Amending budget 8/2010: mobilisation of the EU Solidarity Fund; flooding in Madeira, Portugal, and storm Xynthia in France

2010/2238(BUD) - 13/10/2010 - Commission draft budget

PURPOSE: presentation of the Draft Amending Budget (DAB) No 9 for the financial year 2010.

CONTENT: Draft Amending Budget (DAB) No 9/2010 covers the following elements:

- mobilisation of the EU Solidarity Fund for an amount of **EUR 66.9 million** in commitment and payment appropriations relating to the effects of landslides and severe flooding on Madeira island – Portugal and the effects of Storm Xynthia in France.
- a **corresponding reduction** in payment appropriations of EUR 66.9 million from the line 06 04 14 03 — Energy projects to aid economic recovery — European Offshore wind grid system.

1) Madeira: in February 2010, unusual and abnormal intensity of rainfall on the island of Madeira triggered landslides and severe flooding causing damage to public and private infrastructure, to businesses and agriculture. Subsequently, Portugal submitted an application for financial assistance from the European Union Solidarity Fund within the deadline of 10 weeks. Following a request from the Commission services, further information necessary to complete the assessment of the application was provided on 15 July 2010.

As the estimated total direct damage exceeds the threshold of 0.6% of GNI applicable to Portugal for mobilising the Solidarity Fund the disaster qualifies as a “major natural disaster” and falls thus within the **main field of application** of Regulation (EC) No 2012/2002. Total direct damage is the basis for the calculation of the amount of financial assistance.

The floods have caused severe destruction and damage, most importantly in the field of hydrology with an estimated total of 130 km of waterways on rivers and smaller watercourses damaged representing 45% of total damage. Roads and bridges, utility networks and infrastructures, private homes and property also suffered sever damage with some 800 houses concerned, half of which fully destroyed, and over 700 people having to be placed in temporary accommodation. The effects of the flooding were particularly drastic as the main area of destruction concerned the centre of Madeira's capital Funchal where as a consequence of the cleaning-up operations of thousands of cubic meters of rubble the waterfront has to be entirely rebuilt. Lastly, businesses and agriculture suffered some EUR 122 million direct losses.

2) Xynthia Storm in France: in February 2010, the major part of France was hit by storm Xynthia whereas the region on the Atlantic coast line, namely the departments of Charente-Maritime and Vendée, were most seriously affected. The storm killed 53 persons and injured nearly 80. It flooded widespread areas including residential areas and caused severe damage to dams and dykes, public and private infrastructure, to road and train networks, agriculture and businesses.

Subsequently, France submitted, within the 10 week delay, an application for financial assistance from the European Union Solidarity Fund.

As total damage remains below the normal threshold the application was examined on the basis of the criteria for so-called “extraordinary regional disasters” laid down in Article 2(2), final subparagraph, of Regulation (EC) No 2012/2002 setting out the conditions for mobilising the Solidarity Fund “under

exceptional circumstances". Under these criteria, a region can exceptionally benefit from assistance from the Fund where that region has been affected by an extraordinary disaster, mainly a natural one, affecting the major part of its population, with serious and lasting repercussions on living conditions and the economic stability of the region. The zone on which the French application is based comprises a coherent area of 46 municipalities on the coastline of the departments of Charente-Maritime and Vendee.

Train, road and ferry connections were cut off, fixed and mobile phone lines were also disrupted. Considerable damage to farmland and to oyster production sites was reported (long term salinisation effects of some 32 000 ha of farmland flooded by sea water and subsequent losses in harvests over several years).

Financing: the total annual budget available for the Solidarity Fund is EUR 1 billion. As solidarity was the central justification for the creation of the Fund, the Commission takes the view that aid from the Fund should be progressive. That means that, according to previous practice, the portion of the damage exceeding the threshold (0.6% of the GNI or EUR 3 billion in 2002 prices, whichever is the lower amount) should give rise to higher aid intensity than damage up to the threshold. The rate applied in the past for defining the allocations for major disasters is 2.5% of total direct damage under the threshold for mobilising the Fund and 6% above. It is proposed to apply the same percentages in these cases and to grant the following aid amounts: EUR 66 891 540 (France and Portugal).

At the current stage the expected needs on budget line 06 04 14 03: Energy projects to aid economic recovery — European Offshore wind grid system are such that payment appropriations of EUR 66 891 540 may be reallocated to budget line 13 06 01 to cover the corresponding needs related to the mobilisation of the EU Solidarity Fund. This situation on budget item 06 04 14 03 was already announced in the Budget Forecast Alert information note of June 2010[1], and will not have an effect on the final implementation of the programme.