SUB- PROJECT 2 – PROJECT FICHE

1. Title: Institution Building of Regulatory Bodies Under Supervision of the Ministry of Economic Affairs – Consumer Protection Board

2. Sub-project nº: ES 9903.02

3. Location: Tallinn, Estonia

4. Background for institutional framework

With the Degree of Government No 151 of 2 May 1994 “On Establishment of the State Consumer Protection Board (CPB) and on Organisation of Consumer Protection” the Trade Supervision Board within the Ministry of Economic Affairs was reorganised into Consumer Protection Board under the jurisdiction of the Ministry of Economic Affairs. The Consumer Protection Board has its divisions in each county. The consumers are entitled to assemble in consumer societies, establish unions and central federations of consumers.

The Estonian Consumer Union was established in Tallinn on 27th of May 1994. The statutes of Estonian Consumer Union were registered by the Government Order No 583-k of 27 July 1994. According to the statutes the members of the Unions may be consumers protection unions, societies or other organisations. Voluntary consumer organisations have the right to be represented on the Consumer Consultative Council, created according to the Decree of the Ministry of Economic Affairs No 25 of May 1994. The role of the Council is to advise the CPB on consumer policy. It has representative from each voluntary consumer organisation and from every local authority, which has established a consumer protection department.

The CPB is a national authority which main task is to protect the legitimate rights of consumers and to represent their interests, developing and implementing consumer policy in accordance with the provisions of the UN Guidelines, of the Estonian Consumer Protection Act and of EEC consumer policy. The principal functions of the Consumer Protection Board, as defined in the Consumer Protection Act, are as follows:

- to guarantee the legal rights of consumers in relation to sellers;
- to control whether sellers of goods and services comply with the Act and other relevant regulations;
- to monitor the quality of goods and services;
- to represent consumers in state and local government institutions, in relation to sellers and manufacturers, and in courts;
- to take part in consumer legislation activities;
- to settle consumer complaints;
- to inform and advice consumers

In 1998 the CPB has staff of 58. The CPB comprises three departments (1. supervision department – responsible for consumer complaints and supervises trade and services/38 staff including counties divisions; 2. Consumer protection policy department – responsible for the legal issues and international co-operation; 3. Information and advice department – responsible for training and counselling of consumers and traders). The more detailed overview of the CPB activities is given in Annex B1.
5. Meeting the priorities

The Accession Partnership identifies under the short-term priorities the need to reinforce the institutional and administrative capacity regards to the regulatory and monitoring bodies. As a medium term priority the alignment with the acquis in the fields of consumer protection has to be completed as part of the market surveillance system which has to be established.

The following EU legal acts are harmonised with Estonian legislation:


As stated in the Estonia’s progress report for the Commission’s the Product Safety Act was adopted on April 21, 1998 entered into force on the September 1, 1998. The act is based on the principles of the Directive 92/59/EEC and establishes requirements related to general product safety and basis for the market surveillance arrangements.

The Ministry of Economic Affairs has prepared a draft Government Regulation establishing rules for Post, TV and Sale Catalogues. In this regulation provisions of the Consumer Protection Act and EU Directive 97/7/EC have been taken into account.

According to NPAA the following EU directives will be transposed into Estonian legislation:


- Proposal on guarantees for consumer goods and after-sales services (COM(95) 520-19.06.96; Consumer Protection Act, Obligations Act, Government Regulation, transposition depends on adoption of EU Directive.

• Council Decision 95/184/EC of 22 May 1995 amending decision No 3092/94/EC introducing Community system of information on home and leisure accidents; Government Regulation, adoption planned 2002.

6. General objectives of the project:

The project aims to improve the organisational efficiency and effectiveness of CPB with special emphasis on strengthening the market surveillance functions as required in EU internal market legislation.

7. Immediate Objectives:

Completion of 3-5 years strategy development plans together with the evaluation of strengthens and weaknesses of the current consumer protection programme.

8. Problem identification

The main target beneficiary of the initiative will be CPB. On the basis of the existing programme for the transposition of EU legislation on Consumer Protection the Board has a clear view of what it needs to achieve over the next 3-5 years. However the Board recognises necessity to acquire external expertise from the member states in applying best practise to the achievement of these medium term general objectives:

• The development of an outline 3-5 strategic development plan to consumer protection board (both in the context of EU accession as well in the context of overall consumer protection);

• An immediate evaluation of main strengths and weaknesses of consumer current protection programme;

• Identification of the adequacy of current staffing levels, together with any expansion of current training programme;

In particular the expertise should focus for near-term results as:

• Increasing consumer awareness
• Development of market surveillance function
• Efficient settling of consumer complaints
• Development of proper databases

The specialised areas where these function should be strengthened in short and medium-term perspective are:

• Misleading advertising; comparative advertising, advertising of alcoholic and tobacco products, financial services and children oriented advertising
• Distance contracts, consumer contracts, consumer credit & travel packages
• Post, TV and sale catalogues
• Guarantees for consumer goods and after sales services
• Joining Rapex system
• Protection of consumer economical interests
• Protection of consumer rights in monopolised services
9. Budget (MEUR):

<table>
<thead>
<tr>
<th></th>
<th>Investment</th>
<th>Institution Building</th>
<th>Total Phare (I+IB)</th>
<th>Recipient (National Budget)</th>
<th>IFI</th>
<th>TOTAL</th>
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<tbody>
<tr>
<td>Twinning (long and short-term pre-accession advisers) and Training package</td>
<td></td>
<td>0.32</td>
<td>0.32</td>
<td>0.03</td>
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<td>0.35</td>
<td>0.03</td>
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<td>0.38</td>
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</table>

During last 3 years the following sums have been allocated from the state budget to Consumer Protection Board:

Year 1996 3,87 million EEK 0,25 million EUR
Year 1997 4,65 million EEK 0,29 million EUR
Year 1998 5,21 million EEK 0,32 million EUR

10. Institutional Framework for Implementation

The Consumer Protection Board was established on the 2nd of May 1994 under the jurisdiction of the Ministry of the Economic Affairs. The functions of the CPB are described under the section 3. The CPB comprises of three departments (1. supervision department – responsible for consumer complaints and supervises trade and services/38 staff including counties divisions; 2. Consumer protection policy department – responsible for the legal issues and international co-operation; 3. Information and advice department – responsible for training and counselling of consumers and traders). The Consumer Protection Board has its divisions also in each county (see Annex B2).

The Estonian Consumer Union was established in Tallinn on 27th of May 1994. According to the statutes the members of the Unions may be consumers protection unions, societies or other organisations.

Voluntary consumer organisations have the right to be represented on the Consumer Consultative Council. The role of the Council is to advise the CPB on consumer policy. It has representative from each voluntary consumer organisation and from every local authority, which has established a consumer protection department.

The contact persons for the twinning is the Director General of the CPB Mrs Helle Aruniiit (Kiriku Street 4, 10130 Tallinn, Estonia; Tel. 372 6201 702; Fax 372 6201 701).

11. Implementation arrangements

The direct beneficiaries of advice from long-term twinning experts will be the Director General Mrs Helle Aruniiit and three Head of the Departments of the Consumer Protection Board. It is expected that the twinning experts establish contacts
with all related organisations and in particular with the officials in the Ministry of Economic Affairs responsible for the development of the consumer protection area. The organisational chart of the board is attached as Annex B2.

To guarantee sufficient co-ordination of the project and awareness about project aims and achievements Project Steering Committees will be established for each of the components of the overall programme. The PSC meetings will be convened quarterly and will be chaired by the General Director of the Consumer Protection Board. PSC includes twinning expert, representative from EC Delegation in Estonia, donor assistance co-ordinator from the Ministry of Finance and the officer responsible for the area in the Ministry of Economic Affairs and any other officials from beneficiary organisation, closely connected to the project. PSC may include observer members. The main objective of the Steering Committee meetings would be to review and approve the project progress reports and make recommendations in regard to next quarter’s activities.

The CFCU is the Implementing Agency responsible for tendering, contracting and accounting. Responsibility for the technical preparation, implementation and control will remain with the recipient institution.

12. Implementation schedule

<table>
<thead>
<tr>
<th>Institution Building</th>
<th>Start of twinning arrangements</th>
<th>Start of project activity</th>
<th>Completion</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>April 1999</td>
<td>September 1999</td>
<td>July 2001</td>
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<table>
<thead>
<tr>
<th>Investment</th>
<th>Start of tendering</th>
<th>Start of procurement for equipment</th>
<th>Completion</th>
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<tr>
<td></td>
<td>October 2000</td>
<td>December 2000</td>
<td>July 2001</td>
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13. Conditionality and sequencing:

The project follows a logical sequence of activities:

- the HRD strategy, MIS and internal procedures must follow the adoption of a corporate strategy;
- the project training programme must follow the training needs assessment; and
- testing equipment purchases must follow the identification of requirements.

Project contacts:

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