



## THE SOLIDARITY FUND

The European Union Solidarity Fund enables the EU to provide financial support to a Member State, an accession country or a region in the event of a major natural disaster.

### LEGAL BASIS

Article 175, third paragraph and Article 212(2) of the Treaty on the Functioning of the European Union (TFEU), Council Regulation (EC) No 2012/2002 of 11 November 2002 establishing the European Union Solidarity Fund and Regulation (EU) No 661/2014 of the European Parliament and of the Council of 15 May 2014 amending Council Regulation (EC) No 2012/2002 establishing the European Union Solidarity Fund.

### OBJECTIVES

The European Union Solidarity Fund (EUSF) enables the EU, acting as a body, to provide effective support to a Member State, or to an accession country, in its efforts to deal with the effects of a major natural disaster. Through the EUSF, which is not covered by the EU budget, up to EUR 500 million (2011 prices) can be made available each year to supplement public expenditure on emergency operations by the Member State(s) concerned.

### BUDGET AND ACHIEVEMENTS

The EUSF was set up under Regulation 2012/2002 of 11 November 2002 in response to the disastrous flooding that affected central Europe in the summer of 2002. Since then, 80 disasters — including floods, forest fires, earthquakes, storms and drought — in 24 different European countries have received support through the Fund to a total value of more than EUR 5 billion.

#### A. Scope and eligibility

The EUSF serves mainly to provide assistance in the event of a major natural disaster with serious repercussions for living conditions, the natural environment or the economy in one or more regions of a Member State or of a country applying for accession. A natural disaster is regarded as ‘major’ if it results in direct damage (in the Member State or country applying for accession) in excess of EUR 3 billion (2011 prices) or more than 0.6% of the gross national income of the beneficiary State. ‘Regional natural disaster’ is also defined, as meaning any natural disaster in a NUTS 2 region that results in direct damage in excess of 1.5% of that region’s gross domestic product (GDP). In the case



of outermost regions, within the meaning of Article 349 of the Treaty on the Functioning of the European Union, this latter threshold is set at 1% of the regional GDP.

### 1. Measures

Assistance from the EUSF takes the form of a grant to supplement public spending by the beneficiary State and is intended to finance measures to alleviate damage which, in principle, is non-insurable. Urgent measures eligible for funding are:

- the immediate restoration to working order of infrastructure and plants providing energy, drinking water, waste water disposal, telecommunications, transport, healthcare and education;
- the provision of temporary accommodation and the funding of rescue services, in order to meet the needs of the population affected;
- the immediate consolidation of preventive infrastructure and protection of cultural heritage sites;
- the cleaning-up of disaster-stricken areas, including natural zones.

### 2. Submission of the application

The State affected must submit an application for assistance from the EUSF to the Commission no later than 12 weeks after the first effects of the disaster become clear. It must estimate the total direct damage caused by the natural disaster and its impact on the population, the economy and the environment concerned, and the cost of the measures required, and indicate any other sources of funding together with the implementation of Union legislation on disaster risk prevention and management related to the nature of the natural disaster.

### 3. Implementation

The procedure for allocating a grant, followed by a budgetary procedure, can take several months. Once the appropriations have been made available, the Commission concludes an agreement with the beneficiary State and makes a grant.

The 2014 reform introduced the possibility for Member States to request advance payments, the granting of which is decided upon by the Commission, if sufficient resources are available. The amount of the advance cannot exceed 10% of the anticipated total amount of the financial contribution from the EUSF, and it is capped at EUR 30 million.

The beneficiary State is responsible for using the grant and auditing the way it is spent (however, the Commission may carry out on-the-spot checks on the operations financed by the EUSF). Emergency measures can be financed retrospectively to cover operations from the first day of the disaster.

It is not possible to double-finance measures, and it is the responsibility of the beneficiary State to ensure that costs covered by the EUSF are not covered by other Union financing instruments (in particular by instruments of cohesion, agricultural or fisheries policies).



#### 4. Use of the grant

The grant must be used within 18 months of the date on which it was allocated. The beneficiary State must pay back any part of the grant that remains unused. Six months after the expiry of the 18-month period, it must present an implementation report to the Commission. This document must provide details of the expenditure eligible for support from the EUSF and of all other funding received, including insurance settlements and compensation from third parties.

#### 5. Annual report and checks by the Court of Auditors

The Commission presents an annual report on the activities of the EUSF. The latest annual report concerns 2016 and shows that six applications were received by the Commission in the course of the year: 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). All the cases mentioned were given the green light by the Commission: for the earthquake in Greece and the flooding in Germany the EUSF was mobilised in 2016, for the other four applications decisions were taken in early 2017. According to this annual report, four earlier Solidarity Fund intervention procedures were closed during 2016.

A special report of the Court of Auditors in 2012 dealt with the 2009 L'Aquila earthquake in the Abruzzo region of Italy. This was the most serious natural disaster that the EUSF has had to deal with since it was created. The assistance provided totalled over EUR 500 million. The report found that, with the exception of one particularly complex project (CASE), all financed projects complied with the regulation.

#### B. The 2014 reform of the EUSF

In 2005 the Commission had put forward proposals to broaden the scope of intervention and lower the intervention thresholds that trigger the release of funding, but these proposals had been blocked by a majority of Member States. To unblock the situation, the Commission had proposed, in its communication on the Future of the European Union Solidarity Fund of 6 October 2011, ways to improve the functioning of the Fund, but this had not led to a reboot of the debate. On 25 July 2013, the Commission presented a new legislative proposal, which was then negotiated under the ordinary legislative procedure and led to the entry into force of the amending Regulation (EU) No 661/2014 of 15 May 2014. The new rules governing the implementation of the EUSF introduce the following elements:

- a more rapid procedure leading to payment, the introduction of advance payments, and more time provided for beneficiary countries to use the grants at their disposal (extended from 12 to 18 months);
- clarified scope and eligibility rules;
- more emphasis on prevention and mitigation of the effects of natural disasters.

#### C. Simplification measures included in the Omnibus Regulation

The complex 'Omnibus Regulation' (Regulation (EU, Euratom) 2018/1046 of 18 July 2018 that contains the revised Financial Regulation and amends several regulations at the same time) includes simplified mobilisation (draft amending budgets)



and transfer procedures and automatic carry-over of commitment appropriations for the European Union Solidarity Fund.

## **ROLE OF THE EUROPEAN PARLIAMENT**

In its resolution of 15 January 2013 on the European Union Solidarity Fund, implementation and application<sup>[1]</sup>, Parliament highlighted the importance of the EUSF as the main instrument allowing the EU to respond to serious disasters. At the same time, it criticised the unacceptably long time it takes to provide aid to affected regions or Member States, and called for these delays to be reduced by simplifying the procedures involved and allowing advance payments to be made, elements taken on board in the new legislative proposal of July 2013. The Commission's proposal also incorporated other suggestions from Parliament, such as the clearer and more precise definition of the concept of disasters, and of the scope of intervention, in order to reduce the scepticism of the many Member States opposed to reforming this EU instrument.

On the basis of the abovementioned Commission proposal of July 2013, both Parliament and the Council adopted their respective positions, on the basis of which interinstitutional negotiations took place in February 2014, a compromise being reached after three meetings at first reading under the ordinary legislative procedure. The new rules entered into force in June 2014.

Parliament's negotiating position included strong support for the advance payment mechanism. Initially deleted by the Council, this new provision is part of the compromise reached (with the threshold foreseen in the Commission proposal, i.e. 10% up to a ceiling of EUR 30 million).

Regarding the threshold for the eligibility of regional disasters, the final agreement maintained the rate of 1.5% of regional GDP, as foreseen in the Commission proposal, but Parliament managed to secure a lower threshold of 1% of GDP for the outermost regions of the European Union. Other achievements include extending the Member States' time-limit for submitting applications to 12 weeks (the Commission and Council position was 10 weeks), introducing a 6-week deadline for the Commission to reply to applicants, and extending the period during which contributions from the EUSF are to be used to 18 months (the Commission and Council position was 12 months).

Technical assistance is, in principle, not eligible for support, but Parliament's position introduced a derogation to this provision and it was taken on board in the compromise: technical assistance costs directly linked to the preparation and implementation of projects are eligible for funding.

In its resolution of 1 December 2016 on the European Union Solidarity Fund: an assessment<sup>[2]</sup> Parliament emphasised 'the importance of the 2014 revision, which managed to overcome the blockage in the Council, and represented a belated response to Parliament's repeated calls for improved responsiveness and effectiveness of aid, in order to ensure a rapid and transparent response in support of people affected by natural disasters'.

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[1]OJ C 440, 30.12.2015, p. 13.

[2]OJ C 224, 27.6.2018, p. 140.



Parliament welcomed the new provisions proposed by the Commission in the above-mentioned Omnibus Proposal and, in its capacity as co-legislator, under the ordinary legislative procedure it supported the changes leading to simplification and to easier mobilisation of funding.

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