



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 31.1.2003  
COM(2003) 44 final

2003/0020 (COD)

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Proposal for a

**DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**establishing a general Framework for financing Community actions in support of  
consumer policy for the years 2004-2007**

(presented by the Commission)

## EXPLANATORY MEMORANDUM

Decision 283/1999/EC<sup>1</sup> establishing a general framework for Community activities in favour of consumers 1999-2003 provided the first legal framework for expenditure on activities in several areas of health and consumer protection. Decision 283/1999/EC expires on 31 December 2003. The present proposal for a Decision of the European Parliament and of the Council establishes a general Framework for Community actions in support of consumer policy for the period 2004-2007. At the same time, the Commission is submitting a report to the European Parliament and the Council on the implementation of actions under the current legal framework during the years 1999-2001, together with an overview of the state of play in evaluating the activities financed<sup>2</sup> during this period.

The Group of Senior Officials responsible for Consumer Policy in the Member States has been consulted on the general approach of this proposal on July 18, 2002. The representatives of the Member States in the Advisory Committee set up by Decision 283/1999/EC, and the national and European consumer organisations represented in the Consumer Committee<sup>3</sup> have also contributed to the discussions. These consultations confirmed strong support for the Commission's approach to the new legal framework.

The aim of this proposal is to establish an enabling framework for the Community actions in support of consumer policy set out in the **Consumer Policy Strategy 2002-2006**<sup>4</sup>, adopted by the Commission in May 2002, which establishes the following objectives:

- a high common level of consumer protection
- effective enforcement of consumer protection rules
- proper involvement of consumer organisations in Community policy making.

These objectives will be implemented through actions included in the rolling programme (annexed to the Strategy) which will be regularly reviewed by the Commission. This proposal establishes a direct link between the objectives and priorities of the Consumer Policy Strategy 2002-2006 and the actions to be financed under the proposed Decision. It also provides for the participation of associated countries in these actions. An ex ante impact assessment of the Strategy was conducted by external experts and completed in February 2002. The assessors broadly endorsed the chosen approach, while expressing some concerns about the sufficiency of the proposed action programme. The present proposal and future work programmes must therefore focus on actions that have the highest impact/resource ratio.

Decision 283/1999/EC covers various activities concerning health and consumer protection, including notably certain food safety related actions. In line with the Consumer Policy Strategy and activity based budgeting, the scope of this proposal covers only issues concerning consumer safety related to non-food products, consumer economic interests, consumer information and education, the promotion of consumer organisations at European level and their contribution to EU policies affecting consumer interests. As set out in the White Paper on Food Safety<sup>5</sup>, and confirmed with the adoption of Regulation 178/2002<sup>6</sup>, food safety related expenditure will be financed under separate legislative acts.

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<sup>1</sup> O.J. L 34/1 of 9.2.1999

<sup>2</sup> COM(to be completed)

<sup>3</sup> as set up by Commission Decision 2000/323/EC, O.J. L111/30 of 4.5.2000

<sup>4</sup> O.J. C 137/2 of 8.6.2002

<sup>5</sup> COM(1999)719 final of 12.1.2000

<sup>6</sup> O.J. L 31 of 1.2.2002

The proposal covers the four-year period from 2004 to 2007. The total budget proposed for the four-year period amounts to € 72 million, or € 18 million per year, in operational credits and € 32 million, or € 8 million per year, in human resources and other administrative expenditure. This represents budgetary stability for consumer policy actions, taking into account the transfer of certain food safety related activities to other budget lines in accordance with activity based budgeting.

The Report on the implementation of actions under the Decision 283/1999/EC found that, given the small size and short duration of many of the specific projects co-financed, the administrative cost was often disproportionately high, and the effectiveness and impact of the projects limited. The present proposal therefore includes a call for proposals for specific projects at least every two years, and the possibility of co-financing up to a maximum of 70%. Eligible projects will need to support the objectives of the Consumer Policy Strategy. In line with subsidiarity, co-financing of specific projects will no longer be used as an instrument to provide support to weak national consumer organisations. Instead, capacity building actions in support of consumer organisations, promoting the training of staff and exchange of best practices, will be directly financed by the Commission.

Decision 283/1999/EC provides that financial support for European consumer organisations “may not, in principle”, exceed 50% of their operational expenditure. The present proposal fixes a definitive ceiling of 50% for this type of financial contribution. The proposal, however, makes explicit provision for financing up to 95% of the expenditure of organisations representing consumers interests in the development of standards for products and services at Community level. This provision confirms the current practice of an exceptionally high level of support in this area and makes it fully transparent. It also explicitly recognises the high policy relevance and general European interest of this work as provided for in Article 108 and 113 of the Financial Regulation applicable to the general budget of the European Communities<sup>7</sup>.

The present proposal introduces specific provisions for actions jointly undertaken by the Commission and the Member States. It concerns: (a) financial contributions to bodies that are part of existing Community networks set up to provide information and assistance to consumers to help them exercise their rights and to obtain access to appropriate dispute resolution and (b) actions to be developed in the area of administrative and enforcement co-operation with the Member States.

The proposal modifies the eligibility criteria for the financial contribution to a European consumer organisation in order to clarify that they must be independent of industry, commerce and other business interests, and that their primary objective must be to promote the health, safety and economic interests of European consumers.

The present proposal, as opposed to the current Decision, does not incorporate selection and award criteria for financial contributions to specific projects. These will, instead, be set out in an annual work programme, which is submitted to the Advisory Committee assisting the Commission in the implementation of the proposed Decision. In line with the rolling plan of actions of the Consumer Policy Strategy, the work programme will define the priorities for action by objective, the breakdown of the annual budget by type of action, the planned timing of calls for tender, calls for proposals and joint actions with the Member States, and the selection and award criteria and indicative amount available for the calls for proposals.

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<sup>7</sup> OJ L 248 of 16.9.2002

Proposal for a

**DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**establishing a general Framework for financing Community actions in support of consumer policy for the years 2004-2007**

**(Text with EEA relevance)**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 153 thereof,

Having regard to the proposal from the Commission<sup>1</sup>,

Having regard to the opinion of the European Economic and Social Committee<sup>2</sup>,

Acting in accordance with the procedure laid down in Article 251 of the Treaty<sup>3</sup>,

Whereas:

- (1) Consumer policy makes a crucial contribution to two of the European Commission's strategic objectives<sup>4</sup>, namely promoting a new and economic social agenda in order to modernise the European economy and ensuring a better quality of life for Europe's citizens.
- (2) The Consumer Policy Strategy 2002-2006 establishes three key objectives. These will be implemented through actions included in a rolling programme to be reviewed regularly by the Commission.
- (3) The objectives and actions in the Consumer Policy Strategy should steer the allocation of funds for actions implemented under this Framework.
- (4) In line with the Consumer Policy Strategy, consumer policy within the scope of this framework should cover the safety of services and non-food products, and the economic interests of EU consumers. Actions related to food safety are not covered by this Framework.
- (5) This Framework should provide for actions by the Community, in compliance with the principle of subsidiarity, to support and build the capacity of organisations and bodies which work to promote consumer interests at Community or national level.

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<sup>1</sup> OJ C [...], [...], p. [...]

<sup>2</sup> OJ C [...], [...], p. [...]

<sup>3</sup> OJ C [...], [...], p. [...]

<sup>4</sup> Commission Communication on the Strategic Objectives 2000-2005 'Shaping the new Europe' COM(2000) 154 final

- (6) This Framework should provide for actions jointly undertaken by the Commission and one or more Member States to implement the objectives of consumer policy.
- (7) It is of general European interest within the meaning of Article 108 of the Financial Regulation applicable to the general budget of the European Communities<sup>5</sup> that the health, safety and economic interests of consumers, as well as consumer interests in the development of standards for products and services, are represented at Community level.
- (8) This Decision establishes a financial framework for the entire duration of the programme which is to be the principal point of reference for the budgetary authority, within the meaning of point 33 of the Interinstitutional Agreement of 6 May 1999 between the European Parliament, the Council and the Commission on budgetary discipline and improvement of the budgetary procedure<sup>6</sup>.
- (9) To improve the effectiveness and impact of the activities of European consumer organisations and of consumer organisations representing consumer interests in the development of standards for products and services at Community level, financial contributions for eligible organisations may be subject to framework partnership agreements for the duration of this Framework.
- (10) In order to improve administrative efficiency, and the effectiveness and impact of specific projects, calls for specific projects should be published at least every two years and support should be provided for up to a maximum of 70% of the cost of the eligible expenses for implementing the projects.
- (11) The Agreement on the European Economic Area (EEA Agreement) provides that the countries of the European Free Trade Association participating in the European Economic Area (EFTA/EEA countries) should, inter alia, strengthen and broaden co-operation within the framework of the Community's activities in the field of consumer protection.
- (12) This general framework should be open to the participation of the associated Central, Eastern and South Eastern European countries, Cyprus, Malta and Turkey, in accordance with the conditions laid down in the respective bilateral agreements establishing the general principles for their participation in Community programmes.
- (13) In order to increase the value and impact of the framework, continuous monitoring and regular evaluation of the actions undertaken should be carried out, with a view, where appropriate, to making necessary adjustments.
- (14) The measures necessary for the implementation of this Decision should be adopted in accordance with Council Decision 1999/468 of 28 June 1999 laying down procedures for the exercise of implementing powers conferred on the Commission<sup>7</sup>.

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<sup>5</sup> OJ L 248 of 16.9.2002

<sup>6</sup> OJ C 172/01 of 18.6.1999

<sup>7</sup> OJ L 184, 17.7.1999, p.23

HAVE DECIDED AS FOLLOWS:

***Article 1 - Scope***

1. This Decision establishes a general Framework for Community actions in support of consumer policy, hereinafter referred to as “the framework”, for the period from 1 January 2004 to 31 December 2007.
2. The actions to be undertaken under the Framework shall supplement the actions undertaken by and in the Member States to protect the interests of consumers and to promote their right to information, education and organisation

***Article 2 - Areas of action***

The actions to be undertaken under the Framework shall concern the following specific areas:

- (a) protection of consumer health and safety with respect to services and non-food products;
- (b) protection of the economic interests of consumers;
- (c) promotion of consumer information and education;
- (d) promotion of consumer organisations at European level.

***Article 3 - Objectives of the actions***

The actions to be taken under the Framework shall help to achieve the following general objectives:

- (a) A high common level of consumer protection, through the establishment of common consumer protection rules and practices and the integration of consumer interests into other Community policies;
- (b) effective enforcement of consumer protection rules, through market surveillance, administrative and enforcement co-operation and consumer access to resolution of complaints and disputes; and
- (c) proper involvement of consumer organisations in the development of Community policies affecting consumer interests.

***Article 4 - Types of action***

1. The actions to be taken under the Framework shall be listed in the Annex by objectives.
2. Actions 1 – 8, 11-15 and 19 are directly implemented by the Commission.
3. Actions 9 and 10 are jointly financed by the Community and one or more Member States, or by the Community and the competent authorities of the third countries participating pursuant to Article 9.
4. Actions 16, 17 and 18 benefit from financial contributions by the Community.

### ***Article 5 - Funding***

The financial budget for the implementation of this framework for the period referred to in Article 1 is set at € 72 million.

The annual appropriations will be authorised by the budgetary authority within the limits of the financial perspectives.

### ***Article 6 - Financial contribution***

1. The Community contribution to joint actions 9 and 10 as specified in the Annex will, in principle, be 50%, and in no event exceed 70%, of the total cost of the action.
2. The financial contributions for action 16 will not exceed 50%, of the expenditure for carrying out eligible activities.
3. The financial contributions for action 17 will not exceed 95% of the expenditure for carrying out eligible activities.
4. The financial contributions for actions 16 and 17 to eligible organisations that in the preceding year have proven actively and effectively to represent consumer interests shall not be subject to the rule of gradual decrease upon renewal.
5. The financial contributions for action 18 will, in principle, be 50%, and in no event exceed 70%, of the eligible expenses for implementing the project.

### ***Article 7 - Beneficiaries***

1. The financial contributions for joint actions 9 and 10 may be awarded to a public body or a non-profit making body designated by the Member State or the competent authority concerned and agreed by the Commission.
2. The financial contributions for action 16 may be awarded to European consumer organisations which:
  - (a) are non-governmental, independent of industry, commerce and other business interests and non-profit-making, and have as their primary objectives and activities the promotion and protection of the health, safety and economic interests of consumers in the Community, and
  - (b) have been mandated to represent the interests of consumers at Community level by national consumer organisations in at least half of the Member States that are representative, in accordance with national rules or practice, of consumers and are active at regional or national level.
3. The financial contributions for action 17 may be awarded to European consumer organisations which:
  - (a) are non-governmental, independent of industry and commerce and non-profit-making, and have as their primary objectives and activities to represent consumer interests in the standardisation process at Community level, and
  - (b) have been mandated to represent the interests of consumers at Community level by national consumer organisations in the Member States that are

representative, in accordance with national rules or practice, of consumers and are active at national level.

4. The financial contributions for action 18 may be awarded to any legal person or association of legal persons that acts independently of industry and commerce and is actually responsible for the implementation of the projects.

#### ***Article 8 - Exclusions***

Applicants or tenderers and contractors who are found guilty of making false declarations, or are found to have seriously failed to meet their contractual obligations, shall be excluded from the award of further contracts in accordance with the rules set out in the Financial Regulation applicable to the general budget of the European Communities, hereinafter referred to as “the Financial Regulation”.

#### ***Article 9 - Participation of third countries***

The framework shall be open to the participation of:

- (a) EFTA/EEA countries in accordance with the conditions established in the EEA Agreement;
- (b) Associated countries of Central, Eastern and South Eastern Europe, Cyprus, Malta and Turkey, in accordance with the conditions laid down in the respective bilateral agreements establishing the general principles for their participation in Community programmes.

#### ***Article 10 - Consistency and complementarity***

1. The Commission shall ensure that the actions implemented under this framework are consistent with the Consumer Policy Strategy 2002-2006 and subsequent consumer policy development.
2. The Commission shall ensure that there is consistency and complementarity between the actions implemented under the Framework and other Community programmes and initiatives.

#### ***Article 11 - Work programme***

The Commission shall adopt an annual work programme including:

- (a) the priorities for action under each objective,
- (b) the breakdown of the annual budget among the types of action identified in Article 4,
- (c) the planned timing of the calls for tenders, the joint actions and the calls for proposals,
- (d) in the case of calls for proposals, the selection and award criteria for actions 16, 17 and 18, and the indicative amount available for each of these calls for proposals.

#### ***Article 12 - Publication***

1. The Commission shall publish the following in the *Official Journal of the European Communities* and on the Internet site of the European Commission:



- (a) a call for proposals for actions 16 and 17; and
  - (b) a call for proposals for action 18 describing the priorities for action to be undertaken, at least every two years.
2. A list of the recipients of financial contributions and a list of the actions funded under the Framework shall be published each year on the Internet site of the European Commission with indication of the amounts.

#### ***Article 13 - Monitoring and evaluation***

1. The Commission shall ensure effective and regular monitoring of the actions undertaken under the Framework and shall present to the European Parliament and to the Council a mid-term report on the implementation of the Framework by 31 December 2005.
2. The Commission shall present to the European Parliament and to the Council an evaluation report on actions carried out under the Framework before submitting a proposal for its possible renewal, and in any case by 31 December 2007 at the latest.

#### ***Article 14 - Implementation of measures***

1. The Commission shall be responsible for the management and implementation of this Decision in accordance with the Financial Regulation.
2. The Commission shall take the measures provided for in Article 4(3) and (4) and in Article 11 in accordance with the procedure referred to in Article 15(2).

#### ***Article 15 - Committee***

1. The Commission shall be assisted by a committee, hereinafter referred to as “the committee”.
2. Where reference is made to this paragraph, Articles 3 and 7 of Decision 1999/468/EC shall apply, having regard to the provisions of Article 8 thereof.
3. The Committee shall adopt its rules of procedure.

#### ***Article 16 - Entry into force***

This Decision will enter into force on the third day of its publication in the *Official Journal of the European Communities*.

Done at Brussels,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*

## ANNEX

### **The actions referred to in Article 4 listed by objectives**

#### **Objective (a): A high common level of consumer protection**

**Action 1.** Scientific advice and risk analysis relevant to consumer health and safety regarding non-food products and services.

**Action 2.** Preparation of legislative and other regulatory initiatives and promotion of self-regulatory initiatives, including inter alia:

- 2.1. Comparative analysis of markets and regulatory systems
- 2.2. Legal and technical expertise for policy development on the safety of services
- 2.3. Technical expertise for the development of standardisation mandates for products and services
- 2.4. Legal and technical expertise for policy development on the economic interests of consumers
- 2.5. Workshops with stakeholders and experts

**Action 3.** Monitoring and assessment of market developments with an impact on the economic and other interests of consumers, including, inter alia, price surveys, inventory and analysis of consumer complaints and surveys of changes in the structure of markets.

**Action 4.** The collection and exchange of data and information that provide an evidence base for the development of consumer policy and for the integration of consumer interests in other EU policies, including inter alia surveys of consumer and business attitudes, collection and analysis of statistical and other relevant data.

#### **Objective (b): Effective enforcement of consumer protection rules**

**Action 5.** Co-ordination of surveillance and enforcement actions, including, inter alia:

- 5.1. Development of IT tools (e.g. databases, information and communication systems) for enforcement cooperation
- 5.2. Training, seminars and exchanges of enforcement officials for joint enforcement actions
- 5.3. Planning and development of joint enforcement actions
- 5.4. Pilot joint enforcement actions

**Action 6.** Development of databases covering the application of and jurisprudence on consumer rights deriving from Community consumer protection legislation, including the completion and improvement of the database on unfair contract terms.

**Action 7.** Monitoring and assessment of the safety of non-food products and services, including, inter alia:

7.1. Reinforcement and extension of the scope of the RAPEX alert system, taking developments in market surveillance information exchange into account

7.2. Technical analysis of alert notifications

7.3. Collection and assessment of data on the risks posed by specific consumer products and services

7.4. Development of the Consumer Product Safety Network<sup>1</sup>.

**Action 8.** Monitoring of the functioning and assessment of the impact of Alternative Dispute Resolution schemes, in particular of on-line schemes and their effectiveness in settling cross-border complaints and disputes, as well as technical assistance for the further development of the European Extra-Judicial Network system.

**Action 9. (Joint Action)** Financial contributions for public or non-profit bodies constituting Community networks that provide information and assistance to consumers to help them exercise their rights and obtain access to appropriate dispute resolution (the European Consumer Centres Network and the Clearing Houses of the European Extra-Judicial Network, under the conditions set out in Article 7(1).

**Action 10. (Joint Action)** Financial contributions for joint surveillance and enforcement actions to improve administrative and enforcement co-operation on Community consumer protection legislation, including the General Product Safety Directive, and other actions in the context of administrative co-operation, under the conditions set out in Article 7(1).

### **Objective (c): Proper involvement of consumer organisations in EU policies**

**Action 11.** Provision of specific technical and legal expertise to consumer organisations to support their participation in, and input into, consultation processes on Community legislative and non-legislative policy initiatives, as well as their contribution to market surveillance.

**Action 12.** Representation of the interests of European consumers in international forums, including international standardisation bodies and international trade organisations.

**Action 13.** Training for staff members of consumer organisations and other capacity building actions.

**Action 14.** Information actions about consumer rights conferred by consumer protection legislation and other Community consumer protection measures.

**Action 15.** Consumer education, including the Young Consumer Competition and the development of on-line interactive consumer education tools on consumer rights in the internal market and on cross-border transactions.

**Action 16.** Financial contributions to the functioning of European consumer organisations, under the conditions set out in Article 7(2).

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<sup>1</sup> as provided for in Directive 2001/95/EC on general product safety, OJ L 11/4 of 15.1.2002

**Action 17.** Financial contributions to the functioning of European consumer organisations representing consumer interests in the development of standards for products and services at Community level, under the conditions set out in Article 7(3).

**Objectives (a), (b) and (c):**

**Action 18.** Financial contributions for specific projects at Community or national level in support of consumer policy objectives as defined in Article 2, under the conditions set out in Article 7(4).

**Action 19.** Evaluation of actions undertaken under this Framework.

## LEGISLATIVE FINANCIAL STATEMENT

**Policy area(s): HEALTH AND CONSUMER PROTECTION**

**Activit(y/ies): Consumer policy**

**TITLE OF ACTION: FRAMEWORK FOR COMMUNITY ACTIVITIES IN SUPPORT OF EUROPEAN CONSUMER POLICY 2004-2007**

### 1. BUDGET LINE(S) + HEADING(S)

Heading B5-10, lines B5-100 and B5-100A; Heading A7- lines A0701, A07030, A07040 and A-707

### 2. OVERALL FIGURES

**2.1. Total allocation for action (Part B): € 72 million for commitment**

**2.2. Period of application: 2004-2007**

**2.3. Overall multi-annual estimate of expenditure:**

(a) Schedule of commitment payment appropriations (financial intervention) *(see 6.1.1)*

€ million *(to three decimal places)*

	2004	2005	2006	2007	2008	2009+ subs yrs	Total
Commitments	17.000	17.000	17.000	17.000			68.000
Payments	6.800	11.900	15.300	17.000	10.200	6.800	68.000

(b) Technical and administrative assistance and support expenditure *(see point 6.1.2)*

Commitments	1.000	1.000	1.000	1.000			4.000
Payments	0.400	0.700	0.900	1.000	0.600	0.400	4.000

Subtotal a+b							
Commitments	18.000	18.000	18.000	18.000			72.000
Payments	7.200	12.600	16.200	18.000	10.800	7.200	72.000

(c) Overall financial impact of human resources and other administrative expenditure *(see points 7.2 and 7.3)*

Commitments / payments	7.874	7.874	7.874	7.874			31.496
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TOTAL a+b+c	2004	2005	2006	2007	2008	2009 +	
Commitments	25.874	25.874	25.874	25.874			103.496
Payments	15.074	20.474	24.074	25.874	10.800	7.200	103.496

### 2.4. Compatibility with financial programming and financial perspective

Proposal is compatible with existing financial programming for 2004-2006.

## 2.5. Financial impact on revenue:

[✓] Proposal has no financial implications (involves technical aspects regarding implementation of a measure)

## 3. BUDGET CHARACTERISTICS (B5-100)

Type of expenditure		New	EFTA participation	Participation of applicant countries	Heading fin. Perspective
Non-comp	Diff	NO	YES	YES	No 3

## 4. LEGAL BASIS: ARTICLE 153 TEC

## 5. DESCRIPTION AND GROUNDS

### 5.1. Need for Community intervention

Consumer policy measures are based on Articles 153 and 95 of the Treaty establishing the European Community. The Community is to contribute to the protection of the health, safety and economic interests of consumers, as well as to promoting their right to information, education and to organise themselves to safeguard their interests. The Community contribution envisaged concerns measures in the context of the completion of the internal market, and measures to support, supplement and monitor the policy pursued by the Member States. Consumer policy at Community level has developed as the essential corollary of the progressive establishment of the internal market. The free circulation of goods and services has required the adoption of common, or at least convergent, rules to ensure sufficient protection of consumer interests and the elimination of regulatory obstacles and competitive distortions.

#### 5.1.1. Objectives pursued

European consumer policy is central to two of the aims of the Commission's strategic objectives<sup>1</sup>, namely modernising the European economy and ensuring a better quality of life for European citizens. The Consumer Policy Strategy 2002 – 2006, establishes **three key objectives for this policy**: a high common level of consumer protection, effective enforcement of consumer protection rules and the involvement of consumer organisations in EU policy making. These objectives steer the allocation of funds for actions under the present proposal.

#### 5.1.2. Measures taken in connection with ex ante evaluation

The objectives and priorities set out in the Consumer Policy Strategy were the subject of an *ex ante* impact assessment, conducted by *Evaluation Partnership*, an independent consulting firm<sup>2</sup>. The assessment report analyses the consumer policy situation at the end of 2001 to establish a base-line position. It then examines the intervention logic of the strategy and the main areas of expected impact.

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<sup>1</sup> Commission Communication on the Strategic Objectives 2000-2005 'Shaping the new Europe' COM(2000) 154 final

<sup>2</sup> Ex ante impact assessment of the New Consumer Policy Strategy, undertaken by Evaluation Partnership, final report January 2002

Its conclusions broadly endorse the objectives and priorities of the Strategy. The objectives are considered to be consistent with the needs of consumer policy and EU-level policy in general. The analysis on which the strategy is based is deemed comprehensive. The response the strategy proposes to the current challenges is found to be sound and built on a coherent approach. The assessment also identifies a clear logic of the interventions proposed, both in terms of how its actions support policy objectives and in terms of the areas of impact that the attainment of these objectives should have.

The report examines the views of key stakeholders as their effective engagement is considered essential to the delivery of the strategy's objectives. Stakeholders are found to agree with the relevance and importance of the objectives, but expect that policies and actions may prove difficult to adopt and enforce, notably the integration of consumer policy into other policy areas.

The assessors support the need for Community intervention in support of policy objectives. They conclude that it is unlikely Community funds will be used for actions that the Member States would have carried out themselves, and expect they will produce a good European added value. However they highlight the need to adapt actions to specific national environments and to check whether certain initiatives could be undertaken by markets.

The assessors expressed concern about the sufficiency of the proposed actions. As the assessors also recognise, the regular adjustment of the strategy via a rolling plan of actions provides an adequate mechanism for doing this. As a consequence, the actions to be financed under this framework will also have to be adapted accordingly. The present proposal and future work programmes implementing it must therefore focus on actions that have the highest impact/resource ratio. To secure the flexibility needed for this, this enabling framework gives a general and indicative rather than an exhaustive and detailed definition of the actions.

Further important elements of ex ante evaluation are the experience in recent years with the implementation of the different intervention mechanisms and actions, and internal and external interim evaluations of actions and intervention mechanisms conducted in recent years.

#### *5.1.3. Measures taken following interim and ex post evaluation*

A report from the Commission to the European Parliament and the Council on the implementation and evaluation of Community activities 1999-2001 in favour of consumers under Decision 283/1999/EC is being presented at the same time as the current proposal. This report sets out the Commission's appraisal of the implementation of Decision 283/1999/EC. This appraisal has induced the following changes with respect to the current Decision:

- \* The focus of all proposed actions is firmly centred on the three consumer policy objectives;
- \* Eligibility criteria for operating grants to European consumer organisations are clarified to further concentrate funding on those organisations whose core business it is to defend consumer interests at European level, notably in follow-up to an external evaluation, while leaving space for new initiatives in this area.
- \* As attempts to identify alternative funding sources for consumer representation in standardisation have failed to give results, and an evaluation found this work to be of high relevance, a consensus has developed on the need for specific provisions for funding this activity.

\* In setting out detailed rules and criteria for awarding grants to specific projects, the current Decision has succeeded in improving the transparency of the process. Management of the annual project cycle has, however, proved to be a major drain on resources, for the Commission as well as for applicants. This administrative burden outweighs the added value at EU level or the (sustained) impact of the projects financed. The 50% level of co-financing provided and the administrative burden on applicants have mainly worked to the advantage of the stronger, well-financed organisations. Therefore, this instrument has proved unsuitable as a means of strengthening the weaker and smaller national consumer organisations. In line with the subsidiarity principle, this is primarily the task of national authorities. Community intervention in this area can only be complementary and take the form of direct Commission actions to stimulate capacity building, training and exchange of best practices.

To improve effectiveness and reduce administrative costs for both applicants and the Commission, the present proposal provides in principle for a two-year project cycle. In addition, the Commission may contribute up to 70% of the total cost, in order to facilitate access to project financing for projects in line with the objectives.

\* The inclusion of selection and award criteria for grants for specific projects in the current Decision itself has meant that they could only be defined in general terms in order to ensure their validity for the entire time-period. Consequently, they have not proved to be helpful in practice. Member States and applicants have criticised the criteria, and the Commission itself has found them difficult to apply. Therefore, the present proposal does not include such criteria, but instead provides that they should be defined in the annual work programme. This will ensure that clear criteria can be set that reflect the work programme priorities.

An external evaluation to verify this internal assessment of specific projects co-financing has, meanwhile, also been launched.

\* A new intervention mechanism for actions jointly financed by the Commission and one or more Member States is introduced. It will be used for subsidies, such as currently provided to public and non-profit bodies that are part of the European Consumer Centre Network and the European Extra-judicial Network, on the basis of a co-financing arrangement with Member States. It will also be used for the co-financing of enforcement and other actions with the Member States, as necessary in the framework of further administrative and enforcement co-operation between the Commission and the Member States.

## **5.2. Action envisaged and budget intervention arrangements**

The direct beneficiaries of the actions are consumer organisations and other non-profit making bodies working on issues of interest to consumers, as defined in Article 7, as well as private contractors. The ultimate beneficiaries will be consumers in the EU.

The following budget intervention arrangements are foreseen:

- Actions taken by the Commission through contracts following procurement procedures, such as calls for tenders. Appropriate technical specifications will be defined for each action.
- Co-financing of specific projects in support of EU consumer policy, under the conditions set out in Article 7(4), up to a maximum of 70% of the eligible expenses for implementing the project. This contribution may be granted to any legal person or association of legal persons that acts independently of industry and commerce and is actually responsible for the implementation of the project.



- Operating grants for the activities of European-level consumer organisations under the conditions set out in Article 7(2), up to a maximum of 50% of the expenditure for carrying out eligible activities. This contribution may be granted to European level consumer organisations that are non-governmental and non-profit-making, and that have as their main objectives and activities to promote and protect the health, safety and economic interests of consumers in the Community. They must also have been mandated to represent the interests of consumers at Community level by national organisations in at least half the Member States that are representative, in accordance with national rules or practice, of consumers and are active at regional or national level.
- Operating grants for the activities of European consumer organisations representing consumer interests in the development of standards for products and services at Community level, under the conditions set out in Article 7(3), up to a maximum of 95% of the expenditure for carrying out eligible activities. This contribution may be granted to European-level consumer organisations that are non-governmental, independent of industry and commerce, and non-profit-making, and that have as their primary objectives and activities to represent consumer interests in the standardisation process at Community level. They must also have been mandated to do this by representative national consumer organisations.
- Actions undertaken by the Commission jointly with one or more Member States under the conditions set out in Article 7(1). These actions will be undertaken by public or other non-profit bodies designated by the Member State concerned and agreed by the Commission. The Commission contribution will in principle be 50% of the total costs of the action, and may not exceed 70%.

These arrangements for budget intervention will be applied in accordance with the relevant provisions of the Financial Regulation applicable to the general budget of the European Communities.

### **5.3. Methods of implementation**

The actions under the framework will be implemented and managed directly by the Commission using either permanent or temporary staff.

## 6. FINANCIAL IMPACT

### 6.1. Total financial impact on Part B – (over the entire programming period)

#### 6.1.1. Financial intervention

Commitments (in € million to three decimal places)

Breakdown	2004	2005	2006	2007			Total
Objective a	4.050	4.050	4.050	4.050			16.200
Objective b	6.250	6.250	6.250	6.250			25.000
Objective c	5.000	5.000	5.000	5.0500			20.000
Objectives a, b and c	1.700	1.700	1.700	1.700			6.800
<b>TOTAL</b>	<b>17.000</b>	<b>17.000</b>	<b>17.000</b>	<b>17.000</b>			<b>68.000</b>

#### 6.1.2. Technical and administrative assistance, support expenditure and IT expenditure

	2004	2005	2006	2007	2008	2009	Total
1) Technical and administrative assistance							
a) T. A. Offices							
b) Other:							
- extra muros:	0.100	0.100	0.100	0.100			0.400
<i>for IT systems maintenance</i>	<i>0.100</i>	<i>0.100</i>	<i>0.100</i>	<i>0.100</i>			
Subtotal 1	0.100	0.100	0.100	0.100			0.400
2) Support expenditure							
a) Studies	0.475	0.475	0.475	0.475			1.900
b) Meetings of experts	0.400	0.400	0.400	0.400			1.600
c) Information/publications	0.025	0.025	0.025	0.025			0.100
Subtotal 2	0.900	0.900	0.900	0.900			3.600
<b>TOTAL</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>	<b>1.000</b>			<b>4.000</b>

## 6.2. Calculation of costs by measure envisaged in Part B (over the entire programming period)

Commitments (in € million to three decimal places)

Breakdown <sup>3</sup>	Type of outputs	Number of outputs	Average unit cost	Total Cost 2004-2007
	1	2	3	4=(2X3)
<b>Action 1.</b> Scientific advice and risk analysis	reports, opinions, workshops, etc.	25	0.040	<i>1.000</i>
<b>Actions 2.</b> Preparation of legislative and other initiatives <b>Action 3.</b> Monitoring and assessment of market impact economic interests <b>Action 4.</b> Evidence base for consumer policy	reports, statistics, surveys, opinion polls, workshops, etc.	76	0.200	<i>15.200</i>
<i>Subtotal Objective 1</i>				<b><i>16.200</i></b>
<b>Action 5.</b> Co-ordination of surveillance and enforcement actions <b>Action 6.</b> Development of databases on application of consumer rights <b>Action 7.</b> Monitoring and assessment of safety of non-food products and services <b>Action 8.</b> Monitoring and assessment of Alternative Dispute Resolution	Networks infrastructure, databases, training courses, seminars, files, reports, data etc.	24	0.250	<i>6.000</i>
<b>Action 9.</b> Networks for consumer information/assistance <b>Action 10.</b> Joint surveillance and enforcement actions	networks, reports, files	190	0.100	<i>19.000</i>
<i>Subtotal Objective 2</i>				<b><i>25.000</i></b>
<b>Action 11.</b> Technical and legal expertise for consumer organisations <b>Action 12.</b> Representation of European consumers in international forums <b>Action 16.</b> Consumer representation at Community level <b>Action 17.</b> Consumer representation in standardisation	reports, policy input, operational grants, staff exchanges, networks	18	0.500	<i>9.000</i>
<b>Action 13.</b> Capacity building for consumer organisations <b>Action 14.</b> Information on consumer rights <b>Action 15.</b> Consumer education	Training courses, consumer information and education	20	0.550	<i>11.000</i>
<i>Subtotal Objective 3</i>				<b><i>20.000</i></b>
<b>Action 16.</b> Specific projects <b>Action 19</b> Evaluation	Projects, reports	34	0.200	<b><i>6.800</i></b>
<b>TOTAL COST</b>				<b>68.000</b>

<sup>3</sup> A more detailed description of each action is provided in the Annex to the Decision

## 7. IMPACT ON STAFF AND ADMINISTRATIVE EXPENDITURE

The requirements in human and administrative resources will be met within the appropriation allocated to the DG responsible in the framework of the annual allocation procedure.

### 7.1. Impact on human resources

Types of post		Staff to be assigned to management of the action using existing resources		Total	Description of tasks deriving from the action
		Number of permanent posts	Number of temporary posts		
Officials or temporary staff	A	30		30	<i>If necessary, a fuller description of the tasks may be annexed.</i>
	B	11		11	
	C	17		17	
Other human resources		13		13	6 END, 6 Aux, 1 Int
Total		71		71	

### 7.2. Overall financial impact of human resources

Type of human resources	Amount (€)	Method of calculation *
Officials	6.048.000	56*108.000
Temporary staff	216.000	2*108.000
Other human resources	258.000	6*43.000
A-7003 END	252.000	6*42.000
A-7000 Auxiliary staffA-7001 Interim staff	50.000	1*50.000
Total	6.824.000	

The amounts are total expenditure for twelve months.

### 7.3. Other administrative expenditure deriving from the action

Budget line (number and heading)	Amount €	Method of calculation
<b>Overall allocation (Title A7)</b>	103.000	30*12*286.45
A0701 – Missions	297.000	cf. budget 2002
A07030 – Meetings	97.500	10*15*650
A07031 – Compulsory committees	130.000	4*20*650 + 10*12*650
A07032 – Non-compulsory committees	300.000	cf. budget 2002
A07040 – Conferences	-	
A0705 – Studies and consultations	-	
<b>Information systems (A-707)</b>	122.500	
<b>Other expenditure - Part A (specify)</b>		
Total	1.050.000	

The amounts are total expenditure for twelve months.

I.	Annual total (7.2 + 7.3)	€ 7.874.000
II.	Duration of action	4 years
III.	Total cost of action (I x II)	€ 31.496.000

## **8. FOLLOW-UP AND EVALUATION**

### **8.1. Follow-up arrangements**

The proposed Decision requires the Commission to take the necessary measures to ensure adequate monitoring and evaluation. The Commission will present to the European Parliament and the Council a mid-term report on the implementation of the Decision as well as an evaluation report.

To this end, the Commission is reinforcing existing monitoring mechanisms, will use the results of evaluations of similar actions under the previous Decision and conduct additional evaluations of individual actions or groups of actions as appropriate, drawing upon external expertise as necessary. In addition, in order to ensure increased effectiveness and efficiency of grants, the Commission is introducing stricter reporting requirements on beneficiaries.

### **8.2. Arrangements and schedule for the planned evaluation**

An overall intermediary evaluation of the implementation of the Decision will be launched in the autumn of 2005. Since only a limited number of actions undertaken since the start of this framework will have been completed at that time, this report will be largely based on the results of evaluations of relevant actions undertaken under the preceding framework. Actions undertaken since 2004 will be evaluated at the appropriate stage of their execution

## **9. ANTI-FRAUD MEASURES**

The Commission will ensure the coherence, consistency and complementarity between financial contributions granted under this Framework and other contributions granted by the European Union institutions, in accordance with the Financial Regulation.

In order to prevent and, if necessary, take action against irregularities, mismanagement or fraud in relation to expenditure under this Framework, the Commission will carry out audits of a sample of beneficiaries every year. The sample will be large enough to guarantee that a significant proportion of the beneficiaries will be audited. All contracts and agreements signed will provide for the Commission to carry out such audits and other on-the-spot checks and inspections, in accordance with the prevailing EU legislation.

In accordance with the general rules concerning the exclusion of grant applicants and tenderers as set out in Article 93 of the Financial Regulation (and Article 131 of the implementing rules), any grant applicants or tenderers and contractors who are found guilty of making false declarations or are found to have seriously failed to meet their contractual obligations will be excluded from the award of further contracts or grants.

In the case of operational grants to European consumer organisations, the Commission may reduce or stop the grant for subsequent year(s), if the report(s) for a particular period shows inadequate performance.