SOLIDARITY FUND

EUROPEAN UNION SOLIDARITY FUND

What is the EUSF?

The European Union Solidarity Fund (EUSF), created in 2002, is activated upon the request of an eligible Member State when major or regional natural disasters eligible for aid from the fund occur, such as earthquakes, floods, droughts, forest fires or storms. Eligibility is essentially determined by total direct damage, which must exceed a threshold specific to each Member State or country negotiating their accession to the EU. It is set at the national level (major disasters) or at common classification of territorial units for statistics level 2 (regional disasters). The number and size of eligible disasters determine the amount of spending in a given year. The total annual budgetary allocation to the fund laid down in the multiannual financial framework is a ceiling, rather than a spending target. The fund is therefore not programmable as it entirely depends on the unpredictable occurrence, nature and magnitude of such disasters.

The Commission may not activate the EUSF upon its own initiative. Financial assistance from the fund is mobilised from appropriations raised by the European Parliament and the Council over and above the normal EU budget appropriations. This ensures that in each case the aid comes as an expression of solidarity with the full backing of the Member States and the Parliament, and not just as an administrative act of the Commission.

The fund can be used to (re)finance public emergency and recovery operations from day one of the disaster, such as restoring basic infrastructure to working order, providing temporary accommodation and funding rescue services to help the affected population, securing preventive infrastructure (e.g. dams/dykes) and organising clean-up operations. In order to minimise the administrative burden on countries struggling with a serious disaster and to maximise the budgetary effect, there are no programming and no national co-financing requirements. In April 2020 – in response to the coronavirus pandemic – the thematic scope of the fund was extended to major public health emergencies.

Why is it necessary?

Solidarity is one of the core values of the EU and a guiding principle of the European integration process. The fund is a concrete demonstration of solidarity between Member States in times of acute need caused by the occurrence of a severe natural disaster or health crisis by providing financial assistance to Member States and countries negotiating their accession to the EU.

Outlook for the 2021-2027 period

The multiannual financial framework regulation for 2021-2027 has merged the EUSF and the Emergency Aid Reserve. The maximum annual amount for the Solidarity and Emergency Aid Reserve is EUR 1.2 billion (2018 prices). In order to avoid early depletion of the annual allocation, 25% of the total 2021 allocation for the Solidarity and Emergency Aid Reserve (EUR 318.4 million) needs to be retained until 1 October 2021, and no transfer of unused funds can be conducted between the different components of the Solidarity and Emergency Aid Reserve prior to 1 September. In addition, until September 2021, the amount available is 50% of the total allocation until 1 September 2021, i.e., EUR 477.5 million.

Budget implementation (in million EUR)

<table>
<thead>
<tr>
<th>EXECUTED COMMITMENTS</th>
<th>EXECUTED PAYMENTS</th>
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<tbody>
<tr>
<td>151.9</td>
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Footnote:

(12) The EUSF can be activated in case of need and as such is not predictable and programmable. The instrument has a ceiling of EUR 500 million (2011 prices) per year, of which unused parts can be carried over to the following year under specific conditions.
Where are we in the implementation?

- The contribution from the EUSF depends on the scale of the disaster: 2.5% is allocated for the total direct damage up to the ‘major disaster’ threshold, and 6% for the damage exceeding the threshold. Accordingly, for regional disasters and disasters accepted under the ‘neighbouring country’ provision, the fund’s contribution is 2.5% of total direct damage.

- The EUSF is activated at the request of an eligible state when major or regional natural disasters eligible for EUSF aid occur, such as earthquakes, floods, droughts, forest fires, storms, etc. Eligibility is essentially determined by the total direct damage, which must exceed a threshold specific to each Member State/country negotiating EU accession or region at common classification of territorial units for statistics level 2. The number and size of eligible disasters determines the amount of spending in a given year. The total annual budgetary allocation to the fund that is laid down in the multiannual financial framework is a ceiling rather than a spending target. The EUSF is therefore not programmable, as it entirely depends on the unpredictable occurrence, nature and magnitude of such disasters.

- As part of the coronavirus response investment initiative, Regulation (EU) 2020/461 of the European Parliament and of the Council of 30 March 2020 amended the EUSF regulation (Regulation (EC) No 2012/2002) by including major public health emergencies within the scope of the EUSF. Since 1 April 2020, EU Member States and accession countries have also been able to apply for support from the EU Solidarity Fund for public health emergency reasons, to alleviate the burden from first-response measures such as providing medical assistance and purchasing medical equipment, supporting vulnerable groups, containing the spread of the disease, strengthening preparedness, etc.

- Regulation (EU) 2020/461 increased the percentage of advance payments from 10% to a maximum of 25% of the anticipated financial contribution from the EUSF, limited to a maximum amount of EUR 100 million (a rise from the previous EUR 30 million).

Performance assessment

- An in-depth ex post evaluation of the EUSF was completed in May 2019 with the adoption of a staff working document (SWD(2019) 187). The purpose was to assess the implementation and performance of the financial assistance provided by the fund over the 2002-2016 period. The evaluation confirmed the effectiveness of the fund and the positive effects of synergies between it and other EU policy instruments for disaster risk management. It further concluded that the fund brings clear EU added value as a toolkit for disaster intervention and that consideration should be given to policy actions that increase the potential for the fund to intervene.

- In 2019 the Commission received four natural disaster applications, from Austria regarding extreme weather conditions in 2018; Greece regarding the storm in Crete early 2019; Portugal regarding hurricane Lorenzo in the Azores in 2019; and Spain regarding the extreme weather related to the phenomenon of isolated depression at high levels. EUR 78 million was paid out in total for applications received in 2019.

- In 2020 the Commission received nine natural disaster applications, from Italy regarding extreme weather damage culminating in the flooding of Venice in late 2019; Austria following the extreme weather events of November 2019; Spain following the damage caused by storm Gloria in January 2020; Croatia following the devastating earthquake that hit the city of Zagreb and the surrounding area on 22 March 2020; Poland regarding the floods in Podkarpackie province in June 2020; Greece regarding the floods in the region of Sterea Ellada in August 2020; Greece relating to the damage caused by Mediterranean cyclone Ianos in September 2020; France relating to the damage caused by storm Alex in October 2020; and Italy relating to the damage caused by storm Alex in the Piedmont, Liguria and Valle d’Aosta regions in October 2020.

- The application from Spain and the second application from Italy did not meet the damage or national and regional disaster thresholds, and were rejected. The Commission has started to assess the two applications from Greece and the applications from France and Italy (all received in the last months of 2020), and decisions regarding possible EUSF assistance will be taken in 2021. EUR 905 million has already been paid out for applications received after natural disasters in 2020.

- By the deadline of 24 June 2020 the Commission had received 22 applications for a financial contribution from the EUSF to combat the effects of the COVID-19 pandemic. Overall, 19 EU Member States (Belgium, Czechia, Germany, Estonia, Ireland, Greece, Spain, France, Croatia, Italy, Latvia, Lithuania, Luxembourg, Hungary, Austria, Poland, Portugal, Romania and Slovenia) and three accession countries (Albania, Montenegro and Serbia) requested assistance in response to the major public health emergency.

- In 2020, based on its preliminary assessment, the Commission provided EUR 135 million in advance payments to Germany, Ireland, Greece, Spain, Croatia, Hungary and Portugal. These seven Member States were the only ones to make specific request and entitled to receive advance payments.

- The Commission looked thoroughly into several aspects, such as the consistency of the overall assessment, the eligibility of the expenditure (including analysing whether the expenditure presented covered eligible operations and fell within the eligibility period), the emergency nature of expenditure and whether there was a direct link to the COVID-19 health emergency. The Commission is currently finalising the assessment, following a series of exchanges with the national authorities responsible to clarify issues regarding the eligibility of certain types of declared expenditure. The Commission intends to submit a proposal for financial contribution to the European Parliament and the Council in the first quarter of 2021, mobilising the resources available while ensuring a fair distribution among the applicant countries.

Concrete examples of achievements

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<tr>
<th>EUR 970 million</th>
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<td>was awarded from the EUSF and paid out to six affected applicant states relating to natural disasters that occurred in 2019 and 2020.</td>
<td>new EUSF applications were received in 2020, consisting of nine natural disaster applications and 22 major public health emergency applications.</td>
<td>applications relating to natural disasters were assessed in 2020, and assistance from the EUSF was awarded.</td>
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