Amending budget 1/2011: mobilisation of the EU Solidarity Fund; flooding in Poland, Slovakia, Hungary, Czech Republic, Croatia and Romania

2011/2022(BUD) - 14/01/2011 - Commission draft budget

PURPOSE: presentation of Draft Amending Budget (DAB) No 1 for the year 2011.

CONTENT: Draft Amending Budget (DAB) No 1 for the year 2011 covers the mobilisation of the EU Solidarity Fund for an amount of **EUR 182 388 893** in commitment and payment appropriations relating to the effects of heavy rainfalls in Poland, Slovakia, the Czech Republic, Hungary, Croatia and Romania.

This amount is justified as follows:

(1) Poland: in May and June, two consecutive flood waves affected a large part of the Polish territory coming from the south to the north moving downstream the main rivers Vistula, Oder and Warta. The floods hit almost all provinces ('voivodeships') of Poland causing significant damages to the farming sector, to public infrastructure and private assets, to transport networks and to cultural heritage sites.

The analysis of the Commission services revealed that the methods used by Poland for estimating the different categories of damage are very plausible. The Polish authorities estimate the total direct damage at EUR 2.999 billion. This amount represents 0.8468 % of Poland's Gross National Income (GNI) and exceeds the normal threshold for mobilising the Solidarity Fund of EUR 2.124 billion (i.e. 0.6 % of GNI based on 2008 data).

(2) Slovakia: Slovakia was hit by record heavy rainfall in May and June 2010. Areas were drenched, slopes slid and the wide-spread flooding caused severe damage to public and private infrastructure, to road and train networks, agriculture and businesses. The floods and landslides occurred mainly in the central and eastern parts of Slovakia that are considered as economically less developed. The largest damages were registered in the Prešov and Košice regions. The major part of damage occurred in the field of agriculture. The Slovak authorities estimate the total direct damage at EUR 561 133 594. This

amount represents 0.8902 % of Slovakia's GNI and exceeds the normal threshold for mobilising the Solidarity Fund applicable to Slovakia in 2010 of EUR 378.205 million (i.e. 0.6 % of GNI based on 2008 data).

(3) Hungary: as a result of one month of near-continuous rainfall in May and June 2010 severe flooding occurred in Hungary causing widespread damage to the agricultural sector, residential properties and businesses, to the road network and other infrastructure with the north-eastern and central parts of the country being particularly badly affected. The Hungarian authorities estimate the total direct damage at EUR 719 343 706. This amount represents 0.7307 % of Hungary's GNI and exceeds the normal threshold for mobilising the Solidarity Fund applicable to Hungary in 2010 of EUR 590.710 million (i.e. 0.6 % of GNI based on 2008 data).

(4) Czech Republic: the territory of the Czech Republic was hit by severe torrential rains during May and June 2010. These rains resulted in two interconnected waves of floods which affected the North-

Eastern part of the territory causing damages to residential properties and businesses, to the road network and other infrastructure. The area worst hit is located in the North-Eastern part of the Czech Republic and

includes four regions (Moravian-Silesian, Olomouc, Zlín and South-Moravian Region) that are bordering on Poland, Slovakia and Austria. The Czech authorities estimate the total direct damage caused by the disaster at EUR 204 456 041. As this amount is below the threshold of EUR 824.029 million (i.e. 0.6 % of the Czech Republic's GNI) the disaster does not qualify as a "major natural disaster" under the terms of Council Regulation (EC) No 2012/2002. However, the Czech Republic was affected by the same flooding disaster which led to the major disaster in Poland and Slovakia. Therefore, the condition set out in Article 2(2) second subparagraph of Council Regulation (EC) No 2012/2002, whereby a country affected by the same major disaster as a neighbouring country may

exceptionally benefit from Solidarity Fund aid, was found to be met.

(5) Croatia: in May and June 2010, Croatia was faced with intense rain with hail and thunderstorms causing severe floods that struck eastern and central parts of the country. The disaster caused significant damages to the agriculture sector, public and private property and the transport infrastructure. The disaster is of natural origin. The Croatian authorities estimate the total direct damage caused by the disaster at EUR 153 039 303. As this amount is below the threshold of EUR 275.804 million (i.e. 0.6 % of Croatia's GNI) the disaster does not qualify as a "major natural disaster" according to Council Regulation (EC) No 2012/2002. However, Croatia was affected by the same flooding disaster which led to the major disaster in Hungary. Therefore, the condition set out in Article 2(2) second subparagraph of Council Regulation (EC) No 2012/2002, whereby a country affected by the same major disaster as a neighbouring country may exceptionally benefit from Solidarity Fund aid, was found to be met. As a country in the process of negotiating its accession to the EU Croatia is eligible for EU Solidarity Fund assistance.

(6) Romania: at the end of June lasting until July, Romania was affected by heavy flooding and land slides covering the major part of the territory. The disaster caused significant damages to infrastructure, to the agricultural sector and to private and public property. The Romanian authorities estimate the total direct damage at EUR 875 757 770. As this amount exceeds the threshold for mobilising the Solidarity Fund of EUR 787.935 million applicable to Romania in 2010 the disaster qualifies as a “major natural disaster”.

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. By applying the same percentage methodology for calculating aid as the previous years, the Commission proposes the total amount of aid as follows:

- Poland: EUR 105 567 155
- Slovakia: EUR 20 430 841
- Hungary: EUR 22 485 772
- Czech Republic: EUR 5 111 401
- Croatia: EUR 3 825 983
- Romania: EUR 24 967 741.

Total: **EUR 182 388 893** for the total financial envelope.