COMMISSION DECISION

of 5.10.2016

on the individual measure in favour of the Federal Republic of Ethiopia to be financed from the 11th 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 Fund¹, 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 Fund², and in particular Article 26 thereof,

Whereas:

(1) The Commission has adopted the National Indicative Programme for Ethiopia³ for the period 2014-2020, which identifies the following priorities: to contribute to sustainable growth in the agricultural sector and to improve the food and nutrition security situation of vulnerable population groups; to improve health outcomes for all through contribution towards the achievement of national Health Sector Development Programme targets; to support the implementation of Ethiopia’s Road Sector Development Programme (road sector) and Climate Resilient Green Economy strategy (energy sector).

(2) The objectives pursued by the measure to be financed under the 11th European Development Fund (EDF) Internal Agreement⁴ (‘Internal Agreement’) are to enhance the implementation of the Health Sector Transformation Plan, which aims at improving equitable access and quality of healthcare across the service delivery system in Ethiopia. The implementation period of the Sector Budget Support (SBS) is three years. It is expected to bring results on i) increased quantity and quality of services in terms of skilled human resources, health supplies and commodities, and services at all levels; ii) inequity addressed through strengthened health insurance system; iii) increased domestic allocation and spending in the health sector; and iv) improved Public Finance Management and oversight functions in general and health in particular

(3) The action entitled ‘Health Sector Budget Support’ will be implemented through the provision of Sector Budget Support of EUR 100 000 000 for three consecutive years

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¹ OJ L 58, 3.3.2015, p. 1.
² OJ L 58, 3.3.2015, p. 17.
⁴ 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).
and complementary Capacity Development measures of EUR 15 000 000. The complementary measures will be implemented in through i) grants to the Ministry of Finance and Economic Cooperation and to the Federal Ministry of Health, ii) service contracts to support health economic and financial analysis, to develop the IT system of the Ethiopian Health Insurance Agency, and to support intergovernmental coordination and dialogue with the regions and districts, and iii) delegated agreements with the World Bank to support Social Accountability and to support the Service Delivery Secretariat.

(4) It is necessary to adopt a financing decision the detailed rules of which are set out in Article 94 of Commission Delegated Regulation (EU) No 1268/2012\(^5\) applicable in accordance with Article 2(1) and Article 26 of Regulation (EU) 2015/323.

(5) It is necessary to adopt a work programme for grants the detailed rules on which are set out in Article 128(1) of Regulation (EU, Euratom) No 966/2012 and in Article 188(1) of Delegated Regulation (EU) No 1268/2012 applicable in accordance with Article 37(1) Regulation (EU) 2015/323. The work programme is set out in the Annex sections 5.4.1, 5.4.2 and 5.4.6.

(6) The Commission should entrust budget implementation tasks under indirect management to the entity specified in this Decision, subject to the conclusion of a delegation agreement. In accordance with Article 60(1) and (2) of Regulation (EU, Euratom) No 966/2012 applicable in accordance with Article 2(1) and Article 17 of Regulation (EU) 2015/323, the responsible authorising officer needs to ensure that this entity guarantees a level of protection of the financial interests of the Union equivalent to that required when the Commission manages Union funds. The World Bank is currently undergoing the assessment under Regulation (EU, Euratom) No 966/2012. In anticipation of the results of this review, the responsible authorising officer deems that, based on the entity’s positive assessment under Council Regulation (EC, Euratom) No 1605/2002\(^6\) and on the long-standing and unproblematic cooperation to date, that budget implementation tasks can be entrusted to this entity.

(7) The Commission should entrust budget implementation tasks under indirect management to the Federal Republic of Ethiopia, subject to the conclusion of a financing agreement. In accordance with Article 60(1)(c) of Regulation (EU, Euratom) No 966/2012 applicable in accordance with Article 2(1) and Article 17 of Regulation (EU) 2015/323, the authorising officer responsible needs to ensure that measures are taken to supervise and support the implementation of the entrusted tasks. A description of these measures and the entrusted tasks are laid down in the Annex to this Decision.

(8) The authorising officer responsible should be able to award grants without a call for proposals provided that the conditions for an exception to a call for proposals in accordance with Article 190 of Delegated Regulation (EU) No 1268/2012, applicable in accordance with Article 37(1) of Regulation (EU) 2015/323 are fulfilled.

(9) It is necessary to allow the payment of interest due for late payment on the basis of Article 92 of Regulation (EU, Euratom) No 966/2012 and Article 111(4) of Delegated Regulation (EU) No 1268/2012, applicable in accordance with Article 29(1) of Regulation (EU) 2015/323.

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Pursuant to Article 94(4) of Delegated Regulation (EU) No 1268/2012, applicable in accordance with Article 26 of Regulation (EU) 2015/323, the Commission should define changes to this Decision, which are not substantial in order to ensure that any such changes can be adopted by the authorising officer responsible.

The measure provided for in this Decision is in accordance with the opinion of the European Development Fund Committee set up by Article 8 of the Internal Agreement.

HAS DECIDED AS FOLLOWS:

**Article 1**

*Adoption of the measure*

The Commission Decision on the individual measure in favour of the Federal Republic of Ethiopia to be financed from the 11th European Development Fund, as set out in the Annex, is approved.

The measure shall include the following action:

- Annex: Health Sector Budget Support.

**Article 2**

*Financial contribution*

The maximum contribution of the European Union for the implementation of the measure referred to in Article 1 is set at EUR 115 000 000 and shall be financed from the 11th European Development Fund.

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

**Article 3**

*Implementation modalities*

Budget implementation tasks under indirect management may be entrusted to the entity identified in the Annex, subject to the conclusion of the relevant agreement.

The elements required by Article 94(2) of Delegated Regulation (EU) No 1268/2012 applicable in accordance with Article 26 of Regulation (EU) 2015/323, are set out in the Annex.

Grants may be awarded without a call for proposals by the authorising officer responsible in accordance with Article 190 of Delegated Regulation (EU) No 1268/2012 applicable in accordance with Article 37(1) of Regulation (EU) 2015/323.

**Article 4**

*Non-substantial changes*

Increases or decreases of up to EUR 10 000 000 not exceeding 20% of the contribution set by 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 94(4) of Delegated Regulation
(EU) No 1268/2012, applicable in accordance with Article 26 of Regulation (EU) 2015/323, provided that they do not significantly affect the nature and objectives of the actions.

The responsible authorising officer may adopt such non-substantial changes in accordance with the principles of sound financial management and proportionality.

Done at Brussels, 5.10.2016

For the Commission
Neven MIMICA
Member of the Commission