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PROPOSAL

From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	20 September 2018
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 European Union Solidarity Fund to provide assistance to Latvia

Delegations will find attached document COM(2018) 658 final.

Encl.: COM(2018) 658 final



Brussels, 20.9.2018
COM(2018) 658 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
Latvia**

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

This decision covers the mobilisation of the European Union Solidarity Fund (EUSF) in accordance with Council Regulation (EC) No 2012/2002 of 11 November 2002¹ (hereafter referred to as the 'Regulation') for an amount of EUR 17 730 519 to provide assistance to Latvia further to the flooding disaster that took place in 2017. This mobilisation will be financed in full through the partial use of the remaining EUR 47 479 154 in commitment and payment appropriations already entered into the 2018 budget for covering advances. An amending budget is therefore not required.

2. INFORMATION AND CONDITIONS

During the summer and autumn of 2017, Latvia was affected by a long-lasting period of intense rainfalls leading to the saturation of soils and subsequent flooding throughout the country, particularly in the Latgale region and surrounding territories. As a consequence, crops were destroyed and widespread damage was caused to water courses, the drainage system, connected water treatment installations as well as road and railway infrastructure.

- (1) Latvia applied for a contribution from the EUSF on 14 November 2017, within the deadline of 12 weeks after the first damage was recorded on 24 August 2017. The application was submitted as a 'major natural disaster' under Article 2(2) of the Regulation. On 27 April 2018, in response to a request from the Commission, Latvia submitted additional information necessary to complete the assessment of this case.
- (2) The disaster is of natural origin and therefore falls within the field of application of the EUSF.
- (3) Latvia estimated the total direct damage caused by the flooding at EUR 380,5 million. This amount exceeds the 'major disaster threshold' for mobilising the EUSF applicable to Latvia in 2017 of EUR 145 740 000 (i.e. 0,6% of Latvia's Gross National Income based on 2015 data). As the estimated total direct damage exceeds that threshold, the disaster qualifies as a 'major natural disaster' as defined by the Regulation. The application from Latvia is therefore eligible for a contribution from the EUSF.
- (4) Latvia did not request the payment of an advance.
- (5) The Latvian application gives a detailed description of the meteorological situation leading to the disaster and of its effects. The continuous rainfall and floods during August, September and October 2017 caused considerable damage in agriculture resulting in the loss of crops and the widespread clogging of the agricultural drainage system. Moreover, state and local government infrastructure was damaged, in particular in the fields of water (water courses, drainage systems, hydrological installations, embankments and connected protective infrastructure) and transport infrastructure (major and local roads, railways). In total, 184 state motor roads were damaged, the railway traffic had to be suspended temporarily. On 29 August 2017

¹ Council Regulation (EC) No 2012/2002 of 11 November 2002 establishing the European Union Solidarity Fund (OJ L 311, 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, 27.6.2014, p. 143).

the state of emergency was declared. State and local government institutions and enterprises, providing services to the population, could not function properly. A number of schools and other local government buildings were flooded and had to be closed. Water courses were washed out and their beds filled with deposits, affecting over 28 000 km of (underground) drainage systems, some 4 500 km of open drains and ditches and some 1 700 water courses and hydrological constructions. The flooding of waste water treatment installations led to the pollution of water and presented a danger to the environment.

- (6) Latvia estimated the cost of emergency and recovery operations eligible under Article 3(2) of the Regulation at EUR 36,2 million and presented it broken down by type of operation. By far the largest share of eligible costs (almost EUR 32 million) concerns the public drainage system and related infrastructure. The contribution from the EUSF may however not be used for repairs going beyond the state of these assets before the disaster.
- (7) The Latvian authorities confirmed that there is no insurance coverage of eligible cost.
- (8) The affected region is a 'less developed region' under the European Structural and Investment Funds (2014-2020). The Latvian authorities did not signal to the Commission their intention to reallocate funding from the ESI Funds programmes towards recovery measures. However, following a request from Latvia for support to farmers presented to the Commission in November 2017, the Commission adopted Implementing Regulation (EU) 2018/108 on "an emergency measure in the form of aid to farmers due to the floods and heavy rainfalls in certain areas of Lithuania, Latvia, Estonia and Finland". The maximum amount provided to Latvia is EUR 3,5 million.
- (9) Latvia did not activate the Union Civil Protection Mechanism.
- (10) As regards the implementation of Union legislation on disaster risk prevention and management, there is currently no infringement procedure on-going.

2.5 Conclusion

For the reasons set out above, the disaster referred to in the application submitted by Latvia meets the conditions set out in the Regulation for mobilising the EUSF.

3. FINANCING FROM THE EUSF ALLOCATIONS 2018

Council Regulation (EU, EURATOM) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020² (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 management³ (IIA) lays down the modalities for the mobilisation of the EUSF.

² 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).

³ OJ C 373, 20.12.2013, p. 1.

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 damage exceeding the “major natural 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 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 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 Latvia, the calculation of the financial contribution from the EUSF, based on the estimate of total direct damages caused is as follows:

Member States	<i>Qualification of disaster</i>	<i>Total direct damage</i> (million EUR)	<i>Major disaster threshold</i> (million EUR)	<i>2,5% of direct damage up to threshold</i> (EUR)	<i>6% of direct damage above threshold</i> (EUR)	Total amount of aid proposed (EUR)	Advances paid (EUR)
LATVIA	<i>Major</i> (Art. 2(2))	380,524	145,740	3 643 500	14 087 019	17 730 519	0
	TOTAL					17 730 519	0

In accordance with Article 10(1) of the MFF regulation, the total amount available for the mobilisation of the EUSF at the beginning of 2018 was EUR 421 142 057, being the sum of the remaining 2018 allocation of EUR 280 371 754 (i.e. EUR 574 342 834 minus EUR 293 971 080 already mobilised in 2017⁴), plus the remaining 2017 allocation of EUR 140 770 303 that remained unspent and was carried over to 2018.

The amount that may be mobilised at this stage of the year 2018 is EUR 139 397 191. This corresponds to the total amount available for the mobilisation of the EUSF at the beginning of 2018 (EUR 421 142 057), minus the retained amount of EUR 143 585 709 in order to respect the obligation of keeping aside 25 % of the 2018 annual allocation until 1 October 2018 as stipulated by Article 10(1) of the MFF regulation, minus EUR 104 166 951 mobilised for Greece, Spain, France and Portugal⁵ and minus EUR 33 992 206 mobilised for Bulgaria, Greece, Lithuania and Poland⁶ earlier this year.

⁴ Decision (EU) 2017/1599 of the European Parliament and of the Council of 13 September 2017 on the mobilisation of the European Union Solidarity Fund to provide assistance to Italy (OJ L 245, 23.9.2017) and the accompanying Amending Budget N°4/2017 (OJ L 330, 13.12.2017).

⁵ Decision (EU) 2018/846 of the European Parliament and of the Council of 30 May 2018 on the mobilisation of the European Union Solidarity Fund to provide assistance to Greece, Spain, France and Portugal (OJ L 144, 8.6.2018, p. 3–4) and the accompanying Amending Budget N°1/2018 (OJ L 191, 27.7.2018, p. 1–22).

⁶ Decision of the European Parliament and of the Council of 11 September 2018 on the mobilisation of the European Union Solidarity Fund to provide assistance to Bulgaria, Greece, Lithuania and Poland (OJ L XX, XX.XX.XXX) and the accompanying Amending Budget N°4/2018 (OJ L XX, XX.XX.XXX).

EUSF financing summary table	Amount EUR
2017 allocation carried forward to 2018	140 770 303
2018 allocation	574 342 834
2018 allocation frontloaded in 2017 in accordance with Article 10(2) of the MFF regulation	-293 971 080 -----
Total available at the beginning of 2018	421 142 057
Minus already mobilised in 2018 for Greece, Spain, France and Portugal	-104 166 951
Minus already mobilised in 2018 for Bulgaria, Greece, Lithuania and Poland	- 33 992 206
Minus 25% of the 2018 allocation retained	-143 585 709 -----
Maximum amount currently available (2017+2018 allocations)	139 397 191
Total amount of aid proposed to be mobilised for Latvia	- 17 730 519
Remaining availabilities until 1 October 2018	121 666 672

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 Latvia

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 of Council Regulation (EU, Euratom) No 1311/2013⁹.
- (3) On 14 November 2017, Latvia submitted an application to mobilise the Fund, further to a long-lasting period of intense rainfalls during summer and autumn 2017 leading to the saturation of soils and subsequent flooding.
- (4) The application by Latvia meets the conditions for providing a financial contribution from the Fund, as laid down in Article 4 of Regulation (EC) No 2012/2002.
- (5) The Fund should therefore be mobilised in order to provide a financial contribution to Latvia.
- (6) In order to minimise the time taken to mobilise the Fund, this Decision should apply from the date of its adoption,
- (7) By Decision 2018/508 of 27 March 2018¹⁰, the Fund was mobilised to provide the sum of EUR 50 000 000 in commitment and payment appropriations for the payment of advances for the financial year 2018. Those appropriations have only been used to a very limited extent. Consequently, there is scope for financing the full amount for the

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).

¹⁰ OJ L 83, 27.3.2018, p. 13.

present mobilisation through the reallocation of the appropriations mobilised for the payment of advances in the general budget of the Union for the financial year 2018

HAVE ADOPTED THIS DECISION:

Article 1

For the general budget of the Union for the financial year 2018, the European Union Solidarity Fund shall be mobilised to provide the amount of EUR 17 730 519 to Latvia, 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.*