European Union Solidarity Fund: common and coordinated action to provide assistance to the Member States and the candidate countries in case of major disasters or public health emergencies

2005/0033(COD) - 06/04/2005 - Document attached to the procedure

COMMISSION'S IMPACT ASSESSMENT

Further information concerning the context of this issue may be found in the summary of the Commission' s initial proposal COM(2005)0108.

1- POLICY OPTIONS AND IMPACTS

1.1- No change scenario: Under a "no policy change" scenario, the EU Solidarity Fund would continue to operate under the current Regulation. This means that aid can continue to be granted for major natural disasters and for extraordinary regional natural disasters. No EUSF aid would be possible for other crisis situations, such as public health threats and acts of terrorism, which do not meet the criteria of the current Regulation. The Council will review the Regulation on the basis of a proposal by the Commission by 31 December 2006 at the latest.

It is not possible to predict the occurrence of major disasters covered by the current Regulation. Therefore, the only possible way to predict a 'no policy change' scenario is to extrapolate the applications for disasters received up to now.

Extrapolating the past, it is likely that applications to mobilise the Fund for disasters below the "major disaster" threshold, which were intended to be the absolute exception, will continue to be the majority of cases. By focussing the policy on the genuine major disasters and abolishing the eligibility for regional disasters, the focus and effectiveness of the solidarity measures should be improved.

In addition, if the Regulation foresees for major disasters only a single decisive criterion for eligibility, i.e. the amount of damage caused, this would allow the Commission to complete its examination in a much shorter time. The experience in applying the current Regulation has shown that applications for exceptional mobilisation of the Fund required a much more detailed examination. Usually, additional information had to be requested from the applicant State which proved very time-consuming.

However, abolishing the possibility to grant aid for extraordinary regional disasters would mean that disasters of a relatively lower scale, which might however result in significant damages on a local/regional level, are not anymore covered by the instrument.

1.2- New EUSF – Widening the scope: The proposed EUSF Regulation would extend the possibilities for showing solidarity at European level, covering major crisis situations resulting from natural disasters (as before, as well as industrial/technological disasters, public health threats and acts of terrorism.

At the same time, solidarity actions would be focussed on major disasters and crisis situations. A "major" disaster would be defined, as today, in terms of total direct damage in excess of an absolute or a relative

threshold, whichever is the lower. In the draft Regulation, is it proposed to lower these from EUR 3 bn/0. 6% of GNI to EUR 1 billion or 0.5% of GNI.

In addition, a new criterion would allow it to mobilise the Fund even if the quantitative criteria are not met. It is proposed that the Council may, by unanimous vote and upon a proposal by the Commission, recognise that a major disaster has occurred on the territory of an eligible State. This will also allow the mobilisation of the Fund for crisis situations where physical damage might be rather limited, such as terrorist attacks or major public health threats, thus allowing to pay for measures such as compensations to victims of terrorism or for mass vaccinations.

The main impact of an enlarged EUSF is to improve responsiveness at EU level to crisis situations other than natural disasters. Solidarity actions would be possible in the aftermath of other crisis situations such as industrial/technological disasters, public health threats and terrorist attacks.

Another likely impact might be on the budget. A Solidarity Fund enlarged in scope could lead to a higher overall aid level under the EUSF. The current overall spending ceiling of the Solidarity Fund of EUR 1 billion has effectively been used only to a very limited degree (for applications in 2002: EUR 728 million; for applications in 2003: EUR 107.08 million; for applications in 2004: EUR 19.62 million).

CONCLUSIONS: The new EUSF has been chosen as the best possible policy option as it aims to improve the EU's responsiveness in facing major crisis situations. The new instrument would be modelled around the current European Union Solidarity Fund (EUSF) but be widened in scope and concentrated on the major disasters and crisis situations.

2- FOLLOW-UP

The monitoring and evaluation requirements of the results and the impacts of the instrument remain unchanged in the proposal for a new Regulation. An activity report on the previous year, containing information relating to applications submitted, grant decisions adopted and the winding-up of financial assistance granted, shall be presented to the European Parliament and the Council. In addition, a review shall be presented by 31 December 2013 at the latest.