



Brussels, 26.11.2018  
C(2018) 7628 final

**COMMISSION IMPLEMENTING DECISION**

**of 26.11.2018**

**on the financing of the special measure in favour of Iraq for 2019 part 1**

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## on the financing of the special measure in favour of Iraq for 2019 part 1

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 in favour of Iraq, it is necessary to adopt an annual financing decision, which constitutes the part 1 of the annual work programme, for year 2019. 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 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.
- (4) The objective pursued by this special measure to be financed under the Development Cooperation Instrument<sup>4</sup> is to promote the sustainable, knowledge-based and inclusive economic growth in Iraq.
- (5) The action entitled "Promoting socio-economic development in Iraq: job creation and income generation" will focus around three key pillars: i) Enhance urban livelihoods in

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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).

the urban areas of Mosul and Basra; ii) Restore Rural and peri-urban livelihoods in Nineveh Governorate; and iii) Strengthen productivity, innovation and sustainability of start-ups and small businesses run by youth, women and vulnerable groups.

- (6) As a result of the graduation of Iraq as upper-middle income country by the OECD DAC in 2012<sup>5</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 the 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) It is appropriate to authorise the award of grants without a call for proposals and to provide for the conditions for awarding those grants.
- (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>6</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 established under Article 19 of Regulation (EU) No 233/2014,

HAS DECIDED AS FOLLOWS:

### *Article 1*

#### *The measure*

The annual financing decision, constituting the annual measure for the implementation of the special measure in favour of Iraq for 2019 part 1, as set out in the Annex, is adopted.

The measure shall include the following action:

- "Promoting socio-economic development in Iraq: job creation and income generation" set out in Annex.

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<sup>5</sup> <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519>.

<sup>6</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.

## *Article 2*

### *Union contribution*

The maximum Union contribution for the implementation of the measure for year 2019 is set at EUR 41 500 000, and shall be financed from the appropriations entered in the following line of the general budget of the Union:

- budget line 21 02 04 00.

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

The implementation of this Decision is subject to the availability of the appropriations provided for in the draft general budget of the Union for 2019, following the adoption of that budget by the budgetary authority or as provided for in the system of provisional twelfths.

## *Article 3*

### *Methods of implementation and entrusted entities*

The implementation of the 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 points 5.3.3 and 5.3.4 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, or cumulated changes to the allocations of specific actions not exceeding 20 % of that contribution, as well as extensions of the implementation period shall not be considered substantial within the meaning of Article 110(5) of Regulation (EU, Euratom) 2018/1046, provided that these changes do not significantly affect the nature and objectives of the action.

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

## *Article 5*

### *Grants*

Grants may be awarded without a call for proposals in accordance with the conditions set out in the Annex. Grants may be awarded to the bodies selected in accordance with point 5.3.1 of the Annex.

Done at Brussels, 26.11.2018

*For the Commission*

*Neven Mimica*

*Member of the Commission*