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**DRAFT AMENDING BUDGET N° 9
TO THE GENERAL BUDGET 2013**

STATEMENT OF REVENUE BY SECTION

STATEMENT OF EXPENDITURE BY SECTION
Section III – Commission

**DRAFT AMENDING BUDGET N° 9
TO THE GENERAL BUDGET 2013**

STATEMENT OF REVENUE BY SECTION

STATEMENT OF EXPENDITURE BY SECTION

Section III – Commission

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 Union¹, and in particular Article 41 thereof,
- the general budget of the European Union for the financial year 2013 adopted on 12 December 2012²,
- the amending budget No 1/2013, adopted on 4 July 2013,
- the amending budget No 2/2013, adopted on 11 September 2013,
- the amending budget No 3/2013, adopted on 11 September 2013,
- the amending budget No 4/2013, adopted on 11 September 2013,
- the amending budget No 5/2013, adopted on 11 September 2013,
- the draft amending budget No 6/2013³, adopted on 10 July 2013, as amended on 18 September 2013⁴,
- the draft amending budget No 7/2013⁵, adopted on 25 July 2013,
- the draft amending budget No 8/2013⁶, adopted on 25 September 2013,

The European Commission hereby presents to the budgetary authority the Draft Amending Budget No 9 to the 2013 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 66, 8.3.2013, p. 1.

³ COM(2013) 518.

⁴ COM(2013) 655.

⁵ COM(2013) 557.

⁶ COM(2013) 669.

TABLE OF CONTENTS

1. INTRODUCTION	5
2. MOBILISATION OF THE EU SOLIDARITY FUND	5
2.1 DROUGHT IN ROMANIA	5
2.2 FLOODS IN CENTRAL EUROPE	6
2.2.1 GERMANY.....	7
2.2.2 AUSTRIA.....	8
2.2.3 THE CZECH REPUBLIC	9
3. FINANCING	10
4. SUMMARY TABLE BY HEADING OF THE FINANCIAL FRAMEWORK	11

1. INTRODUCTION

Draft Amending Budget (DAB) No 9 for the year 2013 covers the mobilisation of the EU Solidarity Fund for an amount of EUR 400,5 million in commitment and payment appropriations. The mobilisation is in favour of Romania in relation to a drought and forest fires in summer 2012, and of Germany, Austria and the Czech Republic in relation to flooding in May and June 2013.

2. MOBILISATION OF THE EU SOLIDARITY FUND

2.1 Drought in Romania

During the summer of 2012 major parts of Romania suffered from very low precipitation and repeated waves of extremely high temperatures, leading to drought with important crop failure, numerous forest and vegetation fires, shortage of water for the population, and resulting problems for the water supply and hydro-energy production systems. Subsequently, in November 2012, the Romanian authorities decided to submit an application for financial aid from the EU Solidarity Fund.

The Commission services have carried out a thorough examination of the application in accordance with Council Regulation (EC) No 2012/2002 and in particular with Articles 2, 3 and 4 thereof. The most important elements of the assessment can be summarised as follows:

- (1) The Commission received the application from Romania on 2 November 2012. In order to complete the assessment the Commission requested supplementary and revised information which was received on 30 May 2013. The translation of this information from the Romanian original became available on 3 July.
- (2) In responding to the drought disaster in Cyprus of 2008 the Commission established that, while Regulation (EC) No 2012/2002 may not be well designed to tackle the characteristics of a slowly unfolding disaster, it can nevertheless be mobilised in response to any major natural disaster with serious repercussions on living conditions, the natural environment or the economy in a beneficiary State as established in Article 2(1), provided that the disaster meets the criteria set out in Article 2(2) and that the application for assistance is presented in good time in accordance with Article 4(1).
- (3) Article 4(1) of the Regulation (EC) No 2012/2002 requires the application to be presented no later than ten weeks after the first damage caused by the disaster. In the case of slowly unfolding disasters such as drought this meets an objective difficulty. In Romania a prolonged period characterised by low rainfall, increasingly high temperatures and numerous fires over several months led to the development of severe drought conditions affecting some 2.764 million hectares of land in 35 of the 41 Romanian counties which cumulated on 25 August 2012 with the outbreak of major vegetation and forest fires. The Commission, therefore, considers that 25 August 2012, as presented by the Romanian authorities, i.e. just under 10 weeks before the application was received, can be accepted as the starting date of the major disaster. As a consequence, the application presented to the Commission on 2 November 2012 respects the time-limits laid down in Article 4(1).
- (4) The drought and its consequences are of natural origin and therefore fall within the main field of application of the EU Solidarity Fund.
- (5) In their initial application the Romanian authorities estimated the total direct damage caused by the drought and forest fires at over EUR 1,9 billion. This amount represented 263 % of the normal threshold for mobilising the Solidarity Fund applicable to Romania in 2012 of

EUR 735,5 million (i.e. 0,6 % of GNI based on 2010 data). This figure however contained agricultural damage that had occurred prior to the defined starting date which may not be included in the total amount of damage. Moreover, the estimate of agricultural damage was based on unrealistic expectations about crop yields and market prices. Following a request from the Commission Romania therefore reviewed its damage assessment. The revised total damage presented by Romania amounts to EUR 872,8 million. However, this amount still includes economic losses in the hydro-energy production sector amounting to EUR 66,1 million which cannot be accepted as direct damage and need to be excluded. The Commission therefore considers that total direct damage should be estimated at EUR 806,7 million. As this amount exceeds the normal threshold for activating the Solidarity Fund the drought qualifies as a major natural disaster within the meaning of Article 2(2) of Regulation (EC) No 2012/2002. Total direct damage is the basis for the calculation of the amount of financial assistance. The financial assistance may only be used for essential emergency operations as defined in Article 3 of the Regulation.

- (6) Over 99 % of the damage relate to agriculture and forestry which is not eligible for Solidarity Fund aid as it is not covered by the types of eligible emergency operations pursuant to Article 3(2) of Regulation (EC) No 2012/2002. The Romanian authorities estimate the cost of operations eligible under Article 3(2) at EUR 2,5 million. These costs relate to emergency operations of the rescue services, in particular fire fighting and water transport, and rehabilitation operations on the water infrastructure. Aid from the Solidarity Fund may not exceed the total cost of eligible operations.
- (7) The affected region is eligible as "Convergence Region" under the Structural Funds (2007-2013).
- (8) The Romanian authorities indicated that there is no insurance coverage of eligible cost.

In conclusion, for the reasons set out above, the drought and wildfires referred to in the application are considered to be a major disaster within the meaning of the Regulation and to meet the conditions set out by Article 2(2), first subparagraph, of Regulation 2012/2002 for mobilising the Solidarity Fund.

2.2 Floods in Central Europe

In May and June 2013 Central Europe was affected by a meteorological situation very similar to the one which led to the 100-year-flooding-event in 2002 and subsequently to the creation of the EU Solidarity Fund. Again, Germany, Austria and the Czech Republic were affected by extreme flooding. In spite of partly higher flood levels, overall damage, while still very high, remained below that of 2002, in particular in Austria and the Czech Republic, not least because of the effectiveness of flood protection and risk control measures introduced since 2002.

Subsequently, Germany submitted an application for financial assistance from the European Union Solidarity Fund under the criteria for major disasters, whereas the applications from Austria and the Czech Republic were based on the so-called "neighbouring country criterion".

The Commission services have carried out a thorough examination of the applications in accordance with Council Regulation (EC) No 2012/2002 and in particular with Articles 2, 3 and 4 thereof. The most important elements of the assessment can be summarised as follows:

2.2.1 Germany

- (1) The Commission received the application from Germany on 24 July 2013, within the deadline of 10 weeks after the first damage was recorded on 18 May 2013.

- (2) From mid May 2013, large areas of Germany experienced amounts of extremely intense rainfall in some areas reaching 300 % of the monthly average. Combined with already saturated soils and, in the case of the Danube river basin melting snow in the Alps, this resulted in widespread flooding. Water levels reached a new all-time high on many rivers. The floods were more extensive and more severe than the floods of August 2002 and the previous record summer floods of July 1954. On 18 May severe thunderstorms and extreme downpours triggered the first flood damage in Bavaria and Thuringia. The Danube, Lech and Regen rivers and the Inn-Salzach region were hit particularly hard by the floods between 1 and 16 June 2013. From 30 May 2013 onwards, the constant rain caused flooding along the length of the Rhine and through its entire catchment area in Baden-Württemberg, Bavaria, Hessen, Rhineland-Palatinate and Thuringia. The regions around the Elbe and Saale rivers in Saxony, Thuringia, Saxony-Anhalt, Brandenburg, Lower Saxony, Mecklenburg-Western Pomerania and Schleswig-Holstein saw prolonged flooding, which began on 2 June 2013 and continued until the end of the month.
- (3) The flooding is of natural origin and therefore falls within the main field of application of the Solidarity Fund.
- (4) As regards the impact and consequences of the flooding, the German authorities reported a death toll of eight people, with at least 128 people injured. More than 100 000 people were evacuated from flood-affected areas with a total of almost 600 000 people affected by the disaster. The impact was felt in almost 1 700 communities. Many town and city centres were partly or completely inundated (e.g. Passau, Deggendorf, Bad Schandau, Pirna, Meissen, Dresden, Grimma, Döbeln, Waldheim). More than 32 000 houses were damaged or completely destroyed. The total damage to private households amounted to almost EUR 1,5 billion. In many places, drinking water supplies, sewage systems and electricity networks were disrupted, schools and kindergartens were closed. More than 170 bridges and some 700 km of roads were damaged or destroyed. The key railway connection between Berlin and Stendal remains closed. Public flood defences suffered structural damage and will no longer be functional in the event of future flooding. The business sector has sustained damage estimated at over EUR 1,3 billion with serious impact on tens of thousands of companies. Production was partly interrupted because of damage to production facilities or logistical problems. More than 430 000 hectares of agricultural and forestry land were flooded with considerable direct damage extending from crop failure to total destruction of buildings and equipment.
- (5) The German authorities estimated the total direct damage at over EUR 8,2 billion. This amount exceeds by far the threshold for mobilising the Solidarity Fund of EUR 3,7 billion applicable to Germany in 2013 (EUR 3 billion in 2002 prices). As the estimated total direct damage exceeds the threshold the disaster qualifies as a “major natural disaster”. Total direct damage is the basis for the calculation of the amount of financial assistance. The financial assistance may only be used for essential emergency operations as defined in Article 3 of the Regulation.
- (6) The German authorities estimated the cost of operations eligible under Article 3(2) of Regulation (EC) No 2012/2002 at EUR 3,3 billion and presented it broken down by type of operation. The largest share of the cost of emergency operations (over EUR 2,5 billion) concerns recovery operations in the field of transport infrastructure.
- (7) The affected parts of Germany are partly eligible as "Convergence Regions", partly as “Phasing-out Regions” and partly as “Competitiveness and Employment Regions” under the Structural Funds (2007-2013). The German authorities intend using existing funding from the Structural Funds and from the EAFRD projects to tackle the effects of the disaster in the regions concerned. Operations funded by the Solidarity Fund may not benefit from assistance from the Structural Funds referred to in Article 6 of the Regulation.

- (8) At the moment of application detailed information on insurance coverage of eligible cost was not available. The Commission reserves the right to assess this element once available. Cost for repairing damage by a third party is not eligible for Solidarity Fund assistance.

In conclusion, for the reasons set out above, the flooding referred to in the application is considered to be a major disaster within the meaning of the Regulation and to meet the conditions set out by Article 2(2), first subparagraph, of Regulation 2012/2002 for mobilising the Solidarity Fund.

2.2.2 *Austria*

- (1) Commission received the application from Austria on 6 August 2013, within the deadline of 10 weeks after the first damage was recorded on 30 May 2013.
- (2) The flood affected 7 out of 9 Austrian Länder, in particular Vorarlberg, Tyrol, Salzburg, Lower Austria and Upper Austria with a population some 4,6 million inhabitants. In some river basins (Saalach, Salzach, Inn, and upper Danube) flood levels reached a 500 year high. It resulted in widespread damage to infrastructure, in particular protective infrastructure along the rivers, in the transport and in the water/waste water sectors. Private homes and property were damaged or destroyed, crop failure resulted from flooding of over 22 000 hectares of agricultural land. Over 300 businesses suffered direct damage, including some in the all-important tourism sector.
- (3) The disaster is of natural origin and falls within the field of application of the Solidarity Fund.
- (4) The Austrian authorities estimated the total direct damage at EUR 866,5 million. This amount represents 48 % of the threshold of EUR 1,8 billion (i.e. 0,6 % of Austria's GNI), the disaster therefore does not qualify as a "major disaster" under the terms of Council Regulation (EC) No 2012/2002. However, Austria was affected by the same flooding disaster which led to the major disaster in Germany. Therefore, the Austrian authorities presented their application under the so called "neighbouring country criterion", whereby a country affected by the same major disaster as a neighbouring country may exceptionally benefit from Solidarity Fund aid even if the normal damage threshold for mobilising the Fund is not reached. There is clear evidence that the floods in Germany and Austria have the same underlying cause; the Commission therefore considers that the criterion is met. Total direct damage is the basis for the calculation of the amount of financial assistance. The financial assistance may only be used for essential emergency operations as defined in Article 3 of the Regulation.
- (5) (The Austrian authorities estimated the cost of operations eligible under Article 3(2) of Regulation (EC) No 2012/2002 at EUR 350,4 million and presented it broken down by type of operation. The largest share of the cost of emergency operations concerns recovery operations in the field of transport infrastructure (EUR 164 million) and preventive infrastructure (EUR 79 million).
- (6) The Austrian authorities indicated that they do not plan to submit other requests for assistance from other Union instruments.
- (7) The Austrian authorities declared that none of the eligible operations is insured.

In conclusion, for the reasons set out above, the flooding referred to in the application is considered to be a disaster in a neighbouring country within the meaning of the Regulation and to meet the conditions set out by Article 2(2), second subparagraph, of Regulation 2012/2002 for mobilising the Solidarity Fund.

2.2.3 *The Czech Republic*

- (1) The Commission received the application from the Czech Republic on 8 August 2013, within the deadline of 10 weeks after the first damage was recorded on 2 June 2013.
- (2) From the end of May and during June 2013 the Czech Republic was affected by considerable, partly torrential rainfalls causing flooding with up to 50-year return periods especially in the catchment areas of the Berounka, Vltava and Labe rivers and affecting in particular the regions of South Bohemia, Plzeň, Central Bohemia, Hradec Králové, Liberec, Ústí and the City of Prague which represent approx. 54 % of the Czech Republic territory and directly concerned more than one third of the population of the Czech Republic. 15 people were killed and 23 000 had to be evacuated. The floods damaged or destroyed in particular the transport infrastructure (railways, roads and bridges etc.), telecommunication networks, water supply and wastewater systems, as well as electricity and gas networks. More than 7 000 private homes were damaged. Health care and social services, many businesses – some of which may need to close down - agriculture and forestry also suffered extensive damage.
- (3) The disaster is of natural origin and falls within the field of application of the Solidarity Fund.
- (4) The Czech authorities estimated the total direct damage at EUR 637,1 million. This amount represents 73 % of the threshold of EUR 871,6 million (i.e. 0,6 % of the Czech Republic's GNI), the disaster therefore does not by far qualify as a "major disaster" according to Council Regulation (EC) No 2012/2002. However, the Czech Republic was affected by the same flooding disaster which led to the major disaster in Germany. Therefore, the Czech authorities presented their application under the so called "neighbouring country criterion", whereby a country affected by the same major disaster as a neighbouring country may exceptionally benefit from Solidarity Fund aid. There is clear evidence that the floods in Germany and the Czech Republic have the same underlying cause; the Commission therefore considers that the criterion is met. Total direct damage is the basis for the calculation of the amount of financial assistance. The financial assistance may only be used for essential emergency operations as defined in Article 3 of the Regulation.
- (5) The Czech authorities estimated the cost of operations eligible under Article 3(2) of Regulation (EC) No 2012/2002 at EUR 416,4 million and presented it broken down by type of operation. The largest share of the cost of emergency operations concerns works on roads and bridges (EUR 158 million), sewage systems (over EUR 52 million) and water courses (over EUR 56 million).
- (6) The affected parts of the Czech Republic are eligible as "Convergence Regions" under the Structural Funds (2007-2013) with the exception of Prague which is eligible as "Phasing-in Region". The Czech authorities indicated that they are considering the use of existing funding within Structural Funds and Cohesion Fund programmes for flood recovery. Operations funded by the Solidarity Fund may not benefit from assistance from the Structural Funds referred to in Article 6 of the Regulation.
- (7) The Czech authorities indicated that certain public buildings are generally insured while there is no insurance of infrastructure assets. The Commission reserves the right to assess this element. Cost for repairing damage by a third party is not eligible for Solidarity Fund assistance.

In conclusion, for the reasons set out above, the flooding referred to in the application is considered to be a disaster in a neighbouring country within the meaning of the Regulation and to meet the conditions set out by Article 2(2), second subparagraph, of Regulation 2012/2002 for mobilising the Solidarity Fund.

3. 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 apply the same percentages in this case and to grant the following aid amounts:

(EUR)

Disaster	<i>Direct damage</i>	<i>Threshold (million €)</i>	<i>Total cost of eligible operations</i>	<i>Amount based on 2.5%</i>	<i>Amount based on 6%</i>	Total amount of aid proposed
Romania drought	806 724 312	735.487	2 475 689	18 387 175	4 274 239	2 475 689
Germany flooding	8 153 500 000	3 678.755	3 289 400 000	91 968 875	268 484 700	360 453 575
Austria flooding	866 462 000	1 798.112	350 334 000	21 661 550	-	21 661 550
Czech Republic flooding	637 131 000	871.618	416 368 000	15 928 275	-	15 928 275
TOTAL						400 519 089

In conclusion, for the reasons set out above, it is proposed to accept the applications submitted by Romania relating to the drought disaster in 2012 and by Germany, Austria and the Czech Republic relating to the flooding disasters of May and June 2013 and to propose the mobilisation of the Solidarity Fund for each of these cases.

4. SUMMARY TABLE BY HEADING OF THE FINANCIAL FRAMEWORK

Financial framework Heading/subheading	Revised 2013 Financial framework		Budget 2013 (incl. AB 1 to AB 5 + DAB 6 to DAB 8/2013)		DAB 9/2013		Budget 2013 (incl. AB 1 to AB 5 + DAB 6 to DAB 9/2013)	
	CA	PA	CA	PA	CA	PA	CA	PA
1. SUSTAINABLE GROWTH								
1a. Competitiveness for growth and employment	15 670 000 000		16 168 150 291	12 886 628 095			16 168 150 291	12 886 628 095
<i>Margin</i>			1 849 709				1 849 709	
1b. Cohesion for growth and employment	54 974 000 000		55 108 049 037	56 349 544 736			55 108 049 037	56 349 544 736
<i>Margin</i> ⁷			0				0	
Total	70 644 000 000		71 276 199 328	69 236 172 831			71 276 199 328	69 236 172 831
<i>Margin</i> ⁸			1 849 709				1 849 709	
2. PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES								
Of which market related expenditure and direct payments	48 574 000 000		43 956 548 610	43 934 188 711			43 956 548 610	43 934 188 711
Total	61 289 000 000		60 159 241 416	58 068 031 826			60 159 241 416	58 068 031 826
<i>Margin</i>			1 129 758 584				1 129 758 584	
3. CITIZENSHIP, FREEDOM, SECURITY AND JUSTICE								
3a. Freedom, Security and Justice	1 661 000 000		1 440 827 200	1 050 404 650			1 440 827 200	1 050 404 650
<i>Margin</i>			220 172 800				220 172 800	
3b. Citizenship	746 000 000		753 287 942	664 802 559	400 519 089	400 519 089	1 153 807 031	1 065 321 648
<i>Margin</i>			7 320 000				7 320 000	
Total	2 407 000 000		2 194 115 142	1 715 207 209	400 519 089	400 519 089	2 594 634 231	2 115 726 298
<i>Margin</i> ⁹			227 492 800				227 492 800	
4. EU AS A GLOBAL PLAYER	9 595 000 000		9 583 118 711	6 941 146 336			9 583 118 711	6 941 146 336
<i>Margin</i> ¹⁰			275 996 289				275 996 289	
5. ADMINISTRATION	8 492 000 000		8 430 374 740	8 430 049 740			8 430 374 740	8 430 049 740
<i>Margin</i> ¹¹			147 625 260				147 625 260	
6. COMPENSATION	75 000 000		75 000 000	75 000 000			75 000 000	75 000 000
<i>Margin</i>								
TOTAL	152 502 000 000	144 285 000 000	151 718 049 337	144 465 607 942	400 519 089	400 519 089	152 118 568 426	144 866 127 031
<i>Margin</i> ^{12,13,14}			1 782 722 642	0			1 782 722 642	0

⁷ EUR 134,0 million above the ceiling are financed by the mobilisation of the Flexibility Instrument in 2013.

⁸ The European Globalisation adjustment Fund (EGF) is not included in the calculation of the margin under Heading 1a (EUR 500 million).

⁹ The European Union Solidarity Fund (EUSF) amount is entered over and above the relevant headings as foreseen by the IIA of 17 May 2006 (OJ C 139 of 14.6.2006).

¹⁰ The 2013 margin for heading 4 does not take into account the appropriations related to the Emergency Aid Reserve (EUR 264,1 million).

¹¹ For calculating the margin under the ceiling for heading 5, account is taken of the footnote (1) of the financial framework 2007-2013 for an amount of EUR 86 million for the staff contributions to the pension scheme.

¹² EUR 134,0 million above the ceiling for commitments are financed by the mobilisation of the Flexibility Instrument in 2013.

¹³ The global margin for commitments does not take into account the appropriations related to the EGF (EUR 500 million), the EUSF (EUR 415,1 million), the EAR (EUR 264,1 million), and the staff contributions to the pensions scheme (EUR 86 million).

¹⁴ The global margin for payments does not take into account the appropriations related to the EUSF (EUR 415,1 million), the EAR (EUR 80 million), and to the staff contributions to the pensions scheme (EUR 86 million).