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PROPOSAL

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| From: | Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director |
| date of receipt: | 23 July 2015 |
| To: | Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union |
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| Subject: | Proposal for a Decision of the European Parliament and of the Council on the mobilisation of the EU Solidarity Fund |

Delegations will find attached document COM(2015) 370 final.

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EUROPEAN
COMMISSION

Brussels, 23.7.2015
COM(2015) 370 final

Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the mobilisation of the EU Solidarity Fund

INFORMATION AND CONDITIONS JUSTIFYING THE MOBILISATION OF THE EU SOLIDARITY FUND

1. INTRODUCTION

This decision covers the mobilisation of the European Union Solidarity Fund (the "Fund") for an amount of EUR 16 274 765 following three disasters in Bulgaria and Greece. This mobilisation will be financed for the full amount through the partial use of the EUR 50 000 000 in commitment and payment appropriations already entered into the 2015 budget, and as such an amending budget is not required.

2. INFORMATION AND CONDITIONS

In late April 2015 the Commission received three applications for the Fund for financial assistance relating to a disaster in Bulgaria (severe winter conditions) and two disasters in Greece (Evros and Central Greece flooding) which had occurred in January and February 2015. The Commission has carried out a thorough examination of all three applications in accordance with Council Regulation (EC) No 2012/2002 of 11 November 2002 establishing the European Union Solidarity Fund¹ (hereafter "the Regulation"), in particular with Articles 2, 3 and 4 thereof. The most important elements of the assessments are set out below.

2.1. BULGARIA

- (1) At the end of January and during early February 2015 major parts of Bulgaria suffered from heavy rainfall, snow, floods and landslides which caused considerable damage to public infrastructure, businesses, private homes and assets, and harmed the agricultural sector.
- (2) The application from Bulgaria was received on 24 April 2015, within the deadline of 12 weeks after the first damage was recorded on 30 January 2015.
- (3) The Commission assessed that the different disaster events in Bulgaria have a common meteorological cause of natural origin and therefore fall within the field of application of the EUSF.
- (4) When submitting its application Bulgaria requested the payment of an advance on the anticipated contribution from the EUSF. Following a preliminary assessment of the application the Commission concluded that the conditions laid down in Article 4a of the Regulation were met. Commission decision C(2015) 4179] awarded an advance amounting to EUR 637 782 which represents 10% of the anticipated financial contribution from the Fund.
- (5) The Bulgarian authorities estimate the total direct damage caused by the disaster at EUR 243,305 million. It represents 0,622 % of Bulgaria's GNI or 103,6 % of the "major disaster" threshold of EUR 234,871 million applicable to Bulgaria in 2015 (i.e. 0,6 % of GNI based on 2013 data) for mobilising the EUSF. As the estimated total direct damage exceeds the threshold the disaster qualifies as a "major natural disaster" within the meaning of Article 2(2) of the Regulation.

¹ 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

- (6) Total direct damage is the basis for the calculation of the amount of the financial contribution from the Fund. The financial contribution may only be used for essential emergency and recovery operations as defined in Article 3 of the Regulation.
- (7) As regards the impact and consequences of the disaster, the severe winter conditions affected almost the whole territory of Bulgaria. It was reported that the South-East region was the hardest hit by the events. Over 300 buildings in the city of Burgas alone were flooded. Landslides destroyed important infrastructure. Dykes broke, many rivers (e.g. the Maritsa/Evros river) burst their banks and flooded agricultural land and forests. Gusty winds destroyed pine forests, caused power failures and disrupted the communication networks; roads were blocked by fallen trees.
- (8) The cost of essential emergency operations eligible under Article 3(2) of the Regulation has been estimated by the Bulgarian authorities at EUR 239,225 million and has been broken down by types of operation. This amount represents over 98 % of the reported total damage. The Bulgarian authorities explained this disproportionately high share of public damage with the inability of local authorities to assess the private damage properly within the 12 weeks application deadline. Private damage is therefore to a large extent not included in the application. The largest share of the cost of emergency operations is over EUR 97 million and concerns the securing of preventive infrastructures. Over EUR 46 million are estimated to be required for the restoration of transport infrastructure.
- (9) The affected regions fall under the category of "less developed regions" 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 for Bulgaria 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 has transposed 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") in 2010 into national law and a preliminary flood risk assessment for each river basin district has been conducted based on a methodology for flood risk and flood hazard assessment developed by the Ministry of Environment and Water.
- (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 damage amounting to some EUR 32 275 is covered by insurance. This amount was deducted from eligible cost.

2.2. GREECE (floodings in the Evros and in the central and western regions)

- (1) From early February 2015, Greece was affected by wide-spread floodings in the broader area of the rivers Evros and Ardas in the East Macedonia and Thrace Region causing destruction of essential infrastructure, public buildings, private homes, businesses and in agriculture.
- (2) During the same period major parts of central and western Greece including the regions of Epirus, West Greece, Central Greece and Thessaly were affected by similar events causing even higher damage than in Eastern Macedonia.

- (3) Greece submitted two applications for a financial contribution from the Fund both on 23 April 2015, within the deadline of 12 weeks after the first damage was recorded on 4 February 2015 (Evros) and 1 February (central and western regions). The applications were submitted as 'regional disasters' under article 2(3) of the Regulation. In all, five NUTS 2 regions were affected by the disaster: The East Macedonia and Thrace region (Evros flooding) as well as the Epirus, West Greece, Central Greece and Thessaly regions (for central and western Greece flooding).
- (4) The assessment by the Commission however revealed that the events in Greece (and the major disaster in Bulgaria) are related and have the same meteorological origins. The Commission therefore decided to treat the Greek cases as a single regional disaster as laid down in Article 2(3) of the Regulation. The disaster is of natural origin and therefore falls within the field of application of the EUSF.
- (5) Merging the two applications has no impact on the amount of the EUSF financial contribution while considerably reducing the administrative burden on Greece from implementation and reporting.
- (6) When submitting its applications Greece requested the payment of an advance on the anticipated contributions from the EUSF. Following a preliminary assessment of the applications, and before deciding to merge them, the Commission concluded that the conditions laid down in Article 4a of the Regulation were met in both cases.
- (7) The Greek authorities estimate the cumulated total direct damage caused by the flooding events at EUR 395,878 million (EUR 132,454 million for Evros plus EUR 263,424 million for central and western Greece). This amount represents 36 % of the "major disaster" threshold of EUR 1 091,315 million applicable to Greece in 2015 (i.e. 0,6 % of GNI based on 2013 data) and therefore does not qualify as a 'major disaster'. Total direct damage does however represent 4,78 % of the weighted average GDP of the five concerned NUTS 2 regions and thus exceeds by far the 1,5 % threshold for the weighted regional GDP laid down in the Regulation to qualify as a regional disaster.
- (8) Total direct damage is the basis for determining the amount of the financial contribution from the Fund. The financial contribution may only be used for essential emergency and recovery operations as defined in Article 3 of the Regulation.
- (9) Commission decision C(2015) 4180 awarded an advance amounting to EUR 331 135 for Evros; Commission decision C(2015) 4181 an amount of EUR 658 560 for central and western Greece which in both cases represents 10 % of the anticipated financial contribution from the Fund.
- (10) As regards the impact and consequences of the disasters, the flooding in the Evros basin particularly affected the agricultural sector. About 17 500 ha of land was flooded. Farming infrastructure, warehouses and crops were destroyed. 150 km of roads were damaged or destroyed. Water supply and sewerage infrastructures were damaged in 17 settlements. The floods also caused damage to public buildings (schools, gyms, libraries). In the western, central and northern parts of Greece Epirus, Aitolokarnania, Evrytania, Fthiotida, Thessaly and Peloponnese, suffered from heavy rainfall and storms, as well as heavy snowfall in the mountains, stormy south winds, both in offshore and onshore areas. The event triggered power failures, rivers burst

their banks and extensive landslides resulted in a number of mountainous settlements being isolated where inhabitants needed to be evacuated. The disaster caused damage to more than 60 % of the road network in Epirus. Agriculture suffered from loss of crops on cultivated land. Stores, homes, commercial businesses, stock farming units and farms were affected. Some of Greece's cultural heritage assets were at stake. The raging waters of the Arachthos River for example swept away the historic bridge of Plaka, in Tzoumerka.

- (11) The cost of essential emergency operations eligible under Article 3(2) of the Regulation has been estimated by the Greek authorities at EUR 308,445 million and has been broken down by type of operation. The largest share of the cost concerns the transport sector of over EUR 196 million. The second largest share of cost concerns the securing of preventive infrastructure amounting to EUR 83 million.
- (12) The affected regions are "less developed regions" under the European Structural and Investment Funds (2014-2020). The Greek authorities have not signalled to the Commission their intention to reallocate funding from the ESI Fund programme towards recovery measures.
- (13) As regards the implementation of Union legislation on disaster risk prevention and management there is currently no infringement procedure on-going. An updated preliminary flood risk assessment report was submitted to the Commission in November 2012. Moreover, as part of the National Strategic Reference Framework 2014-2020, the OP 'Infrastructure, Transport, Environment and Sustainable Development', which is co-financed by the European Regional Development Fund and the Cohesion Fund, finances, under thematic goal 5, actions aiming to respond to the negative impact of climate change and adapt to new xerothermic conditions and possible extreme weather phenomena, such as flooding.
- (14) At the date of submitting the application Greece was not subject to infringement proceedings concerning Union legislation relating to the nature of the disaster.
- (15) The Greek authorities confirmed that there is no insurance coverage of eligible costs.

3. FINANCING

Council Regulation (EU, EURATOM) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020², and in particular Article 10 thereof allows for the mobilisation of the European Union Solidarity Fund (the "Fund"), within an annual ceiling of EUR 500 million (2011 prices), over and above the relevant headings of the financial framework. The conditions of eligibility to the Fund are detailed in the Council Regulation (EC) No 2012/2002 as amended by Regulation (EU) No 661/2014 of the European Parliament and of the Council of 15 May 2014 establishing the European Union Solidarity Fund. 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 management³ (IIA) set on the modalities for the mobilisation of the Fund.

² OJ L 347, 20.12.2013, p. 884.

³ OJ C 373, 20.12.2013, p. 1.

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%.

The contribution may not exceed the estimated total cost of eligible operations. 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.

On the basis of applications from Bulgaria and Greece, the calculation of the aid from the Fund, based on the estimate of total direct damage caused is as follows:

| Disaster | <i>Direct damage (million €)</i> | <i>Applied regional disaster threshold (million €)</i> | <i>Major disaster threshold (million €)</i> | <i>Total cost of eligible operations (million €)</i> | <i>2,5 % of direct damage up to threshold €</i> | <i>6 % of direct damage above threshold €</i> | <i>Total amount of aid proposed €</i> |
|-----------------|----------------------------------|--|---|--|---|---|---------------------------------------|
| BULGARIA | 243,305 | - | 234,871 | 239,225 | 5 871 775 | 506 040 | 6 377 815 |
| GREECE | 395,878 | 124,354 | 1 091,315 | 308,445 | 9 896 950 | - | 9 896 950 |
| TOTAL | | | | | | | 16 274 765 |

An amount of EUR 50 000 000 was mobilised at the time of the adoption of the Budget 2015 for the payment of advances and the corresponding commitment and payment appropriations were entered into the budget. In the light of the examination of the applications⁴ and considering the maximum possible grant from the Fund, the Commission proposes to mobilise the Fund for these two cases by using EUR 16 274 765 from the EUR 50 000 000 specifically mobilised for advances on the general budget of the European Union for the financial year 2015.

As an amount of EUR 1 627 477 was already paid for the 10 % advances (EUR 637 782 for Bulgaria and EUR 989 695 for Greece) in line with Article 4a(2) of the Regulation, the remaining balance to be paid is EUR 14 647 288 (EUR 5 740 033 for Bulgaria and EUR 8 907 255 for Greece).

After the payment of the above-mentioned advances, the available balance for the payment of advances in the budget is EUR 48 372 523. In line with point 11 of the IIA which provides for the possibility to reallocate appropriations, the Commission is proposing to draw from such available balance the EUR 14 647 288 needed for Bulgaria and Greece. After the payment of the remaining balance of EUR 14 647 288, an amount of EUR 33 725 235 remains available for further advances in 2015 in case of need. Based on the information currently available,

⁴ Communication to the Commission C(2015) xxxx.

this is assessed to be sufficient in the event of new applications received during the remaining part of the year.

In the event of disagreement, a trilogue procedure will be initiated in accordance with Point 11 of the IIA⁵.

⁵ OJ C 373, 20.12.2013, p. 1.

Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the mobilisation of the EU Solidarity Fund

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 Fund⁶ 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 management⁷, and in particular point 11 thereof,

Having regard to the proposal from the Commission⁸,

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 and to show solidarity with the population of regions struck by disasters.
- (2) The Fund is not to exceed a maximum annual amount of EUR 500 million (2011 prices), as laid down in Article 10 of Council Regulation (EU, Euratom) N° 1311/2013⁹.
- (3) Bulgaria has submitted an application to mobilise the Fund, concerning severe winter conditions.
- (4) Greece has submitted two applications to mobilise the Fund, concerning floods.
- (5) The Commission assessed that the applications meet the conditions for awarding Solidarity Fund aid laid down in Council Regulation 2012/2002.

⁶ 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).

⁷ OJ C 373, 20.12.2013, p.1.

⁸ OJ C [...], [...], p.[...].

⁹ Council Regulation (EU-Euratom) N° 1311/2013 laying down the multiannual financial framework for the years 2014-2020 (OJ L 347, 20.12.2013, p. 884).

- (6) The Fund should therefore be mobilised in order to provide a financial contribution for the full amount of EUR 16 274 765 in respect of the applications submitted by Bulgaria and Greece.
- (7) There is scope for reallocating appropriations in accordance with the second sentence of point 11 of the Interinstitutional Agreement of 2 December 2013. The appropriations for advances for the financial year 2015 have been used to a very limited extent, for the three applications which are the subject of this decision, and for which the remaining balance to be paid is EUR 14 647 288. Consequently the full amount for the mobilisation will be financed through the use of the available appropriations in the general budget of the European Union for the financial year 2015, and no additional appropriations are needed. Therefore, there is no need for an amending budget as this decision includes all the necessary elements for the mobilisation of the Fund.
- (8) 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

The full amount of the present mobilisation shall be covered by the specifically mobilised appropriations for advances in the Union budget for the financial year 2015 available on budget line 13 06 01.

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

Done at Brussels,

For the European Parliament
The President

For the Council
The President