

European Union Solidarity Fund

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In accordance with the requirements of Council Regulation (EC) No 2012/2002, the Commission presents its Annual report for 2009 on the European Union Solidarity Fund. The report presents the activities of the Fund in 2009 covering, as in previous reports, the treatment of pending and new applications and the assessment of implementation reports with a view to preparing these for closure.

In terms of the number of applications 2009 was one of the quieter years for the EU Solidarity Fund (EUSF). In all, only six applications for EUSF aid were made in the course of the year while in some previous years up to 19 applications had been presented. Four of the 2009 applications – relating to forest fires in the Attica region of Greece, to storms in Cyprus, to floods on the Greek island of Evia, and to mudslides in Sicily – were presented during the months of November and December so that their assessment could only be completed during 2010. These disasters were relatively small and assessed as not to be meeting the criteria for activating the Fund.

However, in terms of damage caused and aid paid out 2009 was quite extraordinary. The L'Aquila earthquake in the Italian Abruzzo region was the biggest disaster since the creation of the Fund and subsequently lead to the highest grant ever, amounting to almost half a billion Euros. Storm Klaus in south-western France was another major disaster with damage considerably above the average.

The report discusses the following cases in 2009:

Cyprus (drought): the Cypriots submitted this application for aid in 2008, the first application for Solidarity Fund aid relating to drought. The Solidarity Fund Regulation requires an application to be made no later than ten weeks after the first damage caused by the disaster which in the event of a slowly unfolding disaster such as drought meets with an objective difficulty. The Commission considered that 22 April 2008, could be accepted as starting date of the major disaster. As a consequence, the application presented to the Commission on 1 July 2008 respected the time-limits laid down in the Regulation. The Cypriot authorities estimated the total direct damage, incurred after 22 April 2008, at EUR 176.15 million. As this amount exceeded the threshold of EUR 84.673 million (i.e. 0.6 % of GNI) applicable for Cyprus, the drought qualified as a major natural disaster which affected the complete territory of the country. On 24 October 2008, the Commission proposed to mobilise financial assistance of EUR 7.605 million. Following the budget procedure and the conclusion of an agreement for the implementation of the grant between the Commission and the Cypriot authorities, the grant was paid to Cyprus on 9 October 2009.

Romania (floods): total direct damage caused by heavy rain leading to flooding was estimated at EUR 471.42 million. As this amount remained below the major disaster threshold for Romania (EUR 566.84 million, i.e. 0.6% of Romania's GNI), representing however approximately 83% of the threshold, the application was assessed on the basis of the criteria for extraordinary regional disasters. The region affected was a coherent area, comprising counties in the North-Eastern part of Romania, with a population of 3.046 million inhabitants. The Commission proposed to grant aid amounting to EUR 11 785 377. After completion of the corresponding amending budget procedure and the signing of the Implementation Agreement, this grant was paid to the Romanian authorities on 29 October 2009.

France (storm Klaus): in 2009 this major storm hit south-western France causing severe damages. The Commission estimated that total direct damage caused by the storm amounted to EUR 3.805 billion. As this figure exceeds the threshold of EUR 3.398 billion (i.e. EUR 3 billion in 2002 prices) applicable to France in 2009 for mobilising the Solidarity Fund the disaster qualified as a major natural disaster and thus fell within the main field of application of Regulation (EC) No 2012/2002. However, further damages

claimed in France's application, such as losses in income and production due to the interruption of economic activities, and hypothetical damage such as the estimated value attached to sequestered carbon losses (together amounting to EUR 1.220 billion), were not taken into account as a basis for calculating the assistance, as they were not considered direct damages. On 29 May 2009 the Commission proposed to mobilise financial assistance of EUR 109 377 165. Following the corresponding amending budget procedure and the conclusion of the Implementation Agreement with France the Commission paid out the grant on 25 November 2009.

Italy (Abruzzo Earthquake): this major earthquake cost the lives of 300 people and causing severe destruction of basic infrastructure, private households, public buildings, businesses and the region's important cultural heritage, and brought serious harm to the population. Out of a total population of approximately 300 000 affected by the disaster, 300 casualties were reported and 1 500 injured. The Italian authorities estimated the total direct damage at over EUR 10.212 billion. This amount represented 0.67% of Italy's GNI and over three times the normal threshold applicable to Italy for mobilising the Solidarity Fund of EUR 3.4 billion. The Commission services considered that the estimate of total direct damage in fact appeared to be somewhat conservative. The earthquake therefore qualified as a major natural disaster and fell within the main field of application of the EU Solidarity Fund. The application was successfully fast-tracked in order to provide aid to the Italian authorities as quickly as possible. The Commission proposed to mobilise financial assistance of EUR 493 771 159. Following completion of the amending budget procedure and the conclusion of the Implementation Agreement, payment of the grant was made on 30 November 2009.

Closures: In the course of 2009, two EU Solidarity Fund files were closed; those relating to the storm in Estonia in 2005, and the storm in Lithuania in 2005. The Commission also received final implementation reports for grants made in 2007 from Greece (relating to the Evros flooding in 2006), Hungary (relating to the flooding in 2006), Germany (relating to storm Kyrill in 2007) and France (relating to storm Gamède in 2007). At the end of the period covered by the annual report the assessment of these implementation reports continues.

The report notes that the Solidarity Fund once more proved its effectiveness in responding to major disasters, i.e. in making substantial financial assistance available within a reasonable time frame. 2009 also demonstrated the difficulties in activating the EUSF in cases of **slowly unfolding disasters**. The requirement to submit applications within 10 weeks of the first damage caused by the disaster meets with objective difficulties in the event of disasters such as drought for which setting a precise starting date is virtually impossible. While in the case of the application from Cyprus an operational solution could be found it would be preferable to include in the Solidarity Fund Regulation a specific provision for this type of disaster making it superfluous to interpret the Regulation. The Commission will address this issue in its Communication on the future of the EU Solidarity Fund planned to be presented at the beginning of the second semester of 2011.