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*Plenary sitting*

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**A9-0052/2021**

24.3.2021

# **REPORT**

on the review of the European Union Solidarity Fund  
(2020/2087(INI))

Committee on Regional Development

Rapporteur: Younous Omarjee

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### on the review of the European Union Solidarity Fund (2020/2087(INI))

*The European Parliament,*

- having regard to Articles 174, 175, 212(2) and 349 of the Treaty on the Functioning of the European Union (TFEU),
- having regard to Council Regulation (EC) No 2012/2002 of 11 November 2002 establishing the European Union Solidarity Fund and its subsequent amendments of 15 May 2014 and 20 March 2020<sup>1</sup>,
- having regard to all the reports published by the Intergovernmental Panel on Climate Change and, more specifically, to its report of 31 March 2014 entitled ‘Climate Change 2014: Impacts, Adaptation and Vulnerability’,
- having regard to the Paris Agreement, signed on 22 April 2016,
- having regard to its resolution of 15 January 2013 on the European Union Solidarity Fund, implementation and application<sup>2</sup>,
- having regard to its resolution of 1 December 2016 entitled ‘the European Union Solidarity Fund: an assessment’<sup>3</sup>,
- having regard to the Commission Staff Working Document of 15 May 2019 entitled ‘Evaluation of the European Union Solidarity Fund 2002-2017’ (SWD(2019)0186),
- having regard to Regulation (EU) 2020/461 of the European Parliament and of the Council of 30 March 2020 amending Council Regulation (EC) No 2012/2002 in order to provide financial assistance to Member States and to countries negotiating their accession to the Union that are seriously affected by a major public health emergency<sup>4</sup>,
- having regard to its resolution of 17 April 2020 on EU coordinated action to combat the COVID-19 pandemic and its consequences<sup>5</sup>,
- having regard to the position paper of the European Economic and Social Committee of 25 March 2020 on the proposal for a regulation of the European Parliament and of the Council amending Council Regulation (EC) No 2012/2002 in order to provide financial assistance to Member States and countries negotiating their accession to the Union seriously affected by a major public health emergency (COM(2020)0114),
- having regard to the Commission communication on the European Green Deal

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<sup>1</sup> OJ L 311, 14.11.2002, p. 3.

<sup>2</sup> OJ C 440, 30.12.2015, p. 13.

<sup>3</sup> OJ C 224, 27.6.2018, p. 140.

<sup>4</sup> OJ L 99, 31.3.2020, p. 9.

<sup>5</sup> Texts adopted P9\_TA(2020)0054.

(COM(2019)0640),

- having regard to Rule 54 of its Rules of Procedure,
  - having regard to the opinion of the Committee on Budgets,
  - having regard to the report of the Committee on Regional Development (A9-0052/2021),
- A. whereas the European Union Solidarity Fund (EUSF) established by Council Regulation (EC) No 2012/2002 following the major floods that hit central Europe in 2002 provides financial assistance to Member States and accession countries struck by major or regional natural disasters or major public health emergencies; whereas the EUSF represents true EU added value and the materialisation of a will to demonstrate solidarity with the people living in the EU regions affected by such disasters;
- B. whereas in its resolution of 17 April 2020 on EU coordinated action to combat the COVID-19 pandemic and its consequences, the European Parliament pointed out that solidarity among the Member States is not an option, but is in fact an obligation stemming inter alia from Articles 2 and 21 of the Treaty on European Union, as well as a pillar of our EU values, as set out in Article 3 of the aforementioned treaty; whereas, in the same resolution, the European Parliament urges the Commission to strengthen all components of its crisis management and disaster response mechanisms;
- C. noting with interest that, according to a recent survey, two thirds of EU citizens believe that the European Union should have more competences to deal with unexpected crises such as COVID-19, and more than half believe that the EU should have more financial means to deal with these crises<sup>6</sup>; whereas the current health crisis has a very significant human dimension and whereas the EU and the Member States should accordingly act in a spirit of solidarity;
- D. whereas, so far, assistance from the EUSF has concerned around a hundred natural disasters in 23 Member States and one accession country, totalling some EUR 6.6 billion<sup>7</sup>;
- E. whereas in 2017 and 2018, flooding disasters made up some two thirds of all EUSF applications, despite the reporting period also being marked by significant storms, forest fires and earthquakes;
- F. noting the usefulness of the EUSF, as highlighted by the Commission's evaluation, in particular as regards reducing the burden on all national, regional and local authorities of supporting the recovery effort in the aftermath of major national or regional natural disasters or major public health emergencies, as defined in Council Regulation (EC) No 2012/2002 (as amended);
- G. whereas the EUSF's regulatory framework was revised in 2014 through the amendment of Regulation (EU) No 661/2014, in particular with a view to simplifying procedures,

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<sup>6</sup> <https://www.europarl.europa.eu/news/en/press-room/20201113IPR91602/eu-survey-confirms-citizens-call-for-eu-to-have-more-powers-to-tackle-pandemic>

<sup>7</sup> <https://cohesiondata.ec.europa.eu/stories/s/An-overview-of-the-EU-Solidarity-Fund-2002-2019/qpif-qzyn>

shortening the time frame for replying after the submission of applications, clarifying the eligibility criteria of requests for assistance in the event of regional disasters, extending the implementation period and introducing advance payments, as called for by Parliament on several occasions; whereas further progress was achieved through the March 2020 amendment of the regulation, especially as regards the increase of the level of advance payments and the simplification of the EUSF allocation process;

- H. whereas the rate of approval of requests for assistance in the event of major disasters is 100 %, while that of requests for assistance in the event of regional disasters, the most common category, rose from 32 % to 85 % following the 2014 revision of the EUSF Regulation;
- I. whereas although the reform of the regulation in 2014 contributed to the extension of the time frame for preparing and submitting an application for a financial contribution from the EUSF from 10 to 12 weeks, a substantial proportion of cases still require updates, resulting in delays in accessing the grants; whereas, for this reason, the Commission should give simplified guidance on the application requirements and in so doing reduce the administrative burden;
- J. whereas the time taken for the full grant to be deployed could be further reduced to fulfil the urgent need for EU solidarity;
- K. whereas EUSF assistance only covers the restoration of the status quo ante of infrastructure in the fields of energy, water and waste water, telecommunications, transport, health and education, and not the additional costs of rebuilding more disaster-resilient and climate-resilient infrastructure, as called for in the European Green Deal, which has to be financed by the beneficiary state from own resources and other EU funds, such as the European Regional Development Fund (ERDF) and the Cohesion Fund;
- L. noting with interest that, as illustrated by the COVID-19 crisis, there is a need for a higher level of synergies between cohesion policy instruments and the EUSF; acknowledging that the EUSF was created to respond to natural disasters in the short- and medium-term, while cohesion policy (the ERDF and the Cohesion Fund) is geared to longer-term planning for and investment in civil protection, preventive infrastructure, risk management infrastructure and resilience measures, thereby contributing to the objectives of the European Green Deal;
- M. welcoming the Commission's proposal to extend the scope of the EUSF to include major public health emergencies, and the subsequent entering into force of Regulation (EU) 2020/461;
- N. whereas natural disasters are likely to intensify and multiply because of climate change; highlighting, therefore, the usefulness of the budgetary mechanism of dynamic allocation, introduced in 2014, which enabled the EUSF, among other things, to provide a record EUSF contribution of EUR 1.2 billion for the earthquakes in Italy in 2016 and 2017;
- O. whereas, as laid down in Article 7 of the EUSF Regulation, operations financed by the fund should be compatible with the provisions of the TFEU and instruments adopted under it, and with EU policies and measures, in particular in the fields of environmental

protection, natural disaster risk prevention and management, and climate change adaptation, including, where appropriate, eco-system-based approaches;

- P. whereas the new multiannual financial framework (MFF) provides for a new budgetary package called the Solidarity and Emergency Aid Reserve (SEAR), which brings together the EUSF and the Emergency Aid Reserve (EAR) and is designed to respond, on the one hand, to emergencies arising from major disasters in Member States or accession countries (EUSF) and, on the other, to specific urgent needs in the EU or in non-EU countries, in particular in the event of humanitarian crises (EAR);
- Q. whereas, as recognised in Article 349 of the TFEU, the difficult climate situation is one of the persistent factors that seriously hamper the development of the outermost regions (ORs); whereas specific measures laying down the conditions for the application of the treaties, including common policies, should therefore be adopted;
- R. whereas special attention should be paid to ORs, islands, mountainous regions, sparsely populated regions and all areas that are particularly at risk of natural disasters;
- S. regretting that the EUSF Regulation does not currently allow for the submission of aid applications on a cross-border basis, even though certain areas that are particularly vulnerable to natural disasters, such as mountainous regions, often span borders;
1. Expresses its concern that extreme weather events and natural disasters will only increase and intensify alongside climate change; considers that investing in prevention and climate mitigation in line with the European Green Deal is of utmost importance; stresses the need for Member States to make further efforts to invest in climate impact alleviation measures, bearing in mind that many natural disasters are the direct consequence of human activities and that floods, earthquakes, forest fires, droughts and other natural disasters can get out of hand, which calls for the adoption of adequate measures;
  2. Notes that the EUSF is one of the most concrete expressions of EU solidarity, and that all EU citizens expect it to be shown when disasters or serious public health emergencies occur;
  3. Stresses its concern that in recent years, people in the EU have had to face multiple disasters that have devastated human lives, property, the environment and cultural heritage;
  4. Draws attention to the fact that major and regional natural disasters and major public health emergencies are now occurring on a regular basis, with recent examples including the COVID-19 pandemic – which is severely impacting the lives of all Europeans and the European economy – forest fires across the continent, including in unusual places such as the Arctic, and a series of violent earthquakes in Europe, particularly in Italy in 2016 and 2017, which caused hundreds of deaths and some EUR 22 billion in damage, and in Croatia in March 2020 and December 2020; points out, moreover, that storms, extreme rainfall and flooding have caused considerable damage in many cities and valleys, and that increasingly violent hurricanes have caused devastation in the ORs, such as Hurricane Irma in 2017 in Saint Martin, and Hurricane Lorenzo in 2019 in the Azores, which were particularly destructive; recalls in this context that fragile territories, such as islands and mountainous, sparsely populated and

outermost regions are often the most affected by the impact of climate change;

5. Points out that it is vital for aid and funds to be sent as quickly, easily and flexibly as possible to the affected regions and underlines that synergies between the EUSF and the Union Civil Protection Mechanism, the ERDF climate change adaptation component and territorial cooperation programmes are essential in order to create a comprehensive response and resilience package; calls on the Commission to continue its work on the guidance for the EUSF's simplified usage in order to facilitate the actions of national, regional and local authorities; insists that synergies between the EUSF and the aforementioned EU funding instruments, among others, should be used flexibly and to their fullest extent; recalls that the implementation report by each beneficiary country should detail the preventive measures – including the use of EU structural funds – taken or proposed to limit future damage and to avoid, to the extent possible, a recurrence of similar natural disasters;
6. Points out that according to the United Nations Office for Disaster Risk Reduction, there have been 7 348 major natural disasters over the last 20 years (2000-2019), which claimed 1.23 million lives, affected 4.2 billion people and resulted in USD 2.97 trillion in global economic losses;
7. Points out that according to the European Environment Agency (EEA), climate-related extreme weather events caused economic losses totalling an estimated EUR 446 billion in the EEA member countries between 1980 and 2019;
8. Is of the view that major and regional natural disasters and major public health emergencies have deeper economic and social impacts in the least developed and most fragile territories, such as islands, mountainous areas and sparsely populated regions, and that more adequate measures in these territories should therefore be taken under the EUSF;

#### ***Disaster management, damage assessment and simplification of procedures***

9. Takes note of the different kinds of disaster risks that the EU faces and highlights that the severity of some natural disasters is not exclusively determined by climate change, but is in some cases influenced by human-induced factors, including incautious spatial planning; considers it vital to invest in disaster risk prevention and management in the EU by building preventive infrastructure; recommends, in this regard, that Member States put in place, together with the Commission, disaster prevention and management plans for accurate and rapid damage assessment; stresses that the EUSF is meant to be a straightforward instrument that the EU can make available to national, regional and local authorities;
10. Invites the Commission, in the context of a future reform of the EUSF, to continue its work to simplify and speed up the application procedure for Member States, for example by paying particular attention to simplifying applications for activation of the EUSF across several regions in the context of cross-border disasters, so as to ensure a swifter response to the intensification of major and regional natural disasters and major public health emergencies;
11. Is of the opinion that climate change and the intensification of natural disasters are making territories and regions increasingly vulnerable; calls on the Commission,

accordingly, to consider revising the EUSF in order to better take into account disasters on a regional scale; underlines, moreover, the role of ERDF programmes, in synergy with rural development programmes, in the prevention and mitigation of risks, such as tectonic and hydrogeological risks; acknowledges, furthermore, that droughts were included in the scope of the EUSF Regulation during the 2014 revision, but notes that they represent a recurrent feature of EU climate developments and that their economic impact is difficult to assess; calls on the Commission to assess the specific impacts of droughts and to address them appropriately in the context of a future reform of the EUSF;

12. Calls on the Commission and the Member States to strengthen research and education with a view to putting in place a system to ensure better preparedness to prevent and manage disasters and to minimise the impact of such crises;
13. Calls for increased coordination and cooperation between the research and development institutions of the Member States, especially those facing similar risks; calls for enhanced early warning systems in Member States and the creation and strengthening of links between the various early warning systems;
14. Suggests that the Member States identify investments, projects and tools in their national recovery and resilience plans in order to prevent and limit damage from natural and health disasters;
15. Calls on the Commission to ensure the dissemination of good practices with regard to governance and the use of institutional coordination structures in disaster situations;
16. Points to the difficulties faced by beneficiary countries when it comes to determining precise amounts of damage in very short periods of time and suggests that the Commission prepare guidance on simplified methods to be used for determining the amount of aid provided through the EUSF, also in order to minimise the potential for errors and further delays;
17. Highlights the fact that the use of the EUSF has fostered a learning process among national, regional and local authorities, which has led them to assess their broader disaster risk management policies; stresses the necessity of reducing the bureaucratic burden and increasing capacity-building through technical and administrative support for beneficiary countries, to help them to develop management and long-term strategies aiming at reducing the impact of major and regional natural disasters and major public health emergencies; calls on the Member States to improve communication with local and regional authorities in the successive phases of evaluation, preparation of applications and project implementation, with a view to speeding up administrative procedures;
18. Calls on the Commission to focus, as far as possible, in a future revision of the EUSF, on the regions that are the most at risk of major or regional natural disasters or major public health emergencies, particularly the ORs, islands, mountainous regions, and regions that are prone to intense seismic or volcanic activity or future public health crises;
19. Believes that stock needs to be taken from the past hurricanes that struck overseas countries and territories (OCTs); is of the opinion that EAR and other external aid



instruments should be fully used to alleviate the damage incurred; is furthermore convinced that adequate financial means need to be allocated to these external aid instruments to help OCTs;

### ***Funding resources and swift allocation of appropriations***

20. Points out that in its revised proposal of 27 May 2020 on the 2021-2027 MFF, the Commission provided for a maximum annual budget of EUR 1 billion for the EUSF (in 2018 prices), but notes that under the agreement on the new MFF, the EUSF has been merged with EAR into the new SEAR package, with an overall annual budgetary allocation of EUR 1.2 billion;
21. Considers that the establishment of SEAR may have the advantage of increasing flexibility; points out, nevertheless, that in its current form, the allocation of the EUSF remains uncertain, since it depends on the amounts allocated under EAR; considers it necessary to closely monitor the management of SEAR in order to see whether the funding amount and allocation key provided for in this new financial instrument meet the needs of the EUSF, in view of the extension of its scope and the scale and proliferation of emergencies resulting, in particular, from major and regional natural disasters and major public health emergencies;
22. Welcomes the fact that the revised EUSF adopted in March 2020 increased the value of advance payments from 10 % to 25 % of the anticipated financial contribution and the upper limit from EUR 30 million to EUR 100 million; points out, in this context, the importance of advance payments for increasing the effectiveness of aid programmes, in particular in regions and local communities with limited alternative funding sources; asks the Commission to reflect on additional ways to promote this option and calls for increased operational efforts to be made in order to reduce the average time for the release of advanced payments, while ensuring the EU budget is protected;
23. Points out that most large buildings located in the ORs (such as ports, airports and hospitals) are public buildings, and despite being essential for the functioning of these small territories, are very exposed to environmental disasters; consequently believes that financial support from the EUSF for the ORs should be higher than 2.5 % of the amount received to remedy past disasters, in order to allow them to quickly return to and improve upon their status quo ante;
24. Notes that the average time needed to make advance payments is five months and calls on the Commission to consider some more reactive solutions;
25. Notes, moreover, that it takes an average of one year for the full amount of an EUSF grant to reach the beneficiary; calls on the Commission to explore ways of simplifying and making the allocation of the fund as flexible as possible in the context of a future reform, in order to ensure rapid action and prompt relief for disaster-stricken regions and/or countries;
26. Believes, taking into consideration the above and the broadening of the scope of the fund, that an assessment of the EUSF budget might be necessary in the future, and could be followed, if necessary, by a corresponding adjustment of the funding, in order to provide what is required of a real tool for EU solidarity and to guarantee that there is a

large enough budget to deal effectively with major and regional natural disasters and major public health emergencies, not only in order to repair damage but also to build up resilience to climate change;

27. Stresses that the award, management and implementation of the EUSF grants should be as transparent as possible, and that the grants need to be used in line with the principles of sound financial management;

### ***Risk prevention and quality of reconstruction***

28. Calls for the criteria for determining projects that are 'eligible' for assistance from the fund to take greater account of the latest risk prevention principles and asks for the 'Build Back Better' principle to be fully integrated in Article 3 of the EUSF Regulation in a future revision, with a view to contributing to the improvement of the quality of these regions' infrastructure during reconstruction and to better prepare them to avoid future disasters by building preventive infrastructure;
29. Takes the view that instruments such as 'framework loans', implemented by the European Investment Bank, could also be used to finance the reconstruction of more resilient, safer and greener infrastructure;
30. Calls on the Commission to strengthen and simplify the synergies between the EUSF and the cohesion policy funds, as well as the Union Civil Protection Mechanism, with a view to ensuring effective and structured risk management for reconstruction projects in the short, medium and long term, not only through the construction of sustainable, energy-efficient and resource-efficient infrastructure, but also through the deployment of preventive measures; also calls on the Commission to demonstrate flexibility with regard to programming and the amending of national or regional programmes when it comes to dealing with major and regional natural disasters and major public health emergencies; reiterates, in this regard, that EUSF financial assistance should focus on stronger resilience and the sustainability of the investments in the affected areas;

### ***Health emergencies***

31. Welcomes the fact that, following the revision of the EUSF Regulation proposed by the Commission on 13 March 2020, operations which can be covered by the fund have now been extended to major public health emergencies, covering not only medical assistance but also measures to prevent, monitor or control the spread of diseases;
32. Highlights that the extension of the scope of the fund to fight the impacts of the COVID-19 pandemic has shown us that the EUSF has the capacity to be more flexible, both in its scope and its eligibility, having the ability to provide assistance not only during major natural disasters, but also rapid assistance during other types of major disasters, such as pandemics;
33. Takes the view that this broadening of the scope of the EUSF requires a larger budget;
34. Suggests that the Commission and the Member States increase their cooperation with the relevant World Health Organization emergency preparedness services in order to develop rapid response plans for health emergencies;

### *Visibility of the fund's financial assistance*

35. Reiterates the importance of communicating to the public the tangible benefits brought about by the EUSF, in order to further increase citizens' trust in EU tools and programmes; calls on the Commission and the Member States to improve the visibility of the fund's assistance through ad hoc, targeted communication activities, in parallel to making the rapid response and delivery of aid a priority, specifically in order to highlight the EU's added value in the event of major and regional natural disasters and major public health emergencies, which is a concrete expression of EU solidarity and the Union's ability to put genuine mutual assistance into practice by providing significant budgetary resources; also asks the Commission, as part of the future revision of the regulation, to oblige beneficiary countries to inform their citizens about the EU's financial support for the implemented operations;

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36. Instructs its President to forward this resolution to the Council, the Commission and the Member States.

## EXPLANATORY STATEMENT

Climate change, the huge loss of biodiversity caused by the sixth wave of species extinction, and the massive environmental pollution caused by human activities are disrupting the world's ecosystem to such an extent that many scientists describe our time as the Anthropocene Epoch.

Human activities have become the main force driving change on Earth. The disruption caused by human activities has many major consequences, including climate change, which is the main cause of the substantial increase in extreme weather events.

By 2030 these disasters will have increased in number and intensity. Moreover, the risk of natural disasters has now become systemic. The European Union must prepare for this and reinforce its measures to prevent such disasters and remedy them when they occur.

The speed of climate change and its growing impact must require us to review on an ongoing basis all the arrangements designed to mitigate it, including the EUSF.

### Origin, scope and purpose of the Fund

The European Union Solidarity Fund (EUSF - hereinafter 'the Fund') was established following the severe floods in Central Europe in 2002. Its original aim was to provide rapid financial assistance to EU Member States and accession countries in the event of major **natural** disasters – at both national and regional level – resulting from floods, storms, earthquakes, volcanic eruptions, forest fires or drought. The Fund thus represents the materialisation of genuine European solidarity, which is reflected in the mobilisation of additional financial resources to cover a share of the public expenditure to be incurred by states dealing with disasters the scale of which warrants intervention at European level.

To date, some 24 European countries affected by a hundred or so major natural disasters have benefited from Solidarity Fund assistance, totalling over EUR 6 billion.

A natural disaster is regarded as 'major' if it results in direct damage estimated to be in excess of EUR 3 billion (2011 prices) or more than 0.6% of the gross national income (GNI) 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.

In March 2020, in response to the spread of the COVID-19 epidemic, the Commission proposed to extend the scope of the Fund to cover major **public health** emergencies. Accordingly, the Commission decided to set the criterion for mobilising assistance from the Fund at half of the threshold for natural disasters, i.e. 0.3 % of GNI or EUR 1.5 billion – again, whichever is the lowest. This proposal, endorsed by Parliament on 26 March 2020, on the basis of an urgent procedure, and by the Council on 30 March 2020, was published in the Official Journal on 31 March 2020.

### Successive amendments to Regulation (EC) No 2012/2002

In its resolution of 15 January 2013 on the implementation of the EUSF, Parliament strongly criticised the time taken to grant aid in the event of natural disasters, the complexity of procedures and the impossibility, for the affected countries, of obtaining advance payments. On 25 July 2013, the Commission submitted a new legislative proposal which included those elements and led to the entry into force of amending Regulation (EU) No 661/2014 of 15 May 2014. The new regulation governing the mobilisation of the EUSF introduced primarily the following changes:

- an extension to the time frame for submitting an application for a financial contribution from the Fund, from 10 to 12 weeks,
- a faster payment procedure,
- the option to receive advance payments, which, however, are limited to 10% of the amount of the financial contribution anticipated and must in no case exceed EUR 30 000 000,
- a longer period (from 12 to 18 months) within which beneficiary countries may use their grants,
- a clearer scope and clearer eligibility rules,
- a greater focus on prevention.

However, in 2014 the ceiling for the EUSF's annual budget allocation was revised downwards, from EUR 1 billion in current prices to EUR 500 million in 2011 prices. In return, the Fund was given greater budgetary flexibility as it was now possible to carry over unused appropriations to the following year.

As regards Regulation (EU) 2020/461 of 30 March 2020, not only did it extend the scope of the 2002 Regulation to cover major health emergencies, but it also took note of the insufficient and inadequate level of advance payments, raising them from 10% to 25% of the estimated contribution from the Fund, with a new maximum amount of EUR 100 000 000.

On 27 May 2020, the Commission submitted a revised proposal for the 2021-2027 Multiannual Financial Framework (MFF), which made provision for a return to a maximum annual budget allocation of EUR 1 billion in 2018 prices.

In the agreement on the MFF 2021-2027, the EUSF was, however, combined with the Emergency Aid Reserve (EAR) within a new 'Solidarity and Emergency Aid Reserve' (SEAR) package. This may be used to respond, under the EUSF, to emergencies arising from major disasters in Member States or accession countries, but also to deal rapidly with specific urgent needs in the Union or in third countries, in particular in the event of humanitarian crises (EAR). The annual amount of the SEAR is fixed at EUR 1 200 million (2018 prices).

### **Position of the Rapporteur**

The purpose of this report is to assess the operation of the Fund specifically in the wake of the various adjustments that have been made, on the basis of the experience gained in implementing it over the years. It is mainly based on an evaluation published in May 2019 by Commission services, covering the period 2002-2017, in addition to the latest annual activity

report, covering the years 2017-2018.

In your rapporteur's view, the following aspects appear to be problematic and should be the subject of in-depth reflection:

#### Damage assessment

Following the amendments to the 2014 regulation, the time frame for submitting applications for assistance was extended by two weeks in order to enable applicants to put together the file required in order to be granted support. This means that states or regions affected by a disaster now have twelve weeks to provide not only a comprehensive assessment of the direct damage and its impact on the population, the economy and the environment – specifying those which fall within the public domain – but also an estimate of the costs of restoring basic public infrastructure and equipment, together with a short description of the implementation of Union legislation on disaster risk prevention and management.

This is clearly a very short period of time, which imposes an additional burden on states or regions that are already under pressure. This difficulty is compounded by the fact that, in some cases, affected states or regions do not have any documentary evidence of the value of certain damaged infrastructure, especially when it is very old.

Given that the extension of the deadline would have the effect of delaying the granting of assistance, which would be counter-productive, the solution to this problem must be sought elsewhere. Reliable and efficient damage assessment systems could be one of the solutions envisaged. The Commission could therefore take on a coordinating role. In addition, some thought should be given to the option of reviewing the method for calculating the grant to be provided by the Fund, based on simpler methodologies, which would allow for faster assessments.

#### Time frame for mobilising funds and making advance payments

Even though the revised 2014 regulation reduced by 12% the time frame between the submission of the application and the payment of the aid, the time needed to pay out the full grant is still one year, on average. In many cases, therefore, the Fund provides assistance when the restoration works have been completed, in the form of retrospective funding, or reimbursement. According to the Commission's analysis, since there is very limited scope for reducing the duration of administrative procedures prior to payment of the aid, ways of compensating for this relative slowness need to be found elsewhere.

Of the 20 applications for assistance approved between the entry into force of the revised regulation in 2014, which introduced advances, and 2017, 12 required advance payments. It would appear, therefore, that in a majority of cases, states or regions need funding faster than the Fund allows it to be given, and seek to obtain it this way. In this regard, your rapporteur welcomes the latest revision of the regulation following the COVID-19 outbreak, which raised the ceiling for advances from 10 to 25% of the estimated grant amount. However, this percentage could be further revised upwards, which is what your rapporteur would recommend.

#### Eligible operations and reconstruction costs

Another issue, related to the above, which clearly emerges from the Commission's analysis is

the financing of reconstruction costs. Indeed, the evaluation notes that there is generally a gap between the estimated value of the infrastructure and the cost of reconstruction based on criteria that are in keeping with the requirements of respect for the environment, resilience and modernity. The 2014 regulation thus clearly states that the Fund may help finance the restoration of infrastructure to working order only up to the estimated cost of returning it to its original state. However, reconstruction should be an opportunity to improve the affected infrastructure and equipment in order to make it better able to withstand natural disasters in the future.

In this regard, the evaluation highlights the artificial nature of the assessment of reconstruction costs which are supposed to enable a hypothetical return to the *status quo ante*, i.e. to infrastructure that is often outdated.

Your rapporteur therefore suggests reviewing the criteria for assessing reconstruction costs and strengthening synergies with cohesion policy funds, with which there is real complementarity given that they are part of a longer-term perspective of strategic planning and investment in disaster risk prevention and management.

Cooperation with the EIB could be useful in this regard.

#### Fund's effectiveness and resources

The Commission's analysis covering the period 2002-2017 notes that the rate of approval for applications for assistance with major national disasters is 100%, while at the regional level, the approval rate has increased from 31% to 85% since the 2014 reform.

In addition, it appears that over the period under review, 98% of the grants awarded were used and were accepted by the Commission as eligible expenditure at the end of the implementation period.

As regards the budgetary mechanism of dynamic allocation, put in place in 2014, this enables, amongst other things, any unused amounts to be carried over to the following year, bringing some much-needed flexibility, particularly when it came to helping Italy cope with the series of earthquakes that took place there between August 2016 and January 2017. In this situation, the Fund was able to draw on the amounts carried over from 2016 and those allocated for 2018, reaching the record amount of EUR 1.2 billion.

It seems, therefore, that the Fund has proven both its usefulness and its effectiveness. Nevertheless, as just illustrated by the COVID-19 epidemic, and as the increasingly frequent and violent manifestations of climate change would suggest, Member States are likely to face new major disasters in the coming years, for which the limited capacities of the Fund might no longer be sufficient.

For that reason, your rapporteur wishes to express his concern about the merging of the EUSF and the EAR, as this makes the funding opportunities from the EUSF – now linked to the needs of the EAR – uncertain, for a joint budget that is barely higher than that proposed by the Commission in May 2020 for the Fund alone. It goes without saying that the management of the new reserve will have to be closely monitored in order to see whether the amount and distribution of its funds between the EUSF and the EAR are adequate. If they are not, a new allocation key and/or increased financial allocation will have to be considered.

14.7.2020

## **OPINION OF THE COMMITTEE ON BUDGETS**

for the Committee on Regional Development

on the review of the European Union Solidarity Fund  
(2020/2087(INI))

Rapporteur for opinion: Karlo Ressler

### **SUGGESTIONS**

The Committee on Budgets calls on the Committee on Regional Development, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Welcomes the recent extension of the thematic scope of the European Union Solidarity Fund (EUSF), in the light of the ongoing COVID-19 pandemic, to include major public health emergencies with the aim of helping Member States in providing assistance, including medical assistance, to affected populations;
2. Highlights that aid disbursement has speeded up since the 2014 reform and requests that the Commission further accelerate payments, provide technical assistance to the national authorities with the application process and ensure that the assessment of applications is done in a timely manner; strongly supports the recent reform of the advance payment system, which raises the level of advances from 10 % to 25 % of the expected contribution, and from a maximum of EUR 30 million to EUR 100 million; underlines that this has proven to have a beneficial impact on the Fund's effectiveness, in particular in regions and municipalities with limited alternative funding sources; questions, however, whether the reform addresses all of the hurdles that are currently keeping Member States from requesting advance payments, in the light of the low application rate; asks the Commission to reflect on additional ways to promote this option, in the framework of a dialogue with Member States' authorities; urges the Commission to disburse advance payments for COVID-19 applications as rapidly as possible;
3. Acknowledges that climate change primarily requires a preventive policy approach in line with the Paris Agreement and the Green Deal, and that the EUSF is not an instrument for rapid intervention in disaster situations; questions, however, whether the Fund is adequately adapted to deal with the future consequences of climate change, in particular for islands and coastal regions, which are particularly at risk of natural disasters;
4. Welcomes the Commission's proposal of 27 May 2020 to increase the maximum annual amount of the EUSF under the next long-term budget to EUR 1 billion (at 2018 prices),



which has been Parliament's position from the outset; questions, however, whether this amount will be sufficient to cover all of the eligible applications in the coming years, taking into account the Fund's widened scope and the rapid evolution of climate change, which makes natural disasters more frequent, violent and unpredictable;

5. Requests that the Commission propose a revision of the Regulation, which should enter into force as early as possible in the next multiannual financial framework (MFF), to simplify and speed up the application procedure for Member States, to bring the level of advances up to 33 %, to speed up the final disbursement, to fully integrate the 'Build Back Better' principle in Article 3 of the EUSF Regulation and to include an island and coastal dimension in order to take into account the climate adaptation dimension of these territories which are particularly at risk;
6. Highlights that the use of the EUSF has encouraged policy learning in national and local authorities, leading them to assess their broader disaster risk management measures; asks the Commission to set up and manage a network of EUSF coordinators from the Member States with the aim of sharing good practices and practical advice on the submission of applications;
7. Notes the significant potential synergies between the EUSF and other Union funds and policies; asks that these synergies be used fully;
8. Requests the Commission, in line with the Paris Agreement and the Green Deal, to secure more resilient and climate-friendly investments and reconstruction projects and to upgrade infrastructure to newer and more robust standards, rather than simply replicating the conditions in place prior to the occurrence of the event;
9. Recommends extending eligibility under the Fund to potential candidate countries as a further sign of solidarity with third countries on a path towards joining the EU;
10. Deplores the fact that, on the basis of the evidence elicited through Eurobarometer surveys, only 15 % of the EU population is likely to be fully aware of the use of the Fund at individual country level; reiterates the importance of communicating to the public the tangible benefits brought about by the EUSF; calls on the regional and local authorities concerned to implement communication strategies to clearly highlight to citizens the assistance provided by the EUSF; calls on the Commission to step up its communication efforts to improve public awareness of the interventions financed with EUSF funds and, in the framework of the future revision of the Regulation, to assess the possibility of imposing an obligation on the beneficiary country to communicate about the EU's financial support for the implemented operations;
11. Stresses that the award, management and implementation of the EUSF grants should be as transparent as possible, and that the grants need to be used in line with the principles of sound financial management.

## INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

<b>Date adopted</b>	14.7.2020
<b>Result of final vote</b>	+: 37 -: 1 0: 2
<b>Members present for the final vote</b>	Rasmus Andresen, Clotilde Armand, Robert Biedroń, Anna Bonfrisco, Olivier Chastel, Lefteris Christoforou, David Cormand, Paolo De Castro, José Manuel Fernandes, Eider Gardiazabal Rubial, Valentino Grant, Elisabetta Gualmini, Francisco Guerreiro, Valérie Hayer, Eero Heinäluoma, Niclas Herbst, Monika Hohlmeier, Moritz Körner, Joachim Kuhs, Zbigniew Kuźmiuk, Ioannis Lagos, Hélène Laporte, Pierre Larrourou, Janusz Lewandowski, Margarida Marques, Silvia Modig, Siegfried Mureşan, Victor Negrescu, Andrey Novakov, Jan Olbrycht, Dimitrios Papadimoulis, Karlo Ressler, Bogdan Rzońca, Nicolae Ştefănuţă, Nils Torvalds, Nils Ušakovs, Johan Van Overtveldt, Rainer Wieland, Angelika Winzig
<b>Substitutes present for the final vote</b>	Henrike Hahn

## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

37	+
PPE	Lefteris Christoforou, José Manuel Fernandes, Niclas Herbst, Monika Hohlmeier, Janusz Lewandowski, Siegfried Mureşan, Andrey Novakov, Jan Olbrycht, Karlo Ressler, Rainer Wieland, Angelika Winzig
S&D	Robert Biedroń, Paolo De Castro, Eider Gardiazabal Rubial, Elisabetta Gualmini, Eero Heinäluoma, Pierre Larroustourou, Margarida Marques, Victor Negrescu, Nils Ušakovs
Renew	Clotilde Armand, Olivier Chastel, Valérie Hayer, Moritz Körner, Nicolae Ştefănuţă, Nils Torvalds
ID	Anna Bonfrisco, Valentino Grant, Hélène Laporte
Verts/ALE	Rasmus Andresen, David Cormand, Francisco Guerreiro, Henrike Hahn
ECR	Zbigniew Kuźmiuk, Bogdan Rzońca
GUE/NGL	Silvia Modig, Dimitrios Papadimoulis

1	-
NI	Ioannis Lagos

2	0
ID	Joachim Kuhs
ECR	Johan Van Overtveldt

**Key to symbols:**

+ : in favour

- : against

0 : abstention

## INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE

<b>Date adopted</b>	16.3.2021
<b>Result of final vote</b>	+: 37 -: 0 0: 2
<b>Members present for the final vote</b>	François Alfonsi, Mathilde Androuët, Pascal Arimont, Adrian-Drağoş Benea, Tom Berendsen, Erik Bergkvist, Stéphane Bijoux, Franc Bogovič, Vlad-Marius Botoş, Rosanna Conte, Andrea Cozzolino, Corina Creţu, Rosa D'Amato, Christian Doleschal, Francesca Donato, Raffaele Fitto, Chiara Gemma, Mircea-Gheorghe Hava, Krzysztof Hetman, Manolis Kefalogiannis, Ondřej Knotek, Constanze Krehl, Cristina Maestre Martín De Almagro, Nora Mebarek, Martina Michels, Anđzelika Anna Możdżanowska, Niklas Nienaaß, Andrey Novakov, Younous Omarjee, Alessandro Panza, Tsvetelina Penkova, Caroline Roose, André Rougé, Susana Solís Pérez, Irène Tolleret, Yana Toom, Monika Vana
<b>Substitutes present for the final vote</b>	Daniel Buda, Isabel Carvalhais

## FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

37	+
ECR	Raffaele Fitto, Andželika Anna Mozdżanowska
ID	Rosanna Conte, Francesca Donato, Alessandro Panza
NI	Chiara Gemma
PPE	Pascal Arimont, Tom Berendsen, Franc Bogovič, Daniel Buda, Christian Doleschal, Mircea-Gheorghe Hava, Krzysztof Hetman, Manolis Kefalogiannis, Andrey Novakov
Renew	Stéphane Bijoux, Vlad-Marius Botoş, Ondřej Knotek, Susana Solís Pérez, Irène Tolleret, Yana Toom
S&D	Adrian-Dragoş Benea, Erik Bergkvist, Isabel Carvalhais, Andrea Cozzolino, Corina Creţu, Constanze Krehl, Cristina Maestre Martín De Almagro, Nora Mebarek, Tsvetelina Penkova
The Left	Martina Michels, Younous Omarjee
Verts/ALE	François Alfonsi, Rosa D'Amato, Niklas Nienaa, Caroline Roose, Monika Vana

0	-

2	0
ID	Mathilde Androuët, André Rougé

Key to symbols:

+ : in favour

- : against

0 : abstention