

EU SOLIDARITY FUND: DETERMINATION AID AMOUNTS

The determination of aid amounts is based on total direct damage in relation to the relative wealth of the affected State as reflected by the **threshold**. The threshold is the level of damage defined by the Regulation to trigger the intervention of the Fund for major disasters and is specific to each eligible State, i.e. 0.6% of the State's Gross National Income (GNI) or EUR 3 billion in 2011 prices, whereby the lower amount is applied.

Major disasters

Accordingly, for major disasters, a progressive system in two steps is applied whereby a country affected by a disaster receives a lower rate of aid of 2.5% for the part of total direct damage below the "major disaster" threshold and a higher share of aid of 6% for the part of the damage exceeding the threshold. The two amounts are added up.

This method ensures that the relative capacity of a State to deal itself with a disaster is taken into account. It also ensures that for the same amount of damage relatively poorer countries receive more aid in absolute terms than richer ones.

Regional disasters and "neighbouring country" disasters

For regional disasters and for countries applying for aid under the "neighbouring country" provision pursuant to Article 2(4) of the Regulation (as amended) the same method is applied, meaning consequently that countries affected by those disasters, which by definition remain below the major disaster threshold, receive 2.5 % of total direct damage in aid.

Available budget and capping

In order to take account of the lowered annual allocation of the Fund introduced with the 2014-2020 Financial Framework (EUR 500 million in 2011 prices plus any remainder of the preceding year compared with EUR 1 billion during 2002-2013) and to avoid early depletion of the Fund a capping system is introduced: the maximum aid amount for a given disaster may not exceed two thirds of the annual allocation of the Fund in a given year. Moreover, for a disaster accepted on the basis of the "neighbouring country" provision the aid amount may not exceed the amount of the aid for the country where the corresponding "major disaster" originated.

In any event, the amount of aid may not exceed the cost of emergency and recovery operations in principle eligible for a contribution from the Fund pursuant to Article 3(2) of the Regulation (as amended).

Any amount of financial aid proposed by the Commission according to the method described above needs to be approved by the European Parliament and the Council (adoption of an amending budget) before it can be paid out.

Examples (fictive, simplified)

								<i>(Million EUR)</i>
Disaster	Direct damage	Major disaster threshold 2014	Total cost of eligible operations	2,5% of direct damage below threshold	6% of direct damage above threshold	Max Annual allocation 2014	Capping (in 2014 at 354 m€)	Total amount of aid proposed
Poland, (major disaster)	3500	2191	970	54.775	78.54	531	no	133.315
Austria (regional disaster)	850	1830	245	21.250	0	531	no	21.250
Italy (major disaster)	8730	3184	1876	79.600	332.760	531	yes	354.000