

The European Union Solidarity Fund (EUSF)

1. Background:

The EUSF was created in response to the severe floods in Central Europe in the summer of 2002. The EUSF regulation¹ entered into force on 15 November 2002. EU Member States and countries negotiating accession to the Union (currently Turkey and Croatia) can request financial aid in the event of a **major natural disaster**.

2. Overview:

The EUSF is a relatively straightforward instrument in administrative terms. Its principle characteristics are as follows:

- In the event of a '**major disaster**', there is only one single eligibility criterion - damage in excess of a **threshold**, specific for each country.
- The EUSF can also intervene exceptionally for smaller, so-called '**extraordinary regional disasters**' where the majority of the population of a region is affected, and if it is deemed that the disaster will have serious and lasting effects on its economic stability and living conditions.
- Exceptionally again, the EUSF may also intervene in a Member State or country negotiating accession to the EU, that is affected by the same major disaster as another eligible state. In this case no specific criteria apply.
- The grant is paid upfront as a single instalment. There is no programming, nor co-financing, requirement.
- As the EUSF financing is **outside the normal EU budget** i.e. from additional resources over and above the normal EU budget, the Commission cannot decide on financial assistance alone. It has to make a proposal to the budgetary authority (Council and European Parliament) in order to mobilise the Fund. The aid can only be paid once the money has been made available following a budgetary procedure.
- The EUSF is **very efficient as a refinancing instrument** for emergency operations following a disaster. Once the grant is paid out, it can re-finance certain types of emergency measures from **day one** of the disaster.
- The instrument is **sometimes misunderstood as a rapid response instrument** for which it was not conceived.

¹ Council Regulation (EC) N° 2012/2002 of 11 November 2002 establishing the European Union Solidarity Fund

3. What is the threshold for assistance?

The EUSF provides emergency aid in the event of a major natural disaster, i.e. if direct damage exceeds € 3 billion at 2002 prices (in 2010 this amounts to roughly € 3.4 billion) or 0.6% of the gross national income of the affected country, whichever is the lower. Exceptionally, the EUSF can be mobilised even if the threshold is not met for: (i) a neighbouring State that is affected by the same major disaster as an eligible state; or, (ii) extraordinary regional disasters affecting the majority of the population of the region concerned and having serious and lasting effects on its economic stability and living conditions.

4. What measures can be financed by the EUSF?

In principle, payments from the Fund are limited to finance emergency operations undertaken by the public authorities to alleviate non-insurable damages (such as rescue services, restoring essential infrastructure, providing temporary accommodation, clean-up operations of disaster-stricken areas, protecting cultural heritage assets from further damage etc). Damage to private property and income losses, including in agriculture, are not covered.

5. What is the annual budget?

The EUSF has an annual budget € 1 billion. However, the actual amount mobilised varies from year to year, depending on the occurrence of disasters (to date varying between EUR 728 million mobilised in 2002 and EUR 19 million in 2008). The amount available annually for extraordinary regional disasters is limited to 7.5% of the EUSF's annual budget (€ 75 million).

7. How is the amount of aid calculated?

A country affected by a disaster receives a lower rate of aid of 2.5% for the part of the damage below the threshold of 0.6% of GNI or € 3.4 billion and a higher share of aid of 6% for the part of the damage exceeding the threshold. This ensures that for the same amount of damage relatively poorer countries would receive more aid in absolute terms than richer ones.

8. What is the procedure for submitting an application?

The national authorities of the affected country may submit an application to the Commission no later than 10 weeks after the occurrence of the first damage (the Commission cannot take the initiative). The Commission then assesses the application and decides whether to activate the EUSF together with the amount of any aid considered appropriate and proposes its mobilisation to the budgetary authority. The aid is paid in a single instalment after the signing of an implementation agreement with beneficiary State. Once the aid has been paid out, it can be used to re-finance emergency measures back-dated to day one of the disaster.

9. How many applications have been received to date?

(State of play in February 2010): Since 2002, the Commission has received 69 applications for financial assistance from the Fund of which 33, mostly for major disasters, led to the granting of financial support totalling more than € 2.15 billion.

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