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**COMMISSION IMPLEMENTING DECISION**

**of 15.10.2018**

**on the financing of the special measure part 1 in favour of Iraq for "Support to the energy sector reform" for 2018**

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## on the financing of the special measure part 1 in favour of Iraq for "Support to the energy sector reform" for 2018

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012<sup>1</sup>, and in particular Article 110 thereof,

Having regard to Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action<sup>2</sup>, and in particular Article 2(1) thereof,

Whereas:

- (1) In order to ensure the implementation of the special measure part 1 in favour of Iraq for "Support to the energy sector reform" it is necessary to adopt an annual financing decision, which constitutes the annual work programme, for year 2018. Article 110 of Regulation (EU, Euratom) 2018/1046 establishes detailed rules on financing decisions.
- (2) The envisaged assistance is to comply with the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215 TFEU<sup>3</sup>.
- (3) The objective pursued by this special measure to be financed under the Development Cooperation Instrument<sup>4</sup> is to ensure increased and more reliable access to energy for the Iraqi population.
- (4) The Commission has adopted the National Multiannual Indicative Programme for the period 2014-2017<sup>5</sup>, which included "Sustainable Energy for All" as one of its priorities. However, difficulties faced during the designing of the action did not allow for its adoption during the programming period.

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<sup>1</sup> OJ L 193, 30.7.2018, p.1.

<sup>2</sup> OJ L 77, 15.3.2014, p. 95.

<sup>3</sup> [www.sanctionsmap.eu](http://www.sanctionsmap.eu). Note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy, the OJ prevails.

<sup>4</sup> Regulation (EU) No 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014-2020 (OJ L 77, 15.3.2014, p. 44).

<sup>5</sup> Commission Decision on the adoption of the National Indicative Programme between the European Union and Iraq C(2014) 5777 final of 18.08.2014.

- (5) The socio-political conditions in Iraq remain fragile and uncertain: the presence of terrorist organisations keeps threatening the political and security situation, with various regions in the country affected by a high number of internally displaced persons. In this context, the drafting of a new multi-annual programming document has not been possible. In order to cope with the country needs, the Commission opted for implementing special measures.
- (6) As a result of the graduation of Iraq as upper-middle income country by the OECD DAC in 2012<sup>6</sup>, the measure provided for in this Decision is developed in the context of the application of the exception clause provided for in Article 5(2)(b)(ii) of Regulation (EU) No. 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation, currently used for a continued bilateral cooperation with Iraq.
- (7) The action entitled "Support to the energy sector reform in Iraq" will aim at ensuring increased and more reliable access to energy for the Iraqi population by: (i) improving operational performance and fiscal sustainability of the electricity sector; and (ii) assisting the government of Iraq in devising a gas sector strategy for domestic use. It will be implemented through grants and indirect management with the World Bank.
- (8) Pursuant to Article 4(7) of Regulation (EU) No 236/2014 indirect management is to be used for the implementation of the programme.
- (9) The Commission is to ensure a level of protection of the financial interests of the Union with regards to entities and persons entrusted with the implementation of Union funds by indirect management as provided for in Article 154(3) of Regulation (EU, Euratom) 2018/1046.  
  
To this end, such entities and persons are to be subject to an assessment of their systems and procedures in accordance with Article 154(4) of Regulation (EU, Euratom) 2018/1046<sup>7</sup> and, if necessary, to appropriate supervisory measures in accordance with Article 154(5) of Regulation (EU, Euratom) 2018/1046 before a contribution agreement can be signed.
- (10) It is necessary to allow for the payment of interest due for late payment on the basis of Article 116(5) of Regulation (EU, Euratom) 2018/1046.
- (11) In order to allow for flexibility in the implementation of the measure, it is appropriate to allow changes which should not be considered substantial for the purposes of Article 110(5) of Regulation (EU, Euratom) 2018/1046.
- (12) The measure provided for in this Decision is in accordance with the opinion of the Development Cooperation Instrument Committee set up by Article 19 of Regulation (EU) No 233/2014<sup>8</sup>,

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<sup>6</sup> <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519>.

<sup>7</sup> Except for the cases of Article 154(6) of Regulation (EU, Euratom) 2018/1046, where the Commission may decide, not to require an ex-ante assessment.

<sup>8</sup> Regulation (EU) No 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014-2020 (OJ L 77, 15.3.2014, p. 44).

HAS DECIDED AS FOLLOWS:

*Article 1*

*The measure*

The annual financing decision, constituting the annual measure for the implementation of the special measure part 1 in favour of Iraq for "Support to the energy sector reform" for 2018, as set out in the Annex, is adopted.

The measure shall include the following action: "Support to the energy sector reform in Iraq".

*Article 2*

*Union contribution*

The maximum Union contribution for the implementation of the measure for 2018 is set at EUR 14 000 000 and shall be financed from the appropriations entered in the following line of the general budget of the Union: 21.020400.

The appropriations provided for in the first paragraph may also cover interest due for late payment.

*Article 3*

*Methods of implementation and entrusted entities or persons*

The implementation of actions carried out by way of indirect management, as set out in the Annex, may be entrusted to the entities or persons referred to or selected in accordance with the criteria laid down in point 5.3.2 of the Annex.

*Article 4*

*Flexibility clause*

Increases or decreases of up to EUR 10 000 000 not exceeding 20 % of the contribution set in the first paragraph of Article 2, as well as extensions of the implementation period shall not be considered substantial for the purposes of Article 110(5) of Regulation (EU, Euratom) 2018/1046, provided that these changes do not significantly affect the nature and objectives of the actions.

The authorising officer responsible may apply the changes referred to in the first paragraph. Those changes shall be applied in accordance with the principle of sound financial management and proportionality.

Done at Brussels, 15.10.2018

*For the Commission*

*Neven Mimica*

*Member of the Commission*