

European Union Solidarity Fund

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The European Commission presented its 2016 annual report 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 2016.

Applications and closures: in 2016, the Commission received **six applications for financial contribution from the Solidarity Fund**, namely from Greece (Lefkada earthquake), from the United Kingdom (flooding), from Germany (Lower Bavaria flooding), from Cyprus (drought and fires), from Portugal (Madeira fires) and from Italy (earthquakes). The series of earthquakes in the Italian Apennines between August 2016 and January 2017 represents the biggest natural disaster for the Solidarity Fund.

Four countries requested advance payments introduced with the revision of the Regulation in 2014. In these cases the Commission paid out the advances amounting to a total of EUR 31.3 million within a few weeks after receiving the applications.

In 2016, the Solidarity Fund was mobilised for an amount of EUR 33.1 million for two applications, namely for the earthquake in Greece and the flooding in Germany. Decisions on the other four applications received in 2016 were taken in early 2017.

In 2016, the Commission **closed four Solidarity Fund interventions** (Spain, forest fires of 2003 and Lorca earthquake of 2011; Croatia, flooding of 2012 and Austria, flooding of 2013).

Specific applications: the Commission assessed and proposed to mobilise the Solidarity Fund as regards the following:

- **Greece - Lefkada earthquake 2015: EUR 1 651 834.** The balance of the financial contribution from the Solidarity Fund was paid out to Greece on 15 November 2016 after the corresponding amending budget had been approved by the European Parliament and Council;
- **United Kingdom - flooding 2015: EUR 60 301 050.**
- **Germany - flooding of Lower Bavaria 2016: EUR 31 475 125.**
- **Cyprus - drought and fires 2016: EUR 7 298 760.**
- **Portugal - fires on the island of Madeira 2016: EUR 3 925 000.**
- **Italy - series of earthquakes 2016/2017:** the Commission awarded an advance on the anticipated Solidarity Fund contribution of EUR 30 million and paid it out on 9 December 2016. To take account of the subsequent earthquakes, Italy submitted on 15 February 2017 an updated application with a revised estimate including all damage caused by the earthquakes between 24 August 2016 and 18 January 2017. Further information was provided on 25 May 2017. At the moment of writing this report the processing of this application was still ongoing and will be reported in the 2017 annual report of the Solidarity Fund.

Main conclusions: the number of new Solidarity Fund applications presented to the Commission during 2016 was **limited**, whereby two applications related to disasters that had already occurred during November and December 2015 (Lefkada earthquake and UK floods). This seems to confirm once more

that the revision and clarification of the criteria for regional disasters in the Regulation as amended in 2014 is bearing the expected results, in particular that clearly **ineligible applications are no longer presented**. In August and October however Italy was struck again by devastating earthquakes which – together with a further severe tremor in January 2017 – turned out to be by far the biggest catastrophe the Solidarity Fund had to deal with since its creation in 2002. With EUR 22 billion the amount of damage was almost double than that of the second biggest case, the earthquake in the Emilia-Romagna of 2012. These events confirm the pattern that has been identified on earlier occasions: While **floodings events represent by far the biggest share of disasters leading to Solidarity Fund** applications (some two thirds of all cases), **earthquakes are among the rarest but by far the most damaging and costly**, not to speak of the human toll in terms of people killed, injured or displaced for a long period of time.

The mobilisations made during 2016 were paid from the unused part of the 2015 annual allocation that was carried forward to 2016. Accordingly the full amount of the 2016 allocation remained untouched and was carried forward to 2017, thus allowing to mobilise in 2017 the by far biggest Solidarity Fund contribution ever for Italy. This scenario demonstrates that the possibility to carry forward by one year the unspent amounts of the preceding year is extremely helpful in maintaining the Solidarity Fund operational in budgetary terms even though its annual allocation has been reduced for the 2014-2020 multiannual financial framework from EUR 1 billion in current prices to EUR 500 million in 2011 prices. It will be important to maintain this flexibility after 2020.

On the other hand, the events of 2016 also show that the **financial basis of the Solidarity Fund is rather small** and could easily run into difficulties should a number of severe disasters occur in a relatively short period of time, particularly when it was not possible to carry forward any significant amount from the preceding year. In such an event it could be difficult to maintain the established aid rates which would undermine the principle of equitable treatment. The possibility to make **advance payments** introduced into the Regulation in the 2014 revision proved to be very useful. While an advance payment was not requested by all applying states, the Commission was able to pay out the requested advance in all but one case within one month of the complete application dossier having been submitted. It seems worth reflecting whether **increasing advance payments** above the current rate of 10 % of the expected Solidarity Fund financial contribution (limited to a maximum of EUR 30 million) could offer a viable solution to improving the responsiveness of the Solidarity Fund whose full mobilisation through a budget procedure in each case still requires many months.