

European Union Solidarity Fund

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This report from the Commission on the European Union Solidarity Fund (EUSF) includes the 2008 annual report and a report on the experience gained after six years of applying the new instrument.

(a) Annual report 2008: in 2008 the Commission dealt with four applications submitted in 2007 and received two new applications for EUSF assistance:

- **United Kingdom:** following the major floods in different parts of the United Kingdom in June and July 2007, the UK authorities submitted an application for financial assistance. As total direct damages of over EUR 4.6 billion exceeded the threshold of EUR 3.267 billion applicable to the UK for triggering the EUSF, the Commission decided to propose to the budget authority to mobilise the Solidarity Fund and to grant financial aid amounting to **EUR 162.388 million;**
- **France (Martinique and Guadeloupe):** in August 2007, the French overseas departments of Martinique and Guadeloupe were affected by the hurricane "Dean" causing severe damage to infrastructures and different sectors of the economy. Having caused damage amounting to EUR 511 million the storm did not meet the criteria set out in the Solidarity Fund Regulation for "major disasters". However, taking into consideration the particular vulnerability of this outermost region, the Commission concluded that the application meets the specific criteria in the Solidarity Fund Regulation for extraordinary regional disasters and proposed to mobilise financial assistance of **EUR 12.780 million;**
- **Greece:** in August 2007, a fairly extensive part of Greece was affected by forest fires, which caused major damage to different sectors of the economy and to the natural environment. Total direct damage was estimated at EUR 2.118 billion. As this amount exceeds the threshold of EUR 1 066.497 million applicable to Greece, the Commission proposed to mobilise financial assistance of **EUR 89.769 million;**
- **Slovenia:** in September 2007, parts of Slovenia were affected by heavy rain and storm leading to severe floods and landslides. Total direct damage was estimated at EUR 233.39 million. As this amount exceeds the threshold of EUR 164.27 million applicable to Slovenia, the Commission proposed to mobilise financial assistance of **EUR 8.254 million;**
- **Cyprus:** in 2008, Cyprus had been suffering from a shortfall of rain that has led to serious effects on living conditions, the economy and the natural environment. This was the first application relating to drought. The Cypriot authorities estimated the total direct damage at EUR 176.15 million. As this amount exceeded the threshold of EUR 84.673 million applicable for Cyprus, the Commission proposed to mobilise financial assistance of **EUR 7.605 million;**
- **Romania:** in July 2008, a fairly extensive part of Romania was affected by heavy rain, leading to severe flooding and landslides. Total direct damage was estimated at EUR 471.41 million. As this amount remained below the "major disaster" threshold for Romania (EUR 566.84 million), representing however approximately 83% of the threshold, the application was assessed on the so-called "extraordinary regional disaster" criterion. The Commission concluded that the application meets the criteria for extraordinary regional disasters, and it proposed to grant aid amounting to **EUR 11.785 million.**

(b) Report on the experience gained after six years of applying the new instrument: since the creation of the Fund in 2002, the Commission has received 62 applications for financial assistance from 21 different countries. Of these applications, 31 led to the granting of financial support totalling more than EUR 1.5 billion. The Commission has rejected 29 requests and two applications were withdrawn by the applicant States.

While the Fund has generally been working well, in particular as regards major natural disasters for which it was initially set up, the experiences gathered so far underline that there is a need for further developing the instrument. This concerns in particular the lack of rapidity with which the funding is made available to beneficiary states and the transparency of the criteria for mobilising the Fund in the case of regional disasters. Both points are pointed out by the Court of Auditors. In addition, the instrument could be improved in order to allow responding appropriately at EU level to major crises which are not of natural origin. This is why the Commission adopted its proposal for a new [Solidarity Fund Regulation](#) on 6 April 2005, which has been largely supported in the European Parliament. This proposal widens the scope of the Fund and introduces a number of modifications to its operation.

Increasing transparency: this could be achieved through a new definition of the criteria for triggering the Fund (for example, lowering the threshold to EUR 1 billion or 0.5% of GNI, whatever is the lower, while abolishing the exceptional mobilisation of the Fund for regional disasters). An alternative option is the introduction of a clear quantitative threshold for regional disasters, i.e. a percentage of the regional GDP (NUTS I or NUTS II).

Faster disaster response: certain operational improvements could be envisaged allowing to take immediate solidarity action by making an advance payment as soon as the affected State has applied for assistance. However, clear and transparent criteria for mobilising the Fund are a precondition for such a faster disaster response as the applicant State would have to repay the advance to the Commission in the event that an application is not accepted.

Widening the scope: the Commission considers that the Solidarity Fund should be able to respond in the event of a major crisis, independent of its nature or origin. The proposed new regulation of 2005 widens the scope of the EUSF to include health, terrorist and industrial/technological disasters (within the overall annual expenditure ceiling of the EUSF).

Moving forward: although there has been no progress in the Council on the proposed revised Solidarity Fund Regulation since 2005, the Commission continues to be prepared to actively support the search for a compromise. The aim would be to identify areas where a compromise could be found in order to allow the Commission to amend its proposal. It therefore calls on the Council and the European Parliament to re-examine the Commission proposal of 2005 in the light of this report in order to allow the Commission to come forward with an amended proposal in 2009.