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# DRAFT AMENDING BUDGET N° 4 TO THE GENERAL BUDGET 2015

## ACCOMPANYING THE PROPOSAL TO MOBILISE THE EUROPEAN UNION SOLIDARITY FUND FOR ROMANIA, BULGARIA AND ITALY

# DRAFT AMENDING BUDGET N° 4
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## ACCOMPANYING THE PROPOSAL TO MOBILISE THE EUROPEAN UNION SOLIDARITY FUND FOR ROMANIA, BULGARIA AND ITALY

Having regard to:

– the Treaty on the Functioning of the European Union, and in particular Article 314 thereof, in conjunction with the Treaty establishing the European Atomic Energy Community, and in particular Article 106a thereof,

– the Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the Financial Regulation applicable to the general budget of the Union[1], and in particular Article 41 thereof,

– the Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020[2], and in particular Article 10 thereof,

– the general budget of the European Union for the financial year 2015 adopted on 17 December 2014[3],

– the draft amending budget No 1/2015[4], adopted on 13 January 2015,

– the draft amending budget No 2/2015[5], adopted on 20 January 2015,

– the draft amending budget No 3/2015[6], adopted on [15 April 2015],

The European Commission hereby presents to the European Parliament and to the Council the Draft Amending Budget No 4 to the 2015 budget.

## CHANGES TO THE STATEMENT OF REVENUE AND EXPENDITURE BY SECTION

The changes to the statement of revenue and expenditure by section are available on EUR-Lex (http://eur-lex.europa.eu/budget/www/index-en.htm). An English version of the changes to this statement is attached for information as a budgetary annex.

1 OJ L 298, 26.10.2012, p. 1.
2 OJ L 347, 20.12.2013, p. 884.
3 OJ L 69, 13.3.2015, p. 1.
4 COM(2015) 11 final of 13.01.2015.
5 COM(2015) 16 final of 20.01.2015.
6 COM(2015) [XXX final of 15.04.2015].

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## 1. INTRODUCTION

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.

## 2. MOBILISATION OF THE EU SOLIDARITY FUND

During the second half of 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 in accordance with Council Regulation (EC) No 2012/2002[7] establishing the EUSF (hereafter "the Regulation"), in particular with Articles 2, 3 and 4 thereof.

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

### 2.1 Romania – Spring Floods

(1) 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.

(2) The flooding is of natural origin and therefore falls within the main field of application of the EUSF.

(3) The application from Romania was received on 9 July 2014, within the deadline of 12 weeks after the first damage was recorded on 19 April 2014.

(4) Romania did not request the payment of an advance.

(5) 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 from 14 May 2014 onwards and previously accepted by the Commission as a major disaster.

(6) The Commission's assessment of the meteorological conditions however came to the conclusion that the information provided by the Romanian authorities did not allow attributing all of the damage claimed (occurring as early as 19 April) to the same disaster that affected Serbia. The Commission therefore requested Romania to review and update its application and to exclude damage that had occurred prior to 14 May. The Commission received a revised application from Romania on 29 September 2014.

(7) In the revised application the Romanian authorities estimate the total direct damage caused by the disaster at EUR 167,927 million. This amount represents 0,13% of Romania’s Gross National Income (GNI) or 21,43% of the major disaster threshold for mobilising the EUSF of EUR 783,738 million applicable to Romania in 2014 (i.e. 0,6% of GNI based on 2012 data). As total direct damage remained below the major disaster threshold and as the regional disaster threshold as laid down in Article 2(3) of the Regulation was not reached, the application was successfully assessed under the neighbouring country provision of article 2(4).

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[7] Council Regulation (EC) No 2012/2002 of 11 November 2002 establishing the European Union Solidarity Fund, (OJ L 311 of 14.11.2002, p.3) as amended by Regulation (EU) No 661/2014 of the European Parliament and of the Council of 15 May 2014 (OJ L 189 of 27.06.2014, p.143).

(8) 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. Damage was reported in particular to preventive infrastructure, to transport, water/waste water, energy, and communication infrastructure. Agriculture suffered from loss of crops on cultivated land, drowning of animals; in forestry access roads and nurseries were destroyed by breaking dams; private homes were flooded just as schools, hospitals, other public buildings and cultural assets.

(9) 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 and has been broken down by type of operation. The largest share of the cost of emergency operations (over EUR 95 million) concerns recovery operations in the field of transport. The second largest share of cost concerns the securing of preventive infrastructure amounting to EUR 44 million.

(10) The affected regions are "less developed regions" under the European Structural and Investment (ESI) Funds (2014-2020). The Romanian authorities have not signalled to the Commission their intention to reallocate funding from the ESI Fund programme towards recovery measures.

(11) As regards the implementation of Union legislation on disaster risk prevention and management related to the nature of the disaster Romania is in the process of implementing Directive 2007/60/EC of the European Parliament and of the Council of 23 October 2007 on the assessment and management of flood risks (the “Floods Directive”). As a second stage of implementing the Directive, Romania prepared since March 2014 hazard maps and flood risks for areas designated as having significant potential flood risks.

(12) At the date of submitting the application Romania was not subject to infringement proceedings concerning Union legislation relating to the nature of the disaster.

(13) The Romanian authorities did not indicate any insurance coverage of eligible cost.

### 2.2 Romania – Summer Floods

(1) During the period 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.

(2) The flooding is of natural origin and therefore falls within the main field of application of the Solidarity Fund.

(3) The application from Romania was received on 3 October 2014, within the deadline of 12 weeks after the first damage was recorded on 28 July 2014. Additional information including revised damage figures was provided on 13 January 2015.

(4) Romania did not request the payment of an advance.

(5) The Romanian authorities estimate the total direct damage caused by the disaster at EUR 171,911 million. This amount represents 0,13% of Romania’s GNI or 21,9% of the major disaster threshold for mobilising the Solidarity Fund of EUR 783,738 million applicable to Romania in 2014 (i.e. 0,6% of GNI based on 2012 data).

(6) 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 of EUR 171,911 million represents 1,64% of the regional GDP of this region (EUR 10 480 million based on 2011 figures) and

exceeds the 1,5% threshold of article 2(3) of the Regulation. The application from Romania is therefore eligible for a contribution from the Solidarity Fund.

(7) As regards the impact and consequences of the disaster, this affected over 126 000 inhabitants in 5 counties of the Sud-Vest Oltenia region. It caused severe damage to public infrastructure (broken dykes and dams, damaged roads, bridges, water treatment plants and sewerage systems) and destroyed agricultural produce (crops, vegetable and vineyards). Romania claims that over 2 300 private homes, 20 schools, 9 kindergartens, and 11 churches suffered damage.

(8) The cost of essential emergency operations eligible under Article 3(2) of the Regulation has been estimated by the Romanian authorities at EUR 93,955 million and has been broken down by type of operation. With an estimated cost of over EUR 59 million their largest share concerns the recovery of transport infrastructure, the second largest share amounting to some EUR 26 million concerns the securing of preventive infrastructure.

(9) Sud-Vest Oltenia is a "less developed region" under the European Structural and Investment Funds (2014-2020). The Romanian authorities have not signalled to the Commission their intention to reallocate funding from the ESI Fund programme towards recovery measures.

(10) As regards the implementation of Union legislation on disaster risk prevention and management related to the nature of the disaster Romania is in the process of implementing Directive 2007/60/EC of the European Parliament and of the Council of 23 October 2007 on the assessment and management of flood risks (the “Floods Directive”). As a second stage of implementing the Directive, Romania prepared since March 2014 hazard maps and flood risks for areas designated as having significant potential flood risks.

(11) At the date of submitting the application Romania was not subject to infringement proceedings concerning Union legislation relating to the nature of the disaster.

(12) The Romanian authorities indicated that there is no insurance coverage of eligible cost.

### 2.3 Bulgaria – Summer Floods

(1) Similar to the events in Romania, 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.

(2) The flooding is of natural origin and therefore falls within the main field of application of the Solidarity Fund.

(3) The application from Bulgaria was received on 23 October 2014, within the deadline of 12 weeks after the first damage was recorded on 31 July 2014. On 12 November 2014 the Bulgarian authorities submitted updated information.

(4) Bulgaria did not request the payment of an advance.

(5) The Bulgarian authorities estimate the total direct damage caused by the disaster at EUR 79,344 million. This amount represents 0,20% of Bulgaria’s GNI or 34,1% of the “major disaster” threshold of EUR 232,502 million applicable to Bulgaria in 2014 (i.e. 0,6% of GNI based on 2012 data) for mobilising the EUSF.

(6) 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 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 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 reported direct damage of EUR 79,344 million represents 2,9% of its GDP (EUR 2 732 million based on 2011 data) and thus exceeds the 1,5% threshold of article 2(3) of the Regulation. The application from Bulgaria is therefore eligible for a contribution from the EUSF.

(7) As regards the impact and consequences of the disaster, most of the damage occurred in the town of Mizia and in the village Krushovitsa. Roads, local streets, and agricultural estates, some 700 private homes and public buildings were flooded. On 2 August the mayor of Mizia declared a state of emergency and over 800 people had to be evacuated. Roads and transport access to Mizia and surrounding villages was interrupted. Serious damage was caused to the public infrastructure in the sectors of energy, water, transport and education, as well as to cultural heritage assets and to protected natural areas.

(8) The cost of essential emergency operations eligible under Article 3(2) of the Regulation has been estimated by the Bulgarian authorities at EUR 69,108 million and has been broken down by type of operation. The largest share concerns the recovery of transport infrastructure (EUR 30 million). Another estimated EUR 19 million will be required for repairs in the water/waste water sector.

(9) The affected region of Severozapaden is a "less developed region" under the European Structural and Investment Funds (2014-2020). The Bulgarian authorities have not signalled to the Commission their intention to reallocate funding from the ESI Fund programme towards recovery measures.

(10) As regards the implementation of Union legislation on disaster risk prevention and management related to the nature of the disaster Bulgaria is in the process of implementing Directive 2007/60/EC of the European Parliament and of the Council of 23 October 2007 on the assessment and management of flood risks (the “Floods Directive”). Through the Bulgarian "Water law" a preliminary flood risk assessment for each river basin district had been conducted where areas of potential significant flood risks were identified.

(11) At the date of submitting the application Bulgaria was not subject to infringement proceedings concerning Union legislation relating to the nature of the disaster.

(12) The Bulgarian authorities indicated that there is no insurance coverage of eligible cost.

### 2.4 Italy – Autumn Floods

(1) 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.

(2) The flooding is of natural origin and therefore falls within the main field of application of the EUSF.

(3) The application from Italy was received on 23 December 2014, within the deadline of 12 weeks after the first damage was recorded on 9 October 2014. On 3 February 2015 the Italian authorities submitted updated information.

(4) Italy did not request the payment of an advance.

(5) The events described in the application occurred over a period of nearly six weeks in different locations of five Italian regions, namely Emilia-Romagna, Liguria, Lombardy, Piedmont and Tuscany. The Commission’s assessment of the application and the arguments put forward therein however confirmed that these events could all be attributed to a single underlying meteorological condition. These events can therefore be regarded as a single natural disaster within the meaning of Council Regulation 2012/2002 which falls within the field of application of the EUSF.

(6) The Italian authorities estimated the total direct damage caused by the disaster at EUR 2 241,052 million. This amount represents 70,4% of the “major disaster” threshold for mobilising the EUSF of EUR 3 184 million applicable to Italy in 2014 (i.e. EUR 3 billion in 2011 prices).

(7) 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" 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. Where several regions at NUTS level 2 are affected – as in this case - the threshold is applied to the average GDP of those regions weighted according to the share of total damage in each region. On the basis of the figures presented by the Italian authorities the damage caused in the five affected regions, represents 1,84% of the weighted regional GDP and thus exceeds the 1,5% threshold of article 2(3) of the Regulation. The application from Italy is therefore eligible for a contribution from the EUSF.

(8) As regards the impact and consequences of the disaster, this affected five regions, in various ways, depending on the specific local circumstances. These include numerous land and mud slides, flooding of river basins, bursting of the river banks, flooding of bridges and of other infrastructure. In some cases the precipitation was estimated to correspond to centenary or pluri-centenary return periods. Overall, the disaster caused 11 casualties and some 3000 people had to be evacuated. Widespread damage was done to the environment, to public infrastructure (roads, water, sewerage, gas and electricity), agriculture, as well as to the economic and productive sectors as the floods affected many urban areas (Genova being the most prominent example) with high population density. With some 42% of total damage the Liguria region was most hardly hit, Emilia Romagna suffered 21% of total damage, Piedmont 17%, Lombardy 12% and Tuscany 8%.

(9) The cost of essential emergency operations eligible under Article 3(2) of the Regulation has been estimated by the Italian authorities at EUR 434,314 million and has been broken down by type of operation. The largest share of the cost of emergency operations (EUR 250 million) concerns recovery operations in the field of infrastructure and plant in the field of energy, water/waste water, telecoms, transport, health and education. The second largest share of cost concerns the securing of preventive infrastructure and measures to protect the cultural heritage amounting to EUR 135 million.

(10) The affected regions are "more developed regions" under the European Structural and Investment Funds (2014-2020). The Italian authorities have not signalled to the Commission their intention to reallocate funding from the ESI Fund programme towards recovery measures.

(11) The application presents details on the implementation of Union legislation on disaster risk prevention and management related to the nature of the disaster. Italy declared being in the process of implementing Directive 2007/60/EC (the "Floods Directive") on the basis of the Legislative decree 23 February 2010, n. 49. It reports having conducted a preliminary flood risk assessment for each river basin district where areas of potential significant flood risks were identified.

(12) At the date of submitting the application Italy was not subject to infringement proceedings concerning Union legislation relating to the nature of the disaster.

(13) The Italian authorities indicated that there is no insurance coverage of eligible cost.

## 3. 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 and to mobilise the following aid amounts:

*(EUR)*

| **Disaster** | *Direct damage (million EUR)* | *Applied regional disaster threshold (million EUR)* | *Major disaster threshold (million EUR)* | *Total cost of eligible operations (million EUR)* | *2,5% of direct damage up to threshold (EUR)* | *Capping applied* | **Total amount of aid proposed (EUR)** |
|---|---|---|---|---|---|---|---|
| ROMANIA spring flooding | *167,927* | *~* | *783,738* | *145,527* | *4 198 175* | *No* | *4 198 175* |
| ROMANIA summer flooding | *171,911* | *157,200* | *783,738* | *93,955* | *4 297 775* | *No* | *4 297 775* |
| BULGARIA | *79,344* | *40,980* | *232,502* | *69,108* | *1 983 600* | *No* | *1 983 600* |
| ITALY | *2 241,052* | *1 832,944* | *3 183,624* | *434,314* | *56 026 300* | *No* | *56 026 300* |
| **TOTAL** | | | | | | | **66 505 850** |

This is the first proposal for mobilisation decision in 2015. The total amount of aid proposed above complies with the ceiling provisions of the Multiannual Financial Framework (MFF) regulation[8] of EUR 541 216 080 (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. As EUR 50 million have already been mobilised for the potential payment of advances and included in the 2015 budget in line with article 4a (4) of the Regulation, the total amount available for EUSF mobilisations in 2015 is EUR 895 095 112.

## 4. CONCLUSION

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 ceilings.

[8] OJ L 347, 20.12.2013, p. 884.

## 4. SUMMARY TABLE BY MFF HEADING

| Heading | Budget 2015 (incl. DAB 2-3/2015) | | Draft Amending Budget 4/2015 | | Budget 2015 (incl. DAB 1-4/2015) | |
|---|---|---|---|---|---|---|
| | CA | PA | CA | PA | CA | PA |
| **1. Smart and inclusive growth** | **77 954 679 684** | **66 922 960 910** | | | **77 954 679 684** | **66 922 960 910** |
| *Of which under Flexibility Instrument* | *83 285 595* | | | | *83 285 595* | |
| *Ceiling* | *77 986 000 000* | | | | *77 986 000 000* | |
| *Margin* | *114 605 911* | | | | *114 605 911* | |
| 1a Competitiveness for growth and jobs | 17 551 688 425 | 15 798 230 894 | | | 17 551 688 425 | 15 798 230 894 |
| *Ceiling* | *17 666 000 000* | | | | *17 666 000 000* | |
| *Margin* | *114 311 575* | | | | *114 311 575* | |
| 1b Economic social and territorial cohesion | 60 402 991 259 | 51 124 730 016 | | | 60 402 991 259 | 51 124 730 016 |
| *Of which under Flexibility Instrument* | *83 285 595* | | | | *83 285 595* | |
| *Ceiling* | *60 320 000 000* | | | | *60 320 000 000* | |
| *Margin* | *294 336* | | | | *294 336* | |
| **2. Sustainable growth: natural resources** | **63 901 960 185** | **55 998 594 804** | | | **63 901 960 185** | **55 998 594 804** |
| *Ceiling* | *64 692 000 000* | | | | *64 692 000 000* | |
| *Margin* | *790 039 815* | | | | *790 039 815* | |
| Of which: European Agricultural Guarantee Fund (EAGF) — Market related expenditure and direct payments | 43 455 780 762 | 43 447 624 585 | | | 43 455 780 762 | 43 447 624 585 |
| *Sub-ceiling* | *44 313 000 000* | | | | *44 313 000 000* | |
| *Net transfer between EAGF and EAFRD* | *123 215 000* | | | | *123 215 000* | |
| *Margin* | *734 004 238* | | | | *734 004 238* | |
| **3. Security and citizenship** | **2 357 076 847** | **1 859 513 795** | | | **2 357 076 847** | **1 859 513 795** |
| *Ceiling* | *2 456 000 000* | | | | *2 456 000 000* | |
| *Margin* | *98 923 153* | | | | *98 923 153* | |
| **4. Global Europe** | **8 410 899 029** | **7 422 489 907** | | | **8 410 899 029** | **7 422 489 907** |
| *Ceiling* | 8 749 000 000 | | | | 8 749 000 000 | |
| *Margin* | *338 100 971* | | | | *338 100 971* | |
| **5. Administration** | **8 660 469 063** | **8 658 756 179** | | | **8 660 469 063** | **8 658 756 179** |
| *Ceiling* | *9 076 000 000* | | | | *9 076 000 000* | |
| *Margin* | *415 530 937* | | | | *415 530 937* | |
| Of which: Administrative expenditure of the institutions | 6 941 188 663 | 6 939 475 779 | | | 6 941 188 663 | 6 939 475 779 |
| *Sub-ceiling* | *7 056 000 000* | | | | *7 056 000 000* | |
| *Margin* | *114 811 337* | | | | *114 811 337* | |
| **6. Compensations** | | | | | | |
| *Ceiling* | | | | | | |
| *Margin* | | | | | | |
| **Total** | **161 285 084 808** | **140 862 315 595** | | | **161 285 084 808** | **140 862 315 595** |
| ***Of which under Flexibility Instrument*** | ***83 285 595*** | ***11 315 595*** | | | ***83 285 595*** | ***11 315 595*** |
| ***Ceiling*** | ***162 959 000 000*** | ***141 901 000 000*** | | | ***162 959 000 000*** | ***141 901 000 000*** |
| ***Margin*** | ***1 757 200 787*** | ***1 050 000 000*** | | | ***1 757 200 787*** | ***1 050 000 000*** |
| **Other special Instruments** | **515 365 000** | **351 724 968** | **66 505 850** | **66 505 850** | **581 870 850** | **418 230 818** |
| **Grand Total** | **161 800 449 808** | **141 214 040 563** | **66 505 850** | **66 505 850** | **161 866 955 658** | **141 280 546 413** |