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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 Greece following the earthquake that affected the Ionian Islands in November 2015

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

This decision covers the mobilisation of the European Union Solidarity Fund (the "Fund") for an amount of EUR 1 651 834 following an earthquake in Greece. This mobilisation will be financed in full through the partial use of the EUR 50 000 000 in commitment and payment appropriations already entered into the 2016 budget, and as such an amending budget is not required.

2. INFORMATION AND CONDITIONS

On 5 February 2016 the Commission received an application for the Fund for financial assistance relating to a disaster in Greece (earthquake affecting the Ionian Islands region, in particular the islands of Lefkada and Kefalonia) which had occurred on 17 November 2015. The Commission has carried out a thorough examination of this application 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.

- (1) Greece submitted its application for a financial contribution from the Fund on 5 February 2016, within the deadline of 12 weeks after the first damage was recorded on 17 November 2015 (Lefkada island). The application was submitted as 'regional disaster' under article 2(3) of the Regulation. Following a query from the Commission updated information was presented on 9 March 2016.
- (2) When submitting its application Greece requested the payment of an advance on the anticipated contributions from the Fund. Following a preliminary assessment of the applications, the Commission concluded that the conditions laid down in Article 4a of the Regulation were met.
- (3) Commission decision C(2016) 1772 on 18 March 2016 awarded an advance amounting to EUR 164 798 which represented 10 % of the anticipated financial contribution from the Fund.
- (4) The Greek authorities initially estimated the total direct damage at EUR 65 919 000. On 9 March 2016 the Greek authorities presented an update of the application raising total direct damage to EUR 66 073 345. The updated damage amount represents 2,1% of the regional GDP of the concerned NUTS 2 region Ionia Islands (EUR 3 137 million based on 2014 Eurostat figures² for EL62) and thus exceeds the threshold of 1,5% of regional GDP laid down in the Regulation to qualify as a regional disaster.
- (5) 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.
- (6) As regards the impact and consequences of the disaster, a series of catastrophic earthquakes reaching magnitude 6.1 on the Richter scale struck Lefkada on the

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

² This is based on latest Eurostat data received in May 2016. At the moment the application was received the threshold was calculated based on provisional (higher) data and as a result the provisionally calculated threshold of EUR 48,7 million is decreased to EUR 47,1 million. In both cases the threshold is met and there is no impact on the amount of aid proposed.

morning of 17 November 2015. Damage was also recorded in the northern parts of Ithaki and Kefalonia. Several aftershocks followed the event. Two people lost their lives and eight people were wounded. According to expert seismologists the earthquake shifted the island of Lefkada 36 cm to the south. The Greek Civil protection operations centre was activated immediately and temporary housing, shelter and food were provided to the affected population. The earthquake damaged 120 housing units, of which 20 were considered unsuitable for living. Moreover, extensive damage to the provincial and municipal infrastructure networks, private and public buildings (including the local hospital) and other infrastructure (ports, biological networks) but also to cultural sites (mainly churches) was reported. Landslides buried and destructed some of the touristically most important beaches in the west of the island.

- (7) The cost of essential emergency operations eligible under Article 3(2) of the Regulation has been estimated by the Greek authorities at EUR 52,374 million and has been broken down by type of operation. The largest share of the cost concerns the transport sector of over EUR 38 million. The second largest share of cost concerns the protection of cultural heritage amounting to over EUR 7 million.
- (8) The affected region is a "less developed region" 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.
- (9) As regards the implementation of Union legislation on disaster risk prevention and management there is currently no infringement procedure on-going. Greece, one of the seismically most active countries in Europe, has sought to create a natural disaster risk prevention and management framework. The first Greek Earthquake Regulation (EAK-2000) entered into force in 1959 and has undergone several modifications. The Regulation was supplemented in 2003 with a new map of seismic risk zones. The Earthquake planning and protection organisation (OASP) is a legal entity under public law and is supervised by the Ministry of Infrastructure, Transport and Networks, aiming to minimise the devastating effects of earthquakes.
- (10) At the date of submitting the application Greece was not subject to infringement proceedings concerning Union legislation relating to the nature of the disaster.
- (11) The Greek authorities confirmed that there is no insurance coverage of eligible costs.

3. BUDGETARY IMPLICATIONS

Council Regulation (EU, EURATOM) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020³, and in particular Article 10 thereof allows for the mobilisation of the European Union Solidarity Fund (the "Fund"), within an annual ceiling of EUR 500 000 000 (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

³ OJ L 347, 20.12.2013, p. 884.

budgetary matters and on sound financial management⁴ (IIA) set on the modalities for the mobilisation of the Fund.

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 the application from 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>2,5% of direct damage up to threshold (€)</i>	<i>6% of direct damage above threshold</i>	<i>Total amount of aid proposed (€)</i>
GREECE	66,073	1 651 834	-	1 651 834
TOTAL				1 651 834

An amount of EUR 50 000 000 was mobilised at the time of the adoption of the Budget 2016 for the payment of advances and the corresponding commitment and payment appropriations were entered into the budget. In the light of the examination of this application⁵ and considering the maximum possible grant from the Fund, the Commission proposes to mobilise the Fund for EUR 1 651 834 from the EUR 50 000 000 specifically mobilised for advances on the general budget of the European Union for the financial year 2016.

As an amount of EUR 164 798 was already paid for the 10 % advances in line with Article 4a(2) of the Regulation, the remaining balance to be paid is EUR 1 487 036.

After the payment of the above-mentioned advances, the available balance for the payment of advances in the budget is EUR 49 835 202. 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 1 487 036 needed for Greece. After the payment of the remaining balance, an amount of EUR 48 348 166 remains available for further advances in 2016 in case of need. Based on the information currently available, 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 IIA⁶.

⁴ OJ C 373, 20.12.2013, p. 1.

⁵ Communication to the Commission C(2016) 3872.

⁶ OJ C 373, 20.12.2013, p. 1.

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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 5 February 2016, Greece submitted an application to mobilise the Fund, following an earthquake that affected the Ionian Islands in November 2015.
- (4) The application of Greece 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 Greece.
- (6) By Decision (EU) 2016/252 of the European Parliament and of the Council¹⁰ the European Union Solidarity 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 2016. Those appropriations have only been used to a very limited extent. Consequently, there is scope for financing the full amount for this mobilisation through the reallocation of appropriations available for the payment of advances in the general budget of the Union for the financial year 2016.

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 Decision (EU) 2016/252 of the European Parliament and of the Council of 25 November 2015 on the mobilisation of the European Union Solidarity Fund for the payment of advances (OJ L 47, 24.2.2016, p. 5).

(7) 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 2016, the European Union Solidarity Fund shall be mobilised to provide the amount of EUR 1 651 834 to Greece, in commitment and payment appropriations.

The full amount of the mobilisation referred to in the first paragraph shall be financed by appropriations mobilised for the payment of advances in the Union budget for the financial year 2016, and the amount available for advances shall be reduced accordingly.

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
The President

For the Council
The President

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