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**European Union Solidarity Fund
Annual report 2009**

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1. INTRODUCTION

The European Union Solidarity Fund (EUSF) was set up on 15 November 2002. Article 12 of Council Regulation (EC) No 2012/2002 of 11 November 2002 establishing the European Union Solidarity Fund (hereinafter - the "Solidarity Fund Regulation") provides that a report on the activity of the Fund in the previous year be presented to the European Parliament and to the Council. The present report presents the activities of the Fund in 2009 covering, as in previous reports, the treatment of pending and new applications and the assessment of implementation reports with a view to preparing these for closure.

In terms of the number of applications 2009 was one of the "quieter" years for the EU Solidarity Fund (EUSF). In all, only six applications for EUSF aid were made in the course of the year while in some previous years up to 19 applications had been presented. Four of the 2009 applications – relating to forest fires in the Attica region of Greece, to storms in Cyprus, to floods on the Greek island of Evia, and to mudslides in Sicily – were presented during the months of November and December so that their assessment could only be completed during 2010. These disasters were relatively small and assessed as not to be meeting the criteria for activating the Fund.¹

However, in terms of damage caused and aid paid out 2009 was quite extraordinary. The L'Aquila earthquake in the Italian Abruzzo region was in fact the biggest disaster since the creation of the Fund and subsequently lead to the highest grant ever, amounting to almost half a billion Euros. Storm Klaus in south-western France was another major disaster with damage considerably above the average.

2. PENDING APPLICATIONS FROM 2008 AND NEW APPLICATIONS RECEIVED IN 2009

Cyprus (drought)

In 2008, Cyprus had been suffering from a shortfall of rain that led to serious effects on living conditions, the economy and the natural environment. The Cypriot authorities submitted an application for EUSF assistance on 1 July 2008, which was completed by additional information on 16 October 2008. This was the first application for Solidarity Fund aid relating to drought. The Solidarity Fund Regulation requires an application to be made no later than ten weeks after the first damage caused by the disaster which in the event of a slowly unfolding disaster such as drought meets with an objective difficulty. However, in the case of Cyprus, against the background of the three-year period of unusually low rains, the absence of the rainfall reached its peak at the end of the rainy season, in April 2008. The Commission, therefore, considered that 22 April 2008, could be accepted as starting date of the major disaster. As a consequence, the application presented to the Commission on 1 July 2008 respected the time-limits laid down in Article 4(1).

¹ Details on the assessment of these applications will be presented in the annual report for 2010.

The Cypriot authorities estimated the total direct damage, incurred after 22 April 2008, at EUR 176.15 million. As this amount exceeded the threshold of EUR 84.673 million (i.e. 0,6 % of GNI) applicable for Cyprus, the drought qualified as a “major natural disaster which affected the complete territory of the country. On 24 October 2008, the Commission proposed to mobilise financial assistance of EUR 7.605 million. Following the budget procedure in the Council and the Parliament and the conclusion of an agreement for the implementation of the grant between the Commission and the Cypriot authorities, the grant was paid to Cyprus on 9 October 2009.

Romania (floods)

In July 2008 a fairly extensive part of Romania was affected by heavy rain, leading to severe flooding and landslides. The Romanian authorities applied for EUSF assistance on 1 October 2008. Total direct damage was estimated at EUR 471.42 million. As this amount remained below the "major disaster" threshold for Romania (EUR 566.84 million, i.e. 0,6 % of Romania's GNI), representing however approximately 83 % of the threshold, the application was assessed on the basis of the criteria for so-called “extraordinary regional disasters”.

The affected region was a coherent area, comprising 5 counties in the North-Eastern part of Romania, with a population of 3.046 million inhabitants. The major part of the population in the area had been affected, with a partial or total destruction of private property and agricultural crops. Evidence was presented to demonstrate serious and lasting repercussions on living conditions and the economic stability of the region. Serious damage was reported to basic infrastructures, agriculture, forestry, livestock, and private homes. The disaster caused lasting repercussions on living conditions in the region, with around 14 644 households being destroyed, lasting unavailability of basic infrastructures (water/energy), and seriously damaged transport infrastructure leading to a complete isolation of around 100 municipalities. On 22 January 2009, the Commission concluded that the application meets the criteria for extraordinary regional disasters, and proposed to grant aid amounting to EUR 11 785 377. After completion of the corresponding amending budget procedure and the signing of the Implementation Agreement, this grant was paid to the Romanian authorities on 29 October 2009.

France (storm Klaus)

On 24 January 2009 a major storm ("Klaus") hit south-western France causing severe damages. The French authorities submitted an application to the Solidarity Fund on 2 April 2009, within the 10 week deadline after the first damages were recorded.

According to the French authorities, the storm caused severe damage in particular to the forestry sector, which accounted for more than 60 % of total estimated damage, and to businesses and private households (more than 25 % of total estimated damage). The storm also caused significant damage to infrastructures (transport, electricity, water and telecommunications) as well as to the agricultural sector, and required extensive clean-up operations. Twelve people lost their lives as a direct consequence of the storm and more than 400 were injured.

The Commission estimated that total direct damage caused by the storm amounted to EUR 3.805 billion. As this figure exceeds the threshold of EUR 3.398 billion (i.e. EUR 3 billion in 2002 prices) applicable to France in 2009 for mobilising the Solidarity Fund the disaster qualified as a "major natural disaster" and thus fell within the main field of application of Regulation (EC) No 2012/2002. However, further damages claimed in France's application, such as losses in income and production due to the interruption of economic activities, and hypothetical damage such as the estimated value attached to sequestered carbon losses (together amounting to EUR 1.220 billion), were not taken into account as a basis for calculating the assistance, as they were not considered direct damages.

On 29 May 2009 the Commission proposed to mobilise financial assistance of EUR 109 377 165. The corresponding amending budget procedure was completed on 15 September 2009. Following the conclusion of the Implementation Agreement with France the Commission paid out the grant on 25 November 2009.

Italy (Abruzzo Earthquake)

In April 2009 a major earthquake affected the Italian region of Abruzzo costing the lives of 300 people and causing extremely high damages. Within the 10 week deadline set for applications to the EU Solidarity Fund, the Italian authorities applied for financial assistance relating to the earthquake.

The earthquake caused severe destruction of basic infrastructure, private households, public buildings, businesses and the region's important cultural heritage, and brought serious harm to the population. The areas hit by the event included the whole Province of L'Aquila, most of the Abruzzo Region and some bordering areas. The regional capital L'Aquila, was particularly hard hit, worst of all in its historical centre. Out of a total population of approximately 300 000 affected by the disaster, 300 casualties were reported and 1 500 injured. Thousands lost their houses and/or private businesses, and around 30 000 people were placed in tent camps for long periods. Another 32 000 were placed in hotels and private houses on the Adriatic coast and some 20 000 were reported to have moved to private accommodation outside the region. A significant proportion of the buildings surveyed after the earthquake were found to be entirely unsafe. The disaster also seriously affected the socio-economic situation of the whole region with economic activity being drastically reduced if not stopped. The same applies to the activities of the local University with 27 000 students which also constituted an important economic factor for the region.

The Italian authorities estimated the total direct damage at over EUR 10.212 billion. This amount represented 0,67 % of Italy's GNI and over three times the normal threshold applicable to Italy for mobilising the Solidarity Fund of EUR 3.4 billion (i.e. EUR 3 billion in 2002 prices). The analysis of the Commission services revealed that the methods used by Italy for estimating the different categories of damage were very detailed and sound and that the results were plausible. The estimate of total direct damage in fact appeared to be somewhat conservative.

The earthquake therefore qualified as a major natural disaster and fell within the main field of application of the EU Solidarity Fund. The application was successfully

fast-tracked in order to provide aid to the Italian authorities as quickly as possible. In a decision dated 8 June 2009, the Commission proposed to the budgetary authority to mobilise financial assistance of EUR 493 771 159. The amending budget procedure was completed on 20 October 2009 and was quickly followed by the conclusion of the Implementation Agreement on 11 November 2009. Payment of the grant was made on 30 November 2009.

3. FINANCING

In 2009, a grant from the EUSF was paid out for one case for which the application was received in the autumn of 2008 (drought in Cyprus). The corresponding Preliminary Draft Amending Budget No 10/2008² was approved by the Budgetary Authority on 18 December 2008.

For applications received in 2009, the Fund was mobilised for three cases. Preliminary Draft Amending Budget No 1/2009³ covers the effects of floods affecting Romania and was approved by the Budgetary Authority on 11 March 2009. Preliminary Draft Amending Budget No 7/2009⁴ covers the effects of storm Klaus in France and was approved by the Budgetary Authority on 15 September 2009. Preliminary Draft Amending Budget No 9/2009⁵ covers the effects of the L'Aquila earthquake in Italy and was approved by the Budgetary Authority on 20 October 2009. The payments could be made after adoption of the grant decisions and after the implementation agreements were signed.

Beneficiary	Disaster	Category	Amount of aid (EUR)
Cyprus	Drought	Major Natural Disaster	7 605 445
Romania	Floods	Extraordinary Regional Disaster	11 785 377
France	Storm Klaus	Major Natural Disaster	109 377 165
Italy	Abruzzo earthquake	Major Natural Disaster	493 771 159
Total			622 539 145

4. CLOSURES

Article 8(2) of Solidarity Fund Regulation states that no later than six months after the expiry of the one-year period from the date of disbursement of the grant, the beneficiary State shall present a report on the financial execution of the grant (hereinafter: an “implementation report”) with a statement justifying the expenditure (hereinafter: a “validity statement”). At the end of this procedure, the Commission shall wind up the assistance from the Fund.

² COM(2008)731; Amending budget 11/2008 adopted on 18 December 2008, OJ L 27 of 30/1/2009.

³ COM(2009)22; Amending budget 1/2009 adopted on 11 March 2009, OJ L 99 of 17/4/2009.

⁴ SEC(2009)827; Amending budget 7/2009 adopted on 15 September 2009, OJ L 293 of 10/11/2009.

⁵ COM(2009)448; Amending budget 9/2009 adopted on 20 October 2009, OJ L 326 of 11/12/2009.

In the course of 2009, two EU Solidarity Fund files were closed. As regards the closure of assistance of the case relating to the storm in Estonia in 2005, for which financial aid of EUR 1 289 765 was granted, the implementation report was received on 27 September 2007. After thorough assessment by the Commission services, the Commission had to request further information from the Estonian authorities. The reply from the Estonian authorities was received on 19 January 2009 declaring ineligible expenditure amounting to EUR 4 430. The Commission initiated a recovery procedure and the amount of EUR 4 430 was recovered from the Estonian authorities on 1 June 2009. The file was subsequently wound up.

In the case relating to the storm in Lithuania in 2005, financial aid amounting to EUR 378 910 was granted to Lithuania and the implementation report in Lithuanian language was received on 10 October 2007. After translation and verification by the Commission services, further information from the Lithuanian authorities was requested. The Lithuanian authorities' statement proved that all necessary closure requirements were met. The Commission wound up the file on 11 June 2009.

In 2009, the Commission received final implementation reports for grants made in 2007 from Greece (relating to the Evros flooding in 2006), Hungary (relating to the flooding in 2006), Germany (relating to storm Kyrill in 2007) and France (relating to storm Gamède in 2007). At the end of the period covered by this annual report the assessment of these implementation reports was ongoing.

5. CONCLUSIONS

In 2009 the Solidarity Fund once more proved its effectiveness in responding to major disasters, i.e. in making substantial financial assistance available within a reasonable time frame. One condition, however, is that applications are well prepared by the applicant State so that the Commission does not have to ask for clarification or additional information. In that sense the Commission services' established practice to offer to informally review with the competent national authorities their draft application before it is officially submitted has proven very efficient. Countries wishing to apply for Solidarity Fund aid are encouraged to make use of this opportunity.

In fact, in the case of the biggest disaster for which Solidarity Fund aid was ever requested the aid could be paid out relatively quickly in just over 5 months from the submission date of the application - in spite of the European Parliament's reconstitution following the June elections.

2009 also demonstrated the difficulties in activating the EUSF in cases of slowly unfolding disasters. The requirement to submit applications within 10 weeks of the first damage caused by the disaster meets with objective difficulties in the event of disasters such as drought for which setting a precise starting date is virtually impossible. While in the case of the application from Cyprus an operational solution could be found it would be preferable to include in the Solidarity Fund Regulation a specific provision for this type of disaster making it superfluous to "interpret" the Regulation. The Commission will address this issue in its Communication on the future of the EU Solidarity Fund planned to be presented at the beginning of the second semester of 2011.

ANNEX 1: EUROPEAN UNION SOLIDARITY FUND PENDING AND NEW APPLICATIONS IN 2009

Applicant Country	Cyprus	Romania	France	Italy
Name and nature of disaster	Drought	Flooding	Storm Klaus	Abruzzo Earthquake
First damage date	22/04/2008	24/07/2008	24/01/2009	06/04/2009
Application date*	01/07/2008	01/10/2008	02/04/2009	08/06/2009
Complete information available on	01/07/2008	01/10/2008	02/04/2009	08/06/2009
Major disaster threshold (m€)	84.673	566.845	3 398.6	3 398.6
Total direct damage (m€)	176.15	471.41	3 805.47	10 212.04
Category	major	regional	major	major
Damage/threshold	208.03 %	83.16 %	111.97 %	300.48 %
Cost of eligible emergency operations (m€)	59.45	390.81	462.91	2 004.14
Eligible cost/ total damage	33.74 %	82.9 %	12.16 %	19.63 %
Aid/eligible cost	12.79 %	3.01 %	23.63 %	24.64 %
Aid rate (% of total damage)	4.31 %	2.49 %	2.87 %	4.84 %
Date of grant decision	30/03/2009	20/07/2009	27/10/2009	11/11/2009
Date of Implementation agreement	10/06/2009	03/09/2009	13/11/2009	11/11/2009
Aid granted (EUR)	7 605 445	11 785 377	109 377 165	493 771 159

ANNEX 2: OVERVIEW OF EU SOLIDARITY FUND APPLICATIONS SINCE 2002

Year	Country		Nature of the disaster	Damage (million €)	Category	Aid granted (million €)
2002	1	AT	Flooding	2 900	major	134
	2	CZ	Flooding	2 300	major	129
	3	FR	Flooding (Le Gard)	835	regional	21
	4	DE	Flooding	9 100	major	444
Total aid for 2002 applications						728
2003	1	ES	Oil spill (Prestige)	436	regional	8.626
	2	IT	Earthquake (Molise/Apulie)	1 558	regional	30.826
	3	IT	Volcanic eruption (Etna)	894	regional	16.798
	4	IT	Flooding (North Italy)	(1 900)	(major)	Rejected
	5	GR	Adverse winter weather	(not clear)	(major ?)	Rejected
	6	PT	Forest fires	1 228	major	48.539
	7	FR	Forest fires (Southern France)	531	(regional)	Rejected
	8	ES	Forest fires (Portuguese border)	53	neighbouring country	1.331
	9	MT	Flooding	30	major	0.961
	10	IT	Flooding (Friuli Venezia-Giulia)	(525)	(regional)	Rejected
Total aid for 2003 applications						107.081
2004	1	FR	Flooding (Rhône delta)	785	regional	19.625
	2	ES	Flooding (Malaga)	(73)	(regional)	Rejected
	3-9	ES	Forest fires (7 applications)	(480)	(regional)	all 7 rejected
	10	SK	Flooding	(29)	(regional)	Rejected
	11	SI	Earthquake	(13)	(regional)	withdrawn
Total aid for 2004 applications						19.625
2005	1	SK	Storm (Tatras)	203	major	5.668
	2	IT	Flooding (Sardinia)	(223, over-estimated)	(regional)	Rejected
	3	EE	Storm	48	major	1.29
	4	LV	Storm	193	major	9.487

	5	SE	Storm "Gudrun"	2 297	major	81.725
	6	LT	Storm	15	neighbouring country	0.379
	7	GR	Evros flooding	(112)	(regional)	Rejected
	8	RO	Spring flooding	489	major	18.798
	9	BG	Spring flooding	222	major	9.722
	10	BG	Summer flooding	237	major	10.632
	11	RO	Summer flooding	1 050	major	52.4
	12	AT	Flooding (Tyrol/Vorarlberg)	592	regional	14.799
Total aid for 2005 applications						204.905
2006	1	UK	Buncefield oil depot explosion	(700)	(regional)	withdrawn
	2	GR	Evros flooding	372	regional	9.306
	3	HU	Flooding	519	major	15.064
	4	ES	Galicia forest fires	(91)	(regional)	Rejected
Total aid for 2006 applications						24.370
2007	1	DE	Storm "Kyrill"	4750	major	166.9
	2	FR	La Réunion, Cyclone "Gamede"	211	regional	5.29
	3	ES	El Hierro flooding	(18)	(regional)	Rejected
	4	ES	La Mancha flooding	(66)	(regional)	Rejected
	5	UK	Flooding	4 612	major	162.387
	6	CY	Forest fires	(38)	(regional)	Rejected
	7	ES	Forest Fires Canary islands	(144)	(regional)	Rejected
	8-16	IT	9 applications for forest fires in 9 regions	-	(regional)	not admissible, deadline missed
	17	FR	Storm Dean/Martinique	509	regional	12.78
	18	GR	Forest fires	2 118	major	89.769
	19	SI	Flooding	233	major	8.254
Total aid for 2007 applications						445.380
2008	1	CY	Drought	165.4	major	7.605
	2	RO	Floods	471.4	regional	11.785
Total aid for 2008 applications						19.390
2009	1	FR	Storm Klaus	3 805.5	major	109.377
	2	IT	Abruzzo earthquake	10 212.0	major	493.771

0 9	3	GR	Forest fires 09	(152.8)	(regional)	Rejected
	4	CY	Storms 09	(2.6)	(regional)	Rejected
	5	GR	Evia floods	(83.2)	(regional)	Rejected
	6	IT	Messina Mudslide	(598.9)	(regional)	Rejected
Total aid for 2009 applications						603.148
Grand total of aid approved since 2002					€ 2 151.899 million	