Wednesday 20 October 2021

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

European Parliament resolution of 20 October 2021 on the effectiveness of Member States' use of EU Solidarity Fund money in cases of natural disasters (2020/2127(INI))

(2022/C 184/05)

The European Parliament,

— having regard to Articles 175, 310(5) and 325 of the Treaty on the Functioning of the European Union,

— having regard to Articles 2, 3 and 21 of the Treaty on European Union (TEU),

— having regard to Council Regulation (EC) No 2012/2002 of 11 November 2002 establishing the European Union Solidarity Fund [1] (the EUSF Regulation) and its subsequent amendments of 15 May 2014 and 30 March 2020,

— having regard to the Commission's final report of 7 December 2018 on the ex post evaluation of the European Union Solidarity Fund 2002-2016,

— having regard to the Commission staff working document of 15 May 2019 entitled 'Evaluation of the European Union Solidarity Fund 2002-2017' (SWD(2019)0186),

— having regard to Regulation (EU) 2020/461 of the European Parliament and of the Council of 30 March 2020 amending Council Regulation (EC) No 2012/2002 in order to provide financial assistance to Member States and to countries negotiating their accession to the Union that are seriously affected by a major public health emergency [2],

— having regard to its resolution of 18 May 2021 on the review of the European Union Solidarity Fund [3],

— having regard to its resolution of 17 April 2020 on EU coordinated action to combat the COVID-19 pandemic and its consequences [4],

— having regard to its resolution of 1 December 2016 entitled 'The European Union Solidarity Fund: an assessment' [5],

— having regard to the European Court of Auditors (ECA) Special Report No 3/2008 of 15 April 2008 entitled 'The European Union Solidarity Fund: how rapid, efficient and flexible is it?',

— having regard to ECA Special Report No 24/2012 of 3 August 2013 entitled 'The European Union Solidarity Fund's response to the 2009 Abruzzi earthquake: the relevance and cost of operations',

— having regard to Rule 54 of its Rules of Procedure,

— having regard to the opinion of the Committee on Budgets,

— having regard to the report of the Committee on Budgetary Control (A9-0273/2021),

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[1] OJ L 311, 14.11.2002, p. 3.
[2] OJ L 99, 31.3.2020, p. 9.
[3] Texts adopted, P9_TA(2021)0220.
[4] OJ C 316, 6.8.2021, p. 2.
[5] OJ C 224, 27.6.2018, p. 140.

A. whereas the European Union Solidarity Fund (EUSF) was established in 2002 as a reaction to the severe floods in Central Europe in the summer of 2002; whereas it was created to provide financial assistance to Member States and candidate countries affected by natural disasters, such as flooding, earthquakes or storms; whereas the EUSF has become one of the main Union instruments for disaster recovery, as well as a concrete expression of solidarity in the Union;

B. whereas the EUSF is one of the most concrete expressions of Union solidarity, which all Union citizens expect when natural disasters or serious public health emergencies occur; whereas in its resolution on EU coordinated action to combat the COVID-19 pandemic and its consequences, Parliament pointed out that solidarity among the Member States is not optional, but is in fact a core value of the Union, as set out in Article 3 TEU, and an obligation stemming inter alia from Articles 2 and 21 TEU; whereas in the same resolution, Parliament urges the Commission to strengthen all components of its crisis management and disaster response mechanisms;

C. whereas the EUSF's regulatory framework was amended in 2014 and 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;

D. whereas under the EUSF, a total of EUR 6,548 billion has been paid out, at an average of EUR 339,9 million per year; whereas the amounts paid out per year fluctuate markedly from year to year; whereas funds not used in a given year can be carried forward to the next year and whereas it is also possible to use resources allocated for the next year in advance, providing the needed flexibility in addressing unforeseen disasters;

E. whereas EUSF spending increased from a five-year average of roughly EUR 270 million from 2002-2015, to a five-year average of EUR 534 million from 2016-2020; whereas this increase was caused by a combination of an increase in damage and an increase in the amount paid out per euro of damage; whereas this increase is also a reflection of the added value of the fund;

F. whereas due to climate change, the severity and frequency of natural disasters and public health emergencies will certainly increase further, magnifying the need for a strong and well-implemented mechanism for disaster recovery;

G. whereas 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);

H. whereas some regions are structurally vulnerable to certain recurrent natural disasters such as floods, intense seismic or volcanic activity, or public health crises, and thus require a special proactive approach;

I. whereas the time taken to deploy the full grant could be further reduced to fulfil the urgent need for Union solidarity;

1. Underlines the fact that 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; notes that the highest number of applications were submitted to cover damage caused by flooding, with more than 60 % of supported disasters belonging to this category; notes further that earthquakes were the events provoking the biggest overall damage in financial terms, accounting for 48 % of support provided under the EUSF;

2. Notes that as part of the Union coordinated package responding to the COVID-19 pandemic, the scope of the EUSF was extended by Regulation (EU) 2020/461 which entered into forceon 1 April 2020; welcomes the fact 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; welcomes the increase, in the course of this revision, 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); encourages the Member States to make use of this possibility in close cooperation with regional and local authorities;

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3. Notes 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; notes that the funding will cover part of the public expenditure used to finance medical and personal protective equipment, emergency support to the population, and measures to prevent, monitor and control the spread of disease;

4. Stresses that, despite the prominence of the COVID-19 crisis, the EUSF needs to continue to provide support to countries recovering from natural disasters; stresses that climate change is an unequivocal reality and that it is therefore essential to act also in the medium- and long-term; remains concerned about the sufficiency of EUSF funding, especially given the extension of its scope and the merger with EAR under the 2021-2027 MFF; notes that SEAR has a maximum ceiling of EUR 1,2 billion;

5. Regrets 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; remains concerned about the resources available to the EUSF from 2021-2027, especially in the light of its broader scope; considers it necessary, therefore, to monitor whether the overall funding amount and allocation arrangements for SEAR have an impact on the effectiveness of the EUSF, in view of both the extension of its scope and the number and scale of disasters;

6. Welcomes the fact that the 2014 reform clarified the admissibility criteria for regional disasters, and that this increased their approval rate from 31 % to 85 %; recognises that this was an important step towards increasing the predictability of the application process and the EUSF's effectiveness; points out that it is also important to take into account the estimated cost in financial terms of damage to the environment caused by a disaster;

7. Recalls that special attention should be paid to the outermost regions experiencing difficult climate situations, which seriously hamper their development; considers it crucial, therefore, that specific measures be adopted for the outermost regions and all areas particularly at risk of natural disasters, such as islands, mountainous regions and sparsely populated regions;

8. Underlines the need to release financial assistance through the EUSF to the regions and areas that are particularly affected by natural disasters in the Union; considers that the financial assistance provided by the fund must fairly distributed between the most affected regions and areas of the Member States;

9. Underlines the strong added value of the fund in supporting emergency measures and reconstruction efforts and easing the financial burden on national, regional and local authorities, even if improvements in terms of the speed, consistency, efficiency and promotion of interventions are to be implemented;

10. Highlights the important role of disaster risk prevention and management in the EU; invites the Commission to facilitate the establishment of a coordinated plan for accurate and rapid damage assessment; calls on each beneficiary country to detail in their implementation reports the preventive measures they have taken or are planning to take, including how they will use Union structural funds to limit future damage and avoid, as far as possible, a recurrence of similar natural disasters; emphasises that future challenges, either concerning climate change or public health emergencies, primarily require a preventive policy; notes that the EUSF is curative in nature; recalls, therefore, the need for effective synergies with other Union policies and programmes, in particular the cohesion policy funds, the Union Civil Protection Mechanism, the European Green Deal and Union policies and programmes supporting disaster prevention and risk management; calls for a revision of the EUSF to ensure that the 'build back better' principle is enshrined within it;

11. Recalls the importance of respecting the rule of law and safeguarding the financial interests of the Union; considers, therefore, that the Commission, the European Anti-Fraud Office, the ECA and, where applicable, the European Public Prosecutor's Office should be able to monitor EUSF implementation within their competences and in accordance with their prerogatives;

12. Highlights the need for hands-on support from the Commission to Member States, in particular for damage estimation and encourages the Commission to ensure the dissemination of good practices with regard to governance and the use of institutional coordination structures in disaster situations; emphasises that, in cases of severe earthquakes or massive floods, the mitigation of the consequences can take more time than for other natural disasters; considers that this should be reflected in any future revision of the EUSF, specifically in terms of allowing for sufficient absorption time beyond the current application deadlines;

Quality of applications

13. Notes with regret that the quality of applications for funding varies and that this can prolong the mobilisation process; notes that 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 Commission's requirements; calls on the Commission to introduce requirements that are as simple and straightforward as possible, while still maintaining the necessary level of detail; calls on the Commission 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;

14. Stresses the important role of local authorities, namely municipalities, non-governmental organisations (NGOs) and civil society, in supplying field data to national authorities; highlights, therefore, that effective cooperation with local authorities and NGOs can also enhance the quality of applications; calls on the Member States to develop effective coordination mechanisms to make full use of the data contributed by NGOs;

15. Highlights that data collection for applications to the EUSF for public health crises is a novelty for countries, and may therefore prove particularly challenging; calls on the Commission to pay special attention to this matter and to support countries in all possible ways, including through the provision of technical support;

16. Regrets that the EUSF Regulation does not currently allow for the submission of aid applications on a cross-border basis, even though certain areas that are particularly vulnerable to natural disasters, such as mountainous regions, often span borders;

Timely intervention

17. Notes that according to Article 1 of the EUSF Regulation, the EUSF was established in order to enable the Union to 'respond in a rapid, efficient and flexible manner to emergency situations'; notes that in its Special Report No 3/2008, the ECA concluded that the EUSF did not provide a rapid response to emergencies, as the time between disaster and payment was usually around one year; notes that this duration decreased only slightly following the 2014 reform of the EUSF, as highlighted in the 2018 evaluation of the EUSF; remains concerned about the future duration of the procedure under the new MFF arrangements, which includes the EUSF budget under SEAR;

18. Recalls that it is vital for aid and funds to be sent as quickly, easily and flexibly as possible to affected regions; recalls, in this sense, the importance of synergies between the Union Civil Protection Mechanism, the European Regional Development Fund climate change adaptation component and territorial cooperation programmes and the EUSF; stresses that such synergies are essential to ensure a comprehensive and rapid response to an emergency while providing for a strong resilience package;

19. Is 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);

20. Calls again on the Commission to consider more reactive solutions, and in particular to continue its work on the guidance for the EUSF's simplified use in order to facilitate the actions of national, regional and local authorities and to continue its work to simplify and speed up the application procedure for Member States, for example by paying particular attention to simplifying applications for activation of the EUSF across several regions in the context of cross-border disasters, so as to ensure a swifter response to the intensification of major and regional natural disasters and major public health emergencies; urges the Commission to establish a mechanism by which financial support is provided to a Member State in an emergency, regardless of whether the annual budget of the EUSF has been spent;

21. Observes with regret that the translation of documents or other specific technical challenges can cause substantial delays at different stages of EUSF interventions; calls on the Commission to put in place the means necessary to process translations of documents that are submitted by disaster-struck states more quickly and thus prevent any delay in EUSF interventions;

22. Notes with concern that 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; emphasises that this 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; takes note of the Commission's view that the scope for accelerating the decision-making process for EUSF mobilisation has been fully exploited through the changes introduced in the 2014 EUSF revision and that scope for further accelerating mobilisation of the EUSF is limited; recalls that a rapid response to emergency situations can be crucial to guaranteeing the effective functioning of the EUSF; emphasises that this is especially relevant in regions with limited alternative funding sources; calls on the Commission to exhaust all possible avenues to accelerate the mobilisation of the EUSF under the new MFF arrangements, particularly for less developed regions;

Evaluation's findings

23. Notes with regret the evaluation's finding that the implementation reports provided by recipient countries vary significantly in terms of length, content and level of detail of data; notes with concern that due to this variation, it is not possible to carry out systematic and comparative analyses of achievements or to compare planned with actual outcomes; further notes that the analysed case studies revealed frequent differences between the assumptions made about the priorities for EUSF support in the implementing agreement and what was actually required on the ground; is concerned that this lack of information and comparable data hinders the effective monitoring of the EUSF's implementation by the Commission and potentially threatens the effective and efficient use of the EUSF, with a negative impact on the promotion of territorial, economic and social cohesion in the EU;

24. Notes the evidence from the case studies in the external evaluation report that implementing the full public procurement process in the limited time available in a crisis situation was challenging for some beneficiary states; warns 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; stresses the importance of ensuring that public procurement procedures are followed by Member States in response to crisis situations; emphasises that any derogations have to ensure the compliance of procurement procedures with the principles of sound financial management and the protection of the Union's financial interests, including at regional and local levels;

25. Notes that the activation of the EUSF is triggered by the occurrence of a disaster and as such the distribution of funds does not correspond to territorial quotas; is nevertheless surprised by the evaluation's finding that allocations are concentrated in a small number of recipients, with 77 % of funds distributed to the four largest Member States; stresses the necessity for needs-based solidarity, taking into account the recipient countries' capacity to face a disaster;

26. Notes that the EUSF is implemented by the designated authorities in the recipient countries under the principle of shared management; notes that the Commission's powers in influencing which projects receive funding are therefore limited; reminds the Commission of Parliament's resolution of 1 December 2016, in which it stressed the importance of determining whether EUSF subsidies have been used in compliance with the principles of sound financial management and called on the Commission and the Member States to improve transparency and to guarantee public access to information throughout the assistance mobilisation process; calls on the Commission 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;

27. Notes with regret the delayed closure of some interventions; is concerned that in some cases, national authorities required extended periods to provide answers to audit questions or did not reply to repeated requests for audit information; recognises the importance of timely closure; calls on the Commission to report to Parliament on closure;

28. Notes that the annual reports of the EUSF cover the period from 2008 to 2018 and are published in an irregular manner; notes furthermore that for 2019 and 2020, no annual report has yet been published; reminds the Commission of its obligation to report annually, before 1 July, on the activity of the EUSF in the previous year; calls on the ECA to inform Parliament of any findings as part of the annual declaration of assurance related to the EUSF's implementation;

29. Insists that the role of the budgetary authority be fully safeguarded; notes that, under the new MFF, EUSF appropriations are entered in the general budget and made available via transfers; stresses the need for timely information on such transfers and, regardless of the new procedure, for the Commission to provide the same level of information as in the previous MFF; regrets, furthermore, the absence of detailed background information on applications for EUSF support, which hampers scrutiny, and insists that the Commission provide all available information in line with Article 4 of the EUSF Regulation;

30. Invites the ECA to conduct a new audit of the EUSF with a view to potentially reassessing the instruments and the budget in order to make sure that a sufficient and functional budget is available to deal effectively with major and regional natural disasters as well as major public health emergencies;

31. Recalls the EUSF's aim of demonstrating and strengthening solidarity; stresses that this aim can only be achieved if citizens are aware of EUSF interventions; highlights the importance of strengthening publicity in this regard; calls on the Member States to share best practices on increasing the EUSF's visibility; encourages the Member States to include a description of the communication and publicity activities undertaken for EUSF operations in their implementation reports, in order to provide a complete and systematic overview of media coverage;

32. Regrets the lack of visibility of the EUSF, which means that the role of the Union is not always clearly demonstrated; regrets that the EUSF Regulation contains neither an obligation to publicise EUSF support nor any reporting requirement on this; highlights that Member States have developed good practices for communicating about EUSF support, such as the use of flags and Union logos; calls on the Member States to publicise EUSF financial assistance and to signal the work and services that have been or will be financed by the EUSF; expects that the future revision of the EUSF Regulation will include the obligation to publicise and communicate about EUSF support, for example via national media and other outlets, to ensure that citizens are informed;

33. Recalls that EUSF assistance only covers the restoration of the status quo ante of infrastructure in the fields of energy, water and waste water, telecommunications, transport, health and education, and not the additional costs of rebuilding more disaster-resilient and climate-resilient infrastructure, as called for in the European Green Deal, which has to be financed by the beneficiary state from own resources and other Union funds, such as the European Regional Development Fund and the Cohesion Fund; calls for a higher level of synergies between cohesion policy instruments and the EUSF;

34. Calls on the Commission to identify the regions that are more prone to specific or recurrent natural disasters and to propose an action plan on risk mitigation and targeted anticipatory activities; calls, moreover, on the Commission 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;

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35. Instructs its President to forward this resolution to the Council and the Commission.