

Procedure file

| Basic information | | | |
|---|----------------|---------------------|--|
| INI - Own-initiative procedure | 2020/2127(INI) | Procedure completed | |
| The effectiveness of Member States' use of EU Solidarity Fund money in cases of natural disasters | | | |
| Subject 3.70.11 Natural disasters, Solidarity Fund | | | |

| Key players | | | |
|-----------------------|---|--|------------|
| European Parliament | Committee responsible | Rapporteur | Appointed |
| | CONT Budgetary Control |  CREU Corina | 28/10/2020 |
| | | Shadow rapporteur | |
| | |  FERNANDES José Manuel | |
| | |  CHASTEL Olivier | |
| | |  CZARNECKI Ryszard | |
| Committee for opinion | | Rapporteur for opinion | Appointed |
| | BUDG Budgets |  BIEDROŃ Robert | 30/09/2020 |
| European Commission | Commission DG | Commissioner | |
| | Regional and Urban Policy | JOHANSSON Ylva | |

| Key events | | | |
|------------|--|---|---------|
| 17/09/2020 | Committee referral announced in Parliament | | |
| 27/09/2021 | Vote in committee | | |
| 01/10/2021 | Committee report tabled for plenary | A9-0273/2021 | Summary |
| 18/10/2021 | Debate in Parliament |  | |
| 19/10/2021 | Results of vote in Parliament |  | |
| 20/10/2021 | Decision by Parliament | T9-0429/2021 | Summary |

Technical information

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|----------------------------|--------------------------------|
| Procedure reference | 2020/2127(INI) |
| Procedure type | INI - Own-initiative procedure |
| Procedure subtype | Initiative |
| Legal basis | Rules of Procedure EP 54 |
| Other legal basis | Rules of Procedure EP 159 |
| Stage reached in procedure | Procedure completed |
| Committee dossier | CONT/9/03594 |

Documentation gateway

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|---|------|------------------------------|------------|----|---------|
| Committee draft report | | PE693.827 | 23/06/2021 | EP | |
| Committee opinion | BUDG | PE692.715 | 01/07/2021 | EP | |
| Amendments tabled in committee | | PE696.268 | 16/07/2021 | EP | |
| Committee report tabled for plenary, single reading | | A9-0273/2021 | 01/10/2021 | EP | Summary |
| Text adopted by Parliament, single reading | | T9-0429/2021 | 20/10/2021 | EP | Summary |
| Commission response to text adopted in plenary | | SP(2022)8 | 16/03/2022 | EC | |

The effectiveness of Member States' use of EU Solidarity Fund money in cases of natural disasters

The Committee on Budgetary Control adopted the own-initiative report by Corina CRE?U (S&D, RO) on the effectiveness of Member States use of EU Solidarity Fund money in cases of natural disasters.

The European Union Solidarity Fund (EUSF) was established in 2002 to provide financial assistance to Member States and candidate countries affected by natural disasters, such as flooding, earthquakes or storms. It has become one of the main Union instruments for disaster recovery. The EUSFs regulatory framework was amended in 2020, reflecting a need to simplify the procedures and extend the scope of the fund to include public health emergencies such as COVID-19.

Between 2002 and 2020, the EUSF mobilised more than EUR 6.5 billion for interventions in 96 disaster events in 23 Member States and one accession country. The highest number of applications were submitted to cover damage caused by flooding, with more than 60 % of supported disasters belonging to this category. Earthquakes were the events provoking the biggest overall damage in financial terms, accounting for 48 % of support provided under the EUSF.

The new multiannual financial framework (MFF) provides for a new budgetary package called the Solidarity and Emergency Aid Reserve (SEAR), which brings together the EUSF and the Emergency Aid Reserve (EAR) and is designed to respond, on the one hand, to emergencies arising from major disasters in Member States or accession countries (EUSF) and, on the other hand, to specific urgent needs in the Union or in non-Union countries, in particular in the event of humanitarian crises (EAR).

Funding

Members welcomed that public health crises are now within the scope of the EUSF, allowing for its mobilisation, if needed, to support the hardest-hit Member States and accession countries. They also welcomed the increase of the rate of advance payments to affected countries from 10 % of the anticipated aid amount (limited to a maximum amount of EUR 30 million) to 25 % (limited to a maximum EUR 100 million). The report noted that in March 2021, the Commission proposed a package of almost EUR 400 million under the EUSF for 17 Member States and three accession countries to fight the COVID-19 health emergency.

Members remain concerned about the sufficiency of EUSF funding, especially given the extension of its scope and the merger with EAR under the 2021-2027 MFF. They regret that, due to budgetary constraints, countries applying for support as a result of the COVID-19 pandemic in 2020 will receive less than 50 % of the potential aid amount.

Quality of applications

The report noted with regret that the quality of applications for funding varies and that this can prolong the mobilisation process. The estimation of damage is often the most difficult component in this regard, due to challenges in data collection, overlap and duplication, and development

of aggregated data in line with the Commissions requirements. In this regard, the Commission is called on to develop a common tool or system to strengthen the beneficiaries capacity to follow standardised approaches for disaster loss data quantification and loss data collection systems, thereby reducing the administrative burden and simplifying the application procedure as much as possible.

Timely intervention

The report noted that the EUSF did not provide a rapid response to emergencies, as the time between disaster and payment was usually around one year. Members stressed that it is vital for aid and funds to be sent as quickly, easily and flexibly as possible to affected regions. They are also worried that despite the increased value of advance payments from 10 % to 25 % of the anticipated financial contribution, the average time to make advance payments is still very long (around five months).

The length of time between a disaster and the full payment of aid, as reported by the Commission in its annual reports on the EUSF, remains one of the central challenges of the EUSF. It is of special importance in the current situation, as the COVID-19 pandemic and climate change will likely trigger a substantial increase in the number of applications, which could lead to further delays.

Evaluations findings

Overall, Members noted with regret the evaluations finding that the implementation reports provided by recipient countries vary significantly in terms of length, content and level of detail of data. Due to this variation, it is not possible to carry out systematic and comparative analyses of achievements or to compare planned with actual outcomes.

Moreover, the report warned that public procurement in emergency situations is an area especially vulnerable to fraud, corruption and irregularities, for which reason it emphasises the importance of effective control systems and complaint procedures. The Commission is called on to pay special attention to cases of potential misuse of EUSF funds under shared management and to introduce steps to improve transparency and monitor and prevent such potential misuse.

Lastly, the Commission is called on to propose a revision of the EUSF in order to establish a more targeted, effective and timely rapid response mechanism in areas and regions prone to specific or recurrent natural disasters.

The effectiveness of Member States' use of EU Solidarity Fund money in cases of natural disasters

The European Parliament adopted by 675 votes to 14, with 11 abstentions, a resolution on the effectiveness of Member States use of EU Solidarity Fund money in cases of natural disasters.

The European Union Solidarity Fund (EUSF) was established in 2002 to provide financial assistance to Member States and candidate countries affected by natural disasters, such as flooding, earthquakes or storms. It has become one of the main Union instruments for disaster recovery. The EUSFs regulatory framework was amended in 2020, reflecting a need to simplify the procedures and extend the scope of the fund to include public health emergencies such as COVID-19.

Between 2002 and 2020, the EUSF mobilised more than EUR 6.5 billion for interventions in 96 disaster events in 23 Member States and one accession country. The highest number of applications were submitted to cover damage caused by flooding, with more than 60 % of supported disasters belonging to this category. Earthquakes were the events provoking the biggest overall damage in financial terms, accounting for 48 % of support provided under the EUSF.

Issues on funding

Parliament welcomed the extension of the scope of the EUSF to health crises as part of the EU's coordinated response to the COVID-19 pandemic. However, Members believe that climate change is an undeniable reality and that it is therefore essential to act also in the medium and long term and to continue to help countries recover from natural disasters.

In this context, Members questioned the sufficiency of EUSF funding, especially in view of the extension of its scope and its merger with the emergency aid reserve in the 2021-2027 Multiannual Financial Framework (MFF). They regretted that due to budgetary constraints, countries requesting support following the COVID-19 pandemic in 2020 will receive less than 50% of the potential amount of aid.

Parliament called for special attention to be paid to outermost regions (ORs) with difficult climatic situations. It insisted that the financial support provided by the Fund should be distributed fairly among the most affected regions and areas of the Member States.

The resolution stressed that future challenges, whether climate change or health emergencies, require above all a preventive policy. Members therefore recalled the need to create synergies with other EU policies and programmes, in particular the cohesion policy funds, the EU civil protection mechanism and the European Green Deal. They called for the revision of the EUSF to include the build back better principle.

Quality of applications

Members noted with regret that the quality of applications for funding varies and that this can prolong the mobilisation process. The estimation of damage is often the most difficult component in this regard, due to challenges in data collection, overlap and duplication, and development of aggregated data in line with the Commissions requirements. In this regard, the Commission is called on to develop a common tool or system to strengthen the beneficiaries capacity to follow standardised approaches for disaster loss data quantification and loss data collection systems, thereby reducing the administrative burden and simplifying the application procedure as much as possible.

Timely intervention

Members are concerned that the length of time between a disaster and full payment of aid remains one of the major problems of the EUSF. They believe it is essential that aid and funds are delivered as quickly, easily and flexibly as possible to the affected regions. They are concerned that despite the increase in the value of advance payments from 10% to 25% of the anticipated financial contribution, the average time taken to make these payments remains very long (around five months).

The Commission is invited to explore all possible ways to accelerate the mobilisation of the EUSF under the new MFF provisions, in particular for the less developed regions.

Evaluations findings

Overall, Members noted with regret the evaluations finding that the implementation reports provided by recipient countries vary significantly in terms of length, content and level of detail of data. Due to this variation, it is not possible to carry out systematic and comparative analyses of achievements or to compare planned with actual outcomes. Members also noted that funding is concentrated on a small number of beneficiaries, with 77% of the funds distributed going to the four largest Member States.

Moreover, Parliament warned that public procurement in emergency situations is an area especially vulnerable to fraud, corruption and irregularities, for which reason it emphasises the importance of effective control systems and complaint procedures. The Commission is called on to pay special attention to cases of potential misuse of EUSF funds under shared management and to introduce steps to improve transparency and monitor and prevent such potential misuse.

Lastly, the Commission is called on to propose a revision of the EUSF to establish a more targeted, effective and timely rapid response mechanism in areas and regions prone to specific or recurrent natural disasters.