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**COMMUNICATION FROM THE COMMISSION
TO THE COUNCIL, THE EUROPEAN PARLIAMENT,
THE ECONOMIC AND SOCIAL COMMITTEE
AND THE COMMITTEE OF THE REGIONS**

Effective Problem Solving in the Internal Market (“SOLVIT”)

Executive Summary

The SOLVIT Network has been set up to help citizens and businesses when they run into a problem resulting from possible misapplication of Internal Market rules by public administrations in another Member State. It builds on an existing network of Co-ordination Centres, one for each Member State, which have been established in 1997 to deal with such problem cases. This network, however, has certain shortcomings which need to be tackled.

The Communication therefore proposes four steps forward:

- To set-up an EU-wide online database by June 2002 which is user-friendly, enhances transparency and by creating peer pressure should encourage Member States to achieve better results.
- To provide clear principles for Co-ordination Centres to follow when dealing with cases within the SOLVIT network. These principles will be set out in a Commission Recommendation to which the Council is invited to commit itself.
- To promote the SOLVIT network widely once it is established. Targeted information campaigns aimed at “European intermediaries” could complement national actions.
- To undertake preventive action by seeking to remove the causes of recurring problems.

1. INTRODUCTION

The Internal Market offers many opportunities for citizens and businesses ...

Every day, thousands of European citizens and businesses exploit the many exciting opportunities offered by the Internal Market. Some wish to move to another Member State, so they apply for a residence permit. They may want to work as a doctor, nurse or engineer, so they ask to have their professional qualifications recognised. Companies sell their products across the Internal Market, or set up local establishments in their main EU markets. They subsequently have to comply with conformity assessments, CE marks and other requirements. This is what the Internal Market is all about – an area where people are free to achieve their aspirations, where businesses can flourish, and where initiative is rewarded. Internal Market rules are intended to make all this possible, not to get in the way.

...but sometimes the law is misapplied and benefits denied.

Yet, however carefully the Internal Market's legal framework is designed, there will inevitably be mistakes, misunderstandings and disagreements, if only because of the innumerable cross-border movements and transactions that take place. A local authority takes too much time in issuing a residence permit. A valid diploma is not recognised. Someone has difficulty in getting a car registered. A national authority prevents the marketing of a special type of equipment, even though the product has been approved for sale in the Member State of origin. These are some of the kinds of Internal Market problems that people can run into.

When this happens, speedy redress needs to be available.

Resolving such practical problems is critical to the credibility of the Internal Market in the eyes of citizens and economic operators, particularly small and medium-sized businesses. We know from experience, however, that resolving problems can take a long time: sometimes many months or even several years. Indeed, some problems never get resolved. Faced with long delays or not knowing where to go, many people do not bother to complain in the first place, or simply give up. This prevents a lot of people from doing what they are entitled to by Community law. When this happens, confidence in the European Union is eroded.

Court cases often take years to resolve.

In some cases, legal action to enforce one's rights is necessary: it interprets the law, sets important precedents, and serves as a deterrent to future wrongdoing. It falls to the Commission to ensure full respect of Community law by Member States, particularly in cases of non-transposition of Community provisions and when national law is believed to be incompatible with Community law. But it can take years to resolve disputes¹, which is often too long for the original complainant to benefit. When problems stem from misapplication of the law, however, one should be able to find redress quickly and without legal action.

¹ See Single Market Scoreboard of May 2001

Pragmatic solutions need to be found.

Good progress has been made in fostering alternative dispute resolution (ADR), which involve the intervention of a neutral third party, in order to enhance consumer confidence in the private sector.² ADR can save time and money and generate less ill will than legal action. For example, FIN-NET³ enables aggrieved consumers to obtain speedy resolution of problems resulting from the purchase of a cross-border financial service. The European Extra-Judicial Network⁴ for resolving consumer disputes is another example. Progress is also well underway in establishing online ADR⁵. While these mechanisms focus primarily on consumer-to-business (or C2B) transactions, this Communication deals with citizens' or businesses' problems deriving from a misapplication of Internal Market rules⁶ by public administrations (or C2A and B2A). In most cases, such problems are caused by ignorance or a simple administrative oversight.

A one-stop shop for cross-border problems

The world looks different through the eyes of a citizen or business than through the eyes of the public sector. When citizens have a problem in the Internal Market, whether it relates to a bad experience when buying goods across borders or when trying to exercise their civil liberties, they do not wish to wander around looking for a helping hand. They want one door to knock on: A one-stop access to clear information about their rights, advice and a remedy. The same is true for business.

Different mechanisms to assist citizens and businesses must also be better co-ordinated.

Much progress has been made to provide information to citizens and businesses about their rights and help if they have a problem.⁷ The Dialogue with Citizens and Business provides a wealth of useful information and its Citizens Signpost Service, soon to be re-launched, provides personalised advice and assistance on how to resolve practical difficulties. The other initiatives set out in Figure 1 are also key elements of the service to citizens and business. Nonetheless, it is clear that further work is needed to integrate these existing initiatives so that Europeans have access to a seamless service. As part of the e-Commission initiative,⁸ the use of portal sites will enable citizens and businesses users to access all information, advice and problem solving services easily as from early next year, without the need for familiarity with EU administrative structures. Also starting early next year the Commission will bring together those responsible for information, advice and problem solving services with a view to exchanging information and developing a strategy to achieve coherence between them.

² The Commission will shortly publish a Green Paper on ADR in the private sector.

³ See http://europa.eu.int/comm/internal_market/en/finances/consumer/adr.htm

⁴ SEC(2000)405and

http://europa.eu.int/comm/consumers/policy/developments/acce_just/acce_just07_workdoc_en.pdf

⁵ The Commission will shortly publish a Communication on Promoting Online Dispute Resolution (ODR) services in the Information Society. More details on ODR activities can be found at <http://econfidence.jrc.it>

⁶ Internal Market rules concern provisions governing the functioning of the Internal Market in the meaning of Article 14 (2) EC Treaty.

⁷ See information in Annex 1 - including Internet addresses

⁸ See SEC(2001)924 and http://www.cc.cec/di/e-commission/docs/sec_2001_0924_en.pdf and the Communication "Towards the e-Commission – EUROPA 2nd Generation" available under: http://www.europa.eu.int/comm/dgs/press_communication/pdf/e2g_en.pdf

Figure 1: Different needs require different responses	
Need	Response
Request for information/ advice	<p style="text-align: center;"><u>First-line support mechanisms</u></p> <ul style="list-style-type: none"> ♣ Citizens and Business Dialogue, including Citizens Signpost Service ♣ Euro Info Centres (EICs) ♣ Euroguichets ♣ Europe Direct Telephone Service ♣ Chambers of Commerce
Misapplication	<p><u>ADRs</u></p> <ul style="list-style-type: none"> ♣ C2B = private sector ♣ B2A/C2A = public sector ♣ e.g. FIN-NET, EEJ-Net ♣ e.g. SOLVIT
Breaches of law	<p><u>Legal proceedings</u></p> <ul style="list-style-type: none"> ♣ National Courts ♣ Commission infringement procedure

2. A PARTNERSHIP TO SERVE OUR CITIZENS AND BUSINESSES

The Governance White Paper reminds Member States of their responsibility to apply Community law correctly.

When problems arise in the day-to-day application of Internal Market rules, it falls to the Member States who are primarily responsible for their correct enforcement and application to set them straight. The recent White Paper on European Governance⁹ highlighted the importance of the correct application of Community law. It is helpful to recall that the subsidiarity principle is not only about taking decisions at the appropriate level, but also requires Member States to co-operate fully in achieving objectives agreed at Community level. Making a success of the Internal Market requires a partnership between the Member States, Community institutions, civil society and individual citizens and businesses. Nobody can do it alone.

An administrative network was set up to tackle cross-border problems.

As part of the 1997 Internal Market Action Plan, Member States set up a network of Internal Market Co-ordination Centres and Contact Points¹⁰ within their administrations. Each Member State has one Co-ordination Centre, which has the task of ensuring the necessary follow up to problem cases through its counterpart in another Member State. The Contact Points' role is to serve as an interface between a national administration and individuals when they encounter problems in the exercise of Internal Market rights and which result from incorrect application of Community legislation. The objective is to resolve as many of these problems as pragmatically as possible.

⁹ COM(2001) 428 of 25 July 2001 and http://europa.eu.int/eur-lex/en/com/cnc/2001/com2001_0428en01.pdf
¹⁰ The addresses of Co-ordination Centres and Contact Points for citizens and business are published on the Internet:
http://europa.eu.int/comm/internal_market/en/cpoints.index.htm

The network has significant potential which, as yet, goes untapped.

The network has now been in operation for three years. In close co-operation with the Internal Market Advisory Committee, the Commission has evaluated its impact and concluded that it is not yet an effective enough mechanism for problem solving. Despite some successes (see examples in Figure 2), which is testimony to its considerable potential, the network has dealt with only a very limited number of cases: about 250 to 300 per year. In a Union of more than 370 million citizens and over 18 million companies, this is no more than the tip of the iceberg. The Commission believes that if the network was more responsive and more widely known, it could deal with perhaps ten times the present number of cases.

Figure 2: There have been successful cases:

A Dutch company shipping timber to the United Kingdom was subjected to a customs check at the UK docks. It complained to its national Internal Market Contact Point asking whether the UK authorities were entitled to make a charge for such an inspection. Following bilateral contacts, the customs authorities in the UK withdrew the measure and refunded the fee paid by the Dutch company.

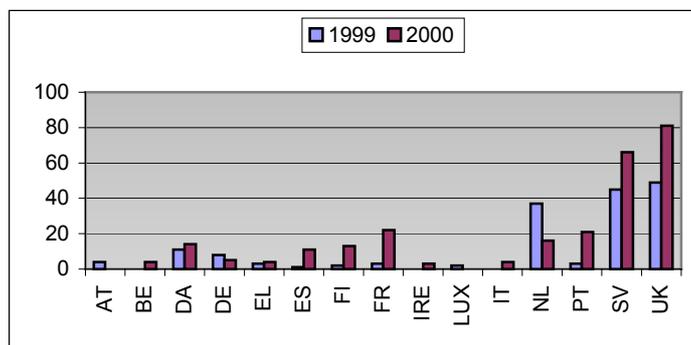
A French citizen ran into difficulties in getting his diploma as a medical doctor recognised by the Spanish authorities. After the intervention of the Co-ordination Centres of the two countries, his diploma was recognised and he was able to start practising as a doctor in Spain.

Too few cases are resolved within a reasonable time.

On the whole, the network of Co-ordination Centres and Contact Points is not sufficiently user-friendly: it lacks transparency; it relies too often on written (and therefore slow) means of communication; and, as there are no clear deadlines for results, it can take a long time before responses are received. Only a few Member States have invested sufficient resources in the network both in terms of staffing and publicity. Not surprisingly, awareness of the network is low amongst those for whom it is designed: our citizens and businesses¹¹. While nearly all Member States have used the network, some (e.g. the UK, Sweden) use it more frequently than others (see Figure 3). Most importantly, its success rate, as measured by the percentage of cases resolved, is disappointing. At the end of 2000, more than two thirds of cases had not yet been resolved more than 12 months after they had been opened.

¹¹ See EOS Gallup Europe October 2001: Out of 8046 citizens asked, only 3% have heard about the Internal Market Contact Points.

Figure 3: The network has only dealt with few cases



Note: number of cases per Co-ordination Centre (1999 - 2000)

Other Community institutions have called for changes.

It is not just the Commission’s view that changes are necessary. Numerous Ministerial Council conclusions refer to the need to step up problem solving in the interest of our citizens and businesses¹². The European Parliament has long pressed for a more effective and efficient method of solving problems pointing to the fact that citizens and small businesses in particular still face barriers which prevent them from taking full advantage of the Internal Market. The number and nature of petitions it receives from constituents confirms this view. Further evidence of this concern was clearly voiced at the Internal Market Forum in November 2000 jointly organised by the European Parliament, the French Presidency and the Commission.¹³

The Economic and Social Committee (ESC) has arrived at much the same conclusion. It specifically supported the Commission’s plan pointing to the need to “provide the capability for tackling quickly and effectively the full range of problems encountered in the Internal Market”.¹⁴ ESC concluded that the network needs to be injected with a new dynamism and enjoy much stronger political support and visibility.

The Committee of the Regions, including representatives of many local and regional authorities who are directly responsible for the compliance and enforcement of Internal Market rules, has called for “an interactive network (...) to ensure that (public administrations) are able to resolve individual problems quickly and without red tape – even across borders.”¹⁵

Creating a

So the pressure and support to strengthen the existing structure is there – and

¹² Most recently, the Internal Market Council of 31 May 2001 concluded that: “(...) concrete steps are required to strengthen the role of citizens/consumers and businesses, in particular SMEs, in shaping the regulatory framework for the internal market, e.g. by assessing the impact on consumers and SMEs, as well as more effective means of problem solving” (point 12).

¹³ See http://europa.eu.int/comm/internal_market/en/update/imforum/forumnew.htm

¹⁴ Opinion on the Commission’s 2001 Review of the Internal Market Strategy, CES 702/2001 of 30-31 May 2001

¹⁵ Opinion on the Commission’s 2001 Review of the Internal Market Strategy, CoR 200/2001 Rev. 2, 14/15 November 2001

network that works for people

waiting for action. This Communication and the proposed approach rest on the premise that the limited impact of the existing network is not the fault of the Co-ordination Centres or Contact Points. But officials in Co-ordination Centres and Contact Points must be given the tools to do their jobs well. In today's environment, with an abundance of information and short reaction times, citizens and businesses have needs and expectations that the present network is currently unable to deliver. Our common goal is fundamentally to change this.

3. DOING BETTER: SETTING UP "SOLVIT"

An integrated approach is needed.

So how can we achieve better results? The answer lies partly in improving existing structures by embracing the power of information technology, and by creating new incentives to change attitudes. The network needs to be made more visible and be more responsive to its customers. And part of it depends on shifting the focus from solving problems to seeking to prevent them and on setting goals against which we will measure progress. In other words, we need an integrated approach in which all players have a stake (see Figure 4).

SOLVIT does not duplicate existing networks. It fills a vacuum.

The Commission presents this new approach. SOLVIT is presented as of bridging the gap between expectation and reality. Of course, SOLVIT does not have a monopoly on resolving cross-border problems. Sometimes a simple phone-call or other contact with an administration may well be sufficient to clear up a misunderstanding. There exist also specific problem solving networks, such as in customs, which can be called upon. SOLVIT is no substitute for existing methods or networks, which have proved effective. In those cases, SOLVIT should redirect cases as appropriate. The most important thing is not who resolves a problem, but that they get resolved.

Figure 4: SOLVIT will achieve			
The 4 steps		How?	When?
Performance	' Achieving results	EU-wide online database	June 2002
Partnership	' Working together	Common principles	June 2002
Promotion	' Raising awareness	Information campaigns	Dec. 2002
Prevention	' Removing the causes	Trouble-shooting actions	June 2003

STEP 1: PERFORMANCE

No later than June 2002, as announced in the 2001 Review of the Internal Market Strategy, the Commission will set up a Union wide database that will connect all Co-ordination Centres. The database will be tested in a pilot phase running from January until May 2002.

An online database to register and track cases ...

In today's world, with fast moving information, a largely paper-based network is the equivalent of an unpaved road. It, therefore, makes a lot of sense to start by connecting Member States' Co-ordination Centres to a shared online database. Such an integrated network will considerably enhance transparency as well as ensuring more systematic handling of cases. Each national Co-ordination Centre will be able to enter the details of cases brought to its attention. Co-ordination Centres will log progress as it happens. The online network will have to be made secure and, where appropriate, confidentiality of information guaranteed.

... with links to a directory of officials, automatic translation and online discussions.

Links will be created with existing Commission databases, such as its Administrative Co-operation Data Base, which contains the names and contact information of more than 4000 national officials with their specific field of responsibility. Co-ordination Centres will thus be able, at the touch of a button, to retrieve the name of the competent official within its own administration, and immediately send an e-mail with details. Furthermore, once there is a body of cases, Member States will be able to look at solutions found before in similar circumstances. The Commission also envisages automatic translation facilities as well as possibilities for other Member States (or the Commission) to become actively involved as an online mediator or advisor with regard to specific cases to which they are not party.

Citizens and business can raise their concerns via the Internet.

Once the network is up and running, SOLVIT will be made accessible on the Internet. Citizens and businesses facing a problem with the application of Internal Market rules in another Member State could then fill in a form and send it electronically to their own national Co-ordination Centre for processing. The network will, of course, continue to be accessible off-line as well, although speed is clearly served by using the most rapid means of communication.

Measuring results will motivate all to make the most of SOLVIT.

The online database will be able to generate real-time reports on the successes and failures in resolving problems, the average length of time taken, main problem areas etc. This is expected to generate a degree of peer pressure that should speed up contacts between Co-ordination Centres and spur Member States to solve problems more quickly.

Annex 2 gives an idea of the opportunities that are on offer.

STEP 2: PARTNERSHIP

No later than June 2002, the Council should adopt a Resolution confirming that Member States' Co-ordination Centres will apply the principles for using SOLVIT, as set out in the Commission Recommendation. This Resolution should include a commitment to provide adequate human and budgetary resources at national level to deal with an increased volume of cases.

It is the Member States who hold the key to success.

The online network will only achieve its full potential if all Member States use it. Political commitment to make SOLVIT work is, therefore, crucial. It is expected, however, that there are sufficient incentives for Member States to play their full part. All Member States want their citizens and businesses to be

successful in Europe, and are now being given a user-friendly tool to help them when they need it. Standing on the sidelines is not a good option, as problems would go unresolved and legal (infringement) action might follow. A lack of results will also show up in the statistics. In some Member States, there may be a need to devote more resources to this task. But the combined costs of problems that now go unresolved is many times higher than the costs of setting up structures to tackle them. The Commission trusts that Member States will recognise that they are being asked to make investments that will yield returns many times over for our citizens and businesses.

Some common principles are needed to make it work.

The purpose of Commission Recommendation is to get Member States to translate their political commitment into effective action (see Figure 5). This is necessary to ensure that the network will be responsive to the needs of citizens and businesses and to instil confidence in its use. Member States must be confident that efforts by their Co-ordination Centres are replicated in all others.

Figure 5: SOLVIT in brief	
<ul style="list-style-type: none"> ' ' ' , , ' , ' 	<ul style="list-style-type: none"> Only deals with cross-border cases Excludes cases already in legal proceedings Applicants are fully informed about the procedure and deadlines beforehand Lead Co-ordination Centre is responsible for resolving the problem Home Co-ordination Centre validates the case and keeps applicant informed Both Co-ordination Centres confirm by electronic handshake to make best effort to find a solution Progress is tracked as it happens

Only deal with cases which are not (yet) in legal proceedings.

The Recommendation establishes a number of key principles on whose application the success of SOLVIT rests. First, it defines that the network should only deal with cases, which are not (yet) the subject of legal action at Community or national level. Applicants are always free to change their minds and pursue other avenues to get redress. But once a case is pursued through Court action, an informal approach is unlikely to be of any great help. Such cases should, therefore, be taken out of the network automatically.

The applicant should be informed in advance about the procedure and its limits.

Before a case is registered within SOLVIT, the applicant should be informed about the nature of the procedure and deadlines that apply. It is important that the applicant be made aware that other, more formal means of redress may also be available. In order not to forgo a right of appeal under national law, certain deadlines may, however, have to be respected. SOLVIT does not affect these deadlines. The applicant should also be reminded that as SOLVIT constitutes an alternative mechanism, any solution proposed, which shall be non-binding on the applicant, cannot be challenged in the context of this procedure. Nevertheless, if a problem goes unresolved, or if an applicant considers a solution proposed to be unacceptable, formal proceedings could still be initiated. If legal action is launched during the problem-solving phase, this will result in the case being removed from SOLVIT.

The Member State where the problem occurs is responsible for resolving it.

Second, SOLVIT only deals with cross-border cases. It establishes the principle that it is the Co-ordination Centre in the Member State in which the problem occurs that takes the lead in resolving it (hence 'Lead' Co-ordination Centre). Cross-border does not mean that the applicant always has to be in one Member State and the problem in another. There may be cases where a citizen seeking to exercise a freedom already resides in the Member State where the problem occurs. For example, if a German woman living in Portugal decides to take up her former profession of architect and faces difficulties in getting her German professional qualifications recognised by the Portuguese authorities. Similarly, an importer in Ireland may complain that he is prevented from putting certain products of French-origin on the local market.

For the purposes of SOLVIT, however, such cases should normally be registered by the Co-ordination Centre of the Member State with which the administrative link exists and which would become the 'Home' Co-ordination Centre. In the two examples, this would be the German and the French Co-ordination Centre. The Lead Co-ordination Centre should, however, signpost any such cases it receives from the public to the competent Home Co-ordination Centre. Once an Internet link has been created, no special effort should be required to follow the SOLVIT model. The purely "domestic" cases where a citizen or business complains about the application of Internal Market rules by its own Member State without any cross-border dimension fall outside SOLVIT.

The Member State receiving a case performs a quality check.

It is for the Member State Co-ordination Centre to whom the problem has been addressed (Home Co-ordination Centre) to verify its merits and to ensure that all relevant information is made available to the Lead Co-ordination Centre in order to enhance the chances of success. This quality control performed by the Home Co-ordination Centre is essential in order to ensure that only cases which are well founded and which lend themselves to a more informal approach are entered into the network. The Home Co-ordination Centre has in particular to assess whether a query cannot be better resolved by other support mechanisms, such as the EICs, or whether formal action would not be more appropriate. This could be the case whenever the problem concerns a legal barrier or in the case where urgent action is required in order to prevent irreparable harm.

An electronic handshake commits Member States to seeking a solution ...

Once the Home Co-ordination Centre has verified that *prima facie* the problem is valid and that SOLVIT offers the best chance of success, it is important that the Lead Co-ordination Centre accepts its responsibility in seeking a solution. To this end, the online network provides for an electronic ‘handshake’ confirming that both parties agree to make their best endeavours. It is also envisaged that when the Lead Co-ordination Centre proposes a solution, the Home Co-ordination Centre must give evidence of its agreement by means of an electronic handshake. Obviously, any solution proposed, must respect Community law. The Commission reserves the right to take action whenever this may not be the case. When both Co-ordination Centres agree, the case is closed.

Not every case processed by SOLVIT may turn out to be solvable. It may well be that after having looked thoroughly into a case, the Lead Co-ordination Centre concludes that Community law has been correctly applied and that the case is, therefore, unfounded. This assessment should normally not take a Co-ordination Centre very long. While it may be disappointing if the system fails to resolve a case, at least there will be clarity as to the precise reasons for the disagreement. As SOLVIT’s contribution to the process ends at that stage, such cases will be closed as “unresolved” with the reasons given. They can, of course, always be pursued through other, more formal means, if any of the interested parties so wish.

... within ten weeks.

Last but not least, the Recommendation proposes a target of ten weeks for Co-ordination Centres to come up with a solution. This deadline can be extended once by another four weeks if the Lead Co-ordination Centre believes that a solution is within reach, but that it needs more time. To some public officials, ten to fourteen weeks may look overly ambitious, particularly if one takes into account the average time taken under the present network, i.e. often more than a year. By contrast, business and citizens’ organisations often expect such problems to be resolved within days or perhaps a few weeks, not months. Ten weeks, therefore, seems a reasonable compromise. The Commission would be in favour of fixing an even shorter deadline once we have gained more experience with the network. A shorter deadline seems feasible as much time can undoubtedly be saved by using speedier means of communication than before and by the Member States’ commitment to reinforce existing structures.

STEP 3: PROMOTION

No later than December 2002, national information strategies need to be developed to raise awareness. The Commission is willing to complement national information campaigns by targeted actions, particularly aimed at European “intermediaries”, in order to achieve maximum impact.

In many Member States, the network is among the best kept secrets.

The network of Co-ordination Centres and Contact Points is not sufficiently known to citizens and businesses. This is not surprising as only a handful of Member States have actively promoted it. The resulting lack of awareness can easily lead to a vicious circle. As only a few cases are brought to its attention, little investment is made to strengthen the network. Furthermore, existing resources are often diverted to other priorities. This slows the whole process of resolving cases down so much that the network fails to attract new cases. And so on. This vicious circle must be broken.

Targeted campaigns will increase awareness.

Improving its effectiveness will undoubtedly contribute to the SOLVIT network building up its own momentum. Good results followed by word-of-mouth will lead to more people requesting its help. Much of the promotion would have to be done locally by Member States. The Commission could contribute by undertaking a targeted campaign directed at European and national citizens' and business organisations, which are often their first port of call. Several Member States have requested the Commission to consider this. As more cases are resolved, expectations will increase. Co-ordination Centres will be keen to meet these heightened expectations. A virtuous circle will begin.

Signposting is critical.

Existing networks, such as the EICs, need to be encouraged to signpost cases which they cannot resolve themselves. Feedback suggests that they very rarely do so. This must change if the different problem solving networks are to be better integrated and made more effective. The Commission will make special efforts to ensure that networks signpost and properly direct individuals and businesses that are experiencing problems with Internal Market freedoms, to the place where they can obtain appropriate redress.

STEP 4: PREVENTION

No later than by June 2003, on the basis of feedback from SOLVIT and the Interactive Policy Making initiative (IPM)¹⁶, the Commission – in close partnership with Member States– will identify the first areas which would benefit from remedial action. It is envisaged that every year up to two specific areas will be singled out for problem prevention actions.

¹⁶ See SEC(2001) 522

Prevention is better than cure.

Preventing problems is easier and cheaper than solving them. Our goal is thus not simply to resolve individual problems, but to remove their causes. Policy makers will be provided with a wealth of information about what works well and what does not in the Internal Market. Given the pace of change, it is extremely important for policy makers to look regularly in the rear view mirror and be ready to take action if policies fail to deliver the intended results or are not correctly applied on the ground. It may also be that national administrations have difficulties in applying Community legislation correctly because this legislation itself leads to different possible interpretations. In this case, the specific feedback could help to identify areas where an exercise under the SLIM initiative¹⁷ might be started.

Actions to address underlying causes will be tailor made, ...

Remedial activities will likely differ from one (sub-) sector to the other: one-size-fits-all solutions should be avoided. For example, if a pattern shows up in the area of car registrations at local government level, a specific programme can be drawn up that provides for a combination of e.g. a readers' manual, training courses and fresh administrative instructions. If problems occur in the field of mutual recognition for electronic devices, a seminar for Member States government officials or even short-term visits could be organised. As similar problems could arise in some Member States but not in all, it would make sense to aim the remedial action only at these Member States, instead of trying to cover the whole of the Union. The key is to take account of the specific requirements of each (sub-) sector and take a comprehensive approach to meeting those needs.

...not wide ranging general programmes.

The Commission believes that such a demand-side approach is likely to be more effective than the supply-side approach that has been pursued so far, e.g. with the KAROLUS programme¹⁸ and with a subsequent administrative co-operation pilot programme intended to support Member States' projects with an Internal Market dimension. While these initiatives were no doubt of some value to the participants and their administrations, resources were spread too thinly and the impact on the functioning of the Internal Market was too weak.

4. PREPARING FOR ENLARGEMENT

It will be even more crucial to have a tested network at the time of Enlargement.

In an enlarged Union, the possibilities for the misapplication of Community law will increase. This is not simply because the addition of more Member States will automatically lead to more cross-border transactions. It is also because the new Member States will have to face a steep learning curve when applying Community law in practice, and will undoubtedly make mistakes along the way as they develop their administrative structures. It is, therefore, all the more important that they take a full part – and become partners – in SOLVIT from day one after accession.

The Candidate Countries have already been closely associated with discussions about problem solving in the Internal Market Advisory Committee. They have

¹⁷ See COM(2000) 104 of 28.2.2000

¹⁸ See Council Decision 92/481, OJ L 286, 1.10.1992, p. 65, as amended by Decision 98/889 of the European Parliament and the Council, OJ L 126, 28.4.1998, p. 6

been encouraged to set up Co-ordination Centres and Contact Points for business and citizens with a view to laying the foundations of a network, which can be linked with the EU network when they join. As the first accessions are expected to take place in 2004, it is necessary to accelerate this process so that the problem-solving infrastructure is ready well before accession and that there is time to test it out. The Commission, therefore, calls on the Candidate Countries to complete their network of Contact Points by January 2002 and to establish fully operating Co-ordination Centres no later than by June 2002.

Candidate Countries should start to co-operate now.

In the intermediate phase between Candidate Countries setting up the problem solving network and the application of Community law as a result of accession, the Commission suggests that the Candidate Countries establish close links between themselves with a view to addressing problems that can arise bilaterally. Candidate Countries should also be able to raise particular issues relating to the forthcoming implementation of Community law, particularly through a dialogue option. They should also be closely associated with meetings devoted to the SOLVIT network, in order to build up expertise. The Commission will assist the Candidate Countries as they establish a problem-solving infrastructure through the framework of pre-accession technical assistance. This could involve twinning, or other projects, whereby Member States' officials are detached for short periods to help the process.

5. CONCLUSION

Confidence is the name of the game ...

The Internal Market stands or falls on confidence. Europe's citizens and businesses must have confidence that the legal framework on which the Internal Market rests is of high quality and is effectively implemented and enforced by Member States. They must also have easy access to information, which enables them to exercise the rights to which they are entitled. And if they seize the opportunities, and something goes wrong, there must be effective and speedy ways to correct the situation. Every time a problem goes unresolved, someone loses faith in the Internal Market and the European Union. And we all lose out as a result.

... making the Union more tangible for our citizens and businesses.

The present problem-solving network is not sufficiently effective. It resolves too few problems too slowly. It is time to put it onto a stronger footing. SOLVIT proposes a number of changes, which will make problem solving within the Internal Market more effective. By working in partnership through SOLVIT, the Community Institutions and the Member States can make an important contribution to making the Union more operational and practical for our citizens and businesses.

The Commission calls on:

- The European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions to confirm their political intention to strengthen the means of resolving problems within the Internal Market by endorsing the overall approach set out in this Communication;
- The Council and the European Parliament to endorse the Commission Recommendation, which sets out principles for the use of the SOLVIT network;
- The Council to adopt a Resolution confirming its political commitment to implement these principles together with a pledge by each Member State to provide adequate human and budgetary resources for this initiative;
- The Member States to undertake the necessary promotional activities to bring the SOLVIT network to the attention of all potential beneficiaries, i.e. citizens or businesses.

ANNEX 1
Addresses of mechanisms to provide information
to citizens and businesses

Information and advice

Citizens and Business Dialogue

http://europa.eu.int/comm/internal_market/en/update/citizen/ and

<http://citizens.eu.int/>

Euro Info Centres

<http://europa.eu.int/comm/enterprise/networks/eic/eic.html>

Euroguichets

http://europa.eu.int/comm/consumers/policy/euroguichets/index_en.html

Europe Direct Telephone Service

http://europa.eu.int/europedirect/en/about_en.html and

<http://europa.eu.int/europedirect/index.html>

Alternative Dispute Resolution

FIN-NET

http://europa.eu.int/comm/interanl_market/en/finances/consumer/adr

European Extra-Judicial Network

http://europa.eu.int/comm/consumers/policy/developments/acce_just/acce_just07_workdoc_en.pdf

Online ADR

<http://econfidence.jrc.it>

FINANCIAL STATEMENT

1. TITLE OF ACTION : COMMUNICATION ON EFFECTIVE PROBLEM SOLVING IN THE INTERNAL MARKET (SOLVIT)

2. BUDGET LINE(S) + HEADING(S) : DIFFERENT OPERATIONAL BUDGET LINES – OVERALL FIGURES

2.1. Total allocation for action (Part B): € million for commitment: 1.235

2.2. Period of application: 2001-2003. The action will be revised in 2003

2.3. Overall multi-annual estimate on expenditure:

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

€ million (to 3rd decimal place)

	2001	2002	2003	2004	2005	Total
DG ADMIN B5-7210						
Commitments	0.080	0.188	0.088			0.356
Payments	0.070	0.178	0.078	0.030		0.356
DG MARKT B5-3001						
Commitments		0.311	0.568			0.879
Payments		0.231	0.548	0.100		0.879

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

Commitments A0-7002 A0-7040	2001	2002	2003	2004	2005	Total
		0.020	0.015			0.015 0.020
Payments A0-7002 A0-7040			0.010 0.005	0.005		0.015 0.020

Subtotal a+b	2001	2002	2003	2004	2005	Total
Commitments	0.080	0.519	0.671			1.270
Payments	0.070	0.424	0.641	0.135		1.270

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

Commitments/ payments	2001	2002 0.352	2003 0.323	2004		Total 0.675
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TOTAL a+b+c	2001	2002	2003	2004		Total
Commitments	0.080	0.871	0.994			1.945
Payments	0.070	0.776	0.964	0.135		1.945

2.4. Compatibility with the financial programming and the financial perspective

- Proposal compatible with the existing financial programming
- This proposal will entail reprogramming of the relevant heading in the financial perspective
- This may entail application of the provisions of the Interinstitutional Agreement.

2.5. Financial impact on revenue:

- No financial implications (involves technical aspects regarding implementation of a measure)

OR

- Financial impact – the effect on revenue is as follows:

N.A.

3. BUDGET CHARACTERISTICS

Type of expenditure		New	EFTA participation	Participation applicant countries	Heading Financial Perspective
Non-comp	Diff/	NO	NO	NO	

4. LEGAL BASIS

Article 95 EC Treaty

5. DESCRIPTION AND GROUNDS

5.1. Need for Community intervention

5.1.1. Objectives pursued

Under the Single Market Action Plan of 1997 Member States set up Contact Points for business, Contact Points for citizens and national Co-ordination Centres. The Co-ordination Centres act as channels of communication between Member States in order to find swift and pragmatic solutions to problems which citizens and businesses encounter in exercising their rights under the Internal Market rules.

The purpose of the Communication is to improve the existing network between national administrations by an integrated approach, which is called "SOLVIT". An online inter-active database should be set up by June 2002. This new database will give Member States a working tool which is user-friendly, uses modern technology, enhances transparency and will create some peer pressure to speed up the problem resolution.

A Commission Recommendation will give some clear guidance to the Co-ordination Centres when they are handling cases within the network. These principles will complement the online database and will give Member States the instruments to develop the full potential of the network.

Once the new network is up and running, it should be more widely advertised. In addition to national campaigns, the Commission might think of some support in this respect. Finally, remedial action should target those areas where most cases happen. The objective should be to remove their underlying causes in order to prevent problems from re-occurring.

Measurable objectives pursued by the Communication are:

- a) to improve the success rate, that is to resolve problems within short deadlines (10 – 14 weeks);
- b) to increase the amount of cases the network is dealing with.

5.1.2. Measures taken in connection with ex ante evaluation

The Commission, together with the Member States, assessed the functioning of the existing network and concluded that the current network had to be improved.

Main weaknesses identified were:

- slowness on the part of other Member States to respond to inquiries;
- lack of knowledge on whom to contact in the other Member State;
- time-consuming and costly translation of documents;
- lack of awareness amongst citizens and businesses;
- limited resources devoted to problem solving.

The measures indicated in the Communication will address these weaknesses.

5.1.3. Measures taken following ex post evaluation

Not applicable

5.2. Actions envisaged and arrangements for budget intervention

The ultimate aim of the Communication is to simplify the life of Europe's citizens and businesses by finding swift and informal solutions to their problems. All persons and companies engaging in cross-border activities are potential beneficiaries of the Communication, as a result both of the better functioning of the problem solving network between national administrations and of the actions designed to prevent problems from re-occurring.

The Communication aims to put in place some elements enabling these general objectives to be attained. These elements are:

- establishment of a database together with a limited-access telecommunications system to allow efficient communication within the network and provide access to information needed for the performance of its functions;
- establishment of principles for handling cases within the network;
- meetings of members of Co-ordination Centres providing them with training on the database and a forum for discussion of questions related to the functioning of the network;
- developing of national information strategies to raise the target population's awareness about the network complemented by promotion activities at European level;
- specific prevention actions targeted to a or some Member State(s) consisting of training seminars, short term visits, guidelines, etc.;
- establishment of criteria measuring the performance by the Co-ordination Centres.

5.3. Methods of implementation

Action 1: Creation and maintenance of a database, equipped with a secure access system, and regular training sessions for Member States Co-ordination Centres, providing them with the necessary tool to resolve problems.

Resource requirements: 0.080 million € on the 2001 budget, 0.188 million € on the 2002 budget, 0.088 million € on the 2003 budget.

Action 2: Preparation of information material, guidelines and other documents.

Resource requirements: 0.036 million € on the 2002 budget and 0.1 million € on the 2003 budget.

Action 3: Preparation of a conference of half-day thereby raising the awareness at the European level about the existing of the SOLVIT network.

Resource requirements: 0.02 million € on the 2002 budget.

Action 4: Creation, construction and maintenance of a Website dedicated to the SOLVIT network, to be installed on the Commission's site.

Resource requirements: 0.125 million € on the 2002 budget.

Action 5: Subventions to Member States allowing them to organise awareness raising events.

Resource requirements: 0.15 million € on the 2002 budget.

Action 6: Organisation of training seminars and short term visits for Member States administrations.

Resource requirements: 0.468 million € on the 2003 budget.

A new auxiliary post (B category) will be needed in order to co-ordinate and manage on a daily basis Actions 3, 5 and 6.

Action 7: Technical assistance for establishing guidelines or other documents.

Resource requirements: 0.015 million € on the 2003 budget.

Action 8: Visit of capitals for follow-up of the application by Member States.

Resource requirements: 0.091 million € on the 2002 budget.

FINANCIAL IMPACT

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

6.1.1. Financial intervention

Commitments in € million (to the 3rd decimal place)

Breakdown	2001	2002	2003	2004	2005	Total
DG ADMIN B5-7210 Database and training	0.080	0.188	0.088			0.356
DG MARKT B5-3001 Publication, website, subvention, training, seminar		0.311	0.568			0.879
TOTAL	0.080	0.499	0.656			1.235

6.1.2. Technical and administrative assistance, support expenditure and IT expenditure (Commitment appropriations)

	2001	2002	2003	2004	2005	Total
Technical and administrative assistance						
a) Technical assistance offices	N.A.					
b) Other technical and administrative assistance: - extra muros : <i>of which for construction and maintenance of computerised management systems</i>	0.040	0.015				0.040 0.015
TOTAL	0.040	0.015				0.055

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

Commitments in € million (to the 3rd decimal place)

Breakdown	Type of outputs (projects, files)	Number of outputs (total for years 1...n)	Average unit cost	Total cost (total for years 1...n)
	1	2	3	4=(2X3)
<u>B5-7210</u>				
<i>Action 1</i>				
- database	Project	2	0.090	0.180
- training	Project	2	0.088	0.176
<u>B5-3001</u>				
<i>Action 2</i>				
- publication	File	1	0.036	0.036
- guidelines	File	1	0.100	0.100
<i>Action 4</i>	Project	1	0.125	0.125
<i>Action 5</i>	Files	1	0.150	0.150
<i>Action 6</i>	Projects	1	0.468	0.468
TOTAL COST				1.235

7. IMPACT ON STAFF AND ADMINISTRATIVE EXPENDITURE

7.1. Impact on human resources

Types of post	Staff to be assigned to management of the action using existing and/or additional resources		Total	Description of tasks deriving from the action
	Number of permanent posts	Number of temporary posts		
Permanent officials or Temporary staff	A B C	1.5 1	1.5 1	
Other human resources (Auxiliary)		1	1	Actions 3, 5 and 6
Total		2.5	3.5	

7.2. Overall financial impact of human resources

Type of post		Staff to be assigned to managing the operation		Duration
		Permanent posts	Temporary posts	
Officials or temporary staff	A	1.5		€ 108 000 x 2.5 officials x 2 years = € 540 000
	B	1		
	C			
Other resources (Auxiliary)			1	€ 53 000 x 2 years = € 106 000
Total		2.5	1	€ 646 000

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
Overall allocation (Title A7)		
A0701 – Missions	0.009	14 MS x € 650
A07040 – Conferences	0.020	200 participants
Total	0.029	

The amounts are total expenditure for twelve months. Actual mobilisation of the necessary administrative resources will depend on the Commission's annual decision on the allocation of resources, taking into account the number of staff and additional amounts authorised by the budget authority.

8. FOLLOW-UP AND EVALUATION

8.1. Follow-up arrangements

The revised network will be monitored on regular basis with the help of pre-defined criteria measuring its effectiveness. The results will be made public as from November 2003 in the Internal Market Scoreboard.

8.2. Arrangements and schedule for the planned evaluation

The results published in November 2003 will be used as a basis to measure the effect of the action and its effective implementation. They will constitute the main element for any decision on the further continuation of the action.

9. ANTI-FRAUD MEASURES

The rules and procedure governing procurement of goods and services for the Communities will be strictly complied with, in accordance with the financial regulation applicable to the general budget of the European Communities, the regulation on modalities for the implementation of the financial regulation and internal rules.