shared by journalists interviewed ("like nobody cares about consumer protection"), as well as some of the smaller local organisations who responded to our questionnaire.

Finally as mentioned briefly above there is no systematic official research into consumer detriments carried out in Slovenia; statistical office deals more with macro-economics, so cannot provide this. So there is no efficient way to measure consumer detriment or predict future problems, for example investigations regarding general financial literacy in Slovenia. The Consumers Association (ZPS) does do research from time to time, but it does not have consistent resources to carry out such work.

Involving consumer groups

For the development of the consumer programme there is a formalised consultation procedure - the Ministry of Economic Development and Technology draws a draft in consultation with other ministries and relevant stakeholders, including the consumer organisation. The programme is then adopted by the government and submitted as draft to the Parliament. NGOs can submit amendments at all stages, including to the Parliament. For other areas of policy relevant to consumers, there is ad hoc consultation and an-internet based public consultation process, open to all who wish to respond.

There is no formal consumer consultative body in Slovenia⁶⁹, however any draft legislation or policy concerning consumer interests requires prior consultation with existing consumer organisations. However, there is also no formal provision for consumer representation in other regulatory and supervisory bodies, such as those for the telecommunication sector, energy, banking, etc and no provision to provide any resources or capacity for such representation. Given that these are important areas for consumers, this was pointed out to us as a shortcoming. Informally in reality there is communication between the Consumers Association (ZPS) and such bodies.

There are a number of other bodies and institutions that ask for consumer representation, as told by two responding local groups - for example the Bank Association or the consumer committee of the Slovenian Institute of

⁶⁷ The Consumer Protection Office was originally created in the late 1990s as an expert independent body functioning under the ministry. Officials interviewed explained the reason for its merger with the ministry as one of rationalisation of functions and divisions of responsibilities within the governmental sector, which make better sense in a small country.

⁶⁸ Interview with ZPS

⁶⁹ A Consumer Expert Council was cancelled by legislation at the same time as the Consumer Protection Office was abolished. The new government also abolished 124 committees and consultative bodies, though it was not clear which ones at the time of our evaluation, and ZPS stated that it had not been informed about its membership in any of these.

Standardisation and regular exchange of views between ZPS and Central Bank of Slovenia.

Division of tasks and government support to consumer organisations

Apart from the current issue around advice to consumers described above and which results in everybody covering some of the advice duties until the situation is solved, there is a clear division of tasks and responsibilities between government bodies and consumer NGOs in Slovenia.

In terms of support to consumer organisations, this was (comparatively to other countries in the region) quite generous for the 2007-2011 five year budget, as reflected also in the consumer scoreboard where Slovenia is placed 5th in the EU for amounts given per 1,000 inhabitants⁷⁰. According to the Ministry, on average about 440,000 € per year was spent in total on all consumer protection non-governmental activities in the five years from 2007 to 2011 (including financing of the European Consumer Centre and a contract for consumer advice by two non-consumer NGOs). The consumer organisation states however that in reality support money has been more than halved in the last two years⁷¹, and even contracted payments greatly delayed. Budgets for 2012 were being also drastically cut to a planned 358,015€ in total, but this figure was still not finally decided more than half-way through the year (August 2012).

The procedure for financing is via annual or multi-annual calls for tender. The advice centre contract, for example, will be awarded for four years.

The Consumer Organisations

Slovenia is one of a couple of countries in the newer member states that has a strong, effective and very well-known consumer organisation - the Slovene Consumers Association, or ZPS. All stakeholders we have spoken to identified consumer protection in Slovenia with ZPS (or its President) with comments such as "Pushing consumer issues is easy because of [the President of ZPS], for e.g. their role in the Euro", "Officially there are nine organisations but from the media point view you only hear about one. [...]ZPS is active, visible, has positions", "A lot of consumers think that ZPS is the government"⁷². This is borne out by Eurobarometer research carried out in 2007 which showed that 92% of Slovenians recognised the organisation, mainly through the media⁷³. Last year, the organisation was quoted in 1,800 media pieces.

ZPS is 22 years old; on assessment according to the criteria used for the current evaluation, it is professionally run and on a par with the most developed and established organisations in Europe. It is a long-standing and active member of all the consumer international-level umbrella organisations and bodies⁷⁴. The strategy, as explained during interviews, is basic and unchanged after 20 years as it still works; the funding is mixed - a third from membership fees (6060 members, with income doubled in the last 7 years), a third from government and a third from projects, though this may need to be re-balanced due to the current crisis. It has a separate research and publishing arm, created in 1993 and called

⁷⁰ 7th Consumer Conditions Scoreboard, May 2012, page 142

⁷¹ Restructuring of the consumer protection department and delays in public procedures resulted in half of the money budgeted for consumer organizations not being distributed in 2011

⁷² Interviews with EU Delegation, national newspaper and officials

⁷³ Special Eurobarometer 256, Consumer rights and Consumer Organisations in Slovenia

⁷⁴ Member of (and currently holds vice-presidency) of European Consumer Organisation (BEUC), Consumers International, represents consumers at ECCG (European Consumer Consultative Group), member of ANEC which represents consumers in standards-making, as well as member of several EU level expert groups

the International Institute for Consumer Research, which publishes its comparative testing magazine called VIP (a member of International Research and Testing, ICRT). The magazine has the 6,060 subscribers, members of ZPS plus 550 companies that subscribe to it. The magazine is distributed free of charge to all public libraries, and has a total circulation of 8.500 copies. There is a clear strategy for magazine development to 2020, though marketing it is difficult due to lack of financial resources.

The organisation has developed very broadly over the years to cover a number of issues and is currently going through a heart-searching phase of scaling down priorities and expectations due to the substantial cuts in subsidies explained above: *"There is a general belief that we can do everything; our remit has become too broad, is like we are victims of our own success"*. It seems that this success has generated expectations higher than ZPS can deliver, for example some of the stakeholders interviewed stated that the organisation should provide free legal advice to everybody, not just its paying members. This may explain the comparatively low percentage of consumers in Slovenia who trust consumer organisations to protect their rights (48%, down from 58% in 2009), though higher than trust in public authorities (33%)⁷⁵

Priorities for the future will continue to include financial services, food, and continued development for the magazine.

Recent major achievements of the organisation include a campaign on long-term savings in financial services - banks changed contracts by lowering the interest rates paid on deposits without consumer consent, and the Consumers Association (ZPS) took them to court on behalf of 160 consumers and won, including compensation for an estimated 40.000 consumers who have been compensated for an approximate total of 12 million Euros. There was also a successful campaign against a one of the mobile operators, who did not introduce an advertised fee; and a successful action against banks when they introduced ATM fees for cash withdrawals, all on the same day in breach of competition law.

Several other consumer groups are officially registered. They are mostly small local community volunteer-based groups, and we had responses to our questionnaire from two of them:

- Association of Consumers from Zasavje - representing consumer interests in the area of Zasavje on the local and national level. This is a small organisation entirely helped by 6 volunteers and with an elected President. It was created in 1998. It adjusts its work according to current issues. It includes information, advice, and education of some interest groups.
- Union of Slovenian Consumers' Associations - ZPZS: representing the interests of five regional consumer organisations at the national level, according to current problems. It's a co-ordination and representation body, organises conferences. It has no paid staff, all are volunteers. The activities between the union members are of internal nature, therefore no direct communication to the public, via a website for example.

In addition, between 2007 and 11, a consumer advice contract was also awarded to two non-consumer NGOs (see also financial support and consumer environment sections, above); however there were criticisms voiced about the overall delivery of this service and that there was no evaluation of the delivered service.

⁷⁵ 7th Consumer Conditions Scoreboard, May 2012, page 141

Media coverage of consumer protection

There is specialist coverage of consumer issues in the Slovene media. The newspaper Delo which is the largest circulation national in the country (40% of the market) is considered "obligatory reading for economists and politicians". It has co-operated closely with the staff of the Slovene Consumers Association (ZPS) for several years, and in September 2011 introduced a new dedicated page called I, Consumer, published monthly.

The national Slovenia TV also runs a dedicated consumer programme called Posebna Ponudba (Special Offer)⁷⁶. It covers both consumer problem real-life stories and more general research and protection issues. Viewing figures are good for the unpopular time of Friday afternoons when the programme goes out. Its producer regards the program as an essential consumer protection communication tool and wants to see a consortium of such programmes at Eurovision level to share common research and publish it in the respective programmes - a sort of International Research and Testing for media consumer programmes across the EU, for e.g. working together with the sister programmes in Austria or Croatia. *"We need an exchange platform; we need data and research, which can be widely disseminated via TV programmes like ours"*. The programme is also broadcast over the internet, and gets about 5,000 clicks per programme.

Conclusions

Slovenia is an unusual case where it seems that the state consumer protection policy functions may need more attention for fine-tuning than the consumer organisation needs developing. As one of the smaller local organisations expressed it "[we need] better organisation of state administration and supervision of their work". The consumer organisation, ZPS, on the other hand needs adequate resources and targeted rationalisation of its current too broad priorities. The Slovenia media too, is much more and systematically consumer focused than in the other countries surveyed.

Recommendations suggested by organisations and others included:

- Stabilisation of the public support situation for the long term - in particular this is one country where delegation to the consumer NGO would be very cost effective.
- Need for wider training in consumer policy issues, to include administrations and officials as well.
- Follow best practice in public competitive tenders for consumer services, such as establishing transparent and strict criteria for selection, and independent scrutiny; all public contracts awarded should be subject to evaluation of services delivered.
- Establishing co-operation and networks between TV consumer programmes on the Eurovision level.
- Meetings between institutions - international co-operation at inspectorate level to exchange experiences at working level between market surveillance authorities
- Better co-ordination of consumer protection activities across government departments and various agencies. This can be achieved by setting up a consumer consultative body, with the participation of consumer protection officers designated by each of the relevant Ministries.

⁷⁶ This programme was originally set up in 2008 with support from the European Commission in a project partnership with the consumer organisation.

Annexes

Annex 1: Table of organisations

Annex 2: Questionnaire to organisations

Annex 3: Questionnaire to authorities

Annex 1: Table of organisations

Organisation	Strategy/ work plan ¹	Main Activities	Branches/ Networks	Nr of staff & volunteers	Members (2011)	Magazine subscribers and sales	Website visits (2011)	Governance ²
CYPRUS								
CCA³	n/a	Information & Advice: Consumer Education, Magazine, Call Centre, Campaigning & Lobbying, Product Testing ⁴	3 Offices: Lefkosia, Larkana & Lemesos + Regional Committee in Paphos	2 full time + 2 part-time Volunteer Board Members (21)	4,500 Members (800 paying)	Quarterly Magazine with 800 Subscribers	40,924 Visits (from April 2011 to March 2012)	Typical (Company without Capital)
Cyprus Consumers Union & Quality of Life	n/a	Consumer Education, Campaigning & Lobbying	Regional Board in Limassol, Larnaca – Famagusta & Paphos	No staff, Volunteers only (number not provided)	972 members in 2011 998 members in 2012 Fees: 10€ to 20€	Newspaper: "Quality of Life" (free) in 5,000 copies	Not provided	Typical
ESTONIA								
Estonian Consumers Union³	yes	Consumer Rights: Information & Advice, Surveys, Campaigning, Lobbying, Complaints Handling, etc.	Umbrella Organisation with 7 Regional Consumer Organisations	1 Staff Member + Volunteers (number not provided)	7 Members (Organisations) Fees: 13€ for last 3 years	No Magazine	(22,760 visits in December 2011)	Typical
Tartu Consumer Advice & Information Centre	n/a	Protect & Promote Interests & Rights of Consumers (Information & Advice, Consumer Education, Campaigning, Price comparisons, etc.)	No Branches	No Staff; 5 Volunteer Board Members	51 to 53 Members	No Magazine	400,622 Visits	Typical
Tallinn Consumer	n/a	Advisory Services &	No Branches	No Staff; 2	51 Members	No Magazine	Not Monitored	Board of 3

¹ n/a means no formal strategy or work plan was mentioned or forwarded to BEUC

² typical = paying or non-paying members, general assembly, elected board with fixed term, elected chair/president

³ Member of BEUC – The European Consumer Organisation

⁴ Member of International Consumer Research and Testing - ICRT

Organisation	Strategy/ work plan ¹	Main Activities	Branches/ Networks	Nr of staff & volunteers	Members (2011)	Magazine subscribers and sales	Website visits (2011)	Governance ²
Advice Centre		Information, Research (Fair Division of Water & Heating Costs), Representing Consumers in Court		Volunteers				Members
Association of Consumers' Protection UGANDI	n/a ¹	Consumer Information & Education, Advice	No Branches	No Staff Volunteers (number not provided)	41 Members Fees: 3.80€ or 7.60€	No Magazine (but New 'Newspaper' for free)	425 Visits (from May 2011 to April 2012)	Typical
Pärnumaa Consumer Protection Association	n/a	Consumer Information & Education, Advice (Regional Consumer Organisation)	No branches	1 staff; 16 volunteers	45 members Fee: 3.80€	No Magazine	Number not provided	Typical
LATVIA								
Latvian National Association for Consumer Protection - (LNACP)³	n/a	Information & Education, Participation in Public Policy and Decision Making, Research & Information Materials, Mass Media & Publications	Umbrella Organisation with 10 Regional Consumer Organisations	4 Staff; 10 Regional Coordinators; 570 Voluntary Members	10 Member Organisations	No Magazine	Number not provided	Typical
Club for Protection of Consumer Interest	n/a	Improve Consumer Protection Legislation & Complaints solving procedure	LNACP member	No paid Staff; Volunteers (numbers not provided)	56 Members (with 8-10 Active Members)	No Magazine	Running Dolceta Website in Latvia: 5,388 Visits for 2010 (Third Quarter)	Board (3 people) and Members
CESIS Consumer Right Protection Society	n/a	Advice, Education and Information	LNACP Member	6 Volunteers (=Members)	6 Members	No Magazine	Numbers not provided	Board (3 people)

¹ n/a means no formal strategy or work plan was mentioned or forwarded to BEUC

² typical = paying or non-paying members, general assembly, elected board with fixed term, elected chair/president

³ Member of BEUC – The European Consumer Organisation

⁴ Member of International Consumer Research and Testing - ICRT

Organisation	Strategy/ work plan ¹	Main Activities	Branches/ Networks	Nr of staff & volunteers	Members (2011)	Magazine subscribers and sales	Website visits (2011)	Governance ²
Consumer Protection club in Jelgava	n/a ¹	Consumer Education and Information, Protect Consumer Interest & Rights (Public Awareness, etc.)	LNACP member	10 Volunteers	Not provided	No Magazine	Shares Website with LNACP	Typical
MALTA								
Ghaqda tal-Konsumaturi (CAMALTA)³	n/a	Consumer Redress, Telecom, Lobbying and Policy work, etc.	No Branches	No paid Staff; 6 Volunteers	105 Members (with Fees)	No Magazine	Not provided	Typical
SLOVAKIA								
Association of Slovak Consumers³	n/a	Consumer Education & Advice, ADR, 2 Hotlines	11 Regional Consumer Advice Centres;	5 Staff; 45-50 Volunteers = 12 Full Time	410-450 Members No Fees	No Magazine	60-350 Daily Average (2009-2011)	Typical
Association of Service Users ASU	n/a	Complaints Solving, ADR.	No Branches	No paid Staff; Volunteers number not provided	30 Members No Fees	No Magazine	25 Daily Average	Admin. Board (Elected each Year)
Society of Consumer Protection SOS Poprad	n/a	Consumer & Patients Rights, Advice, ADR,	No Branches	3 paid Staff (2 Full Time + 1 Part-Time) 10 Volunteers (=5 Full time)	No Membership	No Magazine	7,000 visits since 08/2011)	Not yet in place
Association of Consumers in Slovak Republic	n/a	Testing (by agreement with DTest, CZ) & Information	No Branches	5 paid staff	10 Members	No Magazine but TV Broadcast (9 min: 40/year)	Not provided	Not provided
Consumer Institute	n/a	Consumer Information & Education	3 Branches (Banska Bystrica, Kosice & Nitra)	No paid Staff; 5-10 Volunteers	70 Members Fee: 4€	The Consumer: 1 issue published in 2011	Not provided	Statutory Representation (Advisors & Main Board) + Control Board & other Structure

¹ n/a means no formal strategy or work plan was mentioned or forwarded to BEUC

² typical = paying or non-paying members, general assembly, elected board with fixed term, elected chair/president

³ Member of BEUC – The European Consumer Organisation

⁴ Member of International Consumer Research and Testing - ICRT

Organisation	Strategy/ work plan ¹	Main Activities	Branches/ Networks	Nr of staff & volunteers	Members (2011)	Magazine subscribers and sales	Website visits (2011)	Governance ²
OMBUDSPOT	n/a ¹	Consumer Disputes Resolution (ADR) & Consumer Redress	No Branches	Not provided	Not provided	Not provided	Not provided	Non-profit Organisation
SLOVENIA								
Slovene Consumers Association ZPS³	yes	Consumer Advice & Information, Consumer rep. & Education, Advocacy Hosting ECC	No Branches	9 Internal Staff (8 ½ time); 10 External Staff Board members are Volunteers	6,060 Members (with Fees, also subscribers to VIP magazine)		603,000 Visitors in 2011	Typical
International Research Institute MIPOR (publishing/research arm of ZPS)	yes	Conducts Research and Projects / Comparative Testing / Publishing Magazine ⁴	No Branches	8 Internal (6 Full Time + 2 Part Time); 15 external Board Members are Volunteers		"VIP" Magazine Circulation 8500; 6610 Subscribers, 845 Free Copies in School Libraries	As for ZPS	Director, Council (7 Members), Council of Experts & Supervisory Commission
Association of Consumers from Zastavje	n/a	Information & Advice (Regional Consumer Organisation), Market Research, Education	No Branches (since 2007)	No paid staff (since 2007); 6 volunteers	Number not provided. Fee on voluntary basis	No magazine	Not monitored	Elected President
ZPZS - Union of Slovenian Consumers Association	n/a	Represent Regional Consumer Organisations Interest, Information, etc.	Union with 5 Regional Consumer Organisations	No paid Staff; Volunteers (Number not provided)	5 Members (Consumer Organisations) Fee variable	No Magazine	No Website	Elected President

¹ n/a means no formal strategy or work plan was mentioned or forwarded to BEUC

² typical = paying or non-paying members, general assembly, elected board with fixed term, elected chair/president

³ Member of BEUC – The European Consumer Organisation

⁴ Member of International Consumer Research and Testing - ICRT

Annex 2: Questionnaire to organisations



Questions for the Consumer Organisations

BEUC, the European Consumers' Organisation is currently evaluating the state of the development of the consumer movement in countries that have joined the EU since 2004. This is the second part of our evaluation, funded by the European Commission DG Health and Consumer Protection. The evaluation will help us and the European Union institutions work more effectively with organisations dealing with consumer rights and protection in these countries, as well as see ways in which organisations can be helped to develop further and become stronger. The recommendations will serve as a basis for further action at the EU level to help further the development of consumer policy in the countries that have joined the EU more recently.

With this questionnaire, we would like to get a practical overview of your organisation and its activities. We would be grateful if you could take a little time to fill in the few questions below and return them to CESEE@beuc.eu , or by post for the attention of **Saida Saguir** at **Rue d'Arlon 80, 1040 Brussels, Belgium**.

Country:	
Contact person:	
Organisation (full name):	
Email:	
Telephone:	
Website:	
Date questionnaire completed:	

1. What are your organisation's **priorities and areas of work?**

Do you have a formal strategy and/or work plan? If so, please attach a copy to this questionnaire (in your own language if no translation available).

Answer:

2. Please list your **main activities**, e.g. information and advice to consumers – via advice bureaux; comparative testing and consumer information through magazine publishing; research; advocacy and campaigning, etc. etc.).

Answer:

3. Do you have **regional branches and networks**, and if so please specify details of how many and where?

Answer:

4. **About your organisation:** please describe **briefly** its age, structure, aim and governance system (e.g. whether it has a board, how is this appointed, members and their role etc). Please send us your latest annual report, or provide links to the relevant sections on your website.

Answer:

5. How many **staff** do you have? How many are paid staff, and how many are volunteers? With how many full time equivalents does this correspond? And how do you appoint new staff (e.g. open competition, word of mouth, etc)?

Answer:

6. Are you a **membership organisation**? If so, what types of members do you have (individuals, organisations)? How many members do you have, and what do they pay?

Please give us numbers for the last three years.

If you publish a **consumer magazine**, how many paying subscribers do you have (main magazine) and, if applicable, how many copies do you sell through retail outlets? Please give us numbers for the last three years.

If you publish your consumer information on your **website**, please give details of the number of visitors for the last three years. As for Q4 above, please send us any relevant documentation where this information is published.

Answer:

7. What are **sources of income** and your **annual budget**? (e.g. subscriptions, public funding, project income, donors). Please give us figures for the last three years.

Please give us a copy of the two latest audited accounts.

Answer:

8. Are you **represented** on any national advisory body or other consultative structure **in your country**? If so, please tell us which one(s), with the three most important at the top.

Answer:

9. Are you a **member of an international** or **European umbrella body**, for example BEUC, Consumers International, Coface, Codacons, or represent national consumers in ANEC, the European Consumer Consultative Group (ECCG), etc.?

Answer:

10. Please can you tell us briefly what are the three most important problems in the area of consumer protection that need addressing in your country and your view on how they could be resolved? You do not need to complete this section if BEUC representatives are arranging an interview with your organisation. .

Answer:

11. Why do you think you can represent the consumers of your country or region?

Answer:

Thank you very much for your help, it is much appreciated.

Please can you send us any materials that you have about your organisation, including magazines, annual reports, media clips, etc... Please do not hesitate to contact us if you have any questions.

Questionnaire for Authorities

Concerning Cooperation between governmental bodies and non-governmental consumer organisations

This Questionnaire includes some criteria for practical assessment of your country's national consumer policy and involvement of NGOs in the formulation and implementation of consumer policy:

- 1. Consumer policy strategy, programmes and reports**
- 2. Decision making process and involvement of consumer organisations**
- 3. Institutional mechanisms for the involvement of consumer organisations**
- 4. Other instruments of the involvement of consumer organisations in consumer policy**
- 5. Division of tasks and government support to consumer organisations**

1: Consumer policy strategy, programmes and reports

- Who adopts the strategy/programme – the Ministry/authority, the government or the Parliament?
- Is there a formalised consultation procedure and which institutions are involved?
- Are non-governmental consumer organisations involved and how?
- What are the main priorities of the current consumer policy programme in your country? On the basis of which facts is the decision about the priorities made?
- Are there regular periodical reports about the state of consumer protection/ about the realisation of policy programmes in your country?

2: Decision making process and involvement of consumer organisations

- What is a typical decision-making/legislative process in your country and at which stage of the process are non-governmental organisations involved? Which other stakeholders are involved?

- In the view of the government body/ies, what are the reasons for and benefits of involving consumer organisations in the legislation process, in the enforcement activities and in the consumer information and advice activities?
- In the view of the non-governmental organisations, what are their main reasons for being involved in consumer policy? What do they regard as their specific contribution to the national consumer policy and how can government benefit from it?

3: Institutional mechanisms for the involvement of consumer organisations

- What are the main tasks of the consumer consultative body/ies in your country?
- What is the composition of the consultative body/ies?
- Which consumer organisations participate in this/these body/ies? What are the criteria for their involvement?
- Which are the main topics the consultative body (or bodies) has been dealing with in the last year?
- Is the government satisfied with the input of consumer organisations in the consultative body?
- Are there regulatory and supervisory bodies in sectors such as:
 - Mass media (*advertisement*)
 - Telecommunication
 - Energy
 - Banking
 - Insurances
 - Others
- Is it provided for consumer representation in such bodies?
- What are the attitudes and experiences of these bodies with consumer representation?
- What are the experiences of consumer organisations with representation of consumer interests in these bodies?
- Do consumer organisations have resources and capacity to represent consumer interests in such specialised bodies?
- What can be improved?

4: Other instruments of the involvement of consumer organisations in consumer policy

- Besides the participation in the consultative bodies, which instruments are made available to consumer organisations for their involvement in consumer policy, such as:
 - Opinion on legal drafts – on a regular basis?

- Regular communication between government bodies and consumer organisations
- Hearings in the Parliament and parliamentary committees
- Joint public events/public campaigns
- Other?

5: Division of tasks and government support to consumer organisations:

- mainly, there are following areas of consumer policy:
 - Consumer legislation
 - Enforcement of laws
 - Consumer information and consumer advice
 - Consumer research and testing
 - Consumer education

(Consumer legislation and enforcement are regarded to be the areas of primary responsibility of the state).

- Which tasks are delegated to consumer organisations in your country?

Government support:

- For which of the above activity areas does the government financially support the activities of consumer organisations?
- What is the procedure (e.g. annual/multiannual calls for tender, institutional funding of consumer organisations)?
- What is the level of the annual budget of the consumer protection authority/ministry for the support to consumer organisations?
- Are there funding possibilities of the other government bodies for consumer organisations?
- Which criteria are applied for funding?
- Which requirements (reporting, financial reporting) have the funded consumer organisations to fulfil?
- In the opinion of your authority, is there a need for improvement of the modalities of government funding to consumer organisations?
- What are the main problems?