Amending budget 4/2015: mobilisation of the EU Solidarity Fund for Romania, Bulgaria and Italy

2015/2078(BUD) - 15/04/2015 - Commission draft budget

PURPOSE: presentation of the Draft Amending Budget (DAB) No 4 for the year 2015.

CONTENT: Draft Amending Budget (DAB) No 4 for the year 2015 covers the mobilisation of the European Union Solidarity Fund (EUSF) for an amount of **EUR 66 505 850** in commitment and payment appropriations. The mobilisation relates to two floods in Romania, one in Bulgaria and one in Italy.

Mobilisation of the EU Solidarity Fund

In 2014, the Commission received four more applications for EUSF financial assistance relating to disasters in Romania (floodings in spring and in summer), Bulgaria (summer flooding) and Italy (autumn flooding).

The Commission services have carried out a thorough examination of all four applications. The most important elements of the assessments are summarised here below:

1) Romania – Spring Floods: during April and May 2014, major parts of Romania were affected by wide-spread flooding causing destruction of public and private infrastructure, private homes and in agriculture. The application was submitted as a 'neighbouring country' disaster, under article 2(4) of the Regulation. Under this provision a country affected by the same disaster as a neighbouring country for which a major disaster has been recognised may exceptionally benefit from EUSF aid even if it does not qualify as a major or as a regional disaster. Romania claimed that it had been affected by the same disaster as the one that occurred in Serbia and which previously accepted by the Commission as a major disaster. The Commission therefore requested Romania to review and update its application. The Commission received a revised application from Romania.

As regards the impact and consequences of the disaster, this affected 30 of the 42 Romanian counties and triggered the evacuation of inhabitants, caused major losses and badly affected different sectors of the economy. The cost of essential emergency operations eligible under Article 3(2) of the Regulation has been estimated by the Romanian authorities at EUR 145.527 million covering emergency operations and recovery operations in the field of transport. The second largest share of cost concerns the securing of preventive infrastructure amounting to EUR 44 million.

2) Romania – Summer Floods: from late July to mid-August 2014, south-western parts of Romania were affected by heavy precipitation and subsequent floods and landslides that caused damage to public and private infrastructure, to businesses and the agricultural sector, as well as to cultural heritage and private homes. The Romanian authorities estimate the total direct damage caused by the disaster at EUR 171.911 million. As the total direct damage remained below the major disaster threshold for activating the EUSF the application was examined on the basis of the criteria for "regional disasters" as laid down in Article 2 (3) of the Regulation. which defines a 'regional disaster' as any natural disaster resulting in a region at NUTS level 2 of an eligible State in direct damage in excess of 1,5% of that region's GDP. The Romanian application relates to a single NUTS level 2 region, namely "Sud-Vest Oltenia". The reported direct damage exceeds the 1.5% threshold in article 2(3) of the Regulation. The application from Romania is therefore eligible for a contribution from the Solidarity Fund. The cost of essential emergency operations has been estimated by the Romanian authorities at EUR 93.955 million and has been broken down to cover the recovery of transport infrastructure and the securing of preventive infrastructure.

3) Bulgaria – Summer floods: Bulgaria suffered from intense and heavy rainfall at the end of July and early August 2014 which caused considerable damage to public and private infrastructure, businesses, private homes and assets, and harmed the agricultural sector. The Bulgarian authorities estimate the total direct damage caused by the disaster at EUR 79.344 million. As the total direct damage remains below the major disaster threshold for activating the EUSF the application was examined on the basis of the criteria for "regional disasters" as laid down in Article 2(3) of the Regulation. The Bulgarian application relates to a single NUTS level 2 region, namely "Severozapaden" in the north-west of Bulgaria, one of the poorest regions in the EU. The cost of essential emergency operations has been estimated by the Bulgarian authorities at EUR 69.108 million and mainly covers the recovery of transport infrastructure and repairs in the water/waste water sector.

4) Italy – Autumn floods: during the period from 9 October to 18 November 2014, wider parts of north-western Italy suffered from recurrent periods of severe weather with heavy rain and subsequent flooding and landslides which caused serious damage to public and private infrastructure, businesses, private homes and assets, and harmed the agricultural sector. The events occurred over a period of nearly six weeks in different locations of five Italian regions, namely Emilia-Romagna, Liguria, Lombardy, Piedmont and Tuscany. The Italian authorities estimated the total direct damage caused by the disaster at EUR 2 241,052 million. As total direct damage remains below the major disaster threshold for activating the Solidarity Fund the application was examined on the basis of the criteria for "regional disasters". Overall, the disaster caused 11 casualties and some 3000 people had to be evacuated. Widespread damage was done to the environment, to public infrastructure, agriculture, as well as to the economic and productive sectors as the floods affected many urban areas (Genova being the most prominent example). The cost of essential emergency operations has been estimated by the Italian authorities at EUR 434.314 million of which the largest share of the cost of emergency operations concerns recovery operations in the field of infrastructure and plant in the field of energy, water/waste water, telecoms, transport, health and education as well as the protection of cultural heritage.

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 "major disaster" threshold for mobilising the Fund (i.e. 0.6% of GNI or EUR 3 billion in 2011 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. For regional disasters and disasters accepted under the "neighbouring country" provision the rate is 2.5%. This rate was applied in all the four cases below as none of them exceeded their respective major disaster thresholds.

The Commission therefore proposes to apply the same percentages in this case, which amounts to an overall financial envelope of EUR 66 505 850, an amount complying with the ceiling provisions of the Multiannual Financial Framework (MFF) regulation (i.e. EUR 500 million in 2011 prices).

In addition, an amount of EUR 403 879 032 remained unspent from the 2014 allocation and may be used during 2015.

The Commission proposes to mobilise the European Union Solidarity Fund for each of the four cases concerning Romania, Bulgaria and Italy presented above and to amend the budget 2015 by increasing budget article 13 06 01 (EU Solidarity Fund for Member States) by **EUR 66 505 850** both in commitment and in payment appropriations.

As the European Union Solidarity Fund is a special instrument as defined in the MFF regulation, the corresponding appropriations should be budgeted outside the corresponding MFF ceiling.