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**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN  
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL  
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

**The Future of the European Union Solidarity Fund**

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**The Future of the European Union Solidarity Fund**

**1. THE RESULTS OF EIGHT YEARS OF SOLIDARITY FUND INTERVENTION**

The European Union Solidarity Fund (EUSF)<sup>1</sup> was created in 2002 to provide the EU with an instrument which would allow responding effectively to major natural disasters affecting Member States or countries negotiating their accession to the EU<sup>2</sup>. Previously, no such instrument existed for internal action.

Until the end of 2010 the Commission received 85 applications for financial assistance from 23 different countries: 27 of these applications fall within the category of "major natural disaster" which is the main field of application of the Fund. The Regulation defines major disasters as having caused damage exceeding a threshold specific to each country and defined as the lower of 0,6% of Gross National Income (GNI) or EUR 3 billion in prices of 2002 which in 2011 corresponds to EUR 3,536 billion<sup>3</sup>. Thresholds applicable to individual countries in 2011 are given in Annex 1.

Almost two thirds of all applications received since the creation of the Fund related however to the two exceptions laid down in the Regulation which allow mobilising the Fund even if damage remains below the threshold. 53 applications were presented as so-called "extraordinary regional disasters" and 4 under the criteria for disasters in a "neighbouring country". In the latter case an eligible country affected by the same disaster as another eligible country where the occurrence of a major disaster has been accepted may also benefit from the Fund irrespective of the size of the damage. Extraordinary regional disasters are defined as having affected the major part of the population in the region concerned and having serious and lasting repercussions on the living conditions and the economic stability of the region.

Overall, between the creation of the Solidarity Fund in 2002 and the end of 2010, 42 applications were approved with financial aid totalling more than EUR 2,4 billion<sup>4</sup>. During this period the Commission had to reject 35 requests for aid, all of which were presented as "extraordinary regional disasters" as they were found not to meet the exceptional criteria. Two applications were withdrawn by the applicant States once it had become clear that they would not be successful. At the end of December 2010 the decision on six applications was still pending. As natural disasters within Europe have continued to grow both in size and frequency, the requests have concerned a variety of different types of natural disasters

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<sup>1</sup> Council Regulation (EC) No 2012/2002, 11 November 2002 establishing the European Union Solidarity Fund (OJ L 311 of 14.11.2002, p. 3)

<sup>2</sup> Currently Croatia, Turkey and Iceland

<sup>3</sup> In 2011, the EUR 3 billion threshold applies to France, Germany, Italy, Spain, and the United Kingdom, for all other countries the 0.6% of GNI threshold applies, ranging in absolute terms from EUR 32,7 million for Malta to EUR 3,339 billion for the Netherlands. For reasons of availability of harmonised statistical data from EUROSTAT, GNI-figures for year n-2 are used.

<sup>4</sup> Including payments in 2011 for eight cases approved in 2010.

including storms, floods, mudslides, earthquakes, volcanic eruption, forest fires and drought, the most serious case being the 2009 earthquake at L'Aquila in Italy with over EUR 10 billion damage and tens of thousands people made homeless where the Fund intervened with over EUR 492 million, the highest grant paid out so far. Annexes 2 and 3 give an overview of all applications received since 2002 up until the end of 2010.

It has been widely recognised that the Solidarity Fund - judged against the purpose for which it was set up - is very successful. Assistance from the Fund has helped to alleviate the financial burden on disaster-stricken countries. Offering help and additional resources at times of particular hardship created a positive image for the Union in the eyes of its citizens. Nonetheless the experience gathered shows that there are limitations and weaknesses in the operation of the Fund.

## **2. ISSUES AND QUESTIONS**

### **2.1. A disproportionate number applications based on "exceptional" criteria**

As pointed out above, the experience since 2002 has shown that the majority of applications for Solidarity Fund assistance are not presented for major disasters as intended by the legislator, but under the exceptional criteria for regional disasters. For such cases the Regulation calls for a special focus on remote and isolated regions and imposes that these criteria are to be examined by the Commission "with the utmost rigour". Moreover it limits the maximum financial allocation per year for regional disasters to no more than 7,5% of the maximum amount of EUR 1 billion that may be mobilised under the Solidarity Fund in any given year, i.e. EUR 75 million. This underlines the legislator's intention that regional disasters should only be accepted in truly exceptional cases.

The rate of unsuccessful applications under the regional criteria of almost two-thirds continues to be very high. By contrast, major disaster applications for which only a single quantitative criterion applies have been accepted so far at a rate of 100%.

### **2.2. Unclear regional criteria and lack of transparency**

The definition of "extraordinary regional disasters" in the Regulation is rather vague and conditions for activating the Fund under this category are - as intended by the legislator - difficult to meet: the Fund can be mobilised only exceptionally if an extraordinary regional disaster affects the majority of the population of a region and if it has serious and lasting effects on its economic stability and living conditions. Evidence for these conditions is burdensome to provide and difficult to assess. As a result, applicant States and the Commission invest considerable time and effort in preparing and assessing applications for smaller disasters that in the majority of cases turn out not to qualify. It seems that in spite of detailed advice and guidance provided by the Commission many Member States feel obliged vis-à-vis their regions to present applications even if they are aware of the small chances of success. Rejected applications in return lead to frustration in the States and regions concerned and are detrimental for the image of the EU.

### **2.3. Responsiveness and visibility**

The issues raised with regard to the time necessary to pay out Solidarity Fund grants are inherent to the conditions and procedures imposed by the Regulation. The Fund is often mistaken for a rapid response instrument for crisis management, for which it was not

conceived. It is an instrument to help re-finance emergency operations financed initially by the public authorities in the affected country. Nevertheless, the Commission shares the view of those that call for making aid available more quickly than is currently the case.

A number of factors limit the responsiveness of the Fund, the most important of which are the following:

- In the event of a disaster, the Commission may not act upon its own initiative; it has to wait for a formal application from the national authorities which regularly need the full 10 weeks from the start of the disaster to prepare their application. Moreover, in many instances applicants update their application after its formal submission. In some cases the assessment requires the Commission to request complementary information which is sometimes received only months later.
- Appropriations for Solidarity Fund grants are not directly available in the EU budget. The funds need to be raised by an extra financial effort of the Member States, over and above their normal EU contributions. Before any aid can be paid the Commission has to ask the European Parliament and the Council to approve an amending budget, which usually involves a rather lengthy procedure of between two and three months, sometimes longer.
- The mobilisation of the Fund under the current Regulation involves a whole series of steps from the receipt of the application until - in the event of a positive assessment - the grant can be paid out. No less than four Commission decisions are required in each case:
  - acceptance of the application as an eligible case meeting the criteria of the Regulation based on the assessment of the application by the Commission services,
  - adoption of an amending budget proposal in order for Council and the European Parliament to approve the mobilisation of the Fund and to make the budget appropriations for proposed amount of aid available,
  - adoption of a Commission decision addressed to the beneficiary State awarding the aid (Grant Decision),
  - adoption of the Agreement for the implementation of the grant specifying the conditions for using the grant and laying down in particular the types of emergency operations to be financed from the aid and nominating the responsible authorities (Implementation Agreement).
- Implementation Agreements can in principle be concluded as soon as the amending budget has been approved and the Commission has adopted the Grant Decision. The Commission systematically requests beneficiary States to provide the necessary input (particularly on the types of operations for which they intend to use the grant) as soon as it has proposed to mobilise the grant and while the amending budget procedure is ongoing. In many instances, however, this input is received from the applicant States only weeks or even months after the Amending Budget has been adopted.
- The Agreements have to be signed by the responsible Commissioner and the designated representative of the beneficiary State, usually a government minister.

- Applications are not always submitted in one of the main working languages of the Commission so that translations have to be requested in order for the Commission to be able to process the applications. Translations may require up to six weeks. In addition, the requirement to translate all official documents to be decided by the Commission or addressed to the applicant State adds further delays.

This leads to the cumulated effect that in many instances grants can be paid out only 9 to 12 months after the disaster, sometimes longer. Grants may be used retroactively to re-finance emergency operations already carried out during or in the immediate aftermath of the disaster and therefore maintain their intended effect of alleviating Member States' budgets and helping regions overcome the financial burden inflicted on them by the disaster. On the other hand such delays largely impair the visibility of the Solidarity Fund grant with the affected population in particular as the Regulation contains no publicity rules and not all Member States widely communicate the origins of the aid received.

#### **2.4. Scope**

Responding with the current Fund appropriately to major crises of other than natural origin is extremely difficult if not impossible, as illustrated by industrial accidents such as the Prestige oil spill, the explosion of the Buncefield oil depot or terrorist acts such as the Madrid and London bombings in 2004 and 2005. Likewise, it is not possible at present to provide assistance from the Solidarity Fund in the event of a serious public health crisis - such as the spreading of an epidemic like SARS to Europe or caused by a major nuclear accident - which could easily surpass the response capacities of the individual States. Nevertheless, there have been calls, for instance from within the European Parliament, that such events required a response at European level, specifically invoking the Solidarity Fund in such contexts.

#### **2.5. Financing**

Solidarity Fund grants are financed outside the normal EU budget with additional amounts money over and above the relevant headings as foreseen by the Inter-institutional Agreement. Grants therefore have to be approved upon proposal from the Commission on a case by case basis by the European Parliament and the Council. The annual ceiling is EUR 1 billion. Since the creation of the Fund in 2002 this amount has never been insufficient with the maximum amount of EUR 728 million paid out in one single year (2002) followed by EUR 622 million in 2009. In all other years cumulated payments were considerably lower. There seems to be thus no need to increase the budget ceiling.

Individual grants are paid out following the adoption of the Commission's corresponding amending budget proposal for the case in question and the completion of the trilogue between the European Parliament, the Council and the Commission. The procedure would normally require two readings but has been streamlined by applying a simplified procedure with only one reading. The time necessary to have the budget appropriations approved in each case varies depending on the circumstances but usually takes between six and twelve weeks. The Commission uses this time to prepare the formal grant decision and to negotiate with the beneficiary State the Agreement on the implementation of the grant that has to be concluded before the grant can be paid out.

### **3. THE 2005 PROPOSAL FOR AN AMENDED SOLIDARITY FUND WITH AN ENLARGED SCOPE**

In 2005 the Commission presented a legislative proposal for a new EU Solidarity Fund Regulation<sup>5</sup>. Building on the existing Fund this proposal aimed for

- an enlarged scope and wider eligibility of operations, to enable the Community to react to disasters other than of natural origin, e.g. industrial accidents and other man-made disasters, threats to the public health (pandemics etc) and major terrorist actions;
- the possibility to make advance payments, to accelerate the rate of response and the visibility of Union support;
- simplification, by introducing clearer criteria for the activation of the Fund (lowering of the major disaster threshold while abandoning the exceptional criteria).

The proposal was very favourably received by the European Parliament. It adopted the proposal in first reading on 18 May 2006.

In the Council, however, the proposal met with widespread scepticism and opposition among a vast majority of Member States concerning almost all new elements in the proposal, and in particular, in light of their potential implications for the budget. After a series of intense rounds of examination and negotiation with the Commission the relevant Financial Counsellors working group decided in May 2006 to discontinue examining the proposal. In spite of considerable and repeated efforts on behalf of the Commission the Council did not wish to put the proposal back on the agenda. Similarly, repeated appeals of the Parliament to Council to resume examination of the text bore no fruit.

### **4. THE SPECIAL REPORT FROM THE COURT OF AUDITORS (PERFORMANCE AUDIT)**

In June 2008, the European Court of Auditors presented the results of a performance audit on the Fund<sup>6</sup>. The audit examined whether the Fund was rapid, efficient and flexible in providing assistance and whether beneficiary States were satisfied with the Fund. To this end, the Court had reviewed all applications up to the end of 2006 and carried out a survey by addressing questionnaires to the applicant States.

The report draws similar conclusions on the functioning of the Solidarity Fund as described above in respect of the 2005 Commission proposal. While overall the Court concluded that the Fund is meeting its underlying objective of demonstrating solidarity with Member States in times of disaster it was, however, noted that conditions for a successful application for smaller 'regional disasters' (as opposed to 'major disasters') were more difficult to meet, not least because of the rather vague definition of regional disasters in the Regulation leading also to a

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<sup>5</sup> Proposal for a Regulation of the European Parliament and of the Council establishing the European Union Solidarity Fund, COM(2005) 108 final of 6.4.2005

<sup>6</sup> Special Report No 3/2008 "The European Union Solidarity Fund: how rapid, efficient and flexible is it?" (OJ C 153, 18.6.2008)

possible lack of clarity in the rejection of such disasters. The Court reserved its main criticism to the lack of rapidity of the instrument.

## **5. RESULTS OF THE 2010 COCOF SURVEY**

In 2010, in order to better understand under which conditions the Member States would be prepared to continue the discussions/negotiations the Commission presented the Solidarity Fund to the members of COCOF<sup>7</sup>, highlighting its strengths and weaknesses and the key elements of the 2005 proposal. Three specific questions were asked:

- Which are the elements under the current Regulation where Member States feel that the Fund does not or not fully meet their expectations?
- Which of the elements in the 2005 proposal for a new Regulation could be subject for further deliberations (whether in the way proposed by the Commission or other)? Which elements appear unrealistic or undesirable?
- Are there issues/elements that you would like to see addressed/covered by the Fund that are contained neither in the current Regulation nor in the 2005 proposal?

This resulted in a significant number of Member States expressing their continued opposition to adopting a new Regulation while some Member States seemed to see some limited scope for adjustments of selected items of the current Regulation, e.g. to include droughts or to soften the criteria for regional disasters (which the Commission had initially proposed to abolish). Any modification leading to potentially higher spending was however totally opposed by a vast majority of Member States. Six Member States declared to be generally favourable and open to discussions.

## **6. ADJUSTING THE REGULATION**

From the above it appears clear that in the current political climate characterised in particular by the difficult budgetary situation in many Member States, the vast majority of Member States are not prepared to accept any major changes to the legal base and functioning of the Solidarity Fund. The Commission therefore abandons the idea of reviving the 2005 proposal. Still, the Solidarity Fund as it exists today should become more effective as was demonstrated above. It would therefore be appropriate to withdraw the 2005 proposal and to explore other possibilities to address at least the most important of the issues described above.

The Commission considers that significant improvements to the operation of the Solidarity Fund could be achieved by introducing only a minimum of adjustments to the current Regulation while maintaining its rationale and character and without touching on its finances and the volume of spending. Any adjustment of the Regulation would not touch on the eligibility criteria for operations financed from the aid such as the immediate repair of vital infrastructures and the costs of deploying response assets. Elements of the 2005 proposal such

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<sup>7</sup> Coordination Committee of the Funds created under Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund.

as the widening of the scope, the modification of the thresholds or abandoning regional disasters would no longer be pursued.

Measures for enhancement of the visibility through information and publicity rules should also be explored.

### **6.1. A clearly defined scope for the Solidarity Fund**

The intention in creating the Solidarity Fund was to set up a financial instrument allowing to respond at EU level to major natural disasters affecting one or several Member States or countries involved in accession negotiations. The wording of the Article 2 (1) of the Regulation which says "assistance from the Fund may *mainly* be mobilised when a major natural disaster [...] occurs" nevertheless seems to suggest that the Fund could also be activated in other cases. It is not clear, however, whether "mainly" is intended to relativise the limitation of the Fund's scope to "major disasters", i.e. pointing to the exceptions for certain smaller disasters laid down in paragraph 2 of the same Article; or whether it is intended to open the Fund's scope also to disasters of other than natural origin.

Further examination of the provisions of the Regulation reveals that mobilising the Fund for non-natural disasters would meet with serious legal difficulties. Article 3 specifies that "payments of the Fund are in principle limited to finance measures alleviating non-insurable damages". The Commission has from the outset interpreted and applied this provision as meaning to exclude private damages from assistance. Moreover, the polluter pays principle and the affected State's obligation to seek compensation from third parties (third party liability) would seem to exclude other than natural disasters from the Fund. These considerations have, for example, led to the non-acceptance of the Hungarian application relating to the red sludge spill disaster of 2010.

The Commission's proposal for a new Solidarity Fund Regulation presented in 2005 among other elements aimed at widening the scope of the Fund to include other than natural disasters. While this proposal was welcomed by the European Parliament a vast majority of Member States in the Council were and continue to be strongly opposed to any attempt at widening the scope of the Fund beyond natural disasters.

For the sake of clarity the wording of the current Regulation should therefore be adjusted rendering it clear that the Fund applies to disasters having a natural cause only. This would eliminate any possible ambiguity about the Fund's scope and thus save potential applicants from expectations that the Commission would inevitably have to deceive - not to mention the considerable effort necessary for the applicant State to prepare an application and for the Commission to assess it.

At the same time the Regulation should set out that this limitation to natural disasters would not exclude from the outset cases where a natural disaster has 'cascading' effects and leads also to an industrial disaster (e.g. a flood affecting a chemical plant) or to a public health disaster [e.g. earthquake that disrupts water supplies triggering a (water borne) epidemic; or that destroys hospital facilities jeopardising the provision of care to those injured by the natural disaster.]

## 6.2. A simple new definition for regional disasters

As was shown above the conditions for exceptionally mobilising the Solidarity Fund in the event of an "extraordinary regional disaster" laid down in Article 2 (2) third subparagraph of the Solidarity Fund Regulation are not sufficiently clear and primarily based on "soft" criteria that require interpretation ("serious and lasting repercussions on living conditions and the economic stability"). Demonstrating and verifying whether they are met is very burdensome and time-consuming, both for the applicant as for the Commission. This ambiguity leads to a high number of applications that subsequently have to be rejected which creates false expectations and subsequently frustration in the countries and regions concerned. The high number of cases that are not accepted is bad for the image of the EU.

It might therefore be appropriate to redefine the criteria for regional disasters in a simple, objective and transparent manner, similar to those for major disasters, with no more than one or two easy to verify "hard" indicators. These should be set in a manner that would easily be met in the case of really serious regional disasters, in principle by those types of regional disaster for which the Fund has been mobilised exceptionally under the current Regulation. At the same time redefining the regional criteria in this manner would have the effect that potential applicants would be able to assess with great certainty in advance whether a disaster will qualify for aid. Applicants would thus be spared the big effort of preparing an application where no positive response could reasonably be expected.

The Commission suggests defining regional disasters in a way similar to the definition of major disasters, i.e. as having caused damage above a certain threshold. The threshold would be a percentage rate of regional GDP at NUTS 2 level. NUTS 2 as the regional reference level offers itself as it is well established in cohesion policy, is sufficiently big to exclude merely local events and statistical data is readily available. If a disaster affects several NUTS 2 regions, the same threshold (i.e. % rate) would be applied in relation to the average regional GDP of the regions concerned. The specific conditions of outermost regions would be catered for as all outermost regions are defined at NUTS 2 level. In case of natural disasters cascading into public health disasters, additional criteria should be set up together with Member States.

Not only would such a solution put the criteria for regional disasters on a simple and objective basis, it would also eliminate the difficulties to activate the Fund for disasters like forest fires (provided they have created sufficiently big damage) which by their nature currently rarely meet the regional disaster criteria.

For the purpose of testing the feasibility of such an approach the Commission has done a simulation by applying the single criterion of damage exceeding 1,5% of regional GDP at NUTS 2 level to all regional disaster applications received since 2002 and decided before the end of 2010. The reference value of regional GDP is the year  $n-3$  whereby  $n$  represents the year of application ( $n-3$  is the most recent year for which harmonised regional data is generally available). The results are shown in [Annex 4](#). Of the 37 regional disasters examined only two cases that were previously accepted would not have qualified whereas one case that was not accepted would have qualified; in one case there are doubts over the amount of damage caused. All other cases would have led to the same result, with the significant difference that 23 applications for smaller disasters that had to be rejected would not have been presented in the first place as Member States would not have been in doubt about their non-eligibility.

This demonstrates that in applying a single, simple GDP-based criterion it would be possible to arrive at an almost identical result while achieving considerable simplification as potentially eligible applications would no longer need to demonstrate compliance with the complicated criteria for regional disasters imposed by the current Regulation. In return this would considerably facilitate the Commission's assessment of such applications, free it of the obligation to assess applications that in all likelihood would not be successful and therefore considerably help speeding up decision-making and paying out grants.

Moreover, the above-mentioned new regional criterion would overall have no financial impact.

### **6.3. Speeding up payments and introducing advances**

Under the provisions of the current Regulation and budgetary rules it appears difficult to significantly shorten the time necessary to make Solidarity Fund grants available without modifying the way in which the instrument is financed (cf. paragraph 2.5 above). The Commission is therefore exploring new ways that would allow making financial aid intended to alleviate emergency situations in Member States more rapidly available. This is particularly important in the case of cross-border disasters where the Commission is confronted with a situation where it is not in the position to apply equal level of solidarity vis-à-vis an EU Member State as compared to a third country to which an immediate financial assistance can be granted<sup>8</sup>.

The responsiveness and visibility of the Solidarity Fund could be improved by introducing into the Regulation the possibility to pay advances. This would allow the Commission to take immediate action by making a down-payment as soon as the affected State has applied for assistance. The down-payment would be treated as an advance on the expected amount to be granted once the assessment and budgetary procedure are completed. In the event that the application is not accepted the applying State would repay the advance to the Commission. The amount of the advance could be calculated as a percentage rate (e.g. 10%) of the expected grant and be limited in absolute terms (e.g. to EUR 5 million). Advances would only be paid upon specific request of the applicant State and be limited to cases of major disasters as defined by the Regulation. As the likelihood of aid for a major disaster being approved is very high (until present 100%) the risk for the Commission of having to recover any advance payments because of the non-acceptance of an application would be very limited. A similar provision was already included in the 2005 proposal.

### **6.4. Responding to slowly unfolding disasters**

On a number of occasions applicant States have experienced difficulties in meeting the application deadline where disasters were of a slowly unfolding nature. The current Regulation provides that applications must be presented to the Commission within 10 weeks of the date of the first damage. Droughts are a typical example for such disasters which are not only characterised by the long period of time over which they develop but also by the difficulty to determine exactly when the first damage occurred.

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<sup>8</sup> Following the floods in Central Europe in May and June 2010, Commission approved immediate emergency funding to assist the floods victims in Moldova while Solidarity Fund assistance related to the floods in Hungary, Poland, Slovakia, Czech Republic, Croatia and Romania has been granted 10 months after the disaster.

While the general 10 week deadline should be maintained the issue could be solved by introducing a specific provision into the Regulation stipulating that in such cases the application deadline would start with the date of the first action taken by the public authorities in response to the phenomenon in question; for example, in the case of droughts, when water consumption restrictions are put in place or when specific measures to assist agriculture are taken.

Such a provision would largely correspond to what applies to "normal" suddenly occurring disasters where public intervention usually starts within hours of the event.

## **6.5. Merging grant decisions and implementation agreements**

Paragraph 2.3 above highlights the potential sources of delay in making grants available. As the Fund is financed outside the normal EU budget, the Commission has to seek the approval of the European Parliament and the Council for the amount of aid proposed in each case. The Commission considers that the currently applicable procedure should not be changed.

There is nevertheless considerable scope for streamlining, cutting administrative procedures and gaining time for providing assistance under the Solidarity Fund if only a single Commission act were necessary before a grant can be paid out once the European Parliament and the Council have made the financial resources available. As far as Member States are concerned, i.e. the vast majority of potential beneficiaries, there is no added value in dividing up the act granting the aid and the act laying down the conditions for using the grant (grant decision and implementation agreement). Merging the two, for example by including the provisions currently contained in the agreement with the grant decision or by making them an annex to the grant decision appears a rather simple solution with great time-saving effect. It is estimated that in this way - by a simple amendment of the relevant Article of the Regulation - aid to disaster stricken countries could be paid out four to eight weeks earlier than under the current system. Obviously, the two elements of core interest to beneficiaries, i.e. the definition of eligible operations and the designation of competent authorities would continue to be done based on the proposal by the beneficiary State.

For eligible non-Member States, i.e. the limited number of countries in the process of negotiating their accession to the EU this separation would have to be maintained as a unilateral act of the Commission such as the grant decision alone would not be binding for them. In such cases a financing or implementation agreement would continue to be required.

## **6.6. Making the Fund a more effective instrument for disaster and climate change resilience**

In a Union of solidarity it is equally important for each Member State to make the requisite efforts to prevent emergencies and disasters from occurring. A fundamental objective of any policy of disaster management is to prevent disasters happening and, when they do occur, to limit damages as far as possible. Closer linking of the operation of the fund to the EU's disaster management and climate change policies has the potential<sup>9</sup> to reduce the damages and costs caused by disasters considerably and ultimately reduce the number of applications for assistance.

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<sup>9</sup> A 1% reduction in damages from disasters would save Europe EUR 150 million a year, source: EM-DAT database

The Regulation already contains an obligation for the beneficiary State to detail in the implementation report the measures introduced or proposed in order to limit damage and to avoid, to the extent possible, a recurrence of similar disasters. It is proposed to strengthen this provision, which is of a relatively general nature, to make it more specific. The beneficiary State would be requested to detail in the report the status of the implementation of relevant EU legislation on assessment, management and disaster prevention, lessons learned from the disaster and commit to measures to ensure climate change and disaster proven resilience.

The Commission will also explore with stakeholders the feasibility of modulating payments under the Solidarity Fund according to the degree of implementation of relevant EU legislation on disaster prevention, the preparation of disaster management plans and the uptake of available EU funding for investments in disaster prevention measures.

## **7. THE SOLIDARITY CLAUSE IN ART 222 TFEU**

Article 222 TFEU introduces for the first time into the Treaty a provision that the Union and its Member States must act jointly in a spirit of solidarity if a Member State is the object of a terrorist attack or the victim of a natural or man-made disaster. Article 222 provides that the Union must mobilise all instruments at its disposal:

- (a) to prevent a terrorist threat in the territory of the Member States; protect democratic institutions and the civilian population from any terrorist attack, assist a Member State in its territory, at the request of its political authorities, in the event of a terrorist attack; and
- (b) to assist a MS in its territory, at the request of its political authorities, in the event of natural or man-made disaster.

Implementation of the Solidarity Clause will encompass all existing response instruments including the Solidarity Fund fully respecting their specific procedures and functioning under the new Multi-Annual Financial Framework. The present Communication is without prejudice to these broader reflections.

## **8. SUMMARY AND CONCLUSIONS**

While it can rightfully be said that since its creation the Solidarity Fund has generally been working well - in particular when considering the specific purpose for which it was created - the experience gained over the past eight years shows that there are some important limitations and weaknesses in the operation of the Fund. These relate essentially to the lack of rapidity with which aid from the Fund is made available and the transparency of the criteria for mobilising the Fund.

Given that a majority of Member States have serious reservations about any major changes to the principles and functioning of the Solidarity Fund, in particular if these could lead to higher spending the Commission is withdrawing its proposal from 2005 for a revised and widened Fund.

On the other hand, the Commission believes that the functioning of the Solidarity Fund should be improved and that limited adjustments to the current Regulation bear serious potential for simplifications, clarification and in particular for improving the responsiveness of the Fund in order to make financial aid to disaster stricken countries available much more rapidly.

The purpose of the present Communication is to highlight this potential as a basis for discussion with the European Parliament, Member States in the Council, the regions and other stakeholders and to aim for a possible legislative proposal amending the current Regulation at a later stage, taking account of the results of this discussion.

**Annex 1:**  
**Thresholds for major disasters applicable in 2011**  
 (based on 2009 figures for Gross National Income)

Council Regulation (EC) No 2012/2002 setting up the EU Solidarity Fund defines the threshold for the mobilisation of the Fund for a given country as damage exceeding 0,6% of GNI or EUR 3 billion in 2002 prices. The lower of the two applies.

(million €)

Country		GNI 2009*	0.6% of GNI*	Major disaster threshold 2011*
AT	ÖSTERREICH	271 459	1 628.756	1 628.756
BE	BELGIË/BELGIQUE	342 261	2 053.566	2 053.566
BG	BULGARIA	33 113	198.678	198.678
CY	KYPROS	16 641	99.845	99.845
CZ	ČESKÁ REPUBLIKA	129 046	774.274	774.274
DE	DEUTSCHLAND	2 430 940	14 585.640	<b>3 535.904**</b>
DK	DANMARK	226 447	1 358.684	1 358.684
EE	EESTI	13 538	81.230	81.230
EL	ELLADA	226 644	1 359.863	1 359.863
ES	ESPAÑA	1 029 541	6 177.246	<b>3 535.904</b>
FI	SUOMI/FINLAND	171 383	1 028.298	1 028.298
FR	FRANCE	1 922 845	11 537.070	<b>3 535.904</b>
HR***	HRVATSKA	43 572	261.431	261.431
HU	MAGYARORSZÁG	88 291	529.747	529.747
IE	ÉIRE/IRELAND	132 601	795.607	795.607
IS***	ICELAND	7 787	46.723	46.723
IT	ITALIA	1 494 576	8 967.457	<b>3 535.904</b>
LT	LIETUVA	27 010	162.057	162.057
LU	LUXEMBOURG (G.D.)	26 765	160.590	160.590
LV	LATVIJA	19 954	119.723	119.723
MT	MALTA	5 451	32.704	32.704
NL	NEDERLAND	556 518	3 339.108	3 339.108
PL	POLSKA	299 518	1 797.108	1 797.108
PT	PORTUGAL	162 331	973.986	973.986
RO	ROMÂNIA	113 652	681.913	681.913
SE	SVERIGE	296 151	1 776.908	1 776.908
SI	SLOVENIJA	34 704	208.224	208.224
SK	SLOVENSKO	62 575	375.452	375.452
TR***	TÜRKIYE	330 413	1 982.480	1 982.480
UK	UNITED KINGDOM	1 587 886	9 527.315	<b>3 535.904</b>

\* Rounded figures

\*\* In 2011 EUR 3 535.904 million corresponds with € 3 billion in 2002 prices

\*\*\* Eligible Non-Member State involved in accession negotiations with the EU

**Annex 2:**  
**EU Solidarity Fund Applications 2002 - 2010**

Year	Country	Nature of the disaster	Damage (million €)	Category <sup>10</sup>	Aid granted (million €)		
<b>2002</b>	1	AT	Flooding		2 900	major	134
	2	CZ	Flooding		2 300	major	129
	3	FR	Flooding (Le Gard)		835	regional	21
	4	DE	Flooding		9 100	major	444
<b>Total aid for 2002 applications</b>							<b>728</b>
<b>2003</b>	1	ES	Oil spill (Prestige)		436	regional	8.626
	2	IT	Earthquake (Molise/Apulia)		1 558	regional	30.826
	3	IT	Volcanic eruption (Etna)		894	regional	16.798
	4	IT	Flooding (North Italy)		(1 900)	(regional)	Rejected
	5	GR	Adverse winter weather		(not clear)	(regional)	Rejected
	6	PT	Forest fires		1 228	major	48.539
	7	FR	Forest fires (Southern France)		531	(regional)	Rejected
	8	ES	Forest fires (Portuguese border)		53	neighbouring	1.331
	9	MT	Flooding		30	major	0.961
	10	IT	Flooding (Friuli-Venezia-Giulia)		(525)	(regional)	Rejected
<b>Total aid for 2003 applications</b>							<b>107.081</b>
<b>2004</b>	1	FR	Flooding (Rhône delta)		785	regional	19.625
	2	ES	Flooding (Malaga)		(73)	(regional)	Rejected
	3-9	ES	Forest fires (7 applications cumulated)		(480)	(regional)	all 7 rejected
	10	SK	Flooding		(29)	(regional)	Rejected
	11	SI	Earthquake		(13)	(regional)	withdrawn
<b>Total aid for 2004 applications</b>							<b>19.625</b>

<sup>10</sup> Applications relating to disasters with damage below the threshold for which the criteria for regional disasters were assessed as not being met are marked regional in parenthesis "(regional)"

Year	Country		Nature of the disaster	Damage (million €)	Category <sup>11</sup>	Aid granted (million €)
<b>2005</b>	1	SK	Storm (Tatras)	203	major	5.668
	2	IT	Flooding (Sardinia)	223 (amount over-estimated)	(regional)	Rejected
	3	EE	Storm	48	major	1.29
	4	LV	Storm	193	major	9.487
	5	SE	Storm "Gudrun"	2 297	major	81.725
	6	LT	Storm	15	neighbouring	0.379
	7	GR	Evros flooding	(112)	(regional)	Rejected
	8	RO	Spring flooding	489	major	18.798
	9	BG	Spring flooding	222	major	9.722
	10	BG	Summer flooding	237	major	10.632
	11	RO	Summer flooding	1 050	major	52.4
	12	AT	Flooding (Tirol/Vorarlberg)	592	regional	14.799
<b>Total aid for 2005 applications</b>						<b>204.905</b>
<b>2006</b>	1	UK	Buncefield oil depot explosion	(700)	(regional)	withdrawn
	2	GR	Evros flooding	372	regional	9.306
	3	HU	Flooding	519	major	15.064
	4	ES	Galicia forest fires	(91)	(regional)	Rejected
<b>Total aid for 2006 applications</b>						<b>24.370</b>
<b>2007</b>	1	DE	Storm "Kyrill"	4750	major	166.9
	2	FR	La Réunion, Cyclone "Gamède"	211	regional	5.29
	3	ES	El Hierro flooding	(18)	(regional)	Rejected
	4	ES	La Mancha flooding	(66)	(regional)	Rejected
	5	UK	Flooding	4 612	major	162.387
	6	CY	Forest fires	(38)	(regional)	Rejected
	7	ES	Forest Fires Canary islands	(144)	(regional)	Rejected
	8-16	IT	9 applications for forest fires in 9 regions	-	(regional)	not admissible, deadline missed
	17	FR	Storm Dean/Martinique	509	regional	12.78
	18	GR	Forest fires	2 118	major	89.769
19	SI	Flooding	233	major	8.254	
<b>Total aid for 2007 applications</b>						<b>445.380</b>

<sup>11</sup> Applications relating to disasters with damage below the threshold for which the criteria for regional disasters were assessed as not being met are marked regional in parenthesis "(regional)"

Year	Country		Nature of the disaster	Damage (million €)	Category <sup>12</sup>	Aid granted (million €)
2008	1	CY	Drought	165.4	major	7.605
	2	RO	Floods	471.4	regional	11.785
<b>Total aid for 2008 applications</b>						<b>19.390</b>
2009	1	FR	Storm Klaus	3 805.5	major	109.377
	2	IT	Abruzzo earthquake	10 212.0	major	493.771
	3	GR	Forest fires 09	(152.8)	(regional)	Rejected
	4	CY	Storms 09	(2.6)	(regional)	Rejected
	5	GR	Evia floods	(83.2)	(regional)	Rejected
	6	IT	Messina Mudslide	(598.9)	(regional)	Rejected
<b>Total aid for 2009 applications</b>						<b>603.148</b>
2010	1	IE	Flooding 09	520.9	regional	13.022
	2	IT	Tuscany flooding 09	(211.7)	(regional)	Rejected
	3	ES	Andalusia flooding 10	(709.7)	(regional)	Rejected
	4	PT	Madeira flooding	1 080	major	31.256
	5	FR	Storm Xynthia	1 425	regional	35.636
	6	SK	Flooding 10	649.9	major	20.431
	7	PL	Flooding 10	2 993.7	major	105.567
	8	CZ	Flooding 10	204.5	neighbouring	5.111
	9	HU	Flooding 10	719.3	major	22.486
	10	HR	Flooding 10	153.04	neighbouring	3.826
	11	FR	Var flooding 10	703-778	(regional)	Rejected
	12	RO	Flooding 10	875.75	major	24.968
	13	CZ	August Flooding 10	436.5	regional	10.911
	14	DE	Sachsen Flooding 10	937.7	regional	Rejected
	15	HR	September Flooding 10	47	neighbouring	1.175
	16	SI	September Flooding 10	251.3	major	7.459
	17	HU	Red Sludge 10	174.32	regional	Rejected
<b>Total aid for 2010 applications</b>						<b>281.848</b>
<b>Grand total of aid approved since 2002</b>						<b>2 433.757</b>

<sup>12</sup> Applications relating to disasters with damage below the threshold for which the criteria for regional disasters were assessed as not being met are marked regional in parenthesis "(regional)"

**Annex 3:**  
**Statistical overview of Solidarity Fund applications**

*state of play: 31/12/2010*

<b>Total n° of applications received since 2002</b>	<b>85</b>		
of which based on criteria for			
major disasters	27	32%	of all applications
regional disasters	53	62%	of all applications
“neighbouring country” criterion	5	6%	of all applications
<b>Applications accepted by COM</b>	<b>42</b>	<b>49%</b>	<b>of all applications</b>
of which			
major disasters	26	96%	of “major disaster” applications
regional disasters	12	23%	of “regional disaster” applications
neighbouring country criterion	4	80%	of “neighbouring country” applications
<b>Applications rejected by COM</b>	<b>35</b>	<b>41%</b>	<b>of all applications</b>
of which			
regional disasters	35	66%	of “regional disaster” applications
<b>Applications withdrawn</b>	<b>2</b>	<b>2%</b>	<b>of all applications</b>
<b>Decision pending</b>	<b>6</b>	<b>7%</b>	<b>of all applications</b>

**Annex 4:**  
**EU Solidarity Fund - Applications for Funding for Extraordinary Regional Disasters 2002-2010**  
**Regional GDP Simulation (n-3)**

Regional Disasters Since 2002	Year	Damage claimed (€ million)	Remarks	GDP Reference Year (n-3)	NUTS 2 Regions Concerned	Regional GDP	Average GDP	Damage Rate (% of regional GDP)	Outcome under current criteria (€ million granted)	Outcome under new criteria	
FR	Flooding (Le Gard)	2002	835		1999	Languedoc-Roussillon	40806.3	40806.3	2.05%	21	identical
ES	Oil Spill (Prestige)	2003	436		2000	Galicia	34966.5	25191.8	1.73%	8.626	identical
						Principado de Asturias	14968.9				
						Cantabria	8488.3				
						País Vasco	42613.3				
IT	Earthquake (Molise/Puglia)	2003	1558		2000	Molise	4913.9	30206.0	5.16%	30.826	identical
						Puglia	55498.1				
IT	Volcano Eruption (Sicily)	2003	894		2000	Sicilia	65549.2	65549.2	1.36%	16.798	no application
IT	Flooding (North Italy)	2003	not clear		2000					rejected	identical
FR	Forest Fires (Southern France)	2003	531	not continuous region	2000	PACA	99642.6	71225.4	0.75%	rejected	no application
						Rhone-Alpes	137674.2				
						Languedoc-Roussillon	42847.3				
						Corse	4737.6				
IT	Flooding (Friuli-Venezia-Giulia)	2003	525	(damage probably overestimated)	2000	Friuli-Venezia-Giulia	27552.6	27552.6	1.91%	rejected	not clear
FR	Flooding (Rhone Delta)	2004	785		2001	Languedoc-Roussillon	45250.3	75084.7	1.05%	19.625	no application
						PACA	104919.2				
ES	Flooding (Malaga)	2004	73		2001	Andalucía	90644.8	90644.8	0.08%	rejected	no application
ES	Forest Fires	2004	480	7 applications cumulated	2001					rejected	no applications

SK	Flooding	2004	29		2001	Vychodne Slovensko	5220.4	5220.4	0.56%	rejected	no application
IT	Flooding (Sardinia)	2005	223	(damage probably overestimated)	2002	Sardinia (ITG2)	27538.1	27538.1	0.81%	rejected	no application
EL	Flooding (Evros)	2005	112		2002	Antoliki Makedonia, Thraki	5983.2	5983.2	1.87%	rejected	acceptance
AT	Flooding (Tirol/Vorarlberg)	2005	592		2002	Tirol Vorarlberg	18814.7 10039.1	14426.9	4.10%	14.798589	identical
EL	Flooding (Evros)	2006	372		2003	Antoliki Makedonia, Thraki	6466.1	6466.1	5.75%	9.306527	identical
ES	Forest Fires (Galicia)	2006	91		2003	Galicia	39906.9	39906.9	0.23%	rejected	no application
FR	Cyclone (La Réunion)	2007	211	Remote region	2004	Réunion	11650.8	11650.8	1.81%	5.29	identical
ES	Spain - Flooding (El Hierro)	2007	18		2004	Canarias	34188.3	34188.3	0.05%	rejected	no application
ES	Spain - Flooding (La Mancha)	2007	66		2004	Castilla-La Mancha	28338.7	28338.7	0.23%	rejected	no application
CY	Forest Fires	2007	38		2004	Cyprus	12728.1	12728.1	0.30%	rejected	no application
ES	Forest Fires (Canary Islands)	2007	144		2004	Canarias	34188.3	34188.3	0.42%	rejected	no application
FR	Storm (Dean)	2007	509		2004	Guadeloupe Martinique	7202.9 7063.6	7133.3	7.14%	12.78	identical
RO	Floods	2008	471.4		2005	Nord-Vest Nord-Est	9480.0 9181.1	9330.5	5.05%	11.785377	identical
EL	Forest Fires	2009	152.8		2006	Attiki	101759.4	101759.4	0.15%	rejected	no application
CY	Storms	2009	2.6		2006	Cyprus	14673.2	14673.2	0.02%	rejected	no application
EL	Flooding (Evia)	2009	83.2		2006	Stereia Ellada	10072.1	10072.1	0.83%	rejected	no application
IT	Mudslide (Messina)	2009	598.9		2006	Sicilia	81623.6	81623.6	0.73%	rejected	no application
IE	Flooding	2009	520.9		2006	Border, Midland and Western	32566.0	32566.0	1.60%	13.0225	identical
IT	Flooding (Tuscany)	2009	211.7		2006	Toscana	99985.2	99985.2	0.21%	rejected	no application
ES	Flooding (Andalusia)	2010	709.7		2007	Andalucía	144874.3	144874.3	0.49%	rejected	no application
FR	Storm (Xynthia)	2010	1425	Total damages of € 2.5 billion	2007	Pays de la Loire Poitou-Charentes	93594.4 43175.3	68384.9	2.08%	35.63575	identical