



EUROPEAN COURT OF AUDITORS

PRESS RELEASE

ECA/13/05

For immediate release

Luxembourg, 25 February 2013

Audit leads EU to rethink “temporary accommodation” rules after natural disasters

Following a report from the EU auditors, the European Commission is to clarify rules on financing “temporary accommodation” following natural disasters. The report examined events following the April 2009 earthquake that hit the Italian Abruzzi region and its capital city of L’Aquila, causing direct damage estimated at more than € 10 billion. In November 2009, the European Union contributed € 0.5 billion to the Italian emergency operations from its European Union Solidarity Fund (EUSF).

Operations to be financed included the immediate restoration to working order of infrastructure for energy, water, sewage, transport, telecommunications, health and education, and the provision of temporary shelter and rescue services to meet the immediate needs of the population. 67,500 people were left homeless after the quake.

Around 30% (€ 144 million) of the EUSF contribution was earmarked for operations which were fully eligible under the EUSF Regulation. However, the CASE project (Italian acronym for “*Complessi Antisismici Sostenibili Ecocompatibili*”, i.e. seismically isolated and environmentally sustainable housing), while relevant to the actual needs, did not comply with specific provisions of the EUSF Regulation. This was because it constructed new permanent buildings instead of temporary houses. The CASE project took 70 % of the funding – € 350 million. The strategy chosen for the CASE project addressed the housing needs of 15,000 of the earthquake-affected population, but did not respond in a timely manner and with sufficient capacity to the actual needs of the population. The CASE houses were much more expensive than standard houses.

The EUSF Regulation states that the Fund can only be used for essential emergency operations, including temporary accommodation. The regulation does not envisage financing real reconstruction. The scope of the EUSF is limited to the most urgent needs, whereas longer-term reconstruction must be left to other instruments. Therefore, in the EU auditors’ opinion, the CASE project, which provided lasting and sustainable accommodation, did not comply with the objectives of the EUSF. Furthermore, the CASE apartments are expected to generate considerable revenue in the future, although there are no provisions in the EUSF Regulation for such eventualities.

“There were weaknesses in advance planning, even though Abruzzi is in one of the most earthquake-prone areas in Europe. I am glad that the Commission will use the opportunity of the forthcoming review of the EU Solidarity Fund Regulation to not only clarify ‘temporary accommodation, but also to encourage at-risk Member States to put real preparedness plans in place’, **said Ville Itälä**, the ECA member responsible for the report, “This will help EU natural disaster response tremendously.”

The purpose of this press release is to give the main messages of the special report adopted by the European Court of Auditors. The full report is on www.eca.europa.eu.

ECA PRESS

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Notes to the editors:

European Court of Auditors (ECA) special reports are published throughout the year, presenting the results of selected audits of specific EU budgetary areas or management topics.

This special report (SR 24/2012) entitled “The European Union Solidarity Fund’s response to the 2009 Abruzzi earthquake: The relevance and cost of operations examined whether (i) the expenditure provided for in the Implementation Agreement was compliant with the EUSF Regulation, (ii) whether the CASE project was well planned and rapidly implemented and (iii) whether the CASE project was implemented in the most economical fashion.

Most of the audit focused on the CASE project, which absorbed most of the EUSF grant (350 of 494 million €). The audit took place in the period November 2011 to February 2012 and covered a sample of five procurement procedures and 12 contracts for the construction of buildings and supply of furniture, concrete, pillars and seismic isolators. The sample covered 35 % of the amounts contracted for the CASE project (see *Annex II of the report*). The documentary analyses were complemented by interviews with and observations from the Italian Department of Civil Protection, project sites and relevant stakeholders in the earthquake zone.

The Court found that the financed projects, except the CASE project, were eligible according to the EUSF Regulation. They had all been implemented according to the Implementation Agreement and responded to many immediate needs of the earthquake-affected population. The strategy chosen by the Italian authorities to construct CASE apartments was easy to understand, but the project did not succeed in accommodating all the displaced population before winter. The CASE apartments turned out to be unnecessarily costly and accommodated too few people and there were shortcomings in the planning of the project and in ensuring economy in the implementation of the project. The EUSF Regulation states that the Fund can only be used for essential emergency operations, including temporary accommodation. The regulation does not envisage financing real reconstruction or revenue generating projects. Furthermore, according to the EUSF Regulation, the scope of the Fund is limited to the most urgent needs, whereas longer-term reconstruction must be left to other instruments. Therefore, in the Court’s opinion, the CASE project, which provided lasting and sustainable accommodation, did not comply with the objectives of the EUSF. Furthermore, the CASE apartments are expected to generate considerable revenue in the future, although there are no provisions in the EUSF Regulation for such eventualities.

With a view to learning from the Abruzzi experience and taking the specific emergency situation and its impact into due consideration, the ECA recommends that the Commission should: (i) consider adapting the EUSF Regulation to the recent developments in disaster-response strategies, (ii) encourage Member States to improve their emergency preparedness to achieve timely and cost-effective assistance and (iii) promote due regard to economy in the design and implementation of emergency projects.

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