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**DRAFT AMENDING BUDGET N° 5
TO THE GENERAL BUDGET 2013**

STATEMENT OF REVENUE BY SECTION

STATEMENT OF EXPENDITURE BY SECTION
Section III – Commission

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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 draft amending budget No 1/2013³, adopted on 18 March 2013,
- the draft amending budget No 2/2013⁴, adopted on 27 March 2013,
- the draft amending budget No 3/2013⁵, adopted on 15 April 2013,
- the draft amending budget No 4/2013⁶, adopted on 29 April 2013,

The European Commission hereby presents to the budgetary authority the Draft Amending Budget No 5 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) 156.

⁴ COM(2013) 183.

⁵ COM(2013) XXX.

⁶ COM(2013) XXX.

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1. INTRODUCTION

Draft Amending Budget (DAB) No 5 for the year 2013 covers the mobilisation of the EU Solidarity Fund for an amount of EUR 14 607 942 in commitment and payment appropriations relating to a flooding disaster in Slovenia, Croatia and Austria in autumn 2012.

2. MOBILISATION OF THE EU SOLIDARITY FUND

Intense rainfall between the end of October and early November 2012 caused rivers to burst their banks flooding in wider areas of the rivers Sava, Kupa, Mura and Drava in Slovenia and in the basins of the rivers Mura, Drava and Lavant in Austria, as well as on the territory of Croatia. The floods caused damage to private and public buildings, water and waste water infrastructure, businesses and to agricultural land and forests.

Subsequently, Slovenia submitted an application for financial assistance from the European Union Solidarity Fund under the major disaster criterion, whereby Croatia's and Austria's applications were submitted under the so-called 'neighbouring country criterion'.

The Commission's analysis revealed that the flooding damage as presented in all three applications was caused by a single underlying meteorological condition and can therefore be accepted as a single event.

The Commission services have carried out a thorough examination of the application in accordance with Council Regulation (EC) No 2012/2002⁷ and in particular with Articles 2, 3 and 4 thereof. The most important elements of the assessment are summarised here below.

2.1 Slovenia

- (1) Slovenia was affected by a first wave of intense rainfall on 27 October 2012 causing damage on 28 October; followed by a second wave of heavy rains and stormy weather from 4 and 5 November resulting in extensive floods.
- (2) The application from Slovenia was received at the Commission on 2 January 2013, within the deadline of 10 weeks after the first damage was recorded on 28 October 2012.
- (3) The flooding is of natural origin and therefore falls within the main field of application of the Solidarity Fund. The analysis by the Commission services showed that from a meteorological and hydrological point of view the two floodwaves had a common underlying cause and can therefore be considered as one single event.
- (4) The Slovenian authorities estimated the total direct damage at over EUR 359,535 million. This amount represents 1,008 % of Slovenia's GNI and exceeds by far the threshold for mobilising the Solidarity Fund of EUR 214,021 million applicable to Slovenia in 2013 (i.e. 0,6 % of GNI based on 2011 data). 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.

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.

- (5) As regards the impact and consequences of the flooding, the Slovenian authorities reported over 6 130 records of damage in agriculture and forestry. Over 2 500 homes, administrative and economic facilities as well as 10 schools suffered damage. The local road infrastructure suffered significant damage and more than one thousands of records of damage to watercourses were reported. The application leaves no doubt that the floods which affected the greater part of Slovenia caused significant damage which under the current financial and economic circumstances represents a serious burden for Slovenia.
- (6) The cost of operations eligible under Article 3(2) of Regulation (EC) No 2012/2002 is estimated at EUR 249,608 million and presented broken down by type of operation. The largest share of the cost of emergency operations (over EUR 194 million) concerns recovery operations in the field of water and waste water management.
- (7) The affected region is eligible as a "Convergence Region" under the Structural Funds (2007-2013). The Slovenian authorities have not signalled to the Commission any intention to use other sources of Community funding to deal with the consequences of the floods.
- (8) The Slovenian authorities indicated that there is no insurance coverage of eligible cost.

2.2 Croatia

- (1) Between 26 October 2012 and early November 2012, Croatia suffered from flooding affecting the northern, western and central parts of Croatia, in particular wider areas of nine Croatian counties. Most damage concerned infrastructure in the field of water, waste water and energy.
- (2) As a country in the process of negotiating its accession to the EU Croatia is eligible for EU Solidarity Fund assistance.
- (3) The application for financial assistance from the European Union Solidarity Fund was presented to the Commission on 3 January 2013 within the deadline of 10 weeks after the first damage was recorded on 26 October 2012.
- (4) The disaster is of natural origin. The Croatian authorities estimate the total direct damage caused by the disaster at over EUR 11,463 million. As this amount is below the threshold of EUR 259,805 million (i.e. 0,6 % of GNI based on 2011 data) the disaster does not qualify as a "major natural disaster" according to Council Regulation (EC) No 2012/2002. However, the disaster in Croatia had the same origins as the flooding which led to the major disaster in Slovenia and 6 of the 9 affected Croatian counties share the border with Slovenia. Therefore, the condition set out in Article 2(2) second subparagraph of Council Regulation (EC) No 2012/2002, whereby a country affected by the same major disaster as a neighbouring country may exceptionally benefit from Solidarity Fund aid, was found to be met.
- (5) As regards the impact and consequences of the flooding, the Croatian authorities report that important infrastructure and private and public property was damaged in 9 counties, in 4 of which counties the disaster also had effects on the local economy and living conditions of some 795 000 inhabitants. In the remaining 5 counties, due to regular and emergency flood protection measures taken by Hrvatske vode (Croatian waters) damage to private property could be prevented. Only damage to the flood protection facilities (e.g. breached dykes) were reported. Apart from damage to essential infrastructure, Croatia reports damages to agricultural and forest areas, to industrial, commercial and agricultural facilities, private homes, to dykes, bridges and walkways and piers on the Croatian coastline (e.g. in Mali Lošinj). Several hundred private homes were flooded and people had to be evacuated. Moreover, the disaster caused blockages of road traffic which made it difficult to take immediate action.

- (6) The cost of essential emergency operations eligible under Article 3(2) of Council Regulation (EC) No 2012/2002 has been estimated by the Croatian authorities at EUR 4,49 million and has been presented broken down by type of operation.
- (7) The Croatian authorities indicated that no other Community funding will be used for mitigating this disaster.

2.3 Austria

- (1) As a result of heavy rains and rapid melting of snow, flooding and landslides occurred in several parts of southern Austria. Especially the market town of Lavamünd in the province of Carinthia near the Slovenian border was seriously affected where, from 5 November 2012 on, populated areas were flooded, damaging public and private property, businesses and local infrastructure.
- (2) The application for financial assistance from the European Union Solidarity Fund was presented to the Commission on 11 January 2013 within the deadline of 10 weeks after the first damage was recorded on 5 November 2012.
- (3) The disaster is of natural origin. On 28 February 2013 the Austrian authorities completed their initial application with further details and updated figures. Accordingly, the estimated total direct damage caused by the disaster amounts to EUR 9,6 million. This amount represents only a small fraction of the threshold of EUR 1 798,112 million (i.e. 0,6 % of Austria's GNI), the disaster therefore does not by far qualify as a "major disaster" according to Council Regulation (EC) No 2012/2002. However, Austria was affected by the same flooding disaster which led to the major disaster in Slovenia. 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. Despite the low damage which represents only 0,53 % of the threshold, the criterion is found to be met.
- (4) The Austrian authorities describe the impact of the disaster on the town of Lavamünd, located at the immediate confluence of the rivers Drava (Drau) and Lavant on Austria's border with Slovenia. Due to heavy rains both rivers burst their banks and Lavamünd was inundated with water rising up to two meters high damaging 4 public buildings, 37 private homes and 16 businesses and local infrastructure. 181 inhabitants were directly affected.
- (5) The cost of essential emergency operations eligible under Article 3(2) of Council Regulation (EC) No 2012/2002 has been estimated by the Austrian authorities at EUR 1,6 million and has been presented broken down by type of operation.
- (6) The Austrian authorities indicated that they do not plan to submit other requests for assistance from other Community instruments.

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)

<i>Disaster</i>	<i>Direct damage accepted</i>	<i>Threshold (in million)</i>	<i>Amount based on 2,5%</i>	<i>Amount based on 6%</i>	<i>Total amount of aid proposed</i>
Slovenia flooding	359 534 838	214,021	5 350 525	8 730 830	14 081 355
Croatia flooding	11 463 479	259,805	286 587	~	286 587
Austria flooding	9 600 000	1 798,112	240 000	~	240 000
TOTAL					14 607 942

In conclusion, it is proposed to accept the applications submitted by Slovenia, Croatia and Austria relating to the flooding disasters of October/November 2012 and to propose the mobilisation of the Solidarity Fund for each of these cases.

In accordance with the logic of DAB No 1 of 2013 on the financing needs related to the accession of Croatia to the European Union, which is planned for 1 July 2013, it is proposed to enter the amounts related to the Croatian application under heading 3b of the financial framework.

With respect to the payment appropriations, the Commission in the proposal for DAB No 2 of 2013 left an unallocated margin of EUR 14,8 million under the 2013 ceiling for payments of the multi-annual financial framework, precisely to cover these known requests for the mobilisation of the EU Solidarity Fund.

5. SUMMARY TABLE BY HEADING OF THE FINANCIAL FRAMEWORK

Financial framework Heading/subheading	Revised 2013 Financial framework		Budget 2013 (incl. DAB 1-4/2013)		DAB 5/2013		Budget 2013 (incl. DAB 1-5/2013)	
	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>			<i>1 849 709</i>				<i>1 849 709</i>	
1b. Cohesion for growth and employment	54 974 000 000		54 958 049 037	56 349 544 736			54 958 049 037	56 349 544 736
<i>Margin</i>			<i>15 950 963</i>				<i>15 950 963</i>	
Total	70 644 000 000		71 126 199 328	69 236 172 831			71 126 199 328	69 236 172 831
<i>Margin⁸</i>			<i>17 800 672</i>				<i>17 800 672</i>	
2. PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES								
Of which market related expenditure and direct payments	48 583 000 000		43 956 548 610	43 934 188 711			43 956 548 610	43 934 188 711
Total	61 310 000 000		60 159 241 416	58 095 492 961			60 159 241 416	58 095 492 961
<i>Margin</i>			<i>1 150 758 584</i>				<i>1 150 758 584</i>	
3. CITIZENSHIP, FREEDOM, SECURITY AND JUSTICE								
3a. Freedom, Security and Justice	1 703 000 000		1 440 827 200	1 046 033 652			1 440 827 200	1 046 033 652
<i>Margin</i>			<i>262 172 800</i>				<i>262 172 800</i>	
3b. Citizenship	746 000 000		738 680 000	654 565 615	14 607 942	14 607 942	753 287 942	669 173 557
<i>Margin</i>			<i>7 320 000</i>				<i>7 320 000</i>	
Total	2 449 000 000		2 179 507 200	1 700 599 267	14 607 942	14 607 942	2 194 115 142	1 715 207 209
<i>Margin⁹</i>			<i>269 492 800</i>				<i>269 492 800</i>	
4. EU AS A GLOBAL PLAYER								
<i>Margin¹⁰</i>	9 595 000 000		9 583 118 711	6 898 914 260			9 583 118 711	6 898 914 260
			<i>275 996 289</i>				<i>275 996 289</i>	
5. ADMINISTRATION								
<i>Margin¹¹</i>	9 095 000 000		8 430 374 740	8 430 049 740			8 430 374 740	8 430 049 740
			<i>750 625 260</i>				<i>750 625 260</i>	
6. COMPENSATION								
<i>Margin</i>	75 000 000		75 000 000	75 000 000			75 000 000	75 000 000
TOTAL	153 168 000 000	144 285 000 000	151 553 441 395	144 436 229 059	14 607 942	14 607 942	151 568 049 337	144 450 837 001
<i>Margin^{12,13}</i>			<i>2 464 673 605</i>	<i>14 770 941</i>			<i>2 464 673 605</i>	<i>162 999</i>

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

¹³ The global margin for payments does not take into account the appropriations related to the EAR (EUR 80 million), and to the staff contributions to the pensions scheme (EUR 86 million).