

EU SOLIDARITY FUND: DETERMINATION OF AID AMOUNTS

The amount of aid of the EU Solidarity Fund (EUSF) for a given disaster is determined on the basis of total direct damage caused by that disaster in relation to the relative wealth of the affected State as reflected by the threshold¹. The threshold is the level of total direct damage defined by the Regulation that must be exceeded to trigger the intervention of the Fund for "major disasters" and is specific to each eligible State. It is defined as damage in excess of either 0.6 % of the affected 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 major disaster receives a lower rate of aid of 2.5 % of total direct damage for the part of damage below the 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 disasters falling 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 a disaster falling under those categories, which by definition cause damage below the major disaster threshold, receive aid amounting to 2.5 % of total direct damage.

The aid amount for disasters accepted on the basis of the "neighbouring country" provision may not exceed the amount of the aid for the country where the corresponding "major disaster" originated.

In any event and for all categories of disaster, 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.

Available budget

Under the 2014-2020 multiannual financial framework the maximum annual allocation available to the Fund is EUR 500 million in 2011 prices:

EUSF maximum available allocation 2014-2020 (EUR 500 million in 2011 prices)									
Fixed annual deflator for 2011 to 2020 of 2 %									
Year	2011	...	2014	2015	2016	2017	2018	2019	2020
Annual allocation m€	500.0	...	530.6	541.2	552.0	563.1	574.3	585.8	597.5

In addition to the annual allocation any unspent amount of the preceding year is carried forward for one year. It may not be carried forward a second time.

25 % of the annual allocation must be retained until 1 October of that year in order to avoid early depletion of the Solidarity Fund.

The mobilisation of the Solidarity Fund for a given disaster and the 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 (through the adoption of an amending budget) before it can be officially awarded to the affected country and be paid out.

¹ http://ec.europa.eu/regional_policy/index.cfm/en/funding/solidarity-fund/#1

Examples of aid amounts (fictive, simplified)

(million EUR)

Disaster	Direct damage	Major disaster threshold 2018	Total cost of eligible operations	2.5 % of direct damage below major disaster threshold	6 % of direct damage above major disaster threshold	Total amount of aid proposed
Poland, major disaster	3 500	2 466	970	61.650	62.040	123.690
Austria, regional disaster	850	(2 119) not relevant	245	21.250	~	21.250
Italy, major disaster	8 730	3 446	1 876	86.150	317.040	403.190