



Council of the
European Union

Brussels, 27 June 2017
(OR. en)

10693/17

FIN 415

PROPOSAL

From: Secretary-General of the European Commission,
signed by Mr Jordi AYET PUIGARNAU, Director

date of receipt: 27 June 2017

To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of
the European Union

No. Cion doc.: COM(2017) 540 final

Subject: Proposal for a Decision of the European Parliament and of the Council on
the mobilisation of the European Union Solidarity Fund to provide
assistance to Italy

Delegations will find attached document COM(2017) 540 final.

Encl.: COM(2017) 540 final



Brussels, 26.6.2017
COM(2017) 540 final

Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the mobilisation of the European Union Solidarity Fund to provide assistance to Italy

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

This decision covers the mobilisation of the European Union Solidarity Fund (EUSF) for an amount of EUR 1 196 797 579 to provide assistance to Italy further to a series of earthquakes that took place between August 2016 and January 2017 in the regions of Abruzzo, Lazio, Marche and Umbria. This mobilisation is accompanied by Draft Amending Budget (DAB) No 4/2017¹ that proposes to enter the necessary appropriations in the general budget 2017, both in commitments and payments, after having deducted the advance already paid in 2016 (EUR 30 000 000).

2. INFORMATION AND CONDITIONS

On 16 November 2016 the Commission received an initial application for financial assistance under the EUSF, in relation to a series of earthquakes affecting the regions of Abruzzo, Lazio, Marche and Umbria, after the first damage was recorded on 24 August 2016. This initial application was incomplete as a second series of earthquakes at the end of October 2016 had occurred and the evaluation of the additional damage still had to be performed. On 18 January 2017, shortly before the intended submission of the updated application a third series of severe earthquakes occurred. Consequently, on 15 February 2017 the Italian authorities presented an updated application with revised estimates including all damages caused between 24 August 2016 and 18 January 2017.

The Commission examined this application in accordance with Council Regulation (EC) No 2012/2002 of 11 November 2002 establishing the European Union Solidarity Fund² (hereafter "the EUSF regulation"), in particular with Articles 2, 3 and 4 thereof. The most important elements of the assessment are set out below.

- (1) During the period between 24 August 2016 and 18 January 2017, a series of strong earthquakes with magnitudes ranging from 5.9 to 6.5 in the Richter scale, followed by a multitude of aftershocks, affected wide areas of the Apennines chain in Central Italy, in particular the regions of Abruzzo, Lazio, Marche and Umbria.
- (2) Earthquakes are of natural origin and therefore fall within the main field of application of the EUSF.
- (3) The application from Italy, initially received on 16 November 2016, was within the deadline of 12 weeks after the first damage was recorded on 24 August 2016. In their application, the Italian authorities stressed that the assessment of the damage was incomplete and that the relevant figures were only provisional. The final application file was completed on 15 February 2017 to include the damages occurred between 24 August 2016 and 18 January 2017.
- (4) In its application, Italy requested the payment of an advance as laid down in Article 4a of the EUSF regulation. On 29 November 2016 the Commission adopted Implementing Decision C(2016) 7861 awarding EUR 30 000 000 in advances (the maximum amount allowed under the provisions of the EUSF regulation) from the anticipated financial contribution of the EUSF and subsequently paid it out in full to Italy.

¹ COM(2017) 541, 26.6.2017.

² 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).

- (5) The Italian authorities have estimated the total direct damages caused by the disaster at EUR 21 878,8 million. This amount represents 1,36 % of Italy's GNI, and exceeds the 'major disaster' threshold for mobilising the EUSF of EUR 3 312,2 million applicable to Italy in 2016 (i.e. EUR 3 billion in 2011 prices). As the estimated total direct damage exceeds the 'major disaster' threshold, the disaster qualifies as a "major natural disaster".
- (6) As regards the impact and consequences of the disaster, the earthquake of 24 August 2016 caused 299 casualties and 390 people were hospitalised. The earthquakes in October did not lead to casualties. The events in January caused 34 further casualties. The number of population assisted in the months following the shocks of 26 and 30 October 2016 reached its peak on 7 November with nearly 32 000 people assisted. Thousands of people needed to be evacuated, including patients from the hospitals in the Umbria region. On 8 November 2016, the assisted population exceeded 30 000 units in the area of the four affected regions, whereby about 11 000 were housed in hotels and accommodations both in the territories directly affected along the coast of the Marche and in the hinterland of Umbria, while other people were sheltered at public facilities made available by the municipalities. The area already severely affected by the events of August and October, was hit by further seismic events on 18 January 2017 and heavy snowfall led to the isolation of numerous villages in the Abruzzo region and caused significant harm to the living conditions of the affected population. The search and rescue operations turned out to be extremely complex.
- (7) The area affected by the earthquake of 24 August 2016 is mainly characterised by agricultural and tourism businesses. The structures of many farms were damaged (barns, warehouses and equipment remittances). In the affected areas of the Marche and Umbria regions, the number of services and industrial enterprises is considerably higher than in the rest of the affected areas. The damage to businesses in these regions is quite significant. Furthermore, the seismic events have had very negative repercussions on the tourism sector that was thriving in the whole area. A big number of holiday homes, located in national parks, was significantly damaged. As the earthquakes hit many medieval mountain towns, the damage to cultural heritage sites is significant. For instance, the Amatrice town centre was destroyed after the shocks of 24 August. The earthquake of 30 October destroyed the 14th-century-Basilica of St. Benedict in Norcia.
- (8) The cost of essential emergency and recovery operations eligible under Article 3(2) of the EUSF Regulation has been estimated by the Italian authorities at EUR 2 149 363 344 and has been broken down by type of operation. The largest share concerns the costs for restoration to working order of infrastructure, in particular roads, followed by the costs of the rescue services and for temporary accommodation.
- (9) The affected regions are "transition and more developed regions" under the European Structural and Investment (ESI) Funds (2014-2020). The Italian authorities signalled to the Commission their intention to reallocate funding from the ESI Funds programmes towards recovery measures.

- (10) As regards the implementation of Union legislation on disaster risk prevention and management, there is currently no infringement procedure on-going. Italy reports that there is no specific Union legislation on seismic risk. However, within the framework of the Union civil protection legislation³, Member States shall develop risk assessments at national or appropriate sub-national level and make available to the Commission a summary of the relevant elements thereof by 22 December 2015 and every three years thereafter. Italy is compliant with this provision and already submitted to the European Commission (DG ECHO) its National Risk Assessment Overview.
- (11) At the date of submitting the application Italy was not subject to infringement proceedings concerning Union legislation relating to the nature of the disaster.
- (12) The Italian authorities confirmed that there is no insurance coverage of eligible costs.

3. FINANCING FROM THE EUSF ALLOCATIONS 2016, 2017 AND 2018

Council Regulation (EU, EURATOM) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020⁴ (hereafter "the MFF regulation"), and in particular Article 10 thereof allows for the mobilisation of the EUSF, within an annual ceiling of EUR 500 000 000 (2011 prices). Point 11 of the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation on budgetary matters and on sound financial management⁵ (IIA) lays down the modalities for the mobilisation of the EUSF.

As solidarity was the central justification for the creation of the EUSF, the Commission takes the view that aid should be progressive. That means that, according to previous practice, the portion of the damages exceeding the "major disaster" threshold for mobilising the EUSF (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 damages up to the threshold. The rate applied in the past for defining the allocations for major disasters is 2,5 % of total direct damages under the threshold and 6 % for the part of the damages above. For regional disasters and disasters accepted under the "neighbouring country" provision the rate is 2,5 %.

The contribution may not exceed the estimated total cost of eligible operations. The methodology for calculating the aid was set out in the 2002-2003 Annual Report on the EUSF and accepted by the Council and the European Parliament.

On the basis of the application from Italy, the calculation of the aid from the EUSF, based on the estimate of total direct damages caused is as follows:

Disaster	<i>Total direct damages</i> <i>(million EUR)</i>	<i>Major disaster threshold</i> <i>(million EUR)</i>	<i>2,5% of direct damages up to threshold</i> <i>(million EUR)</i>	<i>6% of direct damages above threshold</i> <i>(EUR)</i>	<i>Total amount of aid proposed</i> <i>(EUR)</i>
ITALY	21 878,767	3 312,242	82 806 050	1 113 991 529	1 196 797 579
TOTAL					1 196 797 579

³ Decision No 1313/2013/EU of the European Parliament and of the Council of 17 December 2013 on a Union Civil Protection Mechanism (OJ L 347, 20.12.2013, p. 924), Article 6.

⁴ OJ L 347, 20.12.2013, p. 884.

⁵ OJ C 373, 20.12.2013, p. 1.

The total amount available for the mobilisation of the EUSF at the beginning of 2017 was EUR 1 115 121 612, being the sum of the 2017 allocation of EUR 563 081 210 (i.e. EUR 500 000 000 in 2011 prices) in accordance with Article 10(1) of the MFF regulation, plus the entire 2016 allocation of EUR 552 040 402 (i.e. EUR 500 000 000 in 2011 prices) that remained unspent and was carried over to the following year, in accordance with Article 10(2) of the MFF regulation.

The amount that may be mobilised at this stage of the year 2017 is EUR 902 826 499. This corresponds to the total amount available for the mobilisation of the EUSF at the beginning of 2017 (EUR 1 115 121 612), minus the previous mobilisation⁶ (EUR 71 524 810), minus the retained amount of EUR 140 770 303 in order to respect the obligation of keeping aside 25% of the 2017 annual allocation until 1 October 2017 as stipulated by Article 10(1) of the MFF regulation.

This amount is not sufficient to cover the full mobilisation of the EUSF for Italy. However, the Commission considers that the conditions under Article 10(2) of the MFF regulation are fulfilled and proposes to cover the difference of EUR 293 971 080 (EUR 1 196 797 579 minus EUR 902 826 499 under 2017 budget allocation) from the annual amount available in 2018.

EUSF financing summary table	Amount EUR
2016 allocation carried forward to 2017	552 040 402
2017 allocation	563 081 210 -----
Total available at the beginning of 2017	1 115 121 612
Minus already mobilised in 2017	-71 524 810
Minus 25% of the 2017 allocation retained	-140 770 303 -----
Maximum amount currently available (2016+2017 allocations)	902 826 499
Remaining balance frontloaded from the 2018 allocation	293 971 080
Total amount of aid proposed to Italy	<u>1 196 797 579</u>

⁶ Decision (EU) 2017/741 of the European Parliament and of the Council of 5 April 2017 on the mobilisation of the European Solidarity Fund to provide assistance to the United Kingdom, Cyprus and Portugal (OJ L 111, 24.4.2017, p. 6) and the accompanying Amending Budget No 1/2017 (OJ L 136, 24.5.2017, p. 1).

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the mobilisation of the European Union Solidarity Fund to provide assistance to Italy

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EC) No 2012/2002 of 11 November 2002 establishing the European Union Solidarity Fund⁷, and in particular Article 4(3) thereof,

Having regard to the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management⁸, and in particular point 11 thereof,

Having regard to the proposal from the European Commission,

Whereas:

- (1) The European Union Solidarity Fund (the "Fund") aims to enable the Union to respond in a rapid, efficient and flexible manner to emergency situations in order to show solidarity with the population of regions struck by natural disasters.
- (2) The Fund is not to exceed a maximum annual amount of EUR 500 000 000 (2011 prices), as laid down in Article 10(1) of Council Regulation (EU, Euratom) No 1311/2013⁹. The entire 2016 allocation remained unspent and was carried over to the following year, in accordance with Article 10(2) of the MFF regulation. The 2017 allocation was not yet drawn on.
- (3) On 16 November 2016, Italy submitted an application to mobilise the Fund, following an earthquake that affected the regions of Abruzzo, Lazio, Marche and Umbria on 24 August 2016. Additional earthquakes struck the previously hit areas and significantly increased the level of previously reported damage. Italy then submitted its final application on 15 February 2017 with revised estimates including all damage caused between 24 August 2016 and 18 January 2017.
- (5) The application by Italy meets the conditions for providing a financial contribution from the Fund, as laid down in Article 4 of Regulation (EC) No 2012/2002.
- (7) The Fund should therefore be mobilised in order to provide a financial contribution to Italy.
- (8) Since the amount that may be mobilised for 2017 does not cover the full contribution, the difference should be financed through the annual amount available for 2018 as provided for in Article 10(2) of Regulation (EU, Euratom) No 1311/2013.

⁷ OJ L 311, 14.11.2002, p. 3.

⁸ OJ C 373, 20.12.2013, p.1.

⁹ Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020 (OJ L 347, 20.12.2013, p. 884).

- (9) In order to minimise the time taken to mobilise the Fund, this Decision should apply from the date of its adoption,

HAVE ADOPTED THIS DECISION:

Article 1

For the general budget of the Union for the financial year 2017, the European Union Solidarity Fund shall be mobilised to provide the amount of EUR 1 196 797 579 to Italy in commitment and payment appropriations.

Article 2

This Decision shall enter into force on the day of its publication in the *Official Journal of the European Union*.

It shall apply from ... [*the date of its adoption*]**.

Done at Brussels,

For the European Parliament

For the Council

** *Date to be inserted by the Parliament before the publication in OJ.*