

# Amending budget 2/2007: mobilisation of the EU Solidarity Fund for the floods in Hungary and Greece in 2006 and modification of the Budget 2007 for Research

2007/2069(BUD) - 28/03/2007 - Commission preliminary draft budget

PURPOSE: to present the draft amending budget No 2 to the 2007 budget which aims to:

- mobilise the EU Solidarity Fund for the floods that hit Hungary and Greece in March and April 2006;
- amend the structure of the Budget 2007 for Research, following the adoption of the 7th Framework Programme (FP7).

CONTENT:

**1) Mobilisation of the EUSF:** in March and April 2006 severe floods hit large parts of central, south-eastern and southern Europe causing severe damage in a number of countries. Hungary and Greece applied for financial assistance from the EU Solidarity Fund relating to the floods within the ten week deadline set by Article 4 of Council Regulation (EC) No 2012/2002.

- **Hungary:** the Commission carried out a thorough examination of the applications in accordance with Regulation (EC) 2012/2002. The disaster qualifies as a “major natural disaster” and falls thus within the main field of application of Regulation (EC) No 2012/2002. Total direct damage is the basis for the calculation of the amount of financial assistance. The Hungarian authorities reported serious damages to infrastructures, in particular in the water/waste water sector (EUR 136 million), for flood protection (EUR 85 million), in the transport sector (EUR 93 million) as well as in agriculture (over EUR 61 million), to the cultural heritage, and to several natural parks. The cost of essential emergency operations eligible under Regulation (EC) No 2012/2002 has been estimated by the Hungarian authorities at EUR 335 million and has been broken down by type of operation. The Commission proposes to accept the application made by Hungary relating to the floods in April /May 2006 as a “major disaster” and to propose the mobilisation of the Solidarity Fund for a total amount of **EUR 15 063 587**.
- **Greece:** the disaster is of natural origin. The amount of total direct damage of EUR 372 million is lower than the applicable threshold for mobilising the Solidarity Fund for major disasters (0.6 % of Greece’s GNI, i.e. EUR 1 004 million). The Solidarity Fund could therefore only exceptionally be mobilised if the conditions laid down in Article 2(2), last subparagraph of Regulation 2012/2002 are met. The cost of essential emergency operations eligible under Article 3(2) of Regulation 2012/2002 is estimated at EUR 325 million. These operations relate mainly to emergency measures to restore to working order basic infrastructures and utilities, preventive infrastructures (embankments), temporary housing, rescue services and the immediate cleaning-up of the affected areas. The flooding is considered to be extraordinary and the Solidarity Fund shall be exceptionally mobilised for a total amount of **EUR 9 306 527**.
- **Financing:** the Commission is proposing to finance a total of **EUR 24 370 114** for the two countries. However, taking into account the identification of excess payment appropriations in line 02 04 01 "Security and space research" **there will be no need of fresh money** for financing the EU

Solidarity Fund payments for Hungary and Greece. An amount of EUR 24 million would thus be allocated from budget line 02 04 01 to budget line 13 06 01 to cover the corresponding needs related to the mobilisation of the EU Solidarity Fund.

**2) Modification of the structure of the 2007 budget for research following the adoption of FP7:** the legal base of the 7th Framework Programme (FP7) was adopted at the end of 2006. Some differences exist between the budget structure in the adopted legal base, and the structure in Budget 2007, which was based on the amended Commission proposal of 24 May 2006 on the 7th Framework Programme of the European Community for research, technological development and demonstration activities (2007 to 2013)<sup>5</sup>. The main changes, which should now be incorporated into the structure of Budget 2007, are as follows:

- **Split into two separate budget lines of the research priority "Security and space":** the creation of two items under article 02 04 01 "Security and space research" is proposed: item 02 04 01 01 "Security research" and item 02 04 01 02 "Space research". The commitments appropriations proposed for these two new items correspond to the split of the amount allocated for "Security and space research" in the budget. The amount for each new item will be calculated on the basis of the percentage foreseen in the FP7 legal base for these two sub-programmes.
- **Introduction of a new sub-programme, under the specific programme "Capacities: Coherent development of research policies":** a new budget line 08 23 01 "Coherent development of research policies" is created, and it is proposed to allocate EUR 7.6 million in commitment appropriations and EUR 2.7 million in payment appropriations to this line. However, no new financing is requested, rather the appropriations will be deducted from budget line 08 16 01 corresponding to the sub-programme "Science in Society". This reflects the approach taken by the Legislative Authority, which reduced this activity by EUR 29 million over the duration of FP7 compared to the amended Commission Proposal presented in May 2006.
- **Reduction in payment appropriations:** a reduction is proposed in the budgeted payment appropriations for line 02 04 01 "Security and space research", amounting to EUR 24.4 million. These payment appropriations will be allocated to budget line 13 06 01, to cover the needs related to the mobilisation of the EU Solidarity Fund. The needs for payment appropriations for "Security and space research" activities are lower than originally foreseen, due to the late adoption of the FP7 legal base.

Conclusion: while the overall impact on commitment appropriations will be an increase of **EUR 24.4 million**, the overall level of payment appropriations will **not change**.