



European Economic and Social Committee

ECO/319
Future of European
Solidarity Fund

Brussels, 28 March 2012

OPINION

of the

European Economic and Social Committee

on the

**Communication from the Commission to the European Parliament, the Council, the European
Economic and Social Committee and the Committee of the Regions on the future of the
European Union Solidarity Fund**

COM(2011) 613 final

Rapporteur: **Mr van Iersel**

On 6 October 2011, the European Commission decided to consult the European Economic and Social Committee, Article 304 of the Treaty on the Functioning of the European Union, on the

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the future of the European Union Solidarity Fund
COM(2011) 613 final.

The Section for Economic and Monetary Union and Economic and Social Cohesion, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 7 March 2012.

At its 479th plenary session held on 28 and 29 March 2012 (meeting of 28 March), the European Economic and Social Committee adopted the following opinion by 139 votes to 2 with 9 abstentions.

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1. **Conclusions**

- 1.1 The EESC agrees that the current crisis compels Member States (MS) and the EU to be very careful about overspending. Against this backdrop it fully understands the Council's reluctance to create increased opportunities in the framework of the European Union Solidarity Fund (EUSF).
- 1.2 Nevertheless, the EESC wishes to point to new provisions in the TFEU, notably in its Articles 4, 174 and 222, which highlight a shared responsibility of the Union and MS to meet natural and terrorist "disasters" anywhere in the Union. These provisions demonstrate that in very special circumstances the EU is considered to be not only a community of socio-economic interests, but also a community of common destiny. This was, by the way, also the driving motivation when the EUSF was created in 2002, when massive flooding of rivers occurred in several MS.
- 1.3 The EESC firmly believes that looking at areas of cohesion in an integral manner points to the existence of a common destiny which all citizens in the Union share and also take responsibility for. Given the outcome of lengthy discussions in the Council, the EESC is disappointed to note that this spirit is currently lacking. The Council's strong emphasis placed on "subsidiarity" in these discussions reflects a similar mood.

- 1.4 The EESC agrees with all practical adjustments that the Commission proposes for the EUSF Regulation in order to make the Fund function in a more business-like manner, and for it to be less bureaucratic and less time-consuming for its recipients.
- 1.5 The EESC insists in particular on the desirability of enhancing the visibility of the Unions co-commitment when financial support is given by the EU in case of a disaster. At the moment, procedures are purely administrative. EU payments are often made months after the disaster took place, underlining the technical and even anonymous nature of the procedure. The outcome currently is quite the opposite of expressing a common empathy which the EESC would like to see being emphasised more strongly.
- 1.6 The EESC offers for consideration the suggestion to include funding of the EUSF directly in the European Union's budget as a practical way of speeding up payments and ensuring a much higher degree of visibility for its activities.

2. **Introduction**

- 2.1 The European Union Solidarity Fund (EUSF) was set up in 2002, thus creating an EU instrument to respond to major natural disasters. At the time, the EESC agreed wholeheartedly with the creation of the Fund¹.
- 2.2 A future revision was included in the original 2002 Regulation which was to take place by the end of 2006. To this end, a first review of the EUSF by the Commission took place in 2005. The EESC commented on the resulting Commission proposal in 2005². The EESC put forward several proposals, in particular to widen the scope of the Fund to droughts, to lower intervention thresholds, and to give the Commission greater discretionary powers.
- 2.3 Ultimately, the Council has rejected the changes proposed by the Commission, which had been very much welcomed by the European Parliament (EP). These had been based on practical experience with the Regulation, such as widening the scope of the Fund beyond natural disasters, more focus and transparency of the application criteria, and adjustment of bureaucratic and time-consuming procedures which damage timely responsiveness and visibility.
- 2.4 In 2011, the Commission decided to present a Communication on the Future of the EUSF with a view to relaunching the overall discussion on the Fund. It is this Communication that the current EESC Opinion is commenting on.

¹ EESC's opinion on the "Proposal for a Council Regulation establishing the European Union Solidarity Fund", OJ C 61/30 of 14.3.2003, p. 187.

² EESC's opinion on the "Proposal for a Regulation of the European Parliament and of the Council establishing the European Solidarity Fund", OJ C 28/14 of 3.2.2006, p. 69.

- 2.5 With regard to time-consuming bureaucracy in EUSF procedures, it is worth mentioning that the Commission does not act upon its own initiative, but only upon formal applications from MS which takes time. Each application is followed by extensive procedures between the Commission, the EP and the Council for approving a budget, and by a final input from the applicant MS to substantiate the request for financial support.
- 2.6 The Commission concludes that this "leads to the cumulated effect that in many instances grants can be paid out only 9 to 12 months after the disaster, sometimes longer"³.
- 2.7 Continuing scepticism and opposition was dictated by the fear of budgetary implications. "Subsidiarity" remains a main principle in case of "disaster". The opposition of a large majority of MS to any major changes to the legal base and functioning of the Solidarity Fund was confirmed again in 2010.
- 2.8 The Commission must be praised for its efforts to extend the functioning of the EUSF as evaluation proves that it is very successful in the cases where it intervened. On the other hand, rejected applications have led to frustrations and are thus detrimental for the image of the EU.
- 2.9 The current state of political debate is not likely to give much room to those who seek to enlarge the support of the EUSF to new categories of "disasters", nor to those who wish to modify the thresholds or to soften criteria for regional disasters.

3. **Comments of the EESC on the Commission's proposals**

- 3.1 The EESC shares the view that, under present circumstances, any change of the EUSF must be limited to clarifications and better operability of the 2002 Regulation. Clarifications concerning the functioning of the Fund should definitely seek to improve its visibility.
- 3.2 A more precise definition that the assistance from the Fund is only possible in case of a natural disaster can help, as the Commission argues, to exclude undesirable legal difficulties. This would also be in line with the criticism of many MS and it would reduce unnecessary disappointments of affected MS.
- 3.3 The EESC shares the view that the limitation to natural disasters will not exclude "cascading effects" of such disasters, e.g. on industrial plants or health and hospital facilities. Although generally, in such cases, not only public services, but also private activities are concerned, there is a strong argument to include them when they are part of a regional societal framework, for instance in terms of employment.
- 3.4 Experience proves that there are substantial problems with the interpretation of certain repercussions arising from an "extraordinary regional disaster". The EESC agrees with the

³ COM(2011) 613 final – point 2.3: last paragraph.

Commission's proposal to put the criteria for regional disasters on a simple and objective base, which would be comparable to the definition of "major disasters". As the simulation made by the Commission shows, the final result would be more or less identical to the effect of the current definition. However, a number of applications would not have been presented because they would clearly not have been eligible for EUSF support.

- 3.5 The Commission rightly criticises the time lags to make grants available. The EESC could not agree more (see also point 2.6 above). The Committee is of the opinion that every effort must be made to accelerate procedures and thereby to improve responsiveness and visibility of the EUSF.
- 3.6 In this respect the EESC agrees with the Commission's proposal to introduce into the Regulation the possibility to pay advances which should be repaid if an application is not accepted according to the rules.
- 3.7 The EESC very much agrees with the Commission that procedures can and should be shortened and simplified wherever possible. There is much room for merging decisions within the Commission (of which there are four in the current system) as well as within the MS (of which there are currently two). As the Commission rightly argues, rather simple procedural adjustments can produce great time-saving effects.
- 3.8 Quite revealing and very desirable is the Commission's proposal to strengthen and to specify in the Regulation the provision that a beneficiary MS is requested to clarify in detail how it will prevent further disasters in the future by implementing EU legislation on assessment, management and disaster prevention based on lessons learned and a commitment to measures on climate change.
- 3.9 The Commission explicitly mentions Article 222 TFEU, i.e. the provision that the EU and the MS must jointly act in a spirit of solidarity in case of a terrorist attack, or a natural or man-made disaster. It can be added that the TFEU introduces also for the first time in Article 4 as well as in Article 174 "territorial cohesion" as a subject of "shared responsibilities" between the EU and the MS; "territorial cohesion" is further to be promoted by the Union in regions suffering from permanent natural handicaps.

- 3.10 These provisions reflect not only shared responsibilities among all actors in the Union, but also point to a sense of a common destiny. Given the Council's reactions to successive Commission proposals and comments from other consulted parties, it is clear that MS are less willing to act according to the spirit of common destiny. Accordingly, this explains their increasing emphasis on "subsidiarity".

Brussels, 28 March 2012.

The President
of the
European Economic and Social Committee

Staffan Nilsson
