



**COUNCIL OF
THE EUROPEAN UNION**

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"I/A" ITEM NOTE

From: Council General Secretariat
To: Coreper/Council

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Subject: Draft Council Conclusions on Innovative Solutions for Financing Disaster
Prevention
- Adoption

1. In view of enhancing the effective use of EU funding for disaster prevention, the Presidency drew up a set of draft Council conclusions on a Community framework on Innovative Solutions for Financing Disaster Prevention.
2. These draft Council conclusions were examined by the Working Party on Civil Protection on 9 -10 September and 12 October 2010. On 12 October 2010 the Working Party reached agreement on the compromise text set out in the Annex.

3. On this basis, the Permanent Representatives Committee is asked to invite the Council to adopt the conclusions set out in the Annex as an "A" item on the agenda of a forthcoming meeting.
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**Draft Council Conclusions on Innovative Solutions
for Financing Disaster Prevention**

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1. **Emphasizing** that the overall aim of financing disaster prevention within the EU is to, where possible, prevent natural and man-made disasters from happening or, if they occur, to reduce their adverse effects;
2. **Acknowledging** Member States' primary responsibility for taking and financing preventive measures to protect people, the environment and property, including cultural heritage, and that action financed at European Union level will complement and support action at the national, regional and local levels;
3. **Considering**, however, that disasters do not respect national borders and often have a negative impact on existing European Union policies, e.g. agriculture and environment, and may have an impact on economic growth and competitiveness and that European Union funding is often involved in dealing with the aftermath of disasters; **Considering also** the synergies between the policies on disaster prevention and on adaptation to climate change;
4. **Recalling the 2009 Council conclusions on a Community framework on disaster prevention within the EU¹**, in particular paragraph 30(p) inviting the Commission to develop an inventory of existing Community funding instruments supporting disaster prevention activities with a view to assessing the possibility of further integrating disaster prevention into existing EU funding; **Recalling** the 2010 Council conclusions on prevention of forest fires within the European Union², in particular paragraphs 18(i) inviting Member States to make full use of EU funding opportunities and 20(e) inviting the Commission, inter alia, to assess options for better integrating prevention into EU funding instruments;

¹ 15394/09.

² 7788/10.

5. **Considering** that adequate and cost-effective preventive measures reduce the risk of disasters and consequently the need for activating the Community Civil Protection Mechanism, on the one hand, and requests for EU financial support in the aftermath of a disaster, on the other;
6. **Considering** that although significant attention has been given to prevention in various EU Financial Instruments under the 2007-2013 programming exercise, the actual uptake of funding is low³; **Recognizing** therefore the need to assess the reasons for this and identify possible measures for improving the situation, such as improved awareness, simplified procedures, enhanced implementation capacity by MS and a clearer definition of prevention;
7. **Emphasizing** the contribution the insurance industry offers in the area of disaster risk insurance and the importance of public policies setting an adequate policy framework;
8. **Underlining** the importance of strengthening the incentives for individuals, economic actors and relevant public authorities and other stakeholders from relevant sectors to implement disaster prevention measures and of reinforcing a risk prevention culture in Europe;
9. **Recognizing** that risk-based insurance policies could provide insured parties with additional incentives to invest in mitigation measures by reducing premiums accordingly, and help reduce certain types of construction and other activities in potential disaster regions that increase vulnerability;
10. **Considering** that cooperations between national authorities and insurers could improve the ability to model risks, identify effective policy measures to reduce damage and increase insurers' capacity to provide coverage, also with the aim of providing the right incentives to households, industry/agriculture and infrastructure managers to integrate prevention considerations into their decision-making;

³ COM (2010) 110.

11. **Taking note** of the possible cost advantages of risk transfer and risk pooling⁴ for potentially very large disasters of uncertain probability which may make prevention prohibitively expensive for individual authorities, regions, or Member States and the advantages that common action at EU level may present in this regard; **taking account** of anticipated 2012 cross-sectoral overview of future risks⁵;
12. **Recalling** the Hyogo Framework for Action 2005-2015 : Building the resilience of nations and communities to disasters;⁶
13. **Having regard to the Council Decision of 5 March 2007** establishing a Civil Protection Financial Instrument⁷, laying down the rules for the provision of financial assistance for measures to prevent or reduce the effects of an emergency;

⁴ Risk pooling: a number of actors (individuals, companies, authorities) combining (pooling) their assets or resources to share risks which are too large for them individually. It is one of the forms of risk management mostly practiced by insurance companies.

⁵ 15394/09, paragraph 30 e).

⁶ A global blueprint for disaster risk reduction efforts with a ten-year plan, adopted by 168 Governments at the World Conference on Disaster Reduction in January 2005 in Kobe, Japan.

⁷ OJ L 71, 10.03.2007, p. 9.

14. **Having regard to** the EU funding instruments, in particular **Regulation (EC) No 1080/2006 of the European Parliament and of the Council of 5 July 2006** on the European Regional Development Fund,⁸ **Council Regulation (EC) No 1084/2006 of 11 July 2006** establishing a Cohesion Fund⁹, **Council Regulation (EC) No 1698/2005 of 20 September 2005** on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)¹⁰, **Council Decision 2007/124/EC of 12 February 2007** concerning the Specific Programme Prevention, Preparedness and Consequence Management of Terrorism and other security related risks¹¹, **Regulation of the European Parliament and of the Council (EC) No 614/2007 of 23 May 2007** concerning the Financial Instrument for the Environment (LIFE+)¹² and **the Decision No 1982/2006/EC of the European Parliament and of the Council of 18 December 2006** concerning the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007-2013)¹³;
15. **Having regard to Council Regulation (EC) No 2012/2002 of 11 November 2002** establishing the European Union Solidarity Fund¹⁴ which can be used according to Article 3 (2), in particular subparagraph (c), for immediate prevention measures;
16. **Recalling the European Parliament resolution of 21 September 2010** on the Commission communication: A Community approach on the prevention of natural and man-made disasters¹⁵;

⁸ OJ L 210, 31.7.2006, p. 1.

⁹ OJ L 210, 31.7.2006, p. 79.

¹⁰ OJ L 277, 21.10.2005, p. 1.

¹¹ OJ L 58, 24.2.2007, p. 1.

¹² OJ L149, 9.06.2007, p. 1.

¹³ OJ L 412, 30.12.2006, p. 1.

¹⁴ OJ L 311, 14.11.2002, p. 3.

¹⁵ P7_TA-PROV(2010)0326.

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17. **Welcomes the Commission's preliminary work** on the assessment of existing EU financial instruments supporting disaster prevention activities as an important step with a view to better integrating disaster prevention into existing EU funding;
18. **Encourages** Member States' authorities to promote and make a prompt and effective use of existing EU funding for disaster prevention projects (including Research and Development projects), in particular under Cohesion Policy funding;
19. **Notes** that the efficient functioning of the Community Civil Protection Mechanism will be enhanced by effective preventive measures at the national, regional and local levels;
20. **Acknowledges** that linking EU financial assistance granted in the recovery phase after a major disaster to an obligation to introduce preventive measures designed to limit damage and to avoid, to the extent possible, a recurrence of similar disasters would enhance the cost-effectiveness of such funding, and **Encourages** a debate on ways to implement such linking;
21. **Calls** on Member States and the Commission to step up work on sharing best practice in the field of the financing of disaster prevention;
22. **Invites** the Member States and the Commission to assess the reasons for the low uptake of available EU funding in the field of disaster prevention and launch an awareness campaign and introduce simplified procedures with a view to increasing uptake while reinforcing their implementation capacity;

23. Invites the Member States to:

- (a) discuss the subject of the financing of disaster prevention in all appropriate fora, including in the European network for disaster prevention¹⁶ composed of representatives of relevant authorities and other stakeholders from relevant sectors;
- (b) encourage the assessment of the current availability and coverage/penetration of risk-based disaster insurance for households, industry/agriculture and public infrastructures, and in particular the part which provides the right incentives for prevention measures through risk-based premiums and available reductions;
- (c) explore ways to encourage increased use of disaster insurance policies for major disasters with risk-based premiums for households, industry/agriculture and public infrastructures, taking into account the current insurance systems and legislation in the Member States;
- (d) explore the possible use of appropriate insurance-linked securities and other alternative risk transfer instruments in the European context to raise additional finance on the international capital markets and thus reduce the costs of insurance and reinsurance in the interests of wider insurance coverage and better prevention;

24. Invites the Commission to:

- (a) publish a catalogue of EU financial instruments available for funding prevention activities and develop additional tools to help Member States' authorities to identify appropriate disaster prevention and when possible integrated disaster prevention and adaptation to climate change projects. These could include assistance in project definition and preparation, clearer definition of the concept of "prevention", definition of success indicators, specific funding expertise, a prevention help desk, and targeted funding meetings;

¹⁶ 15394/09, para 30 i).

- (b) promote the funding of prevention projects through the Civil Protection Financial Instrument and other relevant financial instruments seeking to translate relevant outcomes of Research and Development (R&D) projects into practical applications;
- (c) continue fostering collaboration and knowledge transfer among Member States in the area of disaster prevention and its mainstreaming with the adaptation to climate change, including through the exchange of good practices on EU financial instruments, technical assistance, seminars, workshops and regional knowledge centres, as well as wide dissemination of the results of prevention projects funded in the past;
- (d) prepare an assessment of options for better integrating prevention into EU funding instruments;
- (e) evaluate and report on the potential for the EU to facilitate and support increased coverage of appropriate disaster risk insurance services and financial risk transfer markets, as well as regional insurance pooling, in terms of knowledge transfer, co-operation, or seed financing;

25. Invites the Commission to present, by the end of 2012, relevant initiatives on innovative solutions for financing disaster prevention.