COMMISSION DECISION

of 10.12.2018

on the Annual Action Programme 2018 in favour of Papua New Guinea to be financed from the European Development fund
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THE EUROPEAN COMMISSION,

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

Having regard to Council Regulation (EU) 2015/322 of 2 March 2015 on the implementation of the 11th European Development Fund\(^1\), and in particular Article 9(1) thereof,

Having regard to Council Regulation (EU) 2015/323 of 2 March 2015 on the financial regulation applicable to the 11th European Development Fund\(^2\), and in particular Article 26 thereof,

Whereas:

(1) In order to ensure the implementation of "Support to Rural Entrepreneurship, Investment and Trade in Papua New Guinea (STREIT PNG)", it is necessary to adopt an annual\(^3\) financing decision, which constitutes the annual work programme, for 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\(^4\).

(3) The Commission has adopted the National Multiannual Indicative Programme for the period 2014 to 2020\(^5\), and later also the decision on amending the National Multiannual Indicative Programme for the period 2014 to 2020\(^6\), which sets out the following priorities: 1) Rural Entrepreneurship, Investment and Trade 2) Water, Sanitation and Hygiene (WASH) and 3) Good Governance and Policy Reforms. Under the "Support Measures allocation", the National Indicative Programme also foresees a specific envelope to support operations of the National Authorising Officer inside the Department of National Planning and Monitoring.

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\(^1\) OJ L 58, 3.3.2015, p. 1.

\(^2\) OJ L 58, 3.3.2015, p. 17.

\(^3\) Multiannual financing decision shall always constitute a multiannual action programme.

\(^4\) 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.


The objective pursued by the annual action programme 2018 to be financed under the 11th European Development Fund (EDF) Internal Agreement7 (‘Internal Agreement’) is to increase sustainable and inclusive economic development of rural areas in Papua New Guinea.

The action entitled ‘Support to Rural Entrepreneurship, Investment and Trade in Papua New Guinea (STREIT PNG) will specifically focus on developing the value chains of cocoa, vanilla and fisheries in the MOMASE8 region. The Action will enable ‘hard components’ (transport infrastructure, energy access) to be connected with ‘soft components’ such as financing, training, market access, trade and other value chain support services for commodities, facilitated by the sustainable implementation of digital technologies, services and solutions, under a conducive business environment in order to foster and stimulate rural development activities. FAO will implement the action through a Delegation Agreement (PAGoDA).

The Commission should acknowledge and accept contribution from other donors in accordance with Article 9(2) of Regulation (EU) 2015/323, subject to the conclusion of the relevant agreement. Where such contribution is not denominated in euro, a reasonable estimate of conversion should be made.

Pursuant to Article 17 of Regulation (EU) 2015/323 indirect management is to be used for the implementation of the programme.

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 applicable in accordance with Article 2(1) and Article 17 of Regulation (EU) 2015/323.

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) 2018/10469 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.

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 applicable in accordance with Article 29(1) of Regulation (EU) 2015/323.

In order to allow for flexibility in the implementation of the programme, it is appropriate to allow changes which should not be considered substantial for the purposes of Article 110(5) of the Financial Regulation.

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7 Internal Agreement between the Representatives of the Governments of the Member States of the European Union, meeting within the Council, on the financing of European Union aid under the multiannual financial framework for the period 2014 to 2020, in accordance with the ACP-EU Partnership Agreement, and on the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the Treaty on the Functioning of the European Union applies, OJ L 210, 6.8.2013, p. 1.

8 MOMASE stands for the three provinces of Morobe, Madang and Sepik. The geographical scope of the action will initially be focused on the East Sepik and Sandaun provinces. After the mid-term review of the programme, cocoa value chain development activities will be considered for expansion to the neighbouring provinces of Morobe and Madang for those activities that require heavier localised investment.

9 Except for the cases of Article 154(6) of the Financial Regulation, where the Commission may decide, not to require an ex-ante assessment.
HAS DECIDED AS FOLLOWS:

**Article 1**

*The programme*

The annual financing decision, constituting the annual programme for the implementation of the Annual Action Programme 2018 in favour of Papua New Guinea, as set out in the Annex, is adopted.

The programme shall include the following action:

(a) Annex: Support to Rural Entrepreneurship, Investment and Trade in Papua New Guinea (STREIT PNG)

**Article 2**

*Union contribution*

The maximum Union contribution for the implementation of the programme for 2018 is set at EUR 85 000 000, and shall be financed from the 11th European Development Fund.

The amount referred to in the first paragraph includes contributions from other donors to the European Development Fund.

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 the actions carried out by way of both direct and 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 5.4 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\(^\text{10}\) to the allocations of specific actions not exceeding 20% of that contribution and not representing more than EUR 5 000 000, 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, applicable in accordance with Article 2(1) and Article 26 of Regulation (EU) 2015/323, provided that these changes do not significantly affect the nature and objectives of the actions. The use of contingencies shall be taken into account in the ceiling set by this Article.

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\(^{10}\) These changes can come from assigned revenue made available after the adoption of the financing decision.
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.

Done at Brussels, 10.12.2018

For the Commission
Neven Mimica
Member of the Commission