



EUROPEAN COMMISSION

Brussels, 31.10.2011
COM(2011) 694 final

REPORT FROM THE COMMISSION

European Union Solidarity Fund_Annual Report 2010

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REPORT FROM THE COMMISSION

European Union Solidarity Fund Annual Report 2010

1. INTRODUCTION

The European Union Solidarity Fund (EUSF) was set up on 15 November 2002¹. Article 12 of Council Regulation (EC) No 2012/2002 of 11 November 2002 establishing the European Union Solidarity Fund (hereinafter "the Regulation") provides that a report on the activity of the Fund in the previous year be presented to the European Parliament and to the Council. The present report presents the activities of the Fund in 2010 covering, as in previous reports, the treatment of pending and new applications and the assessment of implementation reports with a view to preparing these for closure.

2010 has been the Solidarity Fund's busiest year ever in terms of the number of applications received. A total of 17 new applications for Solidarity Fund financial assistance were submitted to the Commission over the course of the year. All of these applications concerned flooding disasters. The majority of these cases were only submitted in the latter half of the year and for 6 applications the assessment and adoption procedure was still ongoing by the end of 2010. In the course of 2010 the Commission accepted nine of the applications and decided that the conditions for mobilising the Fund were not met in the case of five other applications. In total the Commission proposed aid amounting to EUR 262.303 million which was subsequently approved by the European Parliament and the Council.²

2. PENDING APPLICATIONS FROM 2009

Greece (Attica forest fires)

From 21 August 2009 onwards, the Attica region of Greece suffered damage to infrastructure, houses and crops from wildfires that were driven across the region by strong winds. On 27 October 2009, within the 10 week deadline for applications following the date of the first damage caused by the disaster imposed by the Regulation, the Greek authorities submitted an application for financial aid to the EU Solidarity Fund.

The Greek authorities estimated the direct damage caused by the fires at EUR 152.774 million. This amount represents 0.07 % of the Greek GNI of EUR 221.672 billion (based on 2007 data), i.e. only 11 % of the normal threshold for

¹ Council Regulation (EC) No 2012/2002 of 11 November 2002, OJ L 311/3 of 14.11.2002

² The majority of these grants could only be paid out in 2011 following the signing of the corresponding implementation agreements with the beneficiary countries.

mobilisation of the Fund for Greece³. As total damage remained below the threshold the application was examined under the exceptional criteria for "extraordinary regional disasters".

One of the conditions for exceptionally mobilising the Fund under the regional criteria is that the majority of the population living in the disaster stricken area must be affected. The Greek government based its application on the region of Attica and reported that 106 404 residents were affected by the fire, from a total population of just under 3.8 million inhabitants in the Attica region. This represents 2.8 % of the population of the region, i.e. much less than the majority. Moreover, while the disaster had locally caused serious damage the application presented no evidence allowing to conclude that the region would suffer from serious and lasting repercussions on living conditions and its economic stability - which are the other conditions that must be met (cumulatively) if a disaster is to qualify exceptionally as an "extraordinary regional disaster".

Accordingly, on 28 May 2010 the Commission decided that the application could not be accepted as it did not meet the requirements set out in the Regulation for the exceptional mobilisation of the Fund. The Greek authorities were informed accordingly.

Greece (Evia flooding)

On 12 September 2009 the Evia Island region of eastern Greece suffered damage to homes, infrastructure and agriculture as a result of flooding that followed heavy rainfall in the area. On 17 November 2009, within the 10 week deadline following the start of the disaster, the Greek authorities submitted an application to the Fund for financial aid.

The Greek authorities estimated direct damage caused by the floods at EUR 82.233 million. At just 6.26 % of the normal threshold applicable to Greece for mobilising the Solidarity Fund, the application was examined under the exceptional criteria for "extraordinary regional disasters".

While locally, the floods had significant effects on the Evia region, resulting in the loss of one life, loss of crops and damage to the regional road network, the application presented no clear evidence that the majority of the population in the region had been affected. Moreover, the Greek application failed to provide adequate evidence demonstrating that the floods had caused serious and lasting repercussions on living conditions and the economic stability of the region. On 28 May 2010, the Commission therefore decided that the application did not meet the conditions for exceptionally mobilising the Fund and informed the Greek authorities that their application had not been accepted.

³ The threshold for mobilising the Solidarity Fund is defined as damage exceeding 0.6 % of Gross National Income of a country or EUR 3 billion in 2002 prices. An overview of the thresholds applicable in 2010 is presented in Annex 1.

Cyprus (storm)

On 18 September 2009, a storm accompanied by a number of twisters hit the outskirts of Nicosia. The Cypriot authorities presented their application for Solidarity Fund assistance on 6 November 2009, around 2 weeks ahead of the 10 week application deadline.

The Cypriot authorities estimated the direct damage caused by the disaster at EUR 2.609 million. This amount represents less than 3 % of the normal threshold for mobilising the Solidarity Fund applicable to Cyprus in 2009 of EUR 88.552 million (i.e. 0.6 % of GNI based on 2007 data). As total damage remained below the normal threshold for mobilising the Solidarity Fund the application was examined under the exceptional criteria for "extraordinary regional disasters".

After assessing the application the Commission came to the conclusion that it did not fulfil the condition as set out in the Regulation (EC) No 2012/2002. In fact, the application contained no evidence indicating that the major part of the population in the region to which the application relates was affected. Furthermore, no evidence was provided showing that the disaster caused serious and lasting repercussions on the living conditions and economic stability of the affected area. For these reasons, the Commission decided on 6 April 2010 that the application did not meet the conditions for exceptionally mobilising the Fund and informed the Cypriot authorities accordingly.

Italy (Sicily mudslides and flooding)

On 1 October 2009, a storm struck Sicily particularly affecting the province of Messina. Persistent rainfall in the coastal areas between Galati and Scaletta Zanclea caused a number of landslides and mud floods that blocked some stretches of the road system as well as the railway and main highway. Sicilian authorities reported that there were 31 deaths and 122 injuries as a direct consequence of the landslides and mud-floods, and 2 019 people were evacuated from their homes. The Italian authorities submitted an application to the Solidarity Fund on 7 December 2009, within the 10 week deadline for applications.

The Italian authorities estimated the direct damage at EUR 598.94 million. The damage represents 17.62 % of the normal threshold for mobilising the Solidarity Fund applicable to Italy in 2009 of EUR 3.399 billion. As total damage remained below the normal threshold for mobilising the Solidarity Fund the application was examined under the exceptional criteria for "extraordinary regional disasters".

The application related to the province of Messina which has a total population of 622 450 (figures from 2005). Within this province, 14 576 people, or just 2.2 % of the population were directly affected representing thus only a very small part of the population of the province to which they belong. Moreover, while the application showed that the disaster had locally caused severe damage it remained limited to a small territory with a relatively small number of people. No evidence was provided demonstrating that the disaster caused serious and lasting repercussions on the economic stability of the region. For these reasons, the Commission decided on 8 June 2010 that the application did not meet the conditions for exceptionally

mobilising the Fund under the criteria for extraordinary regional disasters and informed the Italian authorities accordingly.

3. NEW APPLICATIONS RECEIVED IN 2010

Ireland (flooding)

From 19 November 2009 onward, Ireland suffered severe flooding in 15 of its 26 provinces. The flooding caused damage to public infrastructure including roads, water and waste water facilities as well as widespread damage to housing and businesses. The Irish authorities submitted an application to the Fund on 27 January 2010, within the 10 week deadline for applications. Further information required to complete the assessment of the application was provided at the request of the Commission on 15 June 2010.

The Irish authorities estimated the direct damage at EUR 520.9 million, representing 0.33 % of GNI and 55.68 % of the normal threshold for mobilising the Solidarity Fund applicable to Ireland in 2010 of EUR 935.456 million. As damage remained below the threshold, the Irish application was examined under the exceptional criteria for "extraordinary regional disasters".

The evidence provided by the Irish authorities showed that the majority of the population in the disaster stricken area was affected by the consequences of the floods. Moreover, the high level of damage to roads and other public infrastructure and the widespread structural damage to private buildings adequately demonstrated the long term effects of the disaster on living conditions and the economic stability of the affected region. On 14 September 2010, the Commission therefore concluded that the Irish application should be accepted and proposed granting aid of EUR 13 022 500. The corresponding amending budget procedure was completed by the European Parliament and the Council on 24 November 2010. Following the signing of the Implementation Agreement with Ireland the Commission paid out the grant on 22 December 2010.

Italy (Tuscany Flooding)

From 25 December 2009, heavy rainfall caused flooding and landslides along the course of the River Serchio in western Tuscany, affecting 27 municipalities in Lucca Province and one municipality in Pisa Province. On 4 March 2010, within the 10 week deadline following the start of the flooding, the Italian authorities submitted an application to the Solidarity Fund.

According to the Italian authorities, total direct damage resulting from the flooding amounted to EUR 211.701 million. This figure represents 0.02 % of Italian GNI, and just 6.11 % of the normal threshold for mobilising the Solidarity Fund applicable to Italy of EUR 3.467 billion in 2010. The application was therefore examined under the exceptional criteria for "extraordinary regional disasters".

The application showed that locally, the flooding caused disruption in the region around the River Serchio, with damage to roads, water infrastructure and public

services as well as private buildings and other property. However, just 1 % of the local population were directly affected by the flooding and the Italian authorities did not demonstrate in their application that the flooding would have serious and lasting repercussions on the economic stability in the region. For these reasons, on 8 June 2010 the Commission decided that the Italian application did not meet the conditions for exceptionally mobilising the Fund and informed the Italian authorities accordingly.

Spain (Andalucía Flooding)

Starting on 9 February 2010, Andalucía suffered flooding following a long period of heavy rainfall. The Spanish authorities submitted an application for aid to the Solidarity Fund on 19 April 2010.

Damage of EUR 709.74 million was reported, representing 20.47 % of the normal threshold of EUR 3.467 billion applicable to Spain for mobilising the Solidarity Fund. However, upon assessment of the application, the Commission concluded that there had been earlier unreported flooding damage in December 2009 and January 2010 stemming from the same meteorological phenomenon. The 10 week application deadline counting from the date of the first damage caused by the disaster had thus not been respected. Furthermore, the Spanish authorities did not provide sufficient evidence to allow full assessment of the case under the exceptional criteria for "extraordinary regional disasters". The Commission therefore decided on 5 October 2010 that the conditions for exceptionally mobilising the Solidarity Fund were not met and informed the Spanish authorities accordingly.

Portugal (Madeira floods)

On 20 February 2010, the Portuguese islands of Madeira and Porto Santo were struck by powerful floods which resulted in the deaths of 42 people and caused severe damage to parts of the islands' infrastructure, public and private buildings, agriculture and businesses.

The Commission received an application for Solidarity Fund assistance from the Portuguese authorities on 20 April 2010, some two weeks before the 10 week deadline for applications. Additional information necessary to complete the assessment of the application was received at the request of the Commission on 15 July 2010. The Portuguese authorities estimated the total direct damage caused by the flooding at EUR 1.080 billion. This figure represents 112.69 % of the normal threshold for mobilising the Solidarity Fund applicable to Portugal in 2010 of EUR 958.406 million. The disaster therefore qualified as a "major natural disaster" under the terms of Solidarity Fund Regulation. In the course of the devastating events, 153 bridges were damaged, 400 houses were completely destroyed or suffered severe structural damage and the waterfront of Funchal was left in need of significant reconstruction. The Commission therefore concluded on 29 September 2010 that the application met the conditions for mobilising the Fund and proposed awarding a grant of EUR 31 255 790 to Portugal. The corresponding amending budget was adopted by the European Parliament and the Council on 15 December 2010. Following the conclusion of the Implementation Agreement with Portugal the Commission paid out the grant on 5 April 2011.

France (Storm Xynthia)

On 27 and 28 February 2010, a winter storm struck across almost the entirety of French mainland territory. It caused widespread damage, particularly on the west coast of France where sea defences were breached. The French authorities submitted an application for Solidarity Fund assistance on 7 May 2010, within the 10 week deadline.

The total direct damage caused by the storm across French territory was estimated at some EUR 2.5 billion. As this falls short of the threshold of EUR 3.467 billion applicable to France in 2010 the French application was subject to examination against the exceptional criteria for "extraordinary regional disasters". In order to meet these criteria the French authorities chose to limit the scope of their application to the most hardly affected zone and submitted an application that focused on a single coherent area on the west coast of France which bore the brunt of the damages from the storm, estimated at EUR 1.425 billion. This amount represents 41.12 % of the normal threshold for intervention of the Fund.

The zone that constituted the subject of the application consists of 10 municipalities in the Vendée region and 36 municipalities and 2 part-municipalities in the Charente-Maritime region. This area suffered severe flooding after a violent storm surge. The French authorities estimated that more than 1 500 houses would have to be destroyed because of the scale of structural damage. Furthermore, the flooding of 14 956 ha of farmland caused a massive loss of crops and damaged arable land due to the deposits of sodium in the soil. Economic activity which relies on the coastal area, in particular tourism and oyster farming, also suffered as a result of the widespread environmental and structural damage.

The Commission therefore considered that the French application met the exceptional criteria for "extraordinary regional disasters" and decided on 29 September 2010 to propose aid to France amounting to EUR 35 635 750. The corresponding amending budget was adopted by the European Parliament and the Council on 15 December 2010. Following the conclusion of the Implementation Agreement with France the Commission paid out the grant on 14 March 2011.

Slovakia (flooding)

On 9 May 2010, a large part of central and eastern Slovakia was flooded following an extended period of heavy rainfall⁴. The Slovakian authorities applied for assistance from the Solidarity Fund on 16 July 2010, within the 10 week deadline. On 27 September 2010 the Slovak authorities presented to the Commission further details including an update of their estimates of total damages.

⁴ This meteorological condition affected major parts of central and south-eastern Europe during May and June 2010 and led to Solidarity Fund applications from five countries: Slovakia, Poland, Czech Republic, Hungary and, Croatia.

The flooding resulted in widespread damage to roads, houses and agricultural produce. 45 895 households were affected by the flooding and a further 306 households were affected by landslides. The transport network in the region was also particularly hard hit by the floods.

The Slovakian authorities estimated total direct damage at EUR 561.134 million. This amount represents 0.89 % of Slovakia's GNI and represents 148.37 % of the normal threshold for mobilising the Solidarity Fund applicable to Slovakia in 2010 of EUR 378.205 million. Thus, the Slovakian application qualified as a "major natural disaster". The Commission therefore decided on 15 December 2010 to accept the application and proposed to grant aid to Slovakia amounting to EUR 20 430 841. The corresponding amending budget proposal followed at the beginning of January 2011.

Poland (flooding)

Poland suffered two interconnected waves of flooding in May and June 2010 caused by a period of exceptionally heavy rainfall. The first damage caused by these floods was recorded on 14 May 2010. The Polish authorities submitted an application to the Solidarity Fund on 23 July 2010, within the 10 week deadline.

The flooding caused significant damage, principally around the Vistula and Odra rivers. 266 000 people were affected by the floods, including 31 000 who were evacuated from their homes. There was also widespread damage to businesses, agriculture and public infrastructure. In order to cope with the scale of the disaster, Poland also requested assistance from the European Civil Protection Mechanism.

The total direct damage was estimated at EUR 2.998 billion representing 0.846 % of Polish GNI and exceeding by far the normal threshold for mobilising the Solidarity Fund applicable to Poland in 2010 of EUR 2.124 billion. Poland's application therefore met the normal threshold for the mobilisation of the Fund and was treated as a "major natural disaster". The Commission decided on 15 December 2010 to accept the application and proposed to grant Poland aid amounting to EUR 105 567 155. The corresponding amending budget proposal followed at the beginning of January 2011.

Czech Republic (flooding)

The Czech Republic submitted an application for financial aid under the "neighbouring country" criterion after suffering flooding related to the same meteorological phenomenon as that which caused major disasters in Slovakia and Poland during May 2010. The Czech authorities reported flooding damage beginning on 18 May 2010 and submitted their application on 23 July 2010, within the 10 week deadline.

The "neighbouring country" criterion allows countries which have suffered from the same disaster as a neighbouring country for which a major disaster has been recognised to apply for aid, even if the amount of damage is below the normal threshold. In the Czech case, the flooding caused damage in four regions in the north and east of the country. Over two million inhabitants of these regions were directly affected by the floods due to structural damage to housing, loss of private property,

loss of essential services, and damage to the local economy. 1 000 people were evacuated from their homes.

The total direct damages caused by the flooding amounted to EUR 204.456 million. While this constitutes just 0.15 % of Czech GNI, or 24.81 % of the normal threshold for mobilising the Solidarity Fund in the Czech Republic in 2010 of EUR 824.029 million, the application fulfilled the neighbouring country criterion as both Poland and Slovakia's applications were accepted as "major disasters".

The Commission therefore decided on 15 December 2010 to accept the Czech application and proposed granting aid amounting to EUR 5 111 401. The corresponding amending budget proposal followed at the beginning of January 2011.

Hungary (flooding)

As a result of one month of near-continuous rainfall in May and June 2010 severe flooding occurred in Hungary causing widespread flooding and damage in the Danube basin and in the north-east of the country. The Hungarian authorities submitted their application for assistance to the Solidarity Fund on the 24 July 2010, within the 10 week deadline. The Hungarian application detailed the extensive damage to infrastructure, with flooding of roads and 612 separate incidents of damage to Hungary's rail network. The economy, particularly in rural areas, suffered due to flooding and hail storms, with 145 000 ha of land rendered unusable. The rescue operation required the evacuation of 5 259 people.

The Hungarian authorities reported total direct damages of EUR 719.343 million, representing 0.73 % of Hungarian GNI and representing 121.78 % of the normal threshold for mobilising the Solidarity Fund applicable to Hungary in 2010 of EUR 590.710 million. As the damages were above the threshold for the normal mobilisation of the Fund, the application qualified as a "major natural disaster. The Commission accepted Hungary's application on 15 December 2010 and proposed granting assistance of EUR 22 485 772 to Hungary. The corresponding amending budget proposal followed at the beginning of January 2011.

Croatia (flooding)

Eastern and central regions of Croatia were victims of the same meteorological conditions which caused the flooding disaster in Hungary between May and June 2010. As a neighbour of Hungary, Croatia was able to submit an application for Solidarity Fund financial aid under the "neighbouring country" criterion. After suffering its first damage on 31 May 2010, the Croatian authorities submitted an application on 9 August 2010, within the 10 week deadline.

The flooding and hailstorms resulted in significant damage to 687 houses, damage to water supplies, blocked roads at a local and regional level, and the evacuation of 112 families from their homes. The total direct damage was calculated at EUR 153.039 million, representing 55.49 % of the normal threshold for mobilising the Solidarity Fund in Croatia in 2010 of EUR 275.804 million. As the same phenomenon qualified as a major disaster in Hungary the Croatian application was accepted under the "neighbouring country" criterion. The Commission therefore

decided on 15 December 2010 to grant financial aid of EUR 3 825 983 to Croatia. The amending corresponding budget proposal followed at the beginning of January 2011.

Romania (flooding)

On 23 June 2010 a period of flooding and land slides began which affected the majority of Romania's regions and caused severe damage throughout the country. Romanian authorities submitted an application for Solidarity Fund financial assistance on 31 August 2010, within the 10 week deadline for applications.

The Romanian floods affected a total of 6.7 million people, including 15 000 people who had to be evacuated from their homes. There was significant damage and disruption on the road network, with 5 257 km of road network affected, while other infrastructure such as water and waste water facilities also suffered serious damage. The floods also damaged the Romanian economy, with 110 585 ha of agricultural land and 8 222 ha of forest rendered unusable by the floods. The total direct damage was estimated by the Romanian authorities at EUR 875.758 million. This amount represents 0.67 % of Romania's GNI and exceeds the normal threshold for mobilising the Solidarity Fund of EUR 787.935 million. As a consequence the Romanian application qualified as a "major natural disaster". The Commission accepted Romania's application on 15 December 2010 and proposed assistance amounting to EUR 24 967 741. The corresponding amending budget proposal followed at the beginning of January 2011.

Pending Applications

A total of 17 applications were received in 2010. As some of these applications were received late in the year their assessment continued into 2011. They concerned applications from France (Var flooding), Czech Republic (autumn flooding), Germany (Sachsen flooding), Croatia and Slovenia (September flooding), and Hungary (red sludge spill). These applications will be fully addressed in the European Union Solidarity Fund Annual Report 2011.

4. FINANCING

In 2010, a grant from the Solidarity Fund was paid out for one case for which the application was received in the January 2010 (floods in Ireland). The corresponding Preliminary Draft Amending Budget No 7/2010⁵ was approved by the Budgetary Authority on 24 November 2010.

⁵ Draft amending budget No 8 to the budget 2010 was renumbered and adopted as amending budget No 7 by the European Parliament on 24.11.2010 without any modification. COM(2010)533, OJ L 50 of 24.2.2011.

For two more applications received in 2010, the Fund was also mobilised. Preliminary Draft Amending Budget No 8/2010⁶ covers the floods affecting Portugal (Madeira floods) and France (storm Xynthia) and was approved by the Budgetary Authority on 15 December 2010. The payments were made in early 2011 after adoption of the grant decisions and after the implementation agreements were signed.

Beneficiary State	Disaster	Category	Amount granted (EUR)
Ireland	Flooding (November 2009)	regional	13 022 500
Portugal	Madeira floods	major	31 255 790
France	Storm Xynthia	regional	35 635 750
Total			79 914 040

5. MONITORING

Italy (Abruzzo Earthquake)

The Commission carried out a monitoring visit to L'Aquila and Rome from 11 to 13 April 2010 in order to be informed of the systems put in place by the Italian authorities to implement the Solidarity Fund grant of EUR 493.8 million following the earthquake of April 2009. The L'Aquila earthquake in the Italian Abruzzo region was in fact the biggest disaster since the creation of the Fund and subsequently lead to the highest grant ever, amounting to almost half a billion Euros⁷.

The Commission particularly inquired into allegations made in the media about a possible involvement of the National Civil Protection Department in irregularities in awarding contracts related to the reconstruction works in L'Aquila but found no evidence substantiating these allegations.

The visit was welcomed by the Italian authorities who provided ample and detailed information about implementation of the Solidarity Fund grant and of the system put in place to guarantee the regularity and legality of the spending. From the Commission point of view, the visit provided assurances on the functioning of the systems put in place and the progress made. From the information received, the Solidarity Fund grant has been used efficiently and respecting the rules imposed by the Solidarity Fund Regulation, the grant decision and the implementing agreement. This impression was confirmed by the implementation report submitted by the Italian authorities early in 2011.

⁶ Draft amending budget No 9 to the budget 2010 was renumbered and adopted as amending budget No 8 by the European Parliament on 15.12.2010 without any modification. COM(2010)577; OJ L 50 of 24.2.2011.

⁷ Detailed information can be found in the European Union Solidarity Fund Annual Report 2009, COM(2011)136 of 23.03.2011.

France (Storm Klaus)

The Commission carried out a monitoring visit to France on 15 June 2010 in order to be informed of the systems put in place by the French authorities to implement the Solidarity Fund grant of EUR 109.4 million following storm Klaus which severely hit the region of Aquitaine, Midi-Pyrénées and Languedoc-Roussillon in January 2009. Storm Klaus in south-western France was another major disaster with damage considerably above the average.

As on previous occasions this visit was highly welcomed by the authorities concerned and provided an opportunity to clarify technical issues such as those concerning eligibility of expenditure, the deadline for using the grant and control issues. The visit also allowed the Commission to gain an impression of the added value of the Solidarity Fund and to gather information on the implementation systems.

6. CLOSURES

Article 8(2) of Solidarity Fund Regulation states that no later than six months after the expiry of the one-year period from the date of disbursement of the grant, the beneficiary State shall present a report on the financial execution of the grant (hereinafter: an “implementation report”) with a statement justifying the expenditure (hereinafter: a “validity statement”). At the end of this procedure, the Commission shall wind up the assistance from the Fund.

In the course of 2010, four EU Solidarity Fund files were closed.

- (1) As regards the closure of assistance of the case relating to the wind storm in **Slovakia** in 2005, for which financial aid of EUR 5 667 578 was granted, the implementation report was received on 9 May 2007. As a result of the wrong exchange rate used by the Slovakian authorities, the expenditure declared was EUR 34 992.28 short of the amount granted. In order to solve the issue of lacking expenditure because of the erroneous exchange rate used, the Commission proposed to Slovakia to declare further expenditure to cover the difference. In March 2010, the Slovakian authorities declared further expenditure which was found to be eligible under the terms of the Regulation, the Grant Decision and the Implementation Agreement. The Commission wound up the file in May 2010.
- (2) In the case relating to the flooding disaster in **Bulgaria** of August 2005, financial aid amounting to EUR 10 632 185 was granted and the implementation report was received on 17 January 2008. The Bulgarian authorities declared in their validity statement that their expenditure was EUR 35 090 short of the amount granted. In addition, the auditing work of the Bulgarian authorities revealed ineligible expenditures of EUR 8 476. Consequently, and in agreement with the Bulgarian authorities, the Commission initiated a recovery procedure and the amount of EUR 43 566 was recovered from the Bulgarian authorities on 29 December 2008. The

Commission's further analysis and assessment were completed in spring 2010. The Commission wound up the case in May 2010.

- (3) Regarding the windstorm disaster in **Latvia** of January 2005, a grant of EUR 9 487 180 was paid out to the Latvian authorities. The implementation report was received by the Commission on 5 November 2007. The Latvian authorities declared unused and ineligible expenditures of EUR 114 458.80. In order to complete the assessment, the Commission requested further information from the Latvian authorities. It was agreed to recover the amount of EUR 114 458.80. The Commission initiated the recovery procedure and the amount was received by the Commission in August 2010.
- (4) The fourth closure file concerned the flooding disaster in **Austria** of August 2005, for which financial aid of EUR 14 798 589 was granted and the implementation report was received on 12 February 2008. After thorough assessment by the Commission services, further information regarding the statement of validity needed to be requested. The Austrian authorities provided this additional information and, as no irregularities were found, the Commission wound up the file in December 2010.

In 2010, the Commission received final implementation reports for grants made in 2008 from the UK (floods), France (storm Dean/Antilles), Greece (forest fires) and Slovenia (floods). At the end of the period covered by this annual report the assessment of these implementation reports was ongoing.

7. CONCLUSIONS

The operation of the Solidarity Fund in 2010 once again confirmed the experience made in earlier years. It can be summarised as follows:

- For major disasters with damage exceeding the - relatively high - threshold the Solidarity Fund works rather satisfactorily. The criteria are clear and simple to assess, countries do not normally have difficulties preparing an application. The success rate continues to be 100%.
- By contrast, applications for smaller disasters presented under the exceptional rules for so-called extraordinary regional disasters confront countries with serious difficulties in particular as the criteria laid down in the Regulation appear little clear and complicated. The obligation for the states to define in their application the affected region as a single coherent area in which the majority of the population must be affected does often not reflect the reality. In many instances even regional disasters strike in geographically unconnected areas (e.g. floods in different river basins) which renders the definition of a single coherent area difficult. Moreover, demonstrating serious and lasting effects on the economic stability of the affected region appears as a somewhat speculative, economically not very sound and - in any event - burdensome exercise which is difficult to assess, especially for smaller areas. Until now around two thirds of applications presented under this rule are not accepted because they do not meet the criteria.

- Overall it is felt that the Fund should be more responsive and make aid available more quickly. While indeed the Fund was never conceived as an emergency instrument it is legitimate to expect that financial aid from it is made available as quickly as possible. Delays of up to one year are clearly too long.

Under the rules of the current Solidarity Fund Regulation there is very little scope to address these (and some other) issues. A first attempt by the Commission in 2005 to improve the functioning of the Fund by proposing a new Solidarity Fund Regulation was favourably received by the European Parliament but found no support among Member States.

The Commission has therefore opted for a new approach and presented on 6 October 2011 a Communication on the Future of the Solidarity Fund⁸. This Communication analyses the functioning of the Fund in greater detail, highlights issues and presents possible solutions. It is intended to discuss the Communication with stakeholders, in particular with Member States, the European Parliament and regions. In a second stage and depending on the outcome of the discussions the Commission may present a legislative proposal to adjust and improve the current Regulation.

⁸ 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, COM(2011) 613 final of 6.10.2011.

**ANNEX 1: THRESHOLDS FOR MAJOR DISASTERS APPLICABLE IN 2010
(BASED ON 2008 FIGURES FOR GROSS NATIONAL INCOME)**

(Million €)

Country		GNI 2008*	0.6 % of GNI*	Major disaster threshold 2010*
AT	ÖSTERREICH	277 386	1 664.317	1 664.317
BE	BELGIË/BELGIQUE	346 971	2 081.826	2 081.826
BG	BULGARIA	33 613	201.680	201.680
CY	KYPROS	16 125	96.749	96.749
CZ	ČESKÁ REPUBLIKA	137 338	824.029	824.029
DE	DEUTSCHLAND	2 536 990	15 221.940	3 466.573**
DK	DANMARK	236 286	1 417.714	1 417.714
EE	EESTI	15 104	90.623	90.623
EL	ELLADA	231 285	1 387.712	1 387.712
ES	ESPAÑA	1 060 554	6 363.324	3 466.573**
FI	SUOMI/FINLAND	184 311	1 105.866	1 105.866
FR	FRANCE	1 963 018	11 778.108	3 466.573**
HU	MAGYARORSZÁG	98 452	590.710	590.710
IE	ÉIRE/IRELAND	155 909	935.456	935.456
IT	ITALIA	1 548 138	9 288.830	3 466.573**
LT	LIETUVA	31 216	187.296	187.296
LU	LUXEMBOURG (G.D.)	29 716	178.294	178.294
LV	LATVIJA	22 812	136.874	136.874
MT	MALTA	5 513	33.077	33.077
NL	NEDERLAND	580 214	3 481.284	3 466.573**
PL	POLSKA	354 153	2 124.920	2 124.920
PT	PORTUGAL	159 734	958.406	958.406
RO	ROMÂNIA	131 323	787.935	787.935
SE	SVERIGE	339 519	2 037.115	2 037.115
SI	SLOVENIJA	36 278	217.669	217.669
SK	SLOVENSKO	63 034	378.205	378.205
UK	UNITED KINGDOM	1 854 711	11 128.264	3 466.573**
TR	TÜRKIYE	373 991	2 243.944	2 243.944
HR	HRVATSKA	45 967	275.804	275.804

Thresholds are defined as the lower of 0.6% of GNI or EUR 3 billion in 2002 prices.

*Rounded figures

** ~ € 3 billion in 2002 prices

ANNEX 2: EUROPEAN UNION SOLIDARITY FUND PENDING APPLICATIONS FROM 2009 AND NEW APPLICATIONS DECIDED IN 2010⁹

Applicant Country	Greece	Cyprus	Greece	Italy	Ireland	Italy	Spain	Portugal
Name and nature of disaster	Attica Fires	Storm	Evia Flooding	Messina Mudslide	Flooding	Tuscany Flooding	Andalucía Flooding	Madeira Flooding
First damage date	21/08/09	18/09/09	12/09/09	1/10/09	19/11/09	25/12/09	09/02/10	20/02/10
Application date	27/10/09	6/11/09	17/11/09	7/12/09	27/01/10	4/03/10	19/04/10	20/04/10
Complete information available on	27/10/09	6/11/09	17/11/09	7/12/09	15/06/10	4/03/10	19/04/10	15/07/10
Major disaster threshold (m€)	1330.03	88.55	1330.03	3398.60	935.45	3466.57	3466.57	958.41
Total direct damage (m€)	152.77	2.61	83.23	598.94	520.9	211.7	709.74	1080
Category	regional	regional	regional	regional	regional	regional	regional	major
Damage/threshold	11.49%	2.95%	6.26%	17.62%	55.68%	6.11%	20.47%	112.69%
Cost of eligible emergency operations (m€)	47.08	0.21	50.66	48.94	111.5	56.61	79.42	165.24
Eligible cost/ total damage	30.82%	7.85%	60.87%	8.17%	21.41%	26.74%	11.19%	15.3%
Aid/eligible cost	-	-	-	-	11.68%	-	-	18.92%
Aid rate (% of total damage)	-	-	-	-	2.5%	-	-	2.89%
Date of Grant Decision	rejected	rejected	rejected	rejected	8/12/10	rejected	rejected	13/012011
Date of Implementation Agreement	-	-	-	-	17/12/10	-	-	
Aid granted (EUR)	-	-	-	-	13 022 500	-	-	31 255 790

⁹ Further applications were received from CZ (August floods), DE (Sachsen floods), HR (Sept floods), SI (Sept floods) and HU (red sludge spill). These were only decided in 2011 and will be covered in the 2011 Annual Report.

Applicant Country	France	Slovakia	Poland	Czech Republic	Hungary	Croatia	Romania
Name and nature of disaster	Storm Xynthia	Flooding	Flooding	Flooding	Flooding	Flooding	Flooding
First damage date	27/02/10	09/05/10	14/05/10	18/05/10	15/05/10	31/05/10	23/06/10
Application date	07/05/10	16/07/10	23/07/10	23/07/10	24/07/10	9/08/10	31/08/10
Complete information available on	07/05/10	27/09/10	23/07/10	23/07/10	24/07/10	9/08/10	31/08/10
Major disaster threshold (m€)	3466.57	378.21	2124.92	824.03	590.71	275.8	787.94
Total direct damage (m€)	1425.43	561.13	2998.99	204.46	719.34	153.04	875.76
Category	regional	major	major	neighbouring	major	neighbouring	major
Damage/threshold	41.12%	148.37%	141.13%	24.81%	121.78%	55.49%	111.15%
Cost of eligible emergency operations (m€)	473.84	78.42	2195.66	136.95	194.2	11.67	715.03
Eligible cost/ total damage	33.24%	13.98%	73.21%	66.98%	27%	7.63%	81.65%
Aid/eligible cost	7.52%	26.05%	4.81%	3.73%	11.58%	32.78%	3.49%
Aid rate (% of total damage)	2.5%	3.64%	3.52%	2.5%	3.13%	2.5%	2.85%
Date of Grant Decision	14/01/11	2011	2011	2011	2011	2011	2011
Date of Implementation Agreement	10/02/11	2011	2011	2011	2011	2011	2011
Aid granted (EUR)	35 635 750	20 430 841	105 567 155	5 111 401	22 485 772	3 825 983	24 967 741

ANNEX 3: EU SOLIDARITY FUND APPLICATIONS SINCE 2002

Year	Country		Nature of the disaster	Damage (million €)	Category	Aid granted (million €)
2002	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
Total aid for 2002 applications						728
2003	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)	(major)	Rejected
	5	GR	Adverse winter weather	(not clear)	(major ?)	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 country	1.331
	9	MT	Flooding	30	major	0.961
	10	IT	Flooding (Friuli Venezia-Giulia)	(525)	(regional)	Rejected
Total aid for 2003 applications						107.081
2004	1	FR	Flooding (Rhône delta)	785	regional	19.625
	2	ES	Flooding (Malaga)	(73)	(regional)	Rejected
	3-9	ES	Forest fires (7 applications)	(480)	(regional)	all 7 rejected
	10	SK	Flooding	(29)	(regional)	Rejected
	11	SI	Earthquake	(13)	(regional)	withdrawn
Total aid for 2004 applications						19.625
2005	1	SK	Storm (Tatras)	203	major	5.668
	2	IT	Flooding (Sardinia)	(223, 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

Year	Country		Nature of the disaster	Damage (million €)	Category	Aid granted (million €)
2005	6	LT	Storm	15	neighbouring country	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 (Tyrol/Vorarlberg)	592	regional	14.799
Total aid for 2005 applications						204.905
2006	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
Total aid for 2006 applications						24.370
2007	1	DE	Storm "Kyrill"	4750	major	166.9
	2	FR	La Réunion, Cyclone "Gamede"	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	
Total aid for 2007 applications						445.380
2008	1	CY	Drought	165.4	major	7.605
	2	RO	Floods	471.4	regional	11.785
Total aid for 2008 applications						19.390

Year	Country		Nature of the disaster	Damage (million €)	Category	Aid granted (million €)
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
Total aid for 2009 applications						603.148
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	Pending on 31/12/2010
	12	RO	Flooding 10	875.75	major	24.968
	13	CZ	August Flooding 10	436.5	regional	Pending on 31/12/2010
	14	DE	Sachsen Flooding 10	937.7	regional	Pending on 31/12/2010
	15	HR	September Flooding 10	47	neighbouring	Pending on 31/12/2010
	16	SI	September Flooding 10	251.3	major	Pending on 31/12/2010
	17	HU	Red Sludge Spill 10	174.32	regional	Pending on 31/12/2010
Total aid for 2010 applications						262.303
Grand total of aid approved since 2002					EUR 2 414.200 million	