

European Union Solidarity Fund

2002/0228(CNS) - 30/08/2016 - Follow-up document

The European Commission presented an annual report (2015) on the implementation of the European Union Solidarity Fund.

Council Regulation (EC) No 2012/2002 establishing the EU Solidarity Fund (EUSF) provides that a report on the activity of the Fund in the previous year shall be presented to the European Parliament and to the Council.

The present report presents the activities of the Fund during the year 2015.

It focuses on the following issues:

- new applications;
- the assessment of implementation reports with a view to preparing these for closure.

Main conclusions: in 2015, the Commission received a relatively small number of applications for EUSF assistance. **Only three applications were made in the course of the year** concerning two cases of flooding in **Greece** and severe winter conditions in **Bulgaria**.

As the 2014 revision of the EUSF Regulation introduced the **possibility of advance payments** to likely beneficiary States, the Commission created the necessary budgetary conditions in the 2015 EU budget and was thus able to approve the advance payments for the three applications received in the course of the year.

Moreover, the Commission completed the assessment of four applications already received in 2014 from Romania (two applications), Bulgaria and Italy.

In financial terms, in the course of 2015, the Commission approved assistance from the EUSF amounting to a total of EUR 82 780 615, representing seven applications. Including financial assistance already approved at the end of the preceding year of EUR 126 724 968 (but for which the budget appropriations had to be carried forward to 2015) the Commission paid out a total of **EUR 209 505 583**.

Important progress was also made on the closure of eight EUSF interventions from previous years:

- **Cyprus, drought of 2008:** the financial contribution from the Fund amounted to EUR 7.605 million;
- **Italy, Veneto flooding of 2010:** the financial contribution from the Fund amounted to EUR 16.909 million;
- **Czech Republic, spring flooding of 2010:** the financial contribution from the Fund amounted to EUR 5.111 million;
- **Ireland, flooding of 2009:** the financial contribution from the EUSF amounted to EUR 13.023 million;
- **Croatia, September flooding 2010:** the financial contribution from the EUSF amounted to EUR 1 175 million;
- **Italy, Emilia-Romagna earthquakes of 2012:** the financial contribution from the Fund amounted to EUR 670.192 million. The implementation report was due in June 2014. The Italian authorities requested the extension of the submission deadline and subsequently submitted the report in December 2014. The report was found complete and meeting the requirements of the Regulation;
- **Austria, Lavamünd flooding 2012:** the financial contribution from the EUSF amounted to EUR 240 000. In March 2015, Austria presented its implementation report which was found complete

and meeting the requirements of the Regulation. However, the Austrian authorities informed the Commission that the municipality of Lavamünd considers that the electricity company Verbund Hydro Power AG, operating the hydro-electrical power plant located in Lavamünd, had acted negligently and without due care in relation to the flood. Therefore, the municipality brought a claim for damages against the Verbund Hydro Power AG before the Regional Civil Court in Klagenfurt. The court case is pending.

Main conclusions: 2015 was the first full year of EUSF implementation under the rules of the revised Regulation. Due to the small number of applications received since the new provisions entered into force it is still premature to make a final judgement on the effectiveness of the intended results. There are indications, however, that the revised criteria for **regional disasters** now give potential applicants a much clearer indication whether an application is likely to be accepted and thus saves them from unnecessary work for an unsuccessful application and a possible deception. Under the old, less clear provisions some two thirds of regional disaster applications were assessed ineligible. Since the revision **the success rate of regional disaster applications has been 100%**.

The delay between a disaster and the payment of aid is still an issue. Applicant States tend to use the application period now extended to 12 weeks fully. In some instances the need to translate the application into a Commission working language is time consuming as is the procedure required for the adoption of the Mobilisation decision and corresponding Amending Budget by Council and the Parliament (which includes an 8 week scrutiny period for national Parliaments).

On the other hand, under the new provisions and guidance potential applicants seem to have a clearer understanding of what is required in the application process thus reducing the need for the Commission to request additional information before the assessment of the application can be completed.

Lastly, the merger into a **single Commission implementing act** of the previously separate grant decisions and implementation agreements also help to reduce delays. The Commission is striving to reduce these further through streamlining of the administrative procedure.

In the 2015 budget year the **new provision on advance payments became operational for the first time** allowing the Commission to pay out 10% of the anticipated aid amount ahead of the formal mobilisation of the Fund. This was done successfully for all three new applications of 2015.

The reduction of the maximum annual budget allocation to EUR 500 million under the 2014-2020 financial frameworks did not give rise to any issues as no exceptionally big disaster occurred during the reporting period. Accordingly, it was not necessary to apply the capping of aid amounts to two thirds of the available annual allocation, as set out since 2014 for such eventualities in the Communications to the Commission on the applications for a financial contribution. In fact, payments in 2015 could fully be made from unspent allocation of 2014 carried forward while the remaining EUR 287 million of the 2014 allocation has expired at the end of 2015. Consequently, the full amount of the 2015 allocation was carried forward to 2016 and thus creating an additional safety net for potential disasters during the year 2016.