Basic information

2011/2301(BUD) BUD - Budgetary procedure	Procedure completed
Amending budget 7/2011: mobilisation of the EU Solidarity Fund for Spain and Italy **Subject** 3.70.11 Natural disasters, Solidarity Fund 8.70.60 Previous annual budgets **Geographical area** Italy Spain	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets		
	Shadow rapporteur GODMANIS Ivars (ALDE)	

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	3129	2011-11-30

European Commission

Commission DG	Commissioner
Budget	LEWANDOWSKI Janusz

Key events

Date	Event	Reference	Summary
21/11/2011	Commission draft budget published	COM(2011)0796	Summary
30/11/2011	Council position on draft budget published	17632/2011	Summary
30/11/2011	Committee referral announced in Parliament		
30/11/2011	Draft budget approved by Council		
05/12/2011	Vote in committee		
07/12/2011	Budgetary report tabled for plenary	A7-0436/2011	Summary

13/12/2011	Decision by Parliament	T7-0548/2011	Summary
13/12/2011	Results of vote in Parliament		
13/12/2011	End of procedure in Parliament		
02/03/2012	Final act published in Official Journal		

Technical information

Procedure reference	2011/2301(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Budget
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/7/07842

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE476.074	23/11/2011	
Budgetary report tabled for plenary, 1st reading		A7-0436/2011	07/12/2011	Summary
Budgetary text adopted by Parliament		T7-0548/2011	13/12/2011	Summary

Council of the EU

Document type	Reference	Date	Summary
Council position on draft budget	17632/2011	30/11/2011	Summary

European Commission

Document type	Reference	Date	Summary
Commission draft budget	COM(2011)0796	21/11/2011	Summary

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Budget 2012/0101
OJ L 062 02.03.2012, p. 0001

Amending budget 7/2011: mobilisation of the EU Solidarity Fund for Spain and Italy

2011/2301(BUD) - 21/11/2011 - Commission draft budget

PURPOSE: presentation of draft amending budget N° 7 to the general budget 2011 which aims to mobilise the EU Solidarity Fund for Spain and Italy affected by natural disasters.

CONTENT: Draft Amending Budget (DAB) No 7 for the year 2011 covers the mobilisation of the EU Solidarity Fund for an amount of EUR 37 979 875 in commitment and payment appropriations relating to:

- the earthquake in Murcia, Spain (EUR 21 070 950);
- flooding in the Veneto, Italy (EUR 16 908 925).

(1) Spain: the affected area concerns the whole municipality of Lorca which belongs to the Autonomous Community of Murcia. Total damage was estimated by the Spanish authorities at EUR 843 million. This figure however includes an amount of EUR 162 000 in compensation paid by the State to the families of the victims which may not be considered as "direct damage". The Commission therefore considers that total direct damage amounts to **EUR 842 838 million**. As the total damage represents only 23.8% of the normal threshold applicable to Spain in 2011, the Spanish authorities presented their application under 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 conditions set out in the Regulation (EC) No 2012/2002 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 zone to which the Spanish application refers is the entire municipality of Lorca in the Autonomous Community of Murcia with a total population of 92 694 inhabitants (Murcia’s total population is 1 461 979). The earthquake claimed nine casualties, some 300 people were injured, approximately 10 000 inhabitants were evacuated and around 30 000 inhabitants had to spend the first night on the streets. Moreover, the application describes that an estimated 80% of buildings suffered damage with businesses and schools temporarily shut down. In addition, it is noted that around 708 shops, 50 craft businesses, 482 service companies, and 210 hotels and restaurants were affected. The disaster therefore seriously affected the socio-economic situation of the wider region far beyond Lorca with economic activity being drastically reduced if not stopped.

(2) Italy: during the period from 31 October to 2 November 2010, the Veneto region of north-eastern Italy was hit by torrential rainfall. The disaster is of natural origin and therefore falls within the main field of application of the Solidarity Fund. The damage figures presented by the Italian authorities under the "major disaster" scenario are composed of four main categories: (i) damage declared by public entities (municipalities, provinces, prefectures, regional forest service etc): EUR 588 million; (ii) damage caused by subsequent landslides: EUR 124 million; (iii) cost of restoration of the hydraulic security system: EUR 2 732 million; (iv) additional "execution costs": EUR 273 million. However, the Commission considers that only a smaller part of those costs relate to the repair of damage directly caused by the floods. Accordingly, total direct damage therefore remains below the aforementioned threshold and the Commission considers that the Veneto flooding does not qualify as a major disaster.

As total damage remains below the normal threshold the application was examined on the basis of the criteria for so-called “extraordinary regional disaster” 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 conditions set out in Regulation (EC) No 2012/2002 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 designated zone comprises parts of 14 municipalities at infra-communal level. 28 391 registered residents live in these 14 municipalities whereas 20 068 people (i.e. 70.6% of the population) are claimed to have been significantly concerned by the floods. About 2 800 temporarily displaced people were reported. More than 2 000 houses were affected by the floods, many garages and 450 cars were damaged. It was reported that over 2 500 SMEs lost their infrastructure, machineries and working tools. For the whole of Veneto the number of enterprises at risk as a consequence of the flood is 40 400 of which 9 900 are small enterprises employing some 250 000 people. On this basis the Commission considers that total direct damage may be estimated at **EUR 676.357 million**. This amount represents 19 % of the normal threshold for mobilising the Solidarity Fund applicable to Italy in 2011.

Financing: the total annual budget available for the Solidarity Fund is EUR 1 000 million. 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. The methodology for calculating Solidarity Fund aid was set out in the 2002-2003 Annual Report on the Solidarity Fund and accepted by the Council and the European Parliament.

It is proposed to reallocate the payment appropriations from budget item 05 04 05 01 — Rural development programmes, taking into account the differences between the payment forecasts from the Member States, as updated in September 2011, and the declarations of payments that have been submitted in November 2011.

It is proposed to grant the following aid amounts:

- **Spain** - earthquake in Lorca EUR 842.838 million of direct damages accepted: EU aid: **EUR 21 070 950**;

- **Veneto** - flooding: EUR 676.357 million in direct damages accepted: EU aid: **EUR 16 908 925**.

Amending budget 7/2011: mobilisation of the EU Solidarity Fund for Spain and Italy

2011/2301(BUD) - 30/11/2011 - Council position on draft budget

On 21 November 2011, the Commission forwarded to the Council draft amending budget (DAB) No 7 to the general budget for 2011, regarding the mobilisation of the EU Solidarity Fund for an amount of **EUR 37 979 875** in commitment and payment appropriations.

Its objective is to provide financial assistance to the region of Murcia in Spain, hit by an earthquake in May 2011, and to the Veneto region in Italy, affected by torrential rainfalls in Autumn 2010.

The corresponding appropriations are to be recorded under Article 13 06 01 (EU Solidarity Fund -Member States). The necessary payment appropriations will be redeployed from Item 05 04 05 01 (Rural development programs).

At the simplified trilogue provided for in Point 26 of the Interinstitutional Agreement of 17 May 2006, an agreement was reached on the mobilisation of the Fund and on the amount proposed by the Commission.

The Council reached an agreement on both Commission proposals.

On 30 November 2011, the Council adopted its position on draft amending budget No 7 of the European Union for the financial year 2011, by **accepting the Commission proposal without any changes** and as set out in the technical annex to this explanatory memorandum of the Council draft budget.

Amending budget 7/2011: mobilisation of the EU Solidarity Fund for Spain and Italy

2011/2301(BUD) - 07/12/2011 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report drafted by Sidonia Elżbieta JĘDRZEJEWSKA (EPP, PL) on the Council position on Draft amending budget No 7/2011 of the European Union for the financial year 2011, Section III – Commission.

Members recall that this Draft amending budget aims at mobilising the EU Solidarity Fund (EUSF) for an amount of EUR 38 million in commitment and payment appropriations in order to mitigate the effects of the earthquake that hit Murcia, Spain, and of the flooding in the Veneto region, Italy.

They also consider that it is of **great importance to quickly release financial assistance through the EU Solidarity Fund (EUSF)** and they are greatly concerned, in the case of flooding in the Veneto region, by the fact that the mobilisation of EUSF will only be effective 13 months after the torrential rainfall occurring at the end of October 2010. They underline, in that regard and in the specific case addressed by Draft amending Budget No 7/2011, that the two branches of the budgetary authority are taking their respective position with the utmost urgency in order to guarantee a quick delivery of assistance to the affected regions.

They call on all involved parties in the Member States, i.e. both at local and regional level, and national authorities, to improve assessment of needs and the coordination for future potential applications to the EUSF in a view to accelerate, as much as possible, the mobilisation of the EUSF.

Amending budget 7/2011: mobilisation of the EU Solidarity Fund for Spain and Italy

2011/2301(BUD) - 13/12/2011 - Budgetary text adopted by Parliament

The European Parliament adopted by 677 votes to 15, with 7 abstentions, a resolution approving, unamended, the Council position on Draft amending budget No 7/2011.

Parliament recalls that this Draft amending budget aims at mobilising the EU Solidarity Fund (EUSF) for an amount of EUR 38 million in commitment and payment appropriations in order to mitigate the effects of the earthquake that hit Murcia, Spain, and of the flooding in the Veneto region, Italy.

Parliament calls for a quick release of financial assistance through the EU Solidarity Fund (EUSF) and it is greatly concerned, in the case of flooding in the Veneto region, by the fact that the mobilisation of EUSF will only be effective **13 months after the torrential rainfall** occurring at the end of October 2010.

Members call on all involved parties in the Member States, i.e. both at local and regional level, and national authorities, to improve assessment of needs and the coordination for future potential applications to the EUSF in a view to accelerate, as much as possible, the mobilisation of the EUSF.

Amending budget 7/2011: mobilisation of the EU Solidarity Fund for Spain and Italy

2011/2301(BUD) - 13/12/2011 - Final act

PURPOSE: the definitive adoption of the European Union's amending budget 7/2011.

LEGISLATIVE ACT: 2012/101/EU, Euratom.

CONTENT: the European Parliament has definitively adopted amending budget 7/2011, in accordance with its resolution of 13 December 2011 (please refer to the summary of the resolution). This amending budget aims at mobilising the EU Solidarity Fund (EUSF) for an amount of **EUR 38 million** in commitment and payment appropriations in order to mitigate the effects of the earthquake that hit Murcia, Spain, and of the flooding in the Veneto region, Italy in autumn 2010. The necessary appropriations shall be redeployed from the heading 05 04 05 01(Rural development programmes).