# Amending budget 2/2012: mobilisation of the EU Solidarity Fund for Italy

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PURPOSE: to present Draft Amending Budget (DAB) No 2 for the year 2012 covering the mobilisation of the EU Solidarity Fund relating to flooding in Italy (Liguria and Tuscany) in October 2011.

CONTENT: Draft Amending Budget (DAB) No 2 for the year 2012 covers the mobilisation of the EU Solidarity Fund for an amount of **EUR 18 061 682** in commitment and payment appropriations relating to flooding in Italy (Liguria and Tuscany) in October 2011.

On 25 October 2011, an extreme weather system centred over north-west Italy led to a vast amount of rain falling within just a few hours. Worst affected, were the provinces of La Spezia in Liguria and Massa Carrara in Tuscany. As a result of the deluge, many small upland rivers burst their banks, carrying enormous quantities of water, mud and debris to the valleys below, and causing two major rivers – the Vara and the Magra – to flood several towns. Also severely hit, was the nearby area of Cinque Terre, in the province of La Spezia. The resulting disaster caused serious damage to residential homes, businesses and agriculture and the disruption of major transport links and essential public infrastructure networks.

**Subsequently, Italy submitted an application for financial assistance from the European Union Solidarity Fund**.

The Commission services have carried out a thorough examination of the application in accordance with Council Regulation (EC) No 2012/2002 and in particular with Articles 2, 3 and 4 thereof. The most important elements of the assessment can be summarised as follows:

- the disaster is of natural origin and falls within the field of application of the Solidarity Fund;
- for the designated disaster zone comprising neighbouring parts of Liguria and Tuscany the Italian authorities estimated total direct damage at EUR 722 467 299. This amount represents 20,43 % of the normal threshold of EUR 3,536 billion applicable to Italy in 2011 for mobilising the Solidarity Fund (i.e. EUR 3 billion in 2002 prices);
- as total damage remains below the normal threshold for mobilising the Solidarity Fund 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";
- one of the for the exceptional mobilisation of the Solidarity Fund is that the major part of the population in the region to which the application relates must be affected. The Italian application states that a total of 28 858 inhabitants in 20 municipalities were directly affected by the disaster out of a total population of 52 251. The evidence provided appears plausible. It can therefore be concluded that **the major part of the population was directly affected and that this condition is met**;
- as regards the requirement to demonstrate serious and lasting repercussions on the living conditions and the economic stability of the region, the application highlights the destruction and interruption of the utility networks and other infrastructures (such as in the fields of transport, water and electricity), the impact of the floods on the natural environment, the effects on businesses and tourism as well as the destruction of residential homes.

The Commission states that the cost of operations eligible under Article 3(2) of Regulation (EC) No 2012 /2002 is estimated at **EUR 511.4 million** and broken down into 4 categories: A) immediate restoration to

working conditions of infrastructure, B) temporary accommodation and rescue services, C) preventive infrastructures and immediate protection of cultural heritage and D) cleaning up of disaster stricken areas /zones. The highest costs are estimated for the restoration of transport and preventive infrastructures as well as for cleaning up. It concludes that the **flooding disaster referred to in the application can be considered to be extraordinary** within the meaning of the Regulation and to meet the conditions set out by Article 2(2), last subparagraph, of Regulation (EC) No 2012/2002 for exceptionally mobilising the Solidarity Fund.

**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 this case and to grant the following aid amounts**:

- **Italy** - Liguria and Tuscany flooding 2011: direct damage accepted: EUR 722.467 million
- **EU aid**: **EUR 18 061 682 million**.