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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND
THE COUNCIL**

European Union Solidarity Fund Annual Report 2014

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1. INTRODUCTION

Council Regulation (EC) No 2012/2002 of 11 November 2002 establishing the EU Solidarity Fund¹ (hereinafter "the Regulation"), provides that a report on the activity of the Fund in the previous year shall be presented to the European Parliament and to the Council. The present report presents the activities of the EU Solidarity Fund (hereinafter "EUSF") during the year 2014: the treatment of new applications and the assessment of implementation reports with a view to preparing these for closure. It also addresses the Regulation amending the EUSF Regulation which was adopted in June 2014².

In the course of 2014, the Commission received **thirteen new applications** for EUSF assistance which is above the average in terms of the number of applications. In detail, these applications concerned the flash floods in Sardinia/Italy, the Cyclone Bejisa/France, the earthquake on the island of Kefalonia/Greece, the ice storm in Slovenia, the ice & floods disaster as well as the spring floods in Croatia, the severe winter in Romania, the floods in Serbia, the spring and summer floods in Romania, the spring and summer floods in Bulgaria and the autumn floods in Italy.

Seven of these applications were accepted by the Commission, two were rejected and for four applications assessments could only be completed in 2015³.

In financial terms, in the course of 2014, the Commission approved aid from the EUSF amounting to a total of EUR 126,725 million; details are described in chapter 3 "Financing".

In total EUR 400,806 million of aid could be paid out, namely for the flooding events in Germany, Austria, the Czech Republic of 2013, the drought and fire disaster in Romania and the flooding disaster in Croatia of 2012.

Annexes 1 to 4 present the applicable thresholds for mobilising the Fund for 2014, a summary of the applications received and a complete list of applications dealt with since 2002.

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

² Regulation (EU) No 661/2014 of the European Parliament and of the Council of 15 May 2014 amending Council Regulation (EC) No 2012/2002 establishing the European Union Solidarity Fund, OJ L 189 of 27.06.2014, p.143.

³ These applications were accepted in the spring of 2015 and will be reported on in more detail in the 2015 annual report.

2. NEW APPLICATIONS RECEIVED IN 2014

In 2014, the Commission received thirteen new applications. Since the entry into force of the revised EUSF Regulation in June 2014, assessments of six applications received prior this date were carried out under the former EUSF Regulation. Applications received after June 2014 were assessed according to the provisions of the revised EUSF Regulation. The most important information on these new applications is summarised below.

Applications received prior to June 2014 (former EUSF Regulation):

ITALY – Floods in Sardinia

On 18 and 19 November 2013, wider parts of Sardinia were affected by extreme rainfall. As a result of the vast amount of rain falling in a short period of time many rivers burst their banks causing floods and landslides. Serious damage occurred to residential homes, businesses and agriculture and the disruption of major and local transport links and essential public infrastructure networks. Italy reported 16 casualties, over 1 700 displaced people and one missing person. The Copernicus Emergency Management service was activated.

On 24 January 2014 the Commission received an application for a financial contribution from the EUSF within the 10-weeks deadline. The Italian authorities estimated total direct damage at EUR 652,419 million. This amount represented 17,4% of the major disaster threshold of EUR 3,752 billion applicable to Italy in 2014 for mobilising the EUSF (i.e. EUR 3 billion in 2002 prices). Italy provided a detailed breakdown of damage whereby the biggest shares related to damage in the field of road and transport infrastructure of EUR 156,522 million, to damage in the field of hydraulic and water networks of EUR 224,621 million and to public buildings of EUR 40,567 million. The total amount for private damage amounted to EUR 38,328 million.

As the total damage was below the major disaster threshold the disaster did not qualify as a "major natural disaster", however, it did qualify as an extraordinary regional disaster and was accepted by the Commission on 27 August 2014. The lengthy negotiations with Council and the European Parliament on the corresponding Amending Budget were completed only on 17 December 2014 which made it necessary to carry-over the budget appropriations to 2015 amounting to EUR 16 310 467 (cf. Chapter 3). The EUSF contribution was paid out on 7 April 2015.

FRANCE - Cyclone Bejisa (La Réunion)

In early January 2014, tropical cyclone "Bejisa" hit the island of La Réunion causing damage to essential infrastructure and different sectors of the economy.

France submitted an application for a financial contribution from the EUSF on 11 March 2014, within the deadline of 10-weeks after the first damage was recorded on 2 January 2014.

The French authorities estimated total direct damage at EUR 114,800 million. This amount represented 3,1% of the major disaster threshold of EUR 3,752 billion applicable to France in 2014 for mobilising the EUSF (i.e. EUR 3 billion in 2002

prices). The biggest shares of damage related to damage in the agricultural sector of EUR 49 million, to private households of EUR 35 million and to public damage of EUR 19 million. As total direct damage remained below the major disaster threshold for activating the EUSF the application was examined on the basis of the criteria for "extraordinary regional disasters" as laid down in the Regulation setting out the conditions for mobilising the EUSF "under exceptional circumstances". The Commission's assessment however concluded that France's application did not meet the exceptional criteria for a regional disaster as stipulated in the Regulation as it provided no evidence for serious and lasting repercussions on the living conditions of the population and on the economic stability of the affected region. On 27 August 2014, the Commission decided to reject the application as it could not be considered to be extraordinary within the meaning of the Regulation. The French authorities were informed accordingly.

GREECE – earthquakes at Kefalonia

On 26 January 2014, a heavy earthquake with a magnitude of 5,8 on the Richter scale occurred 6,7 km northeast of Argostolion on the island of Kefalonia which was felt on the neighbouring areas of the Ionian Islands throughout the entire territory of Greece. Dozens of severe aftershocks followed. The earthquakes had significant consequences on the social and economic structure of affected area, especially on the island of Kefalonia, as well as on the environment and infrastructure.

The Commission received Greece's application on 28 March 2014 within the deadline of 10-weeks after the first damage was recorded on 26 January 2014.

The Greek authorities estimated the total direct damage at EUR 147,333 million. This amount represented 12,61% of the major disaster threshold of EUR 1,168 billion applicable for Greece in 2014 for mobilising the EUSF (i.e. 0,6% of GNI based on 2012 data). The biggest costs related to damage affecting the road network amounting to EUR 50 million.

The Greek authorities submitted the application on the basis of the criteria for "extraordinary regional disasters" as laid down in the Regulation setting out the conditions for mobilising the EUSF "under exceptional circumstances". On 27 August 2014, the Commission came to the conclusion that this disaster did qualify as an extraordinary regional disaster, meeting the criteria, and proposed the mobilisation of the Fund. The financial contribution amounting to EUR 3 683 320 was paid out on 8 April 2015.

SLOVENIA – ice storm

At the end of January 2014, some of the worst winter blizzards for decades hit parts of Europe, affecting several countries including Slovenia, Croatia, Serbia, Romania and Bulgaria. In the case of Slovenia, almost half of the Alpine nation's forests had been damaged by ice-rain, while one in four homes was left without power, with heavy snow bringing down electricity lines and trees. Shortly after the ice storm, parts of Slovenia were battling with rising flood waters.

The application from Slovenia was received at the Commission on 4 April 2014, within the 10-weeks deadline after the first damage was recorded on 30 January 2014.

The Slovene authorities estimated the total direct damage caused by the ice disaster at EUR 428,734 million. This amount represented 1,23% of Slovenia's GNI and exceeded by far the threshold for mobilising the EUSF of EUR 209,587 million applicable to Slovenia in 2014 (i.e. 0,6% of GNI based on 2012 data). The disaster qualified as a “major natural disaster” and on 27 August 2014 the Commission accepted the application from Slovenia. The financial contribution amounting to EUR 18 388 478 was paid out on 8 April 2015.

CROATIA – ice and floods

The same weather phenomenon which led Slovenia to apply for EUSF aid also affected Croatia at the beginning of February 2014. Particularly, the northwest regions and part of the northern Adriatic were affected. In addition, as of 12 February, the melting ice and snow resulted in flooding which caused additional damage to important public basic infrastructures and private and public property.

Subsequently, Croatia decided to submit an application for a financial contribution from the EUSF. The Commission received the application dossier on 9 April 2014, within the deadline of 10-weeks after the first damage was recorded on 31 January 2014.

The Croatian authorities estimated the total direct damage caused by the disaster at EUR 291,905 million. This amount represented 0,69% of Croatia's GNI and thus exceeded the “major disaster” threshold for mobilising the EUSF of EUR 254,229 million applicable to Croatia in 2014 (i.e. 0,6% of GNI based on 2012 data). As the estimated total direct damage exceeded the major disaster threshold the disaster qualified as a “major natural disaster” and the Commission accepted the application on 27 August 2014. The financial contribution amounting to EUR 8 616 263 was paid out on 8 April 2015.

ROMANIA – extreme winter conditions

In late January and early February 2014, Romania, especially its South-Eastern parts faced severe winter conditions with snow, ice and low temperatures causing damage to the road network, agriculture and public and private assets.

Romania decided to apply for EUSF aid and submitted its application on 4 April 2014, within the deadline of 10-weeks after the first damage was recorded on 24 January 2014.

The Romanian authorities estimated the total direct damage at EUR 327,897 million. This damage amount however contained a very important share of indirect damage which was excluded from the estimated total direct damage. Thus, the revised amount of total direct damage was EUR 27,897 million representing 3,6% of the major disaster threshold for mobilising the EUSF applicable to Romania in 2014 of EUR 783,738 million (i.e. 0,6% of GNI based on 2012 data). As the accepted total direct damage remained below the major disaster threshold for activating the EUSF the application was examined on the basis of the criteria for “extraordinary regional disasters” as laid down in the Regulation. The Commission however came to the conclusion that the application from Romania could not be considered to be extraordinary within the meaning of the Regulation and rejected the application on 27 August 2014. The Romanian authorities were informed accordingly.

Applications received after June 2014 (current EUSF Regulation):

SERBIA - flooding

During May 2014 severe weather hit major parts of Serbia leading to some of the worst floods in living memory causing massive destruction of public and private infrastructure, as well as damaging hundreds of thousands of households. As accession negotiations with Serbia had officially been opened prior to the floods, Serbia qualified as an eligible State within the meaning of Article (2)1 of the Regulation. Serbia submitted its application for a financial contribution from the EUSF to the Commission on 30 July 2014, within the deadline of 12-weeks after the first damage was recorded on 14 May 2014. Updated information was provided on 18 August 2014.

The Serbian authorities estimated the total direct damage caused by the disaster at EUR 1 106 million, an amount based on the results of the Recovery Needs Assessment carried out with the participation of the EU and international organisations in the immediate aftermath of the disaster. It represented 3,80% of Serbia's gross national income (GNI). It exceeded more than six times the threshold for mobilising the EUSF of EUR 174,649 million applicable to Serbia in 2014 (i.e. 0,6% of GNI based on 2012 data). As the estimated total direct damage exceeded the threshold the disaster qualified as a "major natural disaster" and the Commission accepted the application from Serbia on 10 October 2014. The financial contribution amounting to EUR 60 224 605 was paid out on 14 April 2015.

CROATIA - flooding

The same flooding disaster which led Serbia to apply for EUSF aid also seriously affected Croatia, albeit to a lesser degree. The Copernicus Emergency Management service was activated. On 31 July 2014 Croatia submitted its application, well within the deadline of 12-weeks after the first damage was recorded on 17 May 2014.

The Croatian authorities estimated the total direct damage caused by the disaster at EUR 297,629 million, representing 0,70% of Croatia's GNI and 117% of the threshold for mobilising the EUSF of EUR 254,229 million applicable to Croatia in 2014 (i.e. 0,6% of GNI based on 2012 data). Like the disaster in Serbia, the disaster in Croatia qualified as a "major natural disaster". On 10 October 2014, the Commission accepted the application from Croatia and proposed the mobilisation of the Fund. The financial contribution amounting to EUR 8 959 725 was paid out on 8 April 2015.

BULGARIA – spring flooding

A few weeks later, in mid-June 2014 and particularly in the period of 17-20 June, intense and heavy rainfall exceeding up to 4 times the monthly climatic norms affected parts of Bulgaria leading to serious flooding and disruption.

On 25 August 2014 the Commission received Bulgaria's application, within the deadline of 12-weeks after the first damage was recorded on 19 June 2014. On 12 September 2014 the Bulgarian authorities submitted updated information.

The accepted estimated total direct damage caused by the disaster amounted to EUR 311,328 million. This amount represented 0,80% of Bulgaria's GNI and 134%

of the threshold for mobilising the EUSF of EUR 232,502 million applicable to Bulgaria in 2014 (i.e. 0,6% of GNI based on 2012 data). The disaster qualified as a “major natural disaster” and the Commission decided on 10 October 2014 to mobilise the Fund. The financial contribution amounting to EUR 10 542 110 was paid out on 8 April 2015.

Assessments of the four applications received in 2014 from Romania (spring and summer flooding), from Bulgaria (summer flooding) and from Italy (autumn flooding) could only be completed in 2015 and will be reported in more detail in the 2015 annual report.

3. FINANCING

In 2014, financial contributions from the Fund were approved by the budgetary authority for seven cases concerning applications received in 2014.

The corresponding Preliminary Draft Amending Budget No 4 for the year 2014 covered four EUSF applications and was completed on 17 December 2014⁴.

The corresponding Preliminary Draft Amending Budget No 6 for the year 2014 covered three EUSF applications and was also completed on 17 December 2014⁵.

In addition, on 17 December 2014, the EUSF was mobilised to provide the sum of EUR 50 000 000 in commitment and payment appropriations for the payment of advances (only for MS and as of 2015).

Following the carry-over procedure of the budget appropriations of 2014 to 2015 and the adoption of the awarding decisions per beneficiary State, payments for all seven cases were executed in March and April 2015.

Solidarity Fund financial contribution – budget approved in 2014			
Beneficiary State	Disaster	Category	Amount (EUR)
Italy	Sardinia floods	regional	16 310 467
Greece	Earthquake in Greece (Kefalonia)	regional	3 683 320
Slovenia	Ice storms	major	18 388 478
Croatia	Ice and floods	major	8 616 263
Serbia	Floods	major	60 224 605
Croatia	Spring floods	major	8 959 725
Bulgaria	Spring floods	major	10 542 110
TOTAL			126 724 968

⁴ Amending Budget (AB) No 4 for the year 2014 covers the mobilisation of the EU Solidarity Fund for an amount of EUR 47,0 million in commitment appropriations. The mobilisation relates to floods in Italy (Sardinia) during November 2013, an earthquake in Greece (Kefalonia), ice storms in Slovenia, and the same ice storms, followed by ice and floods in Croatia, at end January / beginning February 2014. OJ L 73 of 17/03/2015.

⁵ Amending Budget (AB) No 6 for the year 2014 covers the mobilisation of the EU Solidarity Fund for an amount of EUR 79,7 million in commitment appropriations. The mobilisation relates to floods in Serbia and Croatia in May 2014 and to floods in Bulgaria in June 2014. OJ L 73 of 17/03/2015.

4. MONITORING

During 2014 the Commission carried out monitoring visits to three beneficiary States in order to discuss the implementation systems put in place and to reply to specific questions raised by the implementing authorities:

- to Vienna (**Austria**) on 12 June 2014 to discuss two cases relating to the EUR 240 000 financial contribution received following the floods of Lavamünd of November 2012 and the EUR 21,662 million financial contribution received for the floods of May 2013 (both neighbouring country disasters).
- to Berlin (**Germany**) on 23 June 2014 relating to the EUR 360,454 million financial contribution received following the flooding events of May 2013.
- to Prague (**Czech Republic**) on 9 October 2014 following the EUR 15,928 million financial contribution received following the flooding events of June 2013.

All three visits gave reasonable assurance that the relevant authorities were carrying out the implementation and controls in a transparent and correct manner, and in respect of the rules imposed by the EUSF Regulation, the respective grant decisions and implementation agreements. Upon receipt of the final reports the Commission will conduct further analyses and take appropriate measures as appropriate.

5. CLOSURES

Before the revision of the EUSF Regulation, Article 8(2) laid down that no later than six months after the expiry of the one-year period from the date of disbursement of the financial contribution, the beneficiary State shall present a report on the financial execution of the financial contribution (“implementation report”) with a statement justifying the expenditure (“validity statement”). At the end of this procedure, the Commission shall close the assistance from the Fund.

Accordingly, in the course of 2014, four files were closed:

- (1) **Romania, summer flooding of 2005**: the financial contribution from the Fund amounted to EUR 52,408 million. On 4 March 2008 Romania presented its implementation report. The intervention could however only be closed once the audit investigation carried out by the European Anti-Fraud Office (OLAF) in cooperation with the Romanian anti-fraud office was completed. As a consequence, ineligible expenditure amounting to EUR 634 697 were recovered from Romania. The case was closed on 31 January 2014.
- (2) **Greece, forest fires of 2007**: the financial contribution from the Fund amounted to EUR 89,769 million. The implementation report from Greece was received in April 2010. Following an internal audit by the Greek authorities, the ineligible expenditure amount declared amounted to EUR 9 247 866. In addition, the Commission's assessment showed that further information regarding the statement of validity needed to be requested from Greece. Following this, the Commission initiated the recovery procedure and Greece paid back the amount of EUR 9 250 528 (including interest). The case was closed.

- (3) **Portugal, mud- and landslides of 2010:** the financial contribution from the Fund amounted to EUR 31,256 million. The implementation report from Portugal was received at the Commission in October 2012. Additional information from Portugal needed to be requested and Portugal sent its replies in September 2013 allowing resolving all open issues relating the statement of validity. The case was closed in May 2014.
- (4) **Croatia, spring flooding of 2010:** the financial contribution amounted to EUR 3,826 million. The implementation report was received by the Commission in March 2013. Following the audit by the Commission which was positive, the Commission closed the intervention in December 2014.

In 2014, the Commission also received three new implementation reports for cases relating to events of 2011 and 2012: from Spain relating to the Lorca earthquake of 2011; two from Italy relating to the flooding affecting Liguria & Tuscany of 2011 and the Emilia-Romagna earthquake of 2012. At the end of the period covered by this annual report the assessment of these implementation reports was still on-going.

6. REGULATION AMENDING COUNCIL REGULATION (EC) No 2012/2002 ESTABLISHING THE EUROPEAN UNION SOLIDARITY FUND

In mid-2013, the Commission presented a legislative proposal to amend the EUSF Regulation⁶. This proposal included in particular elements geared towards making the Fund more responsive and simpler to use with clearer criteria as to who can benefit, simplifying the existing rules so that aid can be paid out more rapidly than before, introducing the possibility of advance payments, spelling out more clearly who and what will be eligible, particularly for regional disasters, and focusing on disaster prevention and risk management strategies for Member States, including the full implementation of relevant Union legislation on disaster risk prevention and management and the use of available Union funding for relevant investments.

Deliberations of the proposal began at the end of November 2013 in the European Parliament and in the Council under the Lithuanian Presidency in December. Negotiations were concluded under Greek Presidency in 2014. Regulation (EU) No 661/2014 of the European Parliament and of the Council of 15 May 2014 amending Council Regulation (EC) No 2012/2002 establishing the European Union Solidarity Fund⁷ entered into force on 28 June 2014.

The main results are: a clear definition of the area of intervention limiting it to natural disasters only with a new provision on drought; the extension of the application deadline from 10 to 12 weeks; the extension of the implementation period from 12 to 18 months, clear rules for regional disasters with direct damage exceeding 1,5% of regional GDP (at NUTS2 level). For outermost regions the threshold is 1% of regional GDP.

As of 2015, Member States now have the possibility to request an advance payment of 10% of the likely amount of aid (capped at EUR 30 million).

⁶ COM(2013)522 of 25 July 2013.

⁷ OJ L 189 of 27.06.2014, p.143.

With shortened administrative procedures by merging the 'grant decision' and 'implementing agreement' into one single act financial contributions from the Fund can be paid out quicker.

New provisions were introduced focusing on the implementation of EU legislation on risk prevention and management to encourage Member States to make efforts to prevent natural disasters from occurring and mitigate their effects.