Amending budget 6/2014: mobilisation of the EU Solidarity Fund for Serbia, Croatia and Bulgaria

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PURPOSE: presentation of draft amending budget No 7 for the year 2014 to mobilise the EU Solidarity Fund to assist **Serbia, Croatia and Bulgaria hit by floods in 2014**.

CONTENT: draft amending budget (DAB) No 7 for the year 2014 covers the mobilisation of the EU Solidarity Fund for an amount of **EUR 79 726 440 in commitment and payment appropriations**. The mobilisation relates to floods in Serbia and Croatia in May 2014 and to floods in Bulgaria in June 2014.

These floods are considered to be the worst in living memory, causing massive destruction of public and private infrastructure, as well as damaging hundreds of thousands of households.

The Commission has carried out a thorough examination of all three applications in accordance with Council Regulation (EC) No 2012/2002 establishing the European Union Solidarity Fund as amended by Regulation (EU) No 661/2014 of the European Parliament and of the Council.

The most important elements of the assessments are summarised here below.

Application from Serbia: following the floods, Serbia submitted an application to mobilise the Solidarity Fund. The disaster qualifies as a **major natural disaster**.

The Commission carried out a thorough evaluation of the application:

- the estimate of the total direct damage caused by the disaster amount to EUR 1.1 billion, based on the results of the Recovery Needs Assessment carried out in the immediate aftermath of the disaster. This amount represents 3.8% of Serbia's GNI and exceeds the threshold for mobilising the Solidarity Fund to Serbia in 2014. As the estimated total direct damage exceeds the threshold the disaster qualifies as a "major natural disaster", according to Article 2(2) of the Regulation. The financial assistance may only be used for essential emergency and recovery operations;
- regards the impact and consequences of the disaster: amongst others, there were 60 casualties; almost 32 000 people were rescued from the affected areas by the emergency services, around 5 000 of which needed to be placed in temporary accommodation;
- cost of eligible actions: the cost of essential emergency operations has been estimated by the Serbian authorities at EUR 381.9 million and has been broken down by type of operation. The largest share of the cost of emergency operations (over EUR 202 million) concerns recovery operations in the field of energy. The second largest share of cost concerns the transport sector amounting to EUR 106 million.

Application from Croatia: the east part of Croatia was affected by the same weather conditions that affected Serbia, causing serious damage, albeit to a lesser degree. The main elements of the evaluation of this application are as follows:

- the estimate of the total direct damage caused by the disaster amounts to EUR 297.6 million. This amount represents 0.7% of Croatia's GNI and exceeds the threshold for mobilising the Solidarity Fund to Croatia in 2014. As the estimated total direct damage exceeds the threshold the disaster qualifies as a **major natural disaster**, the financial assistance may only be used for essential emergency and recovery operations;
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as regards the impact and consequences of the disaster: over 26 000 people had to be evacuated. Energy networks failed, roads and bridges were seriously damaged and/or buried in landslides or washed-up mud. Some 2 700 residential buildings and over 4 000 farm buildings were flooded, many of which suffered structural damage;
- cost of urgent actions: EUR 108.8 million.

Application from Bulgaria: some areas in Bulgaria were affected by intense and heavy rainfall exceeding up to four times the monthly climatic norms leading to serious flooding and disruption. The main elements of the evaluation of this application are as follows:

- the estimate of the total direct damage caused by the disaster amounts EUR 311.3 million. This amount represents 0.8% of Bulgaria's GNI and exceeds the threshold for mobilising the Solidarity Fund to Bulgaria in 2014. As the estimated total direct damage exceeds the threshold the disaster qualifies as a **major natural disaster;**
- the biggest consequence of the disaster was the loss of 15 lives, thousands were directly affected and hundreds had to be evacuated and provided with temporary accommodation. There was damage to public infrastructure and facilities in the areas of energy, water and water resources, telecommunications, transport, health, education, emergency services, cultural heritage and protected natural areas.

Financing: 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 (i.e. 0.6% of 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 and 6% for the part of the damage above.

It is proposed to mobilise the Funds as follows:

- **Serbia** - floods: EUR 1 105 622 million in direct damage: EU aid: EUR 60 224 605;
- **Croatia** - floods: EUR 297.629 million in direct damage: EU aid: EUR 8 959 725;
- **Bulgaria** - floods: EUR 311.328 million in direct damage: EU aid: EUR 10 542 110.

Total: **EUR 79 726 440.**

In conclusion, it is proposed to mobilise the Solidarity Fund for each of these cases and to enter the total appropriations for Croatia and Bulgaria of EUR 19 501 835 into budget 2014 on budget article 13 06 01 and the corresponding appropriations of EUR 60 224 605 for Serbia on budget article 13 06 02 (dedicated to accession countries), both in commitment and in payment appropriations. As the Solidarity Fund is a special instrument as defined in the MFF regulation, the corresponding appropriations should be budgeted outside the corresponding MFF ceilings.