



# Annual Activity Report 2022

SERVICE FOR FOREIGN POLICY INSTRUMENTS

# Contents

- FOREWORD OF THE HEAD OF SERVICE .....3**
- THE SERVICE IN BRIEF .....7
- EXECUTIVE SUMMARY .....10
- 1. KEY RESULTS AND PROGRESS TOWARDS ACHIEVING THE COMMISSION'S GENERAL OBJECTIVES AND FPI'S SPECIFIC OBJECTIVES .....15
- 2. MODERN AND EFFICIENT ADMINISTRATION AND INTERNAL CONTROL .....27
  - 2.1. Financial management and internal control .....27
    - 2.1.1 Control results .....30
      - 1. Effectiveness of controls .....32
      - 2. Efficiency of controls .....37
      - 3. Economy of controls .....37
      - 4. Conclusion on the cost-effectiveness of controls .....38
    - 2.1.2. Audit observations and recommendations .....39
    - 2.1.3. Assessment of the effectiveness of internal control systems .....42
    - 2.1.4. Conclusions on the assurance .....43
    - 2.1.5. Declaration of Assurance .....46
  - 2.2. Modern and efficient administration – other aspects .....47
    - 2.2.1. Human resource management .....47
    - 2.2.2. Digital transformation and information management .....48
    - 2.2.3. Sound environmental management .....49
    - 2.2.4. Examples of economy and efficiency .....49

## FOREWORD OF THE HEAD OF SERVICE

The Service for Foreign Policy Instruments (FPI) turns EU foreign policy into action: it supports the EU's foreign and security policy objectives and helps the European Union to pursue its interests and to project its image in the world. In many instances, the Service acts as first responder to foreign policy needs and opportunities, delivering operations closely connected to the EU foreign policy agenda and in close cooperation with the European External Action Service (EEAS).

In 2022, the Service for Foreign Policy Instruments continued to use its instruments to help underpin the EU's external political priorities and the EU's role as a global peace actor, and to project the EU's interests abroad, thereby strengthening the EU's position as a credible partner that delivers and contributes to the rules-based multilateral global order.

The activities of the Service for Foreign Policy Instruments are diverse and often complex, frequently implemented in volatile, fast-evolving environments, with operations in high-risk and conflict-prone situations. The instruments that the Service manages must respond rapidly and flexibly to changing policy priorities. An example of this is how FPI responded to the Russian war of aggression against Ukraine by contributing to the EU response with direct support to the Ukrainian population and its authorities.

In 2022, the Service contributed to the implementation of the comprehensive approach to conflicts and crises through timely interventions under the Rapid Response Pillar of NDICI-Global Europe and through Common Foreign and Security Policy actions, for example in the countries of the Sahel, Libya, Afghanistan, Ethiopia, Belarus, Moldova and Colombia. Through these actions, the Service contributed to conflict prevention, mediation and dialogue, confidence building and post-conflict peace building and the promotion of effective global governance and multilateralism. Close cooperation between crisis response actions and Common Security and Defence Policy (CSDP) Missions, e.g. in Libya, demonstrate how our Service makes the integrated approach a reality.

The Service also continued exercising responsibility for the Peace, Stability and Conflict Prevention under the Thematic Pillar of NDICI-Global Europe as well as the remaining activities under the long-term, programmable component of the Instrument contributing to Stability and Peace (IcSP) focused on addressing global, transregional and emerging threats, as well as conflict prevention, peacebuilding and crisis preparedness. 129 ongoing actions aimed at strengthening the capacity of law enforcement and judicial and civil authorities to address or mitigate threats stemming from terrorism and organised crime, from chemical, biological, radiological and nuclear substances and materials, cyber and maritime security threats, and the global and transregional impacts of climate change. For conflict prevention aspects, 29 actions have been carried out in the fields of disinformation in conflict-affected settings, insider mediation, support to civil society actors, climate risks and conflict, conflict sensitive natural resources management, etc.

Furthermore, through the ongoing implementation of the Partnership Instrument (PI, under MFF 2014-2020), the Service worked to project EU interests abroad in areas ranging from trade and investment, climate change and the protection of the environment, over migration, to security and defence. Actions helped to accompany trade negotiations, muster support for climate change action, and influence decision making on standard setting

world-wide, helping to create a level playing field and contributing to the rules-based multilateral order.

The Service also financed 17 electoral processes – including six fully-fledged Election Observation Missions. These missions were deployed worldwide to promote democracy and consolidate stability in sometimes volatile security conditions.

In 2022 the Head of Service of FPI continued to act as Administrator for the European Peace Facility (EPF) assistance measures and contributed substantially to the implementation of the two EPF Council decisions in support to Ukraine, which amounted to a total of EUR 3 billion.

The Service also played a key role in addressing, together with like-minded partners the implications of the Russian war of aggression in the context of the Kimberley Process (KP) Certification Scheme on ‘conflict diamonds’. Furthermore the Service continued to implement the Regulation concerning trade in certain goods which could be used for torture or capital punishment (Regulation (EU) 2019/125) and engage with relevant international partners on this matter.

In doing so, the Service had to constantly adapt its planning and implementation to highly volatile operational contexts, maximise synergies and complementarities with other external action instruments and Member States’ actions, and deal with demand for actions exceeding by far the available budget, seeking to make sure that those selected delivered optimal impact. The Service did so with a very lean structure, thanks to the high commitment of its staff, as confirmed also by the latest Staff Survey. In 2022, the Service for Foreign Policy Instruments once again demonstrated its ability to provide the fast and flexible support for EU foreign policy that has become its trademark.

As crises unfold around the world and rules-based multilateralism is under pressure, building alliances, promoting human rights and other EU core values, and working for conflict prevention, crisis response, security and peace building will remain high on the EU’s political agenda. This makes it paramount to ensure and further reinforce the effective and efficient management of our operations and regulatory instruments in line with political priorities, aiming for consistently high standards also in the most difficult circumstances.

This report gives an overview of the results the Service delivered in 2022. I thank all colleagues for their contribution to making this possible.

Peter Wagner  
FPI Director, Head of Service

Brussels, 31 March 2023

## List of acronyms

AAP: Annual Action Programme  
AFS: Anti-Fraud Strategy  
AML/CFT: Anti-Money Laundering and Countering Terrorism Financing  
AOD: Authorising Officer by Delegation  
AOSD: Authorising Officer by Sub-Delegation  
AsiaPac: Asia-Pacific region  
ATCG: Anti-Torture Coordination Group  
CBRN: Chemical, Biological, Radiological and Nuclear (risk mitigation)  
CBSD: Capacity Building for Security and Development  
CBSDS: Capacity Building in support of Development and Security for Development  
CFSP: Common Foreign and Security Policy of the European Union  
CSDP: Common Security and Defence Policy of the European Union  
CSO: Civil Society Organisation  
DAS: Statement of Assurance  
DEG: Democracy Support and Election Coordination Group  
DG: Directorate General  
EC: European Commission  
ECHO: DG for humanitarian and civil protection  
EEAS: European External Action Service  
EEM: Election Expert Mission  
EFM: Election Follow-up Mission  
EOMs: Election Observation Missions  
EP: European Parliament  
EPF: European Peace Facility  
ERP: Enterprise Resource Planning  
EU: European Union  
EUDEL: Delegation of the European Union  
EUAM: EU Advisory Mission  
EUAM RCA: EU Advisory Mission in the Central African Republic  
EUBAM: EU Border Assistance Mission  
EULEX: EU Rule of Law Mission  
EUSR: European Union Special Representative  
EUVP: European Union Visitors Programme  
FPI: Service for Foreign Policy Instruments  
FPN: Foreign Policy Needs under NDICI-Global Europe  
FR: Financial Regulation  
FWC: Framework Contract  
GCC: Gulf Cooperation Council  
GDPR: General Data Protection Regulation  
HQ: Headquarters  
HRVP: High Representative of the Union for Foreign Affairs and Security Policy/Vice-President of the Commission  
IAS: Internal Audit Service  
ICAT: Internal Control Assessment Tool  
IcSP: Instrument contributing to Stability and Peace  
INTPA: DG for International Partnerships  
KP: Kimberley Process  
KPCS: Kimberley Process Certification Scheme  
KSC: Kosovo Specialist Chambers  
KPI: Key Performance Indicator  
MFF: Multiannual Financial Framework  
MIP: Multi-annual Indicative Programme  
MSP: Mission Support Platform  
NDICI-GE:: Neighbourhood, Development and International Cooperation Instrument-Global Europe  
NEAR: DG for Neighbourhood and Enlargement Negotiations  
NPD: non-proliferation and disarmament  
OLAF: European Anti-Fraud Office  
OPCW: Organisation for the Prohibition of Chemical Weapons  
OSCE: Organization for Security and Co-operation in Europe  
fpi\_aar\_2022

PAGODA: Pillar Assessed Grant or Delegation Agreement  
PI: Partnership Instrument  
PRAG: Practical Guide to Contract Procedures for EU external actions  
PSC: Political and Security Committee  
RAL: Reste à liquider  
RELEX family: INTPA, ECHO, FPI, NEAR, TRADE  
RER: Residual Error Rate  
RTs: FPI Regional Teams  
SLA: Service Level Agreement  
SMEs: Small and Medium-Sized Enterprises  
TAIEX: Technical Assistance and Information Exchange Instrument  
TEU: Treaty on European Union  
TFEU: Treaty on the Functioning of the European Union  
TRADE: DG for Trade  
WHO: World Health Organization  
WPS: Women, Peace and Security

## THE SERVICE IN BRIEF

The Service for Foreign Policy Instruments (FPI) turns EU foreign policy into action: it supports the EU's foreign and security policy objectives and helps the European Union to pursue its interests and to project its image in the world. It does so through several financing instruments and foreign policy regulatory instruments, in many instances acting as first responder to foreign policy needs and opportunities, focusing on conflict prevention, peace and security, and leveraging the EU's influence abroad. The Service is attached directly to the High Representative/Vice-President (HRVP) and works closely with all other Commission services concerned and the European External Action Service (EEAS), delivering operations closely connected to the EU foreign policy agenda.

FPI plays a central part in delivering President von der Leyen's ambition of achieving a 'Geopolitical Commission'. In doing so, FPI contributes to the political objective of 'A stronger Europe in the World'. In addition, several of its actions also focus on the external dimension of other EU general objectives, notably 'A European Green Deal', 'An economy that works for people', 'A Europe fit for the digital age' and 'Promoting our European way of life'.

The Service is responsible for managing in particular financing instruments that are able to respond rapidly and flexibly to changing political priorities. This includes the operational and financial management of Common Foreign and Security Policy (CFSP) operations, the Rapid Response pillar of NDICI-Global Europe (and its predecessors, the Instrument contributing to Stability and Peace (IcSP) and the Partnership Instrument (PI); EU Election Observation Missions (EOMs); and information outreach.

Since 2021 the Service also manages the long-term, programmable component of the IcSP relating to global and transregional threats, and has full responsibility for the new thematic programme on peace, stability and conflict prevention under NDICI-Global Europe.

The Service is also in charge of the EU's foreign policy regulatory instruments notably the Kimberley Process on 'conflict diamonds', and the Regulation concerning trade in certain goods which could be used for capital punishment, torture or other cruel, inhuman, or degrading treatment or punishment ('Anti-torture' Regulation).

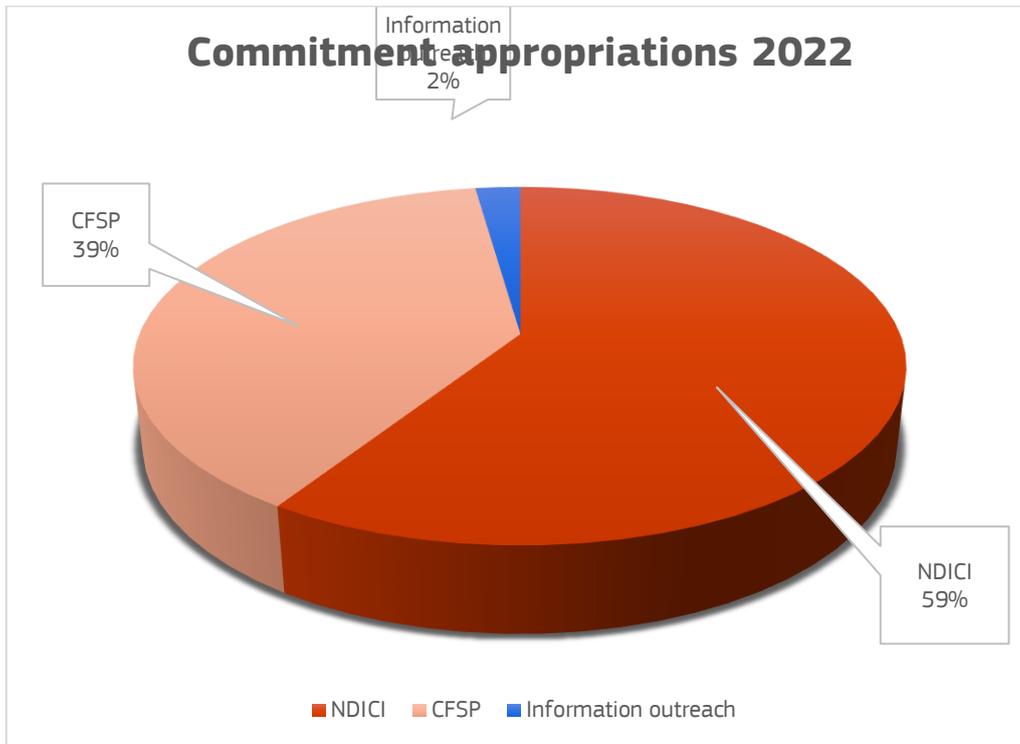
Off-budget, the Service is in charge of managing assistance measures funded under the European Peace Facility (EPF).

These different instruments contribute to the implementation of the Lisbon Treaty, Article 21(2)(c), under which the EU seeks to preserve peace, prevent conflicts and strengthen international security, in accordance with the purposes and principles of the United Nations Charter, the Helsinki Final Act and the Charter of Paris. In addition to helping underpin the EU's role as a global peace actor, these instruments support the EU in projecting its interests abroad, linking internal and external policies, and contributing to the rules-based global multilateral order.

The specific environment in which the Service operates is determined by:

- The evolution of world events: in addition to being guided by the EU's policy objectives and interests, the Service's activities are shaped by external events and the evolution of the world political situation.
- The global scale and complexity of the EU's relations with the rest of the world: FPI's responsibilities require intensive coordination with the EEAS, all Commission services as well as with external stakeholders.

- Context and security environment: many of the Service's actions take place in high-risk and conflict-prone situations, with a volatile security environment.
- Financial responsibility: the implementation of the operational budget for 2022 amounts to EUR 998 million in commitments and EUR 980 million in payments. As regards EPF, in 2022 FPI committed EUR 511 million and paid EUR 354 million under EPF (implemented budget).



# FPI Intervention logic



## EXECUTIVE SUMMARY

This Annual Activity Report is a management report of the Head of Service of the Service for Foreign Policy Instruments to the College of Commissioners. Annual Activity Reports are the main instrument of management accountability within the Commission and constitute the basis on which the College takes political responsibility for the decisions it makes as well as for the coordinating, executive and management functions it exercises, as laid down in the Treaties<sup>1</sup>.

### **A. Key results and progress towards the achievement of the Commission's general objectives and DG's specific objectives**

In 2022, the operations of the Service for Foreign Policy Instruments contributed mainly to the Commission political objective "A stronger Europe in the World". In line with the Mission Letter of HRVP Borrell, the Service is expected during the period 2020-2024 to focus mainly on the foreign policy aspects of this objective, working in particular to leverage the EU's influence in the world, underpinning multilateralism and supporting global stability and prosperity, designing and delivering policy-driven action for conflict prevention and peace, linking the internal and external aspects of EU policies, promoting EU values and standards abroad, building alliances, and thereby increasing the EU's capacity to act as an autonomous foreign policy actor.

The major challenge faced in 2022 was the unprecedented Russian aggression against Ukraine. The EPF has been instrumental in the provision of support to the Ukrainian Armed Forces. For actions under NDICI-Global Europe, IcSP, CFSP, PI and EOMs, the Service needs to constantly adapt its planning and implementation to highly volatile operational contexts as well as maximise synergies and complementarities with other external action instruments and Member States' actions.

#### **IcSP/Crisis Response, Peace, Stability and Conflict Prevention under NDICI-Global Europe**

Throughout 2022, crisis response actions continued to display a high degree of flexibility and timeliness. In the context of the Russian aggression against Ukraine, six crisis response actions were developed in record time. Ongoing and new crises were addressed in a variety of countries including Armenia/Azerbaijan, Belarus, Afghanistan, Pakistan, Sri Lanka, Ecuador, Somalia, Nigeria, Iraq, Syria and Yemen.

FPI also mobilised significant support to support peacebuilding, dialogue, mediation and stabilisation initiatives, as well as Capacity Building for Security and Development (CBSD) activities in the Sahel. Furthermore, the thematic programme on conflict prevention and peacebuilding supported civil society actors operating in conflict settings in their work to prevent conflicts and to promote dialogue and reconciliation.

Work in 2022 under the long-term, programmable component of IcSP focusing on addressing global and trans-regional threats, was guided inter alia by the adoption of new EU strategies and action plans on counterterrorism, organised crime and trafficking in

---

<sup>1</sup> Article 17(1) of the Treaty on European Union

human beings.

### **CFSP and EU electoral missions under NDICI-Global Europe**

In 2022, the EU continued to demonstrate its commitment to preserving peace, preventing conflicts, and strengthening international security on many levels. Via its deft and flexible handling of the CFSP budget, FPI ensured that CFSP actions decided by the Council could be implemented swiftly, thus committing a total of EUR 385.6 million.

When it comes to election observation, in 2022 FPI implemented 22 missions and supported 17 electoral processes.

### **Partnership instrument/ Support to Foreign Policy Needs under NDICI-Global Europe**

In 2022, the PI/Support to Foreign Policy Needs actions contributed to EU external action by supporting its foreign policy, articulating and implementing the external dimension of internal policies, leveraging the EU's influence and interconnecting different policy areas. Around 20 ongoing actions covered challenges of global concern like climate change and environmental protection; the international dimension of the Europe 2020 strategy for smart, sustainable and inclusive jobs and growth; improving access to markets and boosting trade, investment and business opportunities for EU companies (with particular emphasis on SMEs); and public diplomacy.

In addition, further to the adoption of NDICI-Global Europe 20 new actions were adopted, addressing EU Foreign Policy Needs in areas such as disinformation or independent journalism. 10 additional actions for a budget of EUR 48 million, were adopted to cover priority areas in high income countries (e.g. green deal, policy dialogues support) and EU public diplomacy in Argentina, Brazil, China and the United States.

### **Regulatory instruments**

In 2022, FPI involvement in the Kimberley Process (KP), a global tri-partite initiative of governments, civil society and industry to stop the trade in conflict diamonds, was dominated by the Russian aggression against Ukraine, Russia being one of the largest producers of diamonds in the world. In that regard, on behalf of the EU, the Service, in close coordination with like-minded partners, led efforts to address the implications for the KP of the aggression of one participant against another. Due to consensus-based decision-making rules, the issue could not be addressed, however, the concerns expressed by the EU and others have been attached to the annual Communique in Gaborone and the EU opposed Belarus' candidature as vice chair in 2023.

As regards the Commission's fight against torture and the death penalty, the Service continued to work with the UN Office of the High Commissioner for Human Rights to advance the 'Alliance for 'Torture-Free trade' to end trade in goods that could be used for torture or capital punishment. The final report issued by the Group of Governmental Experts (UN GGE) in May 2022 is a further milestone that now recommends the General Assembly establish a forward-looking process on the matter. The comprehensive report on exports

authorisations<sup>2</sup> and the report on the activities of the Anti-Torture Coordination Group<sup>3</sup> were completed as FPI’s outputs for 2022.

**European Peace Facility**

In its role of administrator, the Service has contributed to ensuring the swift contracting and the effective implementation of the assistance measures established by Council Decision in the course of 2022, besides continued implementation of 2021 assistance measures. In line with the revised Strategic orientation for 2022, fifteen assistance measure/actions were approved in 2022. These were implemented by the Service through commitment appropriations to the value of EUR 511 million and payment appropriations of EUR 354 million. In addition, EUR 3 billion have been pledged for two EPF assistance measures to support the Ukrainian Armed Forces.

Four days after Russia launched its unprovoked military aggression against Ukraine, the Council adopted two EPF assistance measures to help the Ukrainian Armed Forces (UAF) defend Ukraine’s population and territorial integrity. This was the first time the EU provided lethal equipment to a third state in active conflict. The support to the UAF increased to a total of EUR 3 billion (EUR 2,820 million for lethal and EUR 180 million for non-lethal) by the end of the year.

**B. Key Performance Indicators (KPIs)**

The most relevant FPI Key Performance Indicators – as per the 2020-2024 Strategic Plan:

**KPI 1: Crisis response actions: Percentage of actions adopted within 3 months of a crisis context (period from date of presentation to PSC)**

<b>Result indicator (description)</b>	<b>Target (or milestones)</b>	<b>Latest known results as per Annual Activity Report</b>
Percentage of projects adopted within 3 months of a crisis context	Efficient crisis response: 85% by 2024 of projects adopted within 3 months of a crisis context (period from date of presentation to PSC)	93% in 2022

**KPI 2: Percentage of actions (programmes/projects) that score ‘High’ or ‘Medium’ on the conflict-sensitivity index**

<b>Result indicator (description)</b>	<b>Target (or milestones)</b>	<b>Latest known results as per Annual Activity Report</b>

<sup>2</sup> COM (2022) COM(2022) 567 final of 31.10.2022

<sup>3</sup> COM (2022) COM(2022) 568 final of 31.10.2022

Percentage of actions (programmes/projects) that score 'High' or 'Medium' on the conflict-sensitivity index	60% in 2022 75% in 2024	98% on average in 2022
---	----------------------------	------------------------

Of the 117 contracts signed under the Crisis Response, Peace, Stability and Conflict Prevention under NDICI-Global Europe, 98% scored high or medium on the recently developed conflict-sensitivity index that was applied for the first time during 2021<sup>4</sup>.

### **KPI 3: Percentage of positively pillar assessed civilian CSDP Missions not requiring supervisory measures as per article 154.5 FR**

<b>Result indicator (description)</b>	<b>Target (or milestones)</b>	<b>Latest known results as per Annual Activity Report</b>
Percentage of positively pillar assessed civilian CSDP Missions not requiring supervisory measures as per article 154.5 FR	90% in 2022 100% in 2024	91% in 2022

By the end of 2022, 10 out of the 11 CSDP Missions had been positively pillar assessed. Only EU Advisory Mission in the Central African Republic (EUAM RCA) remains to be pillar-assessed.

### **KPI 4: Number of processes related to state-level and sub-state level (bilateral, regional, multi-lateral) partnership strategies and policy dialogues which have been influenced**

In April 2022, the following aggregated result was recorded: the 381 PI actions covering 2014-2022 had influence on 244 processes related to state-level and sub-state level (bilateral, regional, multi-lateral) partnership strategies and policy dialogues, as well as 241 processes related to non-state level partnerships/agreements.

Given the recent start of Foreign Policy Needs and geographic pillar actions under NDICI-Global Europe, the first results for this indicator will be available in the Annual Activity Report 2023. Due to delays in the results reporting module of OPSYS, no results on core indicators can be reported yet for 2022.

### **KPI 5: Estimated risk at closure**

The amount at risk is calculated as the relevant expenditure multiplied by the Average Error rate, less the amount of estimated future corrections (and deductions). For the detailed calculation, please refer to Section 2 below. The amount at risk at closure for 2022 is

<sup>4</sup> As explained in the Strategic Plan 2020-24, this index cannot measure impact but the 'promise of impact' which facilitates discussions with implementing partners on important design elements of an action.

estimated at EUR 7.54 M, representing 0.81 % of relevant expenditure<sup>5</sup>. This is an increase from 2021 (0.62%). The reason for the increasing risk at closure is mainly a lower estimated future correction. The amount at risk at closure is however still relatively low, which indicates that the control procedures in place give the necessary guarantees for the legality and regularity of the underlying transactions.



**C. Key conclusions on Financial management and Internal control**

In line with the Commission’s Internal Control Framework the Service for Foreign Policy Instruments has assessed its internal control systems during the reporting year and has concluded that it is effective and the components and principles are present and functioning well overall. However, some improvements are needed as minor deficiencies were identified. Please refer to section 2.1.3 for further details.

In addition, the Service has systematically examined the available control results and indicators, as well as the observations and recommendations issued by the Internal Auditor and the European Court of Auditors to determine their impact on management’s assurance on the achievement of the control objectives. Please refer to Section 2.1 for further details.

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Head of Service, in his capacity as Authorising Officer by Delegation has signed the Declaration of Assurance.

**D. Provision of information to the Commissioner**

In the context of meetings during the year between the Service and the Cabinet of the Commissioner on management matters, the main elements of this report and assurance declaration have been brought to the attention of HRVP Borrell, responsible for Foreign Affairs and Security Policy.

<sup>5</sup> Relevant expenditure is the amount of total payments plus new pre-financing, minus cleared pre-financing.

# 1. KEY RESULTS AND PROGRESS TOWARDS ACHIEVING THE COMMISSION'S GENERAL OBJECTIVES AND FPI'S SPECIFIC OBJECTIVES

## **Instrument contributing to Stability and Peace/Crisis Response, Peace, Stability and Conflict Prevention under NDICI-Global Europe**

Under these instruments, support is provided for actions focusing on crisis response, conflict prevention, peace-building and crisis preparedness, and for addressing global and trans-regional threats, in line with the Union's external policy priorities.

At the end of 2022, there were 255 ongoing crisis response actions under IcSP and NDICI-Global Europe as well as 130 ongoing thematic actions responding to global threats, conflict prevention, peace building and crisis preparedness. By the end of 2022, 42 new crisis response actions, 23 new conflict prevention and peacebuilding programmable actions and 10 longer term actions responding to global threats were launched under NDICI-Global Europe.

Following the Russian full-scale invasion in Ukraine on 24 February 2022, a number of ongoing actions were swiftly mobilised. This included crisis response actions addressing immediate needs in Ukraine in areas such as accountability, protection of civilians in conflict and recovery support in liberated areas, as well as actions addressing consequences of the conflict in its immediate neighbourhood (Moldova, Western Balkans, Central Asia) and further afield, including global food security (Sahel).

FPI also mobilised thematic support to help mitigate risks linked to chemical, biological, radiological and nuclear (CBRN) materials, including the provision of CBRN detection, decontamination and personal protection equipment for the Ukrainian Border Guards and the Public Health Centres. Demining dogs were selected and trained and drones procured as a contribution to humanitarian demining efforts. In the framework of existing regional projects, theoretical and field training on CBRN Medical Response was delivered, as well as a handbook on CBRN medical response and on Chemical and Biological crimes, both translated in Ukrainian.

In September 2022, the European Union assumed the co-chair of the Global Counterterrorism Forum (GCTF) for the next two years, which FPI is operationalizing with a budget of EUR 22 million. The EU will notably promote its initiative on the role of women in criminal justice responses to terrorism: drafting of specific guidelines to increase the participation of women in intelligence, law enforcement and judicial institutions started in 2022.

FPI continued to support the external dimension of the EU Strategy on Organised Crime, the EU Agenda on Drugs and the EU Agenda on Firearms by contributing to the disruption of main trafficking routes of illicit commodities under the EU Global Illicit Flows Programme. It also continued to address emerging trends and dynamics in the illicit economy. One such example is the commissioning of a study on environmental crime, which is currently expanding between 5%-7% per year: two to three times the pace of global economic

growth. The EU 'Partner to Partner' (P2P) Export Control Programme for Dual-use Goods provided in-depth training to licensing and customs officials from 16 partner countries in 2022. One particular success story in this context involves Morocco, which became the second African country to have put in place a dual-use trade control system.

*Specific objective 1a: Fast and effective EU action for crisis response, conflict prevention and peace in line with EU priorities and complementary to multilateral action*

Crisis response actions under the Rapid Response Pillar of NDICI-GE enable the EU to swiftly contribute to stability in a situation of crisis or emerging crisis, by providing an effective response designed to help preserve, establish or re-establish conditions of peace and respect for fundamental human rights in line with EU policies and values.

While the achievement of this specific objective is not fully under FPI's control but relies on the agreement and close cooperation with EU Delegations, EEAS and Commission services, during 2022, crisis response actions continued to address some of the main conflicts and post-crisis contexts including Ukraine, Armenia/Azerbaijan, Belarus, Afghanistan, Pakistan, Sri Lanka, Ecuador, Somalia, Nigeria, Iraq, Libya, Syria and Yemen. Significant actions were launched in natural resources, stabilisation, confidence building, cyber security, disinformation as well as sexual violence and accountability.

Actions continued to support and complement multilateral actions and processes. This included continued support to UN-led peace processes in Yemen, Syria, Libya, the Central African Republic, as well as to UN efforts to promote 'Social Media 4 Peace'. Support to the UN's peace and security architecture also remained a priority during 2022.

The EU Global Facility on Anti-Money Laundering and Countering the Financing of Terrorism (CFT-AML) provided tailor-made bilateral technical assistance to 13 third countries to increase compliance with international and EU standards on CFT AML, including Jordan, Morocco, Türkiye, South Africa and the United Arab Emirates.

*Specific objective 1.b: A further reinforced consistency and complementarity between actions under IcSP/NDICI Crisis Response and Stability and Peace and CFSP actions*

The achievement of this specific objective is not fully under FPI's control as CFSP actions rely on both the Council and the EEAS. EU Delegations also play an important role in identifying complementarity and facilitating consistency. Close cooperation is ensured with EU Delegations, EEAS and Commission Services during the identification, development and preparation of NDICI-Global Europe actions. FPI plays a central role in supporting operations through the management of the CFSP budget.

NDICI-Global Europe was an effective tool for EU diplomacy in crisis contexts and in supporting conflict prevention, stabilisation, conflict resolution and peace-building. All of the 42 new crisis response, 23 conflict prevention and peacebuilding programmable actions and the 10 new responses to global threats presented during the year responded directly to EU political priorities and were consistent with EU actions under the Common Foreign and Security Policy. Particular attention is given to ensure consistency between crisis response actions and CSDP missions in all countries where they are deployed. This includes actions in the Central African Republic, the Sahel, Somalia, Libya, Iraq and Ukraine.<sup>6</sup>

---

<sup>6</sup> For further information on the CSDP Missions actions, please refer to the CFSP section below.

*Specific objective 1.c: Enhanced conflict-sensitivity in EU action supporting conflict prevention, stabilisation and peace and addressing global and trans-regional threats to peace, international security and stability through holistic and inclusive approaches*

The achievement of this specific objective is not fully under FPI's control. While the Service is responsible for the identification, development and preparation of actions, this is done in close cooperation with EU Delegations, EEAS and other Commission services. There is also a strong involvement by implementing partners which are essential for the success of EU interventions.

Since 2021, the FPI conflict-sensitivity indicator has been used in conflict and stakeholder analyses to assess how far the former actions are conflict sensitive and take gender, age, diversity as well as climate responsiveness into account with a view to further improve future actions.

The positive impact of this new tool is expected to increase over the coming years. The results for contracts (IcSP and NDICI-Global Europe) signed during 2022 indicate that of the 117 contracts signed during the year, 98% scored medium or high on the conflict sensitivity index. The 2022 benchmark is 60% and the 2024 objective is 75%.

In 2022, a holistic and inclusive approach to counterterrorism and prevention of violent extremism was continued. Regional events in Central Asia were organized under the STRIVE Asia programme, an EU-UN joint partnership to prevent and counter violent extremism through a whole of society/multi-stakeholder approach.

The new CT TECH initiative was launched and is engaging with partner countries to better understand their current law enforcement capacities, challenges and needs regarding the use of new technologies.

The Russian aggression against Ukraine and the accident in the port of Aqaba, Jordan in 2022 further underscored the significant security risks posed by chemical, biological, radiological and nuclear (CBRN) materials. Under the EU CBRN Centres of Excellence Initiative, FPI launched new actions focusing on chemical and biosafety and security of partner countries and on medical preparedness and response capabilities.

In the field of dual-use goods export control, support provided to Morocco resulted in the development of the national law and the publication of its Implementing Decree in 2022, Morocco being the second African country to have a dual-use trade control system.

The EU officially opened the Latin America and Caribbean Cyber Competence Centre (LAC4) based in Santo Domingo. The centre is foreseen to become a regional hub of cyber capacity building. The FPI initiated a mapping of ongoing cyber capacity building actions funded by the EU and the MS, which is accessible on the [EU CyberNet](#) website.

Given the importance of the European Green Deal and as concerns grow about the impact of climate change on peace and security, efforts to support partner countries in addressing related conflict and fragility risks continued for example through the EU-UNEP Climate Security Partnership.

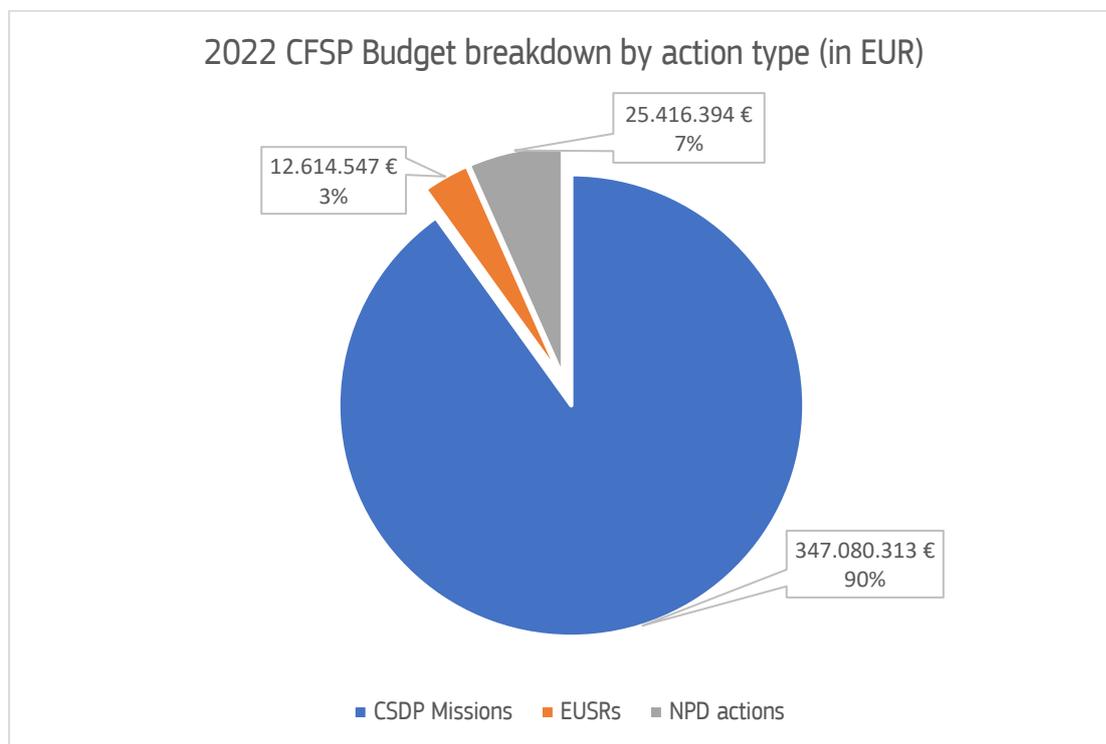
Further information on how operational expenditure contributed to the achievement of the strategic objectives of the Union is available in the NDICI-Global Europe Programme Statement for Draft Budget 2024.

## Common Foreign and Security Policy

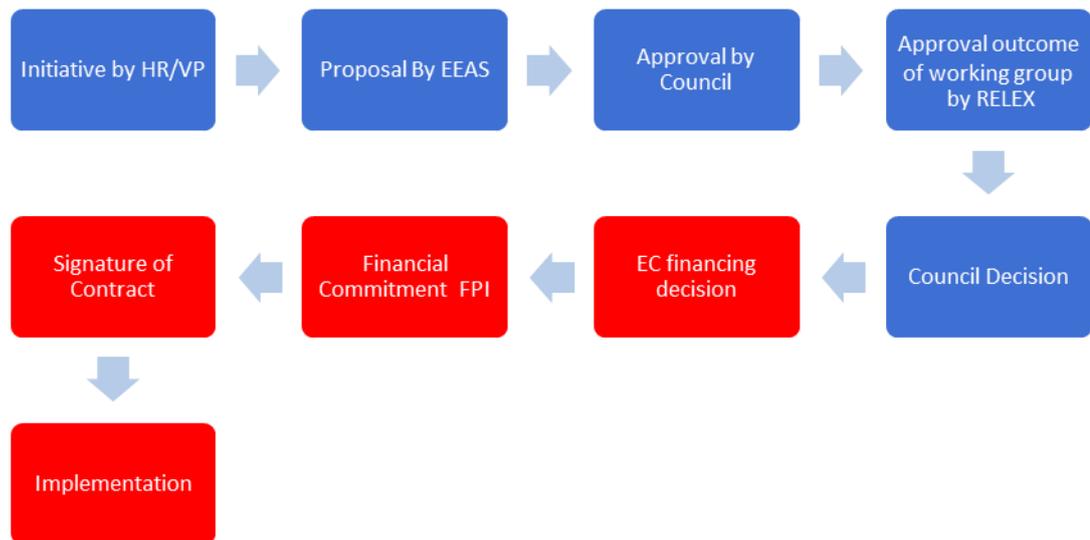
### *Specific Objective 2: Fast action to enable resource-effective CFSP intervention as part of the integrated approach*

The achievement of this specific objective is not fully under the control of FPI, as it has no programming role for CFSP, nor does it have a final say in the decision-taking. The Service is responsible for the financing and contracting of actions, while the Council adopts specific decisions upon proposal by the High Representative.

CFSP operations contribute to the preservation of peace, the prevention of conflicts and to strengthening international security. CFSP is one of the main tools used to implement the EU Global Strategy for Foreign and Security Policy, the relevance and importance of which are demonstrated by events worldwide.



For CFSP operations, the Council adopts specific decisions under the CFSP provisions of the EU Treaty on which basis the Commission in turn adopts financing decisions to provide the necessary funding. Typically, the Council decisions outline the civilian CSDP Missions' objectives to promote stability and build resilience by strengthening the rule of law in fragile environments, define the EU Special Representatives' (EUSRs) role in promoting the EU's policies and interests in troubled regions and countries and identify EU actions to combat the proliferation of weapons of mass destruction and the illicit spread and trafficking of conventional weapons.



FPI supervises the proper management of the expenditure in accordance with sound financial management principles, keeps track of the absorption of the funds by implementing partners and updates the Council on the overall situation of the CFSP budget. In 2022, FPI committed 100% of the available CFSP budget of EUR 385.6 million and identified roughly EUR 24 million that CFSP beneficiaries returned unused to the overall CFSP budget, mainly due to overoptimistic budgetary planning.

CFSP actions covered the South-Caucasus region, Central Asia, the Middle East, the Western Balkans, Africa (including the Sahel region) and Ukraine where, despite the Russian war of aggression against Ukraine, the civilian CSDP Mission continued to provide advisory support to the Ukrainian authorities in the area of security sector reform. Due to the war, the Mission was forced to temporarily relocate. Offices in Mariupol and Kharkiv had to be closed. However, the Mission continued to be deployed in Kiev, Lviv and Odessa, and was present with mobile teams also in locations on the East. In March and April 2022, the Council decided to add additional temporary tasks: the Mission provided strategic advice to the office of the Prosecutor General for the investigation of international war crimes and assisted Ukrainian authorities in border management activities.

For CFSP operations, FPI reports against three results indicators:

(i) Two of the results indicators measure the rapidity with which FPI signs contribution agreements with CSDP Missions and EUSRs. In 2022, of the 12 Contribution Agreements signed, five (41.7%) were signed within four weeks after the Council Decision (to be noted that in several cases, signatures were only a few days late). The reasons for the delayed signatures included staff absences, late presentation of OPLANs and changes in the contract templates, all of them out of FPI's control.

(ii) The coordination of Missions with other EU instruments, including IcSP<sup>7</sup>, is another important indicator. The Missions report on coordination with EU Delegations or EUSRs active in the respective regions in their confidential reports to the EEAS.

<sup>7</sup> For further information on IcSP actions please refer to the IcSP section above.

(iii) The third indicator measures the percentage of positively pillar assessed civilian CSDP Missions not requiring supervisory measures (as per article 154.5 of the Financial Regulation (FR)) and thus their ability to achieve the required level of protection of the financial interests of the Union. In 2022, work was undertaken for the pillar assessment of the last un-assessed Mission, EUAM RCA. In addition, all Missions underwent a successful assessment, with very limited findings, of the complementary pillars introduced by the 2018 FR.

Furthermore, one of the main tasks of FPI is to assist civilian Missions and EUSRs in the achievement of their operational objectives and their compliance with sound financial management. This support is delivered by staff and through the Mission Support Platform (MSP). The MSP acts as a knowledge centre on procurement and finance and develops specific tools aiming at higher harmonisation of procedures in the Missions.

### **Non-proliferation and disarmament (NPD) actions**

The EU continued to provide reinforced support to multilateral efforts to combat the spread of weapons of mass destruction and the illicit trade in and proliferation of Small Arms and Light Weapons (SALW) and conventional weapons.

In 2022, FPI provided funding for a further eight NPD actions bringing the total number of ongoing NPD actions to 31 (total commitments: EUR 122.3 million by year end). In this way, the EU continues its solid commitment to and support of multilateral and regional approaches to advancing peace, security, and stability. These priorities are integral to the realisation of the EU Global Strategy.

FPI continued to support the efforts to combat the illicit trade in and proliferation of small arms and light weapons by four new actions, amounting to EUR 14.5 million. Regarding the controls on arms exports, FPI supported the implementation and universalization of the Arms Trade Treaty by committing EUR 3.5 million for outreach activities. FPI also supported the European network of independent non-proliferation and disarmament think tanks (EUR 4.7 million). The CFSP actions described above contribute to the Commission priority 'A stronger Europe in the World' and to the UN Sustainable Development Goal 16 'Peace, justice and strong institutions'.

### **European Peace Facility (EPF)**

*Specific Objective 3: Global conflict management capacity is further reinforced through the deployment of European Peace Facility peace support operations by and provision of capacity building and equipment to international, regional and sub-regional organisations*

Council Decision (CFSP) 2021/509 established the European Peace Facility (EPF or "the Facility") and provided the EU with an off-budget funding mechanism to finance the CFSP operational actions having military or defence implications which cannot be financed under the Union budget as per Article 41(2) TEU. The Commission accepted to carry out the role of administrator for assistance measures (AM), through FPI managing their financial and contractual implementation. Dedicated administrative resources (20 statutory staff) have

been made available for this purpose. Expenditure linked to this statutory staff is financed by the administrative budget managed by the Service, free of charge for the EPF.

The achievement of specific objective 3 is not fully under FPI's control, as the right of initiative for new assistance measures rests with Member States and/or the HRVP.

In its role of administrator, the Service has contributed to the achievement of this objective by ensuring swift contracting and effective implementation of the 15 new actions established by Council Decision in the course of 2022, besides continued implementation of assistance measures established in 2021, which overall represented commitment appropriations for a value of EUR 511 million and payment appropriations for the amount of EUR 354 million.

The Service has contributed to ensure coherence, consistency and complementarity between the EPF and the Union's external financing instruments funded under the Union budget.

On 28 February 2022, the Council adopted two EPF assistance measures to help the Ukrainian Armed Forces (UAF) defend Ukraine's territorial integrity and population. This was a historical step as it marked the first time the EU decided to supply lethal equipment to a third state in active conflict. Subsequent amendments increased the support to the UAF to a total of EUR 3 billion (EUR 2,820 million for lethal and EUR 180 million for non-lethal).

FPI has been working closely with the EEAS and the EPF Committee to set up the reimbursement scheme and schedule for Member States' deliveries to Ukraine.

On 15 December 2022, the Council decided to increase the overall financial ceiling for the period 2021-2027 by EUR 2 billion (in 2018 prices), with the possibility of a further increase at a later stage.

As per Article 72 of the EPF Council Decision, information and communication activities related to the EPF are the responsibility of the High Representative. The Service has put in place an effective coordination mechanism between the Commission, the EEAS and the HRVP Cabinet to provide information on equipment deliveries and its communication, including provision of web and social media content.

EPF actions contributed to the Commission priority "A stronger Europe in the World" and to the UN Sustainable Development Goal 16 "Peace, justice and strong institutions".

## **Partnership Instrument (PI) / Support to EU Foreign Policy Needs under NDICI-Global Europe**

*Specific objective 4.a: EU interests, values and standards positively impact decision making processes in third countries.*

*Specific objective 4.b: Reinforced political partnerships and new alliances contributing to strengthening the rules-based multilateral global order.*

*Specific objective 4.c: Strengthened knowledge and image of the EU abroad as an influential global player and reliable partner.*

The achievement of these specific objectives is not fully under FPI's control. While the Service is responsible for preparing the financing decisions and contracting, other important factors such as the political situation in partner countries, which could have an important

impact on the successful implementation of actions especially under specific objective 4.c., are beyond FPI's influence.

In addition, due to the demand driven nature of the Foreign Policy Needs under the Rapid Response Pillar, the achievement of the objectives will also depend on the timely identification of actions by the EEAS and Commission Services.

In 2022, the Partnership Instrument (PI) effectively contributed to these objectives by influencing policy and political processes in line with EU interests contributing to developing mutually beneficial relationships with partner countries. PI actions have been relevant to support the EU's bilateral, regional and multilateral agenda as set out in the EU Global Strategy and in line with several EU international commitments (notably Agenda 2030). The actions focused on EU strategic objectives and interests, and its flexible implementation helped make it responsive to challenges, and to newly emerging or evolving policy priorities and opportunities.

The PI was able to cater for increased demand by line DGs and the EEAS thanks to its capacity to provide targeted, flexible and quick response. Due to very limited funding, making sure that funds were used for those issues and with those partners where they could have the greatest impact in terms of leveraging EU influence, was a key consideration over the past year.

In 2022, FPI dealt simultaneously with programming for the FPN, procuring for new actions and the implementation, evaluation and closure of PI actions launched since 2014.

19 new actions were contracted under FPN.

The following actions implemented in 2022 can be highlighted:

1. The FPN action "Policy Support and Public Diplomacy towards building a Close and Stable Relationship between the EU and the UK", helps deliver on the EU's interests through the promotion of EU's public diplomacy and policy priorities in the UK.
2. The FPN action "Trade and Technology Dialogue", serving 5 out of the 10 EU-US Trade and Technology Council (TTC) working groups.
3. The PI action "Support to the Implementation of the Paris Agreement (SPIPA I)" supports and encourages major economies and partner countries to successfully execute their climate change mitigation and adaptation policies. The PI action "Support to the EU's bilateral relations with external partners on climate-related policies and investment (EUCDs – EU Climate Dialogues)" was launched as a follow-up on SPIPA work, with an expanded geographic scope (additional 6 countries: Colombia, Egypt, Morocco, Turkey, Ukraine and Viet Nam) and a broader focus to cover also investment- and business-related activities.
4. With the international outreach for human-centric Artificial Intelligence initiative (InTouchAI.eu), FPI supports the EU engagement with international partners on regulatory and ethical matters to promote the responsible development of trustworthy Artificial Intelligence (AI) at global level. In 2022, the project organised a high-level event on the EU vision on trustworthy AI and dedicated expert workshops on 'AI for Health' and 'AI for Sustainability', as well as the EU Exhibition on AI at the World EXPO Dubai. The project was selected to participate at the 2022 Paris Peace Forum and organised two workshops on AI for sustainability at the COP27 in Sharm El Sheikh.
5. The EU-Gulf Cooperation Council (GCC) Dialogue on Economic Diversification project continued to promote dialogue and co-operation between stakeholders at both regional and individual country levels. The project led the organisation of the 6th EU-GCC

Business Forum in Brussels focusing on the tools used to address the current challenges of climate change, energy security, green and digital transition.

6. The [EU Alumni](#) Engagement Initiative enhances opportunities to engage meaningfully with EU Alumni worldwide, particularly in Public Diplomacy activities, thereby increasing the Alumni's understanding of the EU. So far, 228 former beneficiaries of EU programmes and initiatives have been mobilised, from which many are closely related to the academic sector (Erasmus+, Marie Skłodowska-Curie Actions).

Foreign Policy Needs and Partnership Instrument actions contributed to the Commission priority objective 'A stronger Europe in the World'. These actions also focused on the external dimension of the Commission priorities 'A European Green Deal', 'An economy that works for people', 'A Europe fit for the digital age' and 'Promoting our European way of life'. The Partnership Instrument also contributed to the UN Sustainable Development Goals 3 'Good health and well-being', 15 'Life on land' and 17 'Partnership for the goals'.

Further information on how operational expenditure contributed to the achievement of the strategic objectives of the Union is available in the NDICI-Global Europe Programme Statement for Draft Budget 2024.

## **EU Electoral Missions under NDICI-Global Europe**

*Specific objective 5: Strengthened EU contribution to democratic electoral cycles and reliability of electoral processes in third countries*

The achievement of this specific objective is not fully under FPI's control: while the Service is responsible for the financing, contracting and logistics of electoral missions, the HRVP decides on the deployment of missions after consulting the European Parliament Democracy Support and Election Coordination Group (DEG) and the Council's Political and Security Committee.

Election Observation is a key part of the EU's foreign policy, supporting the strengthening of democracy and respect for human rights. Election Observation Missions bring added value to strengthen democratic institutions, build public confidence in electoral processes and to deter fraud, intimidation, and violence. For Election Observation, FPI reports against two result indicators:

(i) number of electoral processes and democratic cycles supported, observed, and followed by means of election observation missions:

In 2022, despite the ongoing COVID-19 pandemic, FPI set the necessary mitigation measures for security and safety, thus enabling 17 electoral processes as follows:

Six fully-fledged Election Observation Missions (EOMs) (including assessments of the campaign, the legal and political context, and the overall electoral process) and five Electoral Expert Missions (EEMs) (with six Follow-up missions) were deployed in 2022.

The missions were successfully deployed in various countries despite challenges such as security threats from non-state armed groups, logistics challenges related to economic and financial crises, visa and security issues, and disruptions caused by COVID-19 protocols. Examples include the EU EOM in Colombia, which was one of the longest ever deployed missions successfully observing three separate election days; the EU EOM in Lebanon,

which faced challenges in covering out-of-country voting and the parliamentary elections, but was successful in promoting democracy; and the EU EOM in Timor-Leste, which adjusted deployment plans due to the interruption of regular commercial flights.

(ii) the speed to setup the missions is key to a successful deployment. Therefore, the second result indicator measures the time between the signature of the contract from the HRVP decision and deployment of an EOM.

The EU Electoral Missions described above contributed to the Commission priority 'A stronger Europe in the World' and to the UN Sustainable Development Goal 16 'Peace, justice and strong institutions'.

Further information on how operational expenditure contributed to the achievement of the strategic objectives of the Union is available in the NDICI-Global Europe Programme Statement for Draft Budget 2024.

## Foreign Policy Regulatory Instruments

FPI serves as the Commission's lead service for the Kimberley Process (KP) Certification Scheme on 'conflict diamonds' and for the Regulation concerning trade in certain goods which could be used for torture or capital punishment (Regulation (EU) 2019/125). These foreign policy regulatory instruments impose certain trade restrictions to achieve CFSP policy objectives.

### Kimberley Process

Trade in rough diamonds<sup>8</sup> falls within the remit of the Common Commercial Policy (Article 207 TFEU), the EU, represented by the European Commission, is a single 'Participant' in the Kimberley Process, a global tri-partite initiative of governments, industry and civil society to stop the trade in 'conflict diamonds'.

In 2022, on behalf of the EU, the Service objected to Russia holding a leadership position within the KP and led efforts in coordination with like-minded partners to address the implications for the KP of the aggression of Russia against Ukraine. After long negotiations, the Plenary adopted a final Communiqué that acknowledged the divergent views.

FPI remained an active member of the Monitoring Team for the Central African Republic (CAR) that closely follows the evaluations of rough diamond exports from 'compliant zones' which remained unchanged throughout 2022. This process aims to strengthen the legal diamond trade in the country so that rough diamond revenues can feed into CAR's economy.

### 'Anti-Torture' Regulation

---

<sup>8</sup> The EU is among the largest trading hubs for rough diamonds. As of 30 November 2022, the EU issued approximately 14,803 Kimberley Process (KP) certificates for 68 million carats, valued at USD 9.2 billion.

*Specific objective 6: Increased global action through trade restrictions contributing to the prevention and eradication of torture and the abolition of the death penalty*

The achievement of this specific objective is not fully under FPI's control. While the Service is responsible for the implementation of the 'Anti-Torture' Regulation and participates in the 'Alliance for Torture-Free Trade' on behalf of the EU, progress depends on the States parties to the Alliance.

The Anti-Torture Regulation reflects the EU's commitment to the eradication of torture and the death penalty through measures to prevent the trade in certain goods. It introduced unprecedented and binding trade restrictions on a range of goods used for capital punishment, torture or other ill treatment. The EU 'Anti-Torture' Regulation, for which FPI is responsible, expresses the EU's commitment to eradicating torture and capital punishment. Since the launch of the Global Alliance in 2017, FPI has engaged in the process of bringing the high standards of the EU 'Anti Torture' Regulation to a global level. With FPI support, the informal group of experts on the implementation of the 'Anti-Torture' Regulation<sup>9</sup> met on three occasions in 2022. The group discussed trends and challenges concerning weapons and devices designed for the purpose of riot control or self-protection, policing assemblies and demonstrations. The informal group has been instrumental in enhancing awareness of the Regulation by building bridges with the work of the United Nations Group of Governmental Experts (UNGGE), thereby contributing to international efforts to promote torture-free trade.

The Regulatory Instruments managed by FPI therefore contributed to the Commission priority 'A stronger Europe in the World' and to the UN Sustainable Development Goal 16 'Peace, justice and strong institutions'.

#### Information outreach on the Union's external relations

In 2022, FPI focused on how its actions under the EU budget contribute to achieving the political guidelines of the von der Leyen Commission (in particular "A stronger Europe in the World") and to communicating the EU's response to the emerging crises around the world, including the Russia's war of aggression against Ukraine.

In line with the provisions of the FPI/EEAS service level agreement of December 2013, the EEAS continued to provide services directly to FPI and other Commission services to implement certain activities of the annual Information Outreach budget for the benefit of the EU, both in its 142 Delegations worldwide and at Headquarters. In 2022, activities carried out by the EEAS included improving capacity to monitor and analyse disinformation within and outside the EU amid the Russia's war of aggression against Ukraine. Several actions also raised awareness of the effects of disinformation by developing communication products and training material both for specialised audiences and the wider

---

<sup>9</sup> COM(2020) 343 final of 30.07.2020

EU and international public. This is in line with the priority assigned to offering rapid, factual rebuttals of disinformation under the EU Global Strategy.<sup>10</sup>

In 2022, FPI continued to contribute to the Citizens' Rights programme aimed at supporting EU citizens in the UK. This was implemented through a sub-delegation to the EU Delegation in London.

Concerning its own information outreach activities, FPI benefited from a user-friendly, relevant and integrated web presence as part of the new Commission web-architecture. FPI increased its own outreach activities, particularly through its corporate Twitter account (@EU\_FPI). It also contributed to the corporate communication activities, in particular when communicating on the EU's support to Ukraine and its neighbouring countries amid Russia's war of aggression, on the Conference on the Future of Europe and on the State of the Union address by the President of the European Commission.

In 2022, FPI's website had 103 825 visits and 191 126 unique page views. A new thematic section dedicated to the Service's key actions and projects has been created, aimed at informing about the impact and the contribution of the EU for beneficiaries around the world.

The information outreach actions described above therefore contributed to the Commission priority 'A stronger Europe in the World'.

### EU Visitors' Programme

In 2022, in close co-operation with the European Parliament, FPI continued its long-standing support of the European Union Visitors Programme (EUVP), which allows young leaders from outside the EU to participate in tailor-made study visits to the European Institutions. Through these visits, some of which took place in virtual format, visitors received first-hand information on the EU's values, functioning, activities, policies and perspectives, with a view to making them 'ambassadors' for the EU at home.

Altogether, in 2022, the EUVP organised 190 in-person and 8 virtual visits. It maintained engagement with EUVP alumni through a website, which includes several interviews with the most accomplished EUVP Alumni on its "Wall of Fame".

The EU visitors programme therefore contributed to the Commission priority 'A stronger Europe in the World'.

---

<sup>10</sup> Priority 3.1 'The Security of our Union – Strategic Communications'

## 2. MODERN AND EFFICIENT ADMINISTRATION AND INTERNAL CONTROL

### 2.1. Financial management and internal control

Assurance is provided on the basis of an objective examination of evidence of the effectiveness of risk management, control and governance processes. This examination is carried out by management, who monitors the functioning of the internal control systems on a continuous basis, and by internal and external auditors. The results are explicitly documented and reported to the Head of Service. The following reports have been considered:

#### General sources of assurance:

- regular reporting on **budget forecasts** (commitments and payments) in line with internal (in particular DG Budget) and external requirements (under the CFSP, as laid down in the Inter-Institutional Agreement or IIA<sup>11</sup>)
- controls arising from **ex-ante verification** by the central financial unit (FPI.6) for all HQ operations; controls arising in EU Delegations / Regional Teams through financial circuits
- **pillar assessments** - indirect management: FPI conducts its own pillar assessment (contracted externally in accordance with defined terms of reference) on international organisations and agencies working on CFSP
- on-the-spot **monitoring missions** by FPI operational managers (NDICI-GE, IcSP/IfS, PI/ICI, CFSP) focusing on managerial aspects of implementation by the beneficiary/partner, progress towards achieving their objectives, and budget planning
- reports of **supervision missions** carried out on delegations implementing FPI funds, to assess the effectiveness of the internal control systems in Delegations
- **expenditure verification reports** submitted by beneficiaries in support of payment claims (especially **final payment**)
- CFSP missions/EUSRs require external financial **audit reports** at final payment using a dedicated framework contract concluded by FPI
- reports of **ex-post controls** by external auditors:

---

<sup>11</sup> Part II, E “Financing of the common foreign and security policy” in the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management 2013/C 373/01.

- **for direct management:** contracted using INTPA models for terms of reference (NDICI/IcSP/IfS), EOMs and for PI
- **for indirect management:** contracted using terms of reference drafted specifically for FPI's needs in the case of CFSP and risk-based verification missions (mainly in the NDICI/IcSP/IfS area for UN agencies)
- reports of **ex-post controls** by FPI:
  - **Early ex-post controls**, in support of financial monitoring, of projects (actions) where a first payment or clearance of pre-financing has taken place
  - **Targeted Ex-post controls on high-risk projects** (actions)
- **annual reports of sub-delegated Authorising Officers** (at HQ) and by Heads of EU Delegations / Heads of the Regional Teams<sup>12</sup> managing FPI funds (NDICI, IcSP/IfS, PI, CFSP budget, EOMs) which include a declaration of assurance
- contributions of the Internal Control Coordinator, including results of **internal control monitoring** at FPI level; actions resulting from the **risk management** process
- reports on recorded exceptions, non-compliance events and any cases of 'confirmation of instructions' (Art 92.3 FR).
- **observations and recommendations by auditors:** the European Court of Auditors (ECA), the Commission Internal Audit Service (IAS), and the Commission's Accounting Officer (DG Budget) on the accounts and local systems.
- **annual assessment of effectiveness of internal control (ICAT)** a survey that includes a representative sample of staff in Headquarters and Delegations.
- **limited conclusion of the Internal Auditor on the state of internal control in FPI.**

These reports result from a systematic analysis of the available evidence. This approach provides sufficient guarantees as to the completeness and reliability of the information reported and results in a complete coverage of the budget delegated to the Head of Service of FPI.

### Sector- or instrument- specific sources of assurance

NDICI Peace, Stability and Conflict Prevention, NDICI Crisis response and the former Instrument contributing to Stability and Peace: For these instruments, the substantial part of individual contracting (legal commitments) and resulting payments are managed by Delegations. FPI's approach consists of Regional Teams where staff is concentrated in several regional hubs to provide economies of scale in the management of NDICI/IcSP

---

<sup>12</sup> Please refer to section 2.1.4 and Annex 7 for further details.

actions thereby achieving focus and reducing reliance on staff of other external relations DGs. Devolved Delegations report regularly to HQ on **project** (action) **implementation**. This includes financial information on the use of appropriations and is the basis for a regular review of budget implementation. The supervision and internal control effectiveness in case of operations sub-delegated to Delegations are ensured through the **supervision missions** (described in Annex 7) by FPI HQ staff.

Common Foreign and Security Policy (Indirect management): Normally two pre-financing payments are made for CFSP missions, one for EUSRs. The second payment follows the acceptance of an interim report and financial statement. In addition, CSDP missions and EUSRs must provide **quarterly implementation reports**.

Indirect management - international organisations: Narrative and financial reports must be provided with each payment request. If project duration is more than 12 months, this translates into at least one report every 12 months plus a final report.

Election Observation Missions: FPI procures logistical services for each EOM through a framework contract which provides for pre-financing, as it is necessary to make a range of immediate payments on behalf of the Commission; the invoice is accompanied by a financial guarantee for the whole amount and for the duration of operation. An expenditure verification report by external auditors is required before releasing the final payment.

NDICI-Foreign Policy Needs / Partnership Instrument: For the NDICI-Foreign Policy Needs and the former Partnership Instrument, the substantial part of individual contracting (legal commitments) and resulting payments are managed by Delegations (see section on NDICI Peace, Stability and Conflict Prevention, NDICI Crisis response and the former Instrument contributing to Stability and Peace above).

European Peace Facility (EPF): most of the EPF funds are implemented as off-budget, except for human resources expenditure related to statutory staff of the Commission in Headquarters, which is centrally managed by the Commission service in charge of the payroll. As a rule, the EPF applies the corporate internal control framework.

The systematic analysis of the available evidence provides sufficient guarantees as to the completeness and reliability of the information reported and results in the full coverage of the budget delegated to the Head of Service of FPI.

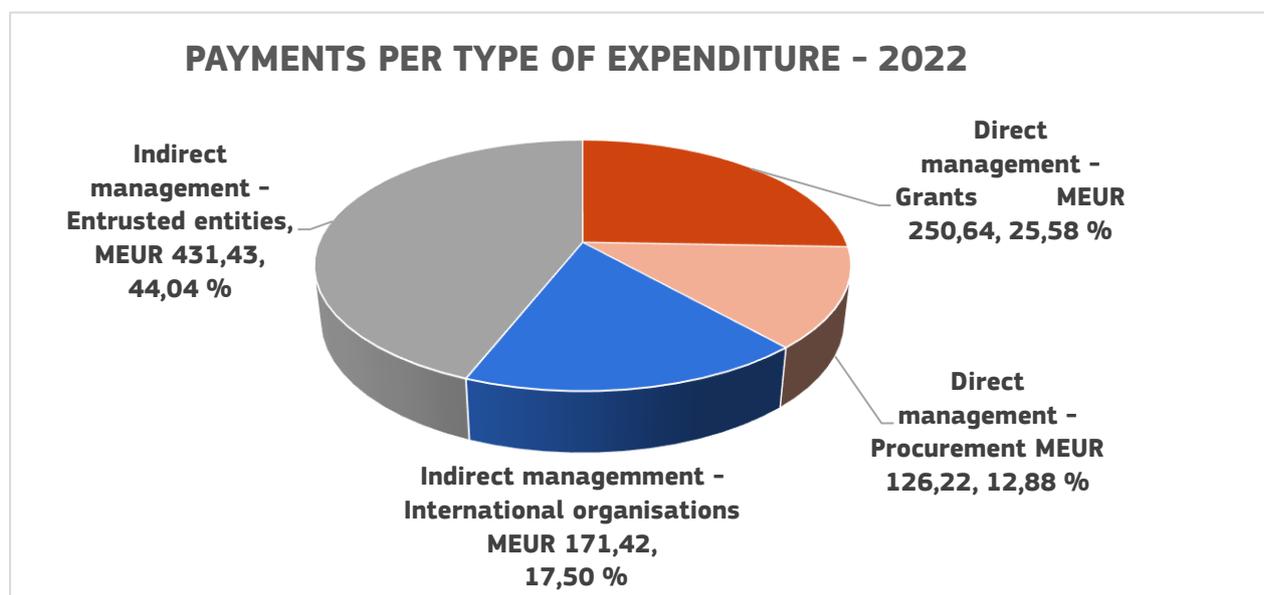
This section covers the control results and other relevant elements that support management's assurance. It is structured into 2.1.1 Control results, 2.1.2 Audit observations and recommendations, 2.1.3 Effectiveness of internal control systems, and resulting in 2.1.4 Conclusions on the assurance.

## 2.1.1 Control results

This section reports and assesses the elements identified by management which support the assurance on the achievement of the internal control objectives (ICO)<sup>13</sup>. FPI's assurance building and materiality criteria are outlined in annual activity report Annex 5. Annex 6 outlines the main risks together with the control processes to mitigate them and the indicators used to measure the performance of the relevant control systems.

FPI is building its assurance on Ex-post verification results and findings from audits performed by IAS and the Court of Auditors. The purpose of ex-post verifications is to establish whether the materiality threshold of 2% (see Annex 5) is respected. For further details on ex-post sampling and the FPI Control Strategy see Annex 7.

Instrument	Payments made 2022	
	EUR millions	%
Common Foreign and Security Policy (CFSP)	407,36	41,58%
NDICI Crisis Response/NDICI Stability and Peace/IcSP/IFS	421,91	43,06%
NDICI Foreign Policy Needs/PI	98,57	10,06%
NDICI Election observation missions/Former EOM	25,26	2,58%
Press & Info	22,38	2,28%
Co-delegation	0,40	0,04%
Administration	3,83	0,39%
Total	979,71	100,00%



<sup>13</sup> 1) Effectiveness, efficiency and economy of operations; 2) reliability of reporting; 3) safeguarding of assets and information; 4) prevention, detection, correction and follow-up of fraud and irregularities; and 5) adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments (FR Art 36.2). The 2nd and/or 3rd Internal Control Objective(s) (ICO) only when applicable, given the DG's activities.

**Table 1 – The summary of the main sources of assurance**

Risk-type / Activities	Relevant Control System					Other assurance components				
	Grants	Procurement	Indirect management	Other	TOTAL	Legality & Regularity	Cost-effectiveness & efficiency	Fraud prevention & detection	Independent info from auditors (IAS, ECA) on assurance or on new / overdue critical recommendations	Reservation?
NDICI Crisis Response / NDICI Stability and Peace / Instrument contributing to Stability and Peace (IcSP) / IFS	170.72	23.25	227.93		<b>421.91</b>	RER = 1.78	😊	😊	No	No
Common Foreign and Security Policy (CFSP)	65.66	0.27	341.43		<b>407,36</b>	RER = 0.23%	😊	😊	No	No
NDICI Foreign Policy Needs/Partnership Instrument (PI)	14.27	50.50	33.81		<b>98.57</b>	RER = 0.63	😊	😊	No	No
NDICI Election Observation Missions/ EOM		25.26			<b>25.26</b>	RER = 0.31%	😊	😊	No	No
Co-Delegation <sup>14</sup>		0.4			<b>0.4</b>	-	😊	😊	-	-
Information Outreach		22.38			<b>22.38</b>	Estimated RER 0,5 %	😊	😊	No	No
Administrative exp.		3.83			<b>3.83</b>	Estimated RER0,5%	😊	😊	No	No
<b>TOTAL</b>	<b>250.65</b>	<b>125.89</b>	<b>603.17</b>		<b>979.71</b>					
Links to AAR Annex 3	See Table 2 – payments made for Overall total				<b>979.71</b>					

<sup>14</sup> Details to be reported in the AARs of DG ENER and DG CLIMA receiving the type II co-delegations.

In line with the 2018 Financial Regulation, FPI's assessment for the new reporting requirement is as follows:

- No Cases of "confirmation of instructions" (new FR art 92.3)
- No Cases of financing not linked to costs (new FR art 125.3)
- No Financial Framework Partnerships >4 years (new FR art 130.4)
- No Cases of flat rates >7% for indirect costs (new FR art 181.6)
- No Cases of "Derogations from the principle of non-retroactivity [of grants] pursuant to Article 193 FR" (new Financial Regulation Article 193.2)

Management concludes that the control results presented below cover all the internal control objectives relevant for FPI. They are based on reliable and robust information. Completeness is ensured by covering at least 90% of the budget by the analysis based on indicators. Therefore, the results presented below can be used as a source of assurance on the achievement of internal control objectives.

## 1. Effectiveness of controls

### Legality and regularity of the transactions

FPI uses internal control processes to ensure the sound management of risks relating to the legality and regularity of the underlying transactions it is responsible for, taking into account the multiannual character of programmes and the nature of the payments concerned.

The control objective is to ensure that the multi-annual residual error rate (MRER) does not exceed 2% of the authorised payments of the reporting year for any instrument.

FPI's portfolio consists of segments with a relatively low error rate, i.e. NDICI Crisis Response / NDICI Threats / NDICI Stability and Peace / NDICI EOM, IcSP / IfS, CFSP, NDICI Foreign Policy needs / Partnership Instrument, and former EOM. This is thanks to the inherent risk profile of the programmes and the performance of the related control systems. In addition, FPI has an effective mechanism for correcting errors, through ex-ante and ex-post controls, resulting in preventive and corrective measures, respectively. See table below for details:

		Preventive Measures (m EUR)	Corrective measures (m EUR)
Implemented by the Member States			
	of which from Member States controls	N/A	N/A
	of which from EU controls <sup>15</sup>	N/A	N/A

<sup>15</sup> As a result of Commission controls and audits (including additional corrections to ensure a risk at closure below 2% in case of EMPL, REGIO and MARE), OLAF investigations or ECA audits.

		Preventive Measures (m EUR)	Corrective measures (m EUR)
Implemented by the Commission			
	of which from Member States controls	N/A	N/A
	of which from EU controls	2.80	0.04
FPI total		2.80	0.04

### Control effectiveness: ex-post controls

	Instrument contributing to Stability and Peace (IcSP)	Common Foreign and Security Policy (CFSP)	Partnership Instrument (PI / ICI)	Election Observation Missions (EOMs)	TOTAL
(A) Ineligible expenditure detected by ex-post controls	106.405	185.770	212.053	84	504.312
(B) Total cost of audit	168.327	68.670	113.913	22.783	373.693
(C) Average cost of audit (total audit cost/number of audit assignments)	15.302	17.168	11.391	11.391	13.840
(D) Efficiency ratio ((A)/(B))	0,63	2,71	1,86	0,00	1,35

FPI has quantified the cost of the resources required for carrying out the described controls and estimate, insofar as possible, their benefit in proportion to the amount of errors detected. Overall, during the reporting year the **controls carried out by FPI** in the framework of its annual ex-post control plan have a cost-effectiveness rate of 1.35<sup>16</sup>, which is an increase compared to 2021 (1.16).

In addition, there are several non-quantifiable benefits resulting from the controls such as deterrent effects, efficiency gains, and better value for money, system improvements and compliance with regulatory provisions. These non-quantifiable benefits are not directly reflected in our conclusion on cost-effectiveness (ratio benefits/costs).

**Multiannual error rate (MER):** FPI calculates an accumulated Multi-annual error for the last 7 years. The results presented below are therefore based on the period 2016-2022.<sup>17</sup>

As the relevant control systems already in place for the instruments phasing out -IcSP, PI and EOM- are applied to the corresponding parts of NDICI, error rates are calculated by relevant control system combining the instrument phasing out with the corresponding NDICI segment.

<sup>16</sup> EUR 1.35 of ineligible expenditure were detected for every EUR spent in ex-post control.

<sup>17</sup> The planning of ex-post controls is still done on an annual basis.

The overall MER decreased to 0.89% in 2022, compared to 0.99 % in 2021.

**Table – Multiannual Residual Error Rate (MRER)**

a	b	c	d	e	g	h	i	j	k	l	m	n	o
	Activity	Payments made in 2016 - 2022 (€)	Number of ex-post controls	Sampled amount verified (includes previous years)	Related total amounts paid (incl. pref)	Value audited = EC share of value claimed	Ineligible amount (€)	Amount to be recovered	Corrections made (i.e. debit note issued or amount registered for offsetting)	Detected error rate (=J/E)	Residual error rate of the sample = [(J-K) + (G-E)xL]/G	Amount at risk in the population (€) = (CxL) - K	Multiannual RER in the population (%) = N/C
19.02	Instrument contributing to Stability and Peace (IcSP) — Crisis response, conflict prevention, peace-building and crisis preparedness	2.012.570.129	67	113.634.536	230.594.492	229.239.846	3.127.025	2.024.048	48.261	1,78%	1,76%	35.799.460	1,78%
19.03	Common foreign and security policy (CFSP)	2.359.781.895	34	163.478.664	247.754.076	235.690.738	445.242	372.828	1.092	0,23%	0,23%	5.380.610	0,23%
19.04	Election observation missions (EU EOMs)	171.474.016	14	21.697.408	33.984.516	33.983.959	78.879	78.878	42.972	0,36%	0,24%	580.403	0,34%
19.05	Cooperation with third countries under the Partnership Instrument (PI)	598.478.168	42	38.328.736	53.538.551	53.539.110	261.138	242.393	7.762	0,63%	0,62%	3.777.046	0,63%
	<b>FPI</b>	<b>5.142.304.208</b>	<b>157</b>	<b>337.139.343</b>	<b>565.871.636</b>	<b>552.453.653</b>	<b>3.912.284</b>	<b>2.718.148</b>	<b>100.087</b>	<b>0,81%</b>	0,79%	<b>45.537.519</b>	<b>0,89%</b>

FPI carried out a detailed analysis of the types of errors encountered at beneficiary level as a result of ex-post controls. Most errors were linked to the lack of adequate supporting documents, errors in the calculation of costs claimed, non-budgeted costs claimed and non-compliance with procurement rules.

The multi-annual residual error rate (RER) for 2016-2022 considers total ineligible expenditure detected and corrected compared to total payments made in 2016-2022. Based on the multi-annual RER, FPI is of the opinion that the control procedures in place give the necessary guarantees for the legality and regularity of the underlying transactions.

Based on all the above, FPI presents in the following Table X an estimation of the risk at payment and risk at closure for the expenditure managed during the reporting year:

**Table X: Estimated risk at payment and at closure (amounts in EUR million)**

(The full detailed version of the table is provided in annex 9)

FPI	Payments made	Relevant expenditure	Estimated risk (error rate %) at payment		Estimated future corrections and deductions		Estimated risk (error rate %) at closure	
	m EUR	m EUR	m EUR	%	m EUR	%	m EUR	%
NDICI Crisis Response/NDICI Stability and Peace/NDICI Threats/IcSP/IfS	421.91	398.01	7.08	1.78	0.53	0.13	6.56	1.65
CFSP	407.36	381.62	0.88	0.23	0.51	0.13	0.37	0.1
NDICI Foreign Policy Needs/PI	98.57	95.42	0.60	0.63	0.13	0.13	0.47	0.5
NDICI Election observation missions/Former EOM	25.26	23.88	0.08	0.34	0.03	0.13	0.05	0.18
Press & Info	22.38	22.27	0.11	0.5	0.03	0.13	0.08	0.37
Administration	3.83	3.74	0.02	0.5	0.00	0.13	0.01	0.37
Co-delegation	0.40							
<b>FPI total</b>	<b>979.71</b>	<b>925.34</b>	<b>8.77</b>	<b>0.95</b>	<b>1.23</b>	<b>0.13</b>	<b>7.55</b>	<b>0.82</b>

The estimated overall risk at payment for 2022 expenditure is the AOD's best conservative estimate of the amount of relevant expenditure during the year, not in conformity with the contractual and regulatory provisions applicable at the time the payment was made. This expenditure will be subject to ex-post controls and a proportion of the underlying errors will

be detected and corrected in subsequent years. This amount corresponds to the conservatively estimated future corrections for 2022 expenditure.

The difference between those two amounts results in the estimated overall risk at closure <sup>18</sup>. There is an increase of 0.2 % compared to 2021 (0.62 %) mainly due to a decrease in the % of estimated future corrections.

For an overview at Commission level, the departments' estimated overall risk at payment, estimated future corrections and risk at closure are consolidated in the AMPR.

#### a) Fraud prevention, detection and correction

FPI has developed and implemented its own anti-fraud strategy since 2014, based on the methodology provided by OLAF. It was last updated in June 2022. Its implementation is being monitored and reported to the management every year in the context of the corporate reporting. All necessary actions have been implemented, including Measure 29 of the Commission Anti-Fraud Strategy (CAFS) Action Plan.

FPI also contributed to the Commission anti-fraud strategy and actively participated in the Commission AFS via the FDPNet and the External Actions Subgroup. FPI worked with other DGs on the implementation of Measure 29 of the CAFS Action Plan related to the evaluation of risks for emergency spending. This measure was completed in March 2022. It is summarised in an OLAF document adopted on 6 October 2022. FPI continues to work with OLAF and Legal Service on implementing OLAF financial recommendations for two closed cases (100% partial implementation).

The results achieved during the year thanks to the anti-fraud measures in place can be summarised as follows:

- In December 2022, there were four ongoing investigations concerning projects managed by FPI and no case under selection.
- FPI reappointed in 2022 the anti-fraud contacts points (AFCP) in all the Units and Regional Teams, as well as in all CSDP Missions, EU Special Representatives (EUSRs) and the Kosovo Specialist Chambers (KSC).
- All new FPI staff had also to follow a compulsory “OLAF for all” training (two sessions for a total of more than 130 participants).
- In 2022, FPI conducted and/or helped to conduct several online anti-fraud awareness sessions for CSDP Missions, EUSRs and the KSC in the context of technical visits and monitoring missions. Moreover, FPI conducted with OLAF an anti-fraud train-the-trainer session in Brussels for all newly designated AFCPs of all the CFSP entities. In parallel, the Mission Support Platform (MSP) conducted a webinar

---

<sup>18</sup> This is the AOD's best, conservative estimation of the expenditure authorised during the year that would remain not in conformity with applicable regulatory and contractual provisions by the end of implementation of the programme.

on internal control and fraud risks and a seminar on public procurement including an anti-fraud section for all CSDP Missions.

- FPI worked in close cooperation with OLAF on ongoing cases and replied quickly to information requests from OLAF investigators. Consequently, OLAF opened only one new investigation and sent back all the other cases to FPI for follow up. Based on the available information, FPI has reasonable assurance that the anti-fraud measures in place are effective.

## 2. Efficiency of controls

**Timely payments:** In 2022, 99% of the amount managed by FPI was paid on time compared to 98% EC wide.

Timely Payments	FPI Score	EC Score
<p>0% 25% 50% 75% 100%</p> <p>EC (98%) 99%</p>	99%	98%

Amounts to disburse (reste à liquider): The RAL at the end of the year increased by EUR 58 million, or 3.7% compared to the RAL at the end of 2021. This increase is linked mainly to the contracting under NDICI.

Note: Time to grant (Art.114 (2)) FR: this requirement does not currently apply to FPI as the greater part of its activities is not implemented by open calls for proposals/ grants.

Time to Inform: the six-month deadline as per Art.194(2)a FR is always respected; the average time between the deadline of the submission of full proposals and the notification of applicants is 50 days.

In 2022, FPI continued on-the-spot controls of contracts with a higher risk. This measure contributes to the increased efficiency of ex-ante controls and is considered as one of the preventive measures to avoid errors in financial statements.

Based on the results of the efficiency indicators described above and considering the contextual elements impacting the indicator of RAL, FPI considers that the controls put in place by FPI are efficient.

## 3. Economy of controls

FPI complies with Article 74(9) FR by quantifying as far as possible the costs of the resources and inputs required for carrying out its controls and their benefits in terms of the amount of errors and irregularities prevented, detected and corrected.

The total cost of controls in 2022 for FPI is estimated at EUR 5.82 million, that is 0.59% of operational payments executed in 2022 (EUR 979.71 million), which is lower compared to the previous year (0.63% in 2021).

For FPI Headquarters, the approximate cost of ex-ante controls is EUR 4.34 million, whereas the cost of ex-post controls is EUR 1.48 million (with the total of EUR 5.82 million as presented in the table below):

		<b>Cost of controls by management mode (EUR million)</b>		
		<b>2022</b>	<b>2021</b>	<b>2020</b>
Direct	Grants	1.38	1.14	0.74
	Procurement	1.58	1.57	1.15
Indirect		2.85	2.81	2.10
<b>Total</b>		<b>5.82</b>	<b>5.52</b>	<b>3.98</b>

Based on the analysis of the total cost of controls for 2022 and its trend over the last three years, FPI concludes that the controls put in place by FPI are cost effective.

For further details on the cost of controls per control segment please see Table Y in Annex 7.

**4. Conclusion on the cost-effectiveness of controls**

As previously indicated, controls in 2022 met the internal control objectives (for legality and regularity; fraud prevention, detection, and correction) as they did in 2021 (effectiveness). The indicator “Timely payments” showed that 99% of payments were made on time (efficiency). The total cost of controls in 2022 for FPI was estimated at 0.59% of operational payments, which is lower than in 2021 (0.63%). The conclusion on the cost-effectiveness of controls is therefore unchanged.

FPI uses the possibility laid down in FR art 74.2 to differentiate the frequency and/or the intensity of the DG's controls – in view of the different risk-profiles among its current and future transactions and of the cost-effectiveness of its existing and any alternative controls – by re-directing the control resources towards more rigorous controls where needed while retaining leaner and less burdensome controls where appropriate. FPI will further adapt the risk profiles in its control strategy based on the results of controls.

Based on the most relevant key indicators and control results, FPI has assessed the effectiveness, efficiency and economy of its control system and reached a positive conclusion on the cost-effectiveness of the controls for which it is responsible.

## 2.1.2. Audit observations and recommendations

This section sets out the observations, opinions and conclusions reported by auditors – including the limited conclusion of the Internal Auditor on the state of internal control. Summaries of the management measures taken in response to the audit recommendations are also included, together with an assessment of the likely material impact of the findings on the achievement of the internal control objectives, and therefore on management's assurance.

### **European Court of Auditors (ECA)**

Chapter 8 on Global Europe in the 2021 ECA Annual Report, common to DG INTPA, DG NEAR, DG ECHO, and FPI included no specific recommendations for FPI issued in 2021. FPI was only mentioned for a not yet implemented recommendation resulting from a 2019 Statement of Assurance audit aiming at strengthening checks by identifying and preventing recurrent errors; following different measures taken and an audit on the matter finalised on 21 October 2022 the pending recommendation has been fully implemented.

Six transactions related to batches #1, 2, 3 and 4 for the 2022 Statement of Assurance were audited in 2022 and 2023 by the ECA. At the time of writing, three transactions resulted in no findings, two resulted in intermediary findings for which FPI replies were sent or in preparation and for one a final clearing letter was received maintaining findings (for details see Annex 7).

As regards Special Reports of the Court of Auditors, FPI was involved in 2022 in one audit touching upon FPI's responsibilities (for details see Annex 7) whose report was not yet issued at the time of writing the present report.

### **Internal Audit Service (IAS)**

Based on all work undertaken by the Internal Audit Service in the period 2018-2022<sup>19</sup>, namely,

- Audit on Partnership Instrument in FPI (2018).
- Audit on EC-EEAS coordination (2018).
- Audit on Common Foreign and Security Policy (2019).
- Audit on performance management in the Service for Foreign Policy Instruments (2020).
- Audit on pillar assessment in the external action family (2020).
- Consulting engagement on EU Visitors Programme in the Service for Foreign Policy Instruments (2020).

---

<sup>19</sup> Final audit reports issued in the period 1 February 2018 – 31 January 2023. In 2022, the coverage period was brought from three to five years.

- Audit on contractual expenditure verifications (2022).

and considering that:

- Management has accepted all the recommendations issued in 2018-2022, except for:
  - one 'very important' recommendation which was rejected and for which management has accepted the related residual risk which is considered as high.
  - one 'important' recommendation for which management has accepted the risk of not taking action on part of the recommendation and has accepted the related residual risk which is considered as medium. This recommendation was closed by the IAS and is not subject to further follow-ups.
- Management has adopted action plans to implement all the accepted recommendations. The IAS considers that these action plans are adequate to address the residual risks identified. For the audit on contractual expenditure verifications management, an action plan is not yet adopted.
- The implementation of action plans is monitored through reports by management and follow-up audits by the IAS.

Management has assessed several action plans as implemented which have not yet been followed up by the IAS.

The Commission's Internal Auditor concluded on 14 February 2023 that the internal control systems in place for the audited processes are effective, except for the observations giving rise to one 'very important' recommendation.

This relates to Recommendation number 1 of the Audit on performance management in FPI (see detail in Annex 7).

The agreed actions to address this recommendation are being implemented progressively. By the end of 2022, 2 out of 3 actions in the action plan of the mentioned audit have been fully implemented. The implementation of the third action could not be implemented within the deadline, as the full rollout of the IT system OPSYS module Track 2 (Contract management) has been further delayed. It is expected that the recommendation will be fully implemented by the end of September 2023.

## **Conclusion**

In 2022, there were no critical findings or critical recommendations and a limited number of findings overall related to FPI from audits conducted by the European Court of Auditors (ECA).

In 2022 IAS launched the following audits on FPI activities:

- Audit on Allocation of Human Resources in EU Delegations
- Audit on project and programme evaluation

- Audit on Anti-fraud strategy, and
- Audit on Contractual expenditure verifications

In 2022 IAS finalised the Audit on Contractual expenditure verifications.

In the context of this audit FPI rejected Recommendation 9, risk rated as high, which stated:

*“FPI should implement the new common feedback mechanism/arrangement to ensure the continuous improvement of the CEV controls. This should be done by:*

- *Recording the basic information on CEV results and costs in the newly developed repository,*
- *Cooperating with DG INTPA and DG NEAR on the common periodic assessments of the sound functioning and cost-benefit of CEV in the external action,*
- *Applying the newly developed feedback mechanism from ex post review findings (risk-based expenditure verifications, RER, ECA) to the beneficiary who earlier contracted the external auditor for the CEV on the same project.”*

FPI rejected recommendation 9, and accepts the related residual risks for the following reasons:

- It is not feasible to implement another pillar of audit and control,
- We do not have sufficient staff to carry out the very significant workload that the actions would entail,
- Our assurance builds on other pillars such as our MRER, early and targeted ex-post controls and DAS audits,
- It is impossible to undertake a meaningful cost/benefit analysis even if we would have a repository, as the main benefit is the deterrent effect of having the control in place. This effect cannot be estimated.
- Auditors are contracted by the beneficiaries; they do not fall under our responsibility.

In addition to the above, the final audit report included the following recommendation, risk rated as high, addressed to DG INTPA (as lead), that affects also FPI activities:

### *Recommendation 3*

*DG INTPA (as lead), together with DG NEAR and FPI, should:*

- *Clarify what the objective of the CEV as a control is and revise the template risk assessment and sampling methodology for the external auditors to ensure that the CEV achieves the stated objective.*
- *Revise the template terms of reference for CEV. In particular, the revised ToR should: o describe the verification procedures to be performed in a clear and detailed way, limiting the possibility for various interpretations, o where relevant, list types of supporting documents to be reviewed by the external auditors and include standardised answers for the external auditor’s conclusions per procedure,*

- *Prepare guidance/interpretative materials/FAQ on EU expenditure eligibility rules, expenditure verification procedures, risk assessment and sampling, and systematically reference these in the ToR.*

Further information on the audit on Contractual expenditure verifications, as well as Information on the follow-up to recommendations stemming from IAS audits finalised before 2022, is included in Annex 7.

### 2.1.3. Assessment of the effectiveness of internal control systems

The Commission has adopted an Internal Control Framework based on international good practice, to ensure the achievement of its policy and management objectives. Compliance with the internal control framework is a compulsory requirement.

FPI uses the organisational structure and the internal control systems suited to achieving its policy and internal control objectives in accordance with the internal control principles and has due regard to the risks associated with the environment in which it operates.

FPI made significant progress in the implementation of the new Internal Control Framework adopted by the Commission on 19 April 2017. To this end the following actions were undertaken:

- The updated internal control monitoring criteria, following an internal discussion and validation process with management were communicated to the HRVP and reported together with the Management Plan 2022.
- Risk analysis and updates of the FPI Risk Register, were carried out twice in 2022 (in June and in December). While remaining realistic, it took into account cost/benefit aspects to avoid disproportionate control measures which may negatively impact the effectiveness, efficiency and smoothness of operations and thus budget execution.

Following the peer review held on 1 December 2022, FPI critical risk was uploaded in new CENTRICS application under “Physical security”.

Regarding the effectiveness of internal control and financial management, FPI considers that the control procedures put in place provide the necessary guarantees concerning the legality and regularity of the underlying transactions. This conclusion is supported by the results of ex-post controls presented in Section 2.1.1, above.

Concerning the overall state of the internal control system, FPI complies with the three assessment criteria for effectiveness, i.e. (a) staff having the required knowledge and skills, (b) systems and procedures designed and implemented to manage the key risks effectively, and (c) no instances of ineffective controls that have exposed FPI to its key risks. In addition, further enhancing the effectiveness of FPI control arrangements in place, by taking into account any reported control weaknesses and exceptions, is an ongoing effort in line with the principle of continuous improvement of management procedures.

FPI performed a comprehensive assessment of effectiveness of internal control principles (ICP) for this report, using a re-designed Internal Control Assessment Tool (ICAT) survey. This re-design facilitated addressing questions to both management and staff in a common survey and was more directed to participants and easier/faster to complete. Consequently, the survey had 43 questions. Overall, 63 staff and managers from Headquarters and Regional Teams were invited to complete the survey (compared to 63 last year); 40 persons replied (63%), compared to 52 last year (75%).

Results indicate an overall effectiveness rate of 83%, which is quite stable compared to last year (82%). Further details are provided in Annex 8.

In addition, for the purpose of assessing the effectiveness of the internal control systems, the 2022 AOSD reports of all 8 FPI Units, 85 EU Delegations and 5 Regional Teams managing FPI funds, as well as one report from DG FISMA for activities managed under a sub-delegation, were analysed. No issues with potential impact on assurance were identified.

Considering the results of the 2022 ICAT survey, the analysis of the implementation of action plans relative to the recommendations of the different audit bodies; the results of controls; the risk analysis performed in the context of the Management Plan and the management knowledge gained from daily operations, FPI concludes that the effectiveness of the control principles was maintained in 2022.

FPI has assessed its internal control system during the reporting year and has concluded that it is effective and that the components and principles are present and functioning well overall, but some improvements are needed as minor deficiencies were identified by the IAS in one very important recommendation (stemming from the Audit on Performance Management in FPI) related to control environment (ICP#3) and control activities (ICP#12). For full detail on this recommendation see Annex 7.

#### 2.1.4. Conclusions on the assurance

This section reviews the assessment of the elements already reported above (in Sections 2.1.1, 2.1.2 and 2.1.3), and the sub-conclusions already reached. It draws an overall conclusion to support the declaration of assurance and whether it should be qualified with reservations.

The information reported in present Section 2.1 stems from the results of management and auditor monitoring contained in the reports listed. These reports result from a systematic analysis of the evidence available. This approach provides sufficient guarantees as to the completeness and reliability of the information reported and results in a comprehensive coverage of the budget delegated to the Head of Service of FPI.

### **Functioning accountability chain**

The accountability and reporting chain in FPI is organised as a pyramid through which the statements of assurance signed by each Head of Delegation set the basis for the assurance

provided by the other AOSDs at the upper levels of the pyramid. For 2022, 85 AOSD reports by the Heads of Delegations were received and analysed at HQ, five AOSD reports by the Heads of the Regional Teams and eight AOSD reports by Heads of Units in FPI, one report from DG FISMA for activities managed under a cross subdelegation. The reports do not point to any issues which could have a potential material impact on the assurance.

For the period covering 1 January to 30 June 2022, the former acting AOD (Mr Marc Fiedrich) signed a declaration of Assurance on 1/7/2022.

### **Full coverage of expenditure by the control mechanisms**

The control mechanisms in place cover the entire budget managed by FPI. No part of the budget is left out of the control strategy. As regards detective and corrective elements in the control strategy, external audits cover a significant amount of the funding managed by FPI. They contribute therefore substantially to assurance as regards legality and regularity. Ex-ante transactional checks of 100% of payments add up as well to assurance provided.

### **IAS limited conclusion**

IAS concluded that the internal control systems in place for the audited processes are effective, except for one observation giving rise to a 'very important' recommendation, where the follow-up process is fully underway. The recommendation, ie. Recommendation number 1 of the audit on Performance management in FPI, is set out in further detail in the paragraph on the Internal Audit Service in Section 2 above and in Annex 7.

### **Legality & regularity based on RER results**

The multi-annual residual error rate (RER) for 2016-2022 considers total ineligible expenditure detected and corrected compared to total payments made in 2016-2022. Based on the multi-annual RER of 0,88 %, which is lower than previous years, FPI is of the opinion that the control procedures in place give the necessary guarantees for the legality and regularity of the underlying transactions.

### **A favourable assessment of cost-effectiveness of controls**

The total cost of controls performed in 2021 represents 0.63 % of total payments made by FPI

The total cost of controls in 2022 for FPI is estimated at EUR 5.82 million, that is 0.59% of operational payments executed in 2022 (EUR 979.71 million), which is lower compared to the previous year (0.63% in 2021). Considering the risky environment in which FPI operates, FPI considers the total cost of control as reasonable.

### **Effective implementation of the Internal Control Principles**

FPI has assessed the internal control systems during the reporting year and has concluded that the internal control principles are implemented and functioning as intended. None of

the internal control issues described above, in Management's opinion, has any potential impact on the assurance.

### **Anti-Fraud Strategy in place**

FPI has developed and implemented its own anti-fraud strategy since 2014, based on the methodology provided by OLAF. It was last updated in June 2022. Its implementation is being monitored and reported to the management every year in the context of the corporate reporting. All necessary actions have been implemented, including Measure 29 of the Commission Anti-Fraud Strategy (CAFS) Action Plan.

FPI also contributed to the Commission anti-fraud strategy and actively participated in the Commission AFS via the FDPNet and the External Actions Subgroup. FPI worked with other DGs on the implementation of Measure 29 of the CAFS Action Plan related to the evaluation of risks for emergency spending. This measure was completed in March 2022. It is summarised in an OLAF document adopted on 6 October 2022.

### **Overall Conclusion**

In conclusion, based on the elements reported above, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Head of Service, in his capacity as Authorising Officer by Delegation has signed the Declaration of Assurance.

## 2.1.5. Declaration of Assurance

*I, the undersigned,*

*Head of Service for Foreign Policy Instruments*

*In my capacity as Authorising Officer by delegation*

*Declare that the information contained in this report gives a true and fair view<sup>20</sup>.*

*State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.*

*This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the self-assessment, ex-post controls, the work of the Internal Audit Service and the lessons learnt from the reports of the Court of Auditors for years prior to the year of this declaration.*

*Confirm that I am not aware of anything not reported here which could harm the interests of the Commission.*

*Brussels 31 March 2023*

.....

*(signed)*

*Peter M. WAGNER*

---

<sup>20</sup> True and fair in this context means a reliable, complete and correct view on the state of affairs in the DG/Executive Agency.

## **2.2. Modern and efficient administration – other aspects**

As concerns data protection, FPI continued working on aligning its activities with the EU Data Protection Regulation and the Commission's Data Protection Action Plan.

### **2.2.1. Human resource management**

In 2022, the Service continued to grow, receiving additional resources to ensure it can continue to fulfil its role of Administrator for the European Peace Facility in the new context of significantly increased funds allocated to the Facility in response to global events in 2022.

To better reflect the current MFF – notably the switch to a single funding instrument for external assistance (NDICI-Global Europe), the Service undertook a review of the organisation of the three units in charge of managing support under this instrument. In close collaboration with the concerned staff various options were explored, before posts were reallocated among the three units based on a new geographical focus, combined with thematic leads in key areas. The reorganisation took effect on 1 February 2023.

As a further consequence of the adoption of NDICI-Global Europe and subsequently the revised division of labour, FPI was faced with the need to phase out operational staff in the Americas and reallocate the posts to other geographical locations. After consultation with the management, the Heads of Delegation concerned, as well other inter-service interlocutors, the groundwork for a number of staff movements was laid down and will be put into place as of September 2023.

To make the most efficient use of the scarce secretarial support resources, the Head of Service undertook discussions with the assistants to map their tasks and establish more flexible working arrangements. After consultation with management, this resulted in the creation of four clusters of secretarial support that will ensure sufficient back-up across the whole Service while allowing the precise modalities to vary according to the needs of each cluster.

The Service's internal communication in 2022 included communicating with the staff about major corporate initiatives, results of the Staff Survey, the new HR strategy and its accompanying actions, and the Communication on Greening the Commission. This was done through FPI intranet news and direct messages to staff from the FPI Director.

A series of hybrid internal events were organised for staff in FPI HQ and Regional teams on management change and reorganisation of the Service (staff event following the appointment of a new FPI Director in July 2022 and townhall event ahead of FPI reorganisation in December 2022).

In 2022, the Service remained focused on staff wellbeing. This manifested itself through the organisation of a dedicated course on resilience for all FPI staff as well as a week of awareness raising on unconscious bias to promote a culture of inclusion and belonging. In terms of the physical wellbeing, additional office space was allocated to HQ staff under the same roof, putting an end to desk-sharing and responding to the gradual increase in staff returning to work in the office. FPI staff remains however scattered across different wings and floors.

A significant part of the learning and development budget was allocated to rolling out unit team building for staff, who in many cases had been recruited during the pandemic and only during 2022 were able to be united with their colleagues and settle into their physical workspaces. As a result of the reorganisation, a joint team building for the three Units concerned was planned and took place in January 2023.

In 2022, the Service also pursued the objective of offering continuous training and support for managers and developing the managers of the future, by launching 360° evaluation and follow-up coaching for its management staff and by encouraging and supporting participation of both managers and potential, future managers in the management development activities that are available to them in the Commission.

The Service remains committed to supporting the Commission's objective of gender-balanced management. With the appointments made during 2022, the Service has reached its current target for first appointment of female middle managers and with currently 4 out of 8 female Heads of Unit as well as Deputy Heads of Unit has also met the targets it set for end-2022.

The FPI met its target of an increased staff engagement rate, which has increased from 72% in 2018 to 77% in 2021.

### 2.2.2. Digital transformation and information management

In the context of the partial return to the office, the main priority for FPI in 2022 was to provide for effective teleworking and hybrid working, as well as to offer support to staff so that colleagues could make the most of the digital tools available, especially in the context of the M365 transition.

In terms of digital transformation, FPI was integrated into DG DIGIT's outreach to achieve the main objectives of the Digital Solutions Modernisation Plan (DSMP). FPI was one of the first Commission services to migrate its websites to the new version of the EWPP platform (Drupal 8) in 2021, which ensured an integrated web presence aligned to the corporate standards. In 2022, FPI focused on the phasing out and archiving of the obsolete platforms for which the Service is the owner in accordance with corporate guidelines. The Service was among the early adopters of M365, in particular of Microsoft Teams, and the staff uses it in daily workflows. This also laid the groundwork for the staff transition to the new WELCOME environment, though the uptake remains low in the Service and this will be a focus for 2023.

Additionally, FPI streamlined the use of existing online cooperation and videoconferencing platforms to ensure the smooth communication and collaboration flow within the Service, including with the Regional Teams, given the system differences that exist between the European Commission and the EEAS.

FPI also continued to implement data governance and data policies and identified its key data assets that have been included in the Commission data catalogue. FPI has one local data correspondent who is taking part in the LDC network and the Data Governance Board for the "RELEX family".

In terms of data protection, FPI, with its Data Protection Coordinator, continued to align its activities with Regulation (EU) 2018/1725 (EU Data Protection Regulation) and the

Commission's Data Protection Action Plan (C (2018) 7432), as reviewed by C(2020)7625. FPI created one new record bringing the number of its published records to 14. To ensure that all staff embed data protection in their daily work, FPI continued to organise awareness raising activities to achieve the target of 100% awareness of all staff by 2024, as set out in the Strategic Plan 2020-2024. In addition to the centralised data protection training offer, FPI organised 2 training sessions and also other awareness-raising actions took place such as publication of data protection related information on FPI intranet (EU data protection framework, data, breaches and copyright policy).

### 2.2.3. Sound environmental management

The FPI was among the first Services to sign the pledge to reduce travel emissions in 2022. This was followed by an awareness-raising exercise, encouraging all FPI staff to individually commit to the pledge. The Service seeks to limit emissions by limiting missions and participants to the numbers strictly necessary and by supporting virtual and hybrid formats when possible.

Since the pandemic and the introduction of hybrid working methods, paperless workflows are the norm across the Service. Being housed in the EEAS building, staff make use of the recycling facilities put at its disposal. Water fountains are at the disposal of staff in the staff canteen.

### 2.2.4. Examples of economy and efficiency

#### **Regular provision of advice on procurement, budgetary and financial matters, and provision of equipment for CFSP Missions**

To contribute to and assist the effective and efficient provision of administrative services common to civilian CSDP Missions, a Mission Support Platform (MSP) was jointly established by FPI and the EEAS in 2016. The MSP was further reinforced in 2022 with additional procurement staff and will continue to support all Missions, inter alia aiming to harmonise and simplify operating procedures in CSDP Missions. MSP focused on the following key pillars: replace the Warehouse II with highly functional FWCs, providing timely IT, security and medical equipment to the Missions; rollout of a single IT business processes platform (ERP – Enterprise Resource Management) connected to HQ and the regular provision of guidelines on procurement, budgetary and financial matters.