



Annual Activity Report 2020

SERVICE FOR FOREIGN POLICY INSTRUMENTS

Table of Contents

- FOREWORD OF THE HEAD OF SERVICE 3
- THE SERVICE IN BRIEF 8
- EXECUTIVE SUMMARY 10
 - A. Key results and progress towards the achievement of the Commission’s general objectives and DG’s specific objectives (executive summary of section 1)..... 10
 - B. Key Performance Indicators (KPIs)..... 13
 - C. Key conclusions on Financial management and Internal control (executive summary of section 2.1) 15
 - D. Provision of information to the Commissioner..... 15
 - E. Specific actions on COVID-19..... 16
 - 1. Key results and progress towards the achievement of the Commission’s general objectives and the Service’s specific objectives 17
 - 2. Modern and efficient administration and internal control..... 45
 - 2.1 Financial management and internal control..... 45
 - 2.1.1 Control results..... 48
 - 2.1.2 Audit observations and recommendations 69
 - 2.1.3 Assessment of the effectiveness of internal control systems 72
 - 2.1.4 Conclusions on the assurance 75
 - 2.1.5 Declaration of Assurance 77
 - 2.2 Modern and efficient administration – other aspects..... 78
 - 2.2.1 Human resource management 78
 - 2.2.2 Digital transformation and information management..... 79
 - 2.2.3 Sound environmental management..... 81

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.

In 2020, the Service for Foreign Policy Instruments continued to use its instruments for two main purposes: 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 Instrument 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 COVID-19 pandemic by contributing to the Commission's Team Europe reponse and by adapting the deployment of missions to prevailing sanitary conditions.

In 2020, the Service contributed to the implementation of the comprehensive approach to conflicts and crises through timely interventions under the Instrument contributing to Stability and Peace and through Common Foreign and Security Policy actions, for example in the countries of the Sahel, Libya, Afghanistan, Turkey, Bangladesh (situation of the Rohingya), Nagorno-Karabakh, Belarus and Lebanon. Through these actions, the Service contributed to conflict prevention, mediation and dialogue, confidence building and post-conflict peace building; to strengthening the rule of law, the fight against terrorism, and security sector reform; and to efforts to combat the proliferation of weaponry and the promotion of effective global governance and multilateralism. During the year, new Capacity Building for Security and Development (CBSD) financing decisions were adopted under the Instrument contributing to Stability and Peace for Mali, Niger and Burkina Faso. These actions, which complement inter alia the Sahel Common Security and Defence Policy (CSDP Missions), demonstrate how our Service makes the integrated approach a reality.

Furthermore, through the Partnership Instrument, 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 through the Instrument 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 and prepared 30 electoral missions – including eight fully-fledged Election Observation Missions. These missions were deployed worldwide to promote democracy and consolidate stability in sometimes volatile security conditions.

In addition, in 2020, FPI made a tangible contribution to preparations for the launch of the European Peace Facility, and delivered on implementing foreign policy regulatory instruments, notably the Kimberley Process (KP) Certification Scheme on conflict diamonds

and the Regulation concerning trade in certain goods which could be used for torture or capital punishment (Regulation (EU)2019/125).

Through these different activities, the Service for Foreign Policy Instruments plays a central part in delivering President von der Leyen's ambition of achieving a "Geopolitical Commission". FPI contributes to the political objective of "A stronger Europe in the World", with several of its actions also focusing 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".

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 2020, 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 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 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 2020. I thank all colleagues for their contribution to making this possible.

Hilde Hardeman,
Brussels, 31 March 2021

List of acronyms

AAP: Annual Action Programme
ABB: Activity Based Budgeting
AFS: Anti-Fraud Strategy
AMISOM: African Union Mission in Somalia
AQIM: al-Qaeda in the Islamic Maghreb
AOD: Authorising Officer by Delegation
AOSD: Authorising Officer by Sub-Delegation
APSM: Afghanistan Peace Support Mechanism
ASEAN: Association of Southeast Asian Nations
ATT: Arms Trade Treaty
BTWC: Biological and Toxic Weapons Convention
CB: Capacity building
CBSD: Capacity Building for Security and Development
CETA: EU – Canada Comprehensive Trade Agreement
CFSP: Common Foreign and Security Policy of the European Union
CIVCOM: Committee for Civilian Aspects of Crisis Management
COMM: DG for Communication
COP-21: The 21st Conference of Parties to the UN Framework Convention on Climate Change
CPC: Civilian Planning and Conduct Capability
CSDN: Civil Society Dialogue Network
CSDP: Common Security and Defence Policy of the European Union
CSO: Civil Society Organisation
CTBT: Comprehensive Nuclear-Test-Ban Treaty
CT/CVE: Countering terrorism and violent extremism
DAS: Statement of Assurance
DCI: Development Cooperation Instrument
DDR: Demobilisation, disarmament and re-integration
DEVCO: DG for International cooperation and development (until 31/12/2020)
DG: Directorate General
EAC: DG for Education and Culture
EAM: Exceptional Assistance Measure
EAT: Election Assistance Team
EBCG: European Border and Coast Guard
EC: European Commission
ECHO: DG for humanitarian and civil protection
EDF: European Development Fund
EEAS: European External Action Service
EEM: Election Expert Mission
EFM: Election Follow-up Mission
EIDHR: European Instrument for Democracy and Human Rights
ENER: DG for Energy
ENTRi: European New Training Initiative
EODS: Election Observation & Democracy Support
EOMs: Election Observation Missions
EP: European Parliament
EPC: ex-post control
EPF: European Peace Facility
ERP: Enterprise Resource Management
ESDC: European Security and Defence College
ETSI: European Telecommunications Standards Institute
EU: European Union
EUDEL: Delegation of the European Union
EUAM: EU Advisory Mission
EUAM RCA: EU Advisory Mission in the Central African Republic
EUMM: EU Monitoring Mission
EUNAVFOR: European Union Naval Force Operation Atalanta
EUPST: European Union Police Services Training
EUSR: European Union Special Representative

EUVP: European Union Visitors Programme
ExM: Election Exploratory Mission
FPI: Service for Foreign Policy Instruments
FR: Financial Regulation
FTA: Free Trade Agreement
FWC: Framework Contract
GDPR: General Data Protection Regulation
HCoC: Hague Code of Conduct against Ballistic Missile Proliferation
HQ: Headquarters
HR/VP: High Representative of the Union for Foreign Affairs and Security Policy/Vice-President of the Commission
IAEA: International Atomic Energy Agency
IAS: Internal Audit Service
ICAT: Internal Control Assessment Tool
ICI: Instrument for Cooperation with Industrialised Countries
ICMP: International Commission on Missing Persons
IcSP: Instrument contributing to Stability and Peace
INTPA: DG for International Partnerships (new name for DG DEVCO since 1 January 2021)
INSTEX: Instrument in Support of Trade Exchanges
IOM: International Organization for Migration
ISC: Inter Service Consultation
ISIL: Islamic State of Iraq and the Levant
JCPoA: Joint Comprehensive Plan of Action
KP: Kimberley Process
KPCS: Kimberley Process Certification Scheme
KSC: Kosovo Specialist Chambers
KPI: Key Performance Indicator
LRRD: Linking Relief, Reconstruction and Development
MAPP: Multi-Annual Action Plan
MENA: Middle East and North Africa countries
MEPP: Middle East Peace Process
MFF: Multiannual Financial Framework
MSP: Mission Support Platform
NATO: North Atlantic Treaty Organisation
NDICI: Neighbourhood, Development and International Cooperation Instrument
NEAR: DG for Neighbourhood and Enlargement Negotiations
NPD: non-proliferation and disarmament
NPT: Non-Proliferation Treaty
OLAF: European Anti-Fraud Office
OSCE: Organization for Security and Co-operation in Europe
PAGODA: Pillar Assessed Grant or Delegation Agreement
PCNA: post-conflict needs assessments
PDNA: post-disaster needs assessments
PI: Partnership Instrument
PPBA: Prevention and Peacebuilding Assessment
PRAG: Practical Guide to Contract Procedures for EU external actions
PSC: Political and Security Committee
PSF: Policy Support Facility
RAL: Reste à liquider
RELEX family: DEVCO, ECHO, FPI, NEAR, TRADE
RER: Residual Error Rate
RPBA: Recovery and Peacebuilding Assessments
RT: FPI Regional Teams
SALW: small arms and light weapons
SGBV: sexual and gender-based violence
SLA: Service Level Agreement
SMM: Special Monitoring Mission
SPO: Specialist Prosecutor's Office
SSG: Security Sector Governance
SSR: Security Sector Reform
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
TJRC: Transitional Justice and Reconciliation Commission
UNDIR: United Nations Institute for Disarmament Research
UNMAS: UN Mine Action Service
UNODC: UN Office on Drugs and Crime
UNPBF: UN Peace Building Fund
UNSMIL: United Nations Support Mission in Libya
WMD: Weapons of Mass Destruction
WPS: Women, Peace and Security
YPS: Youth, Peace and Security

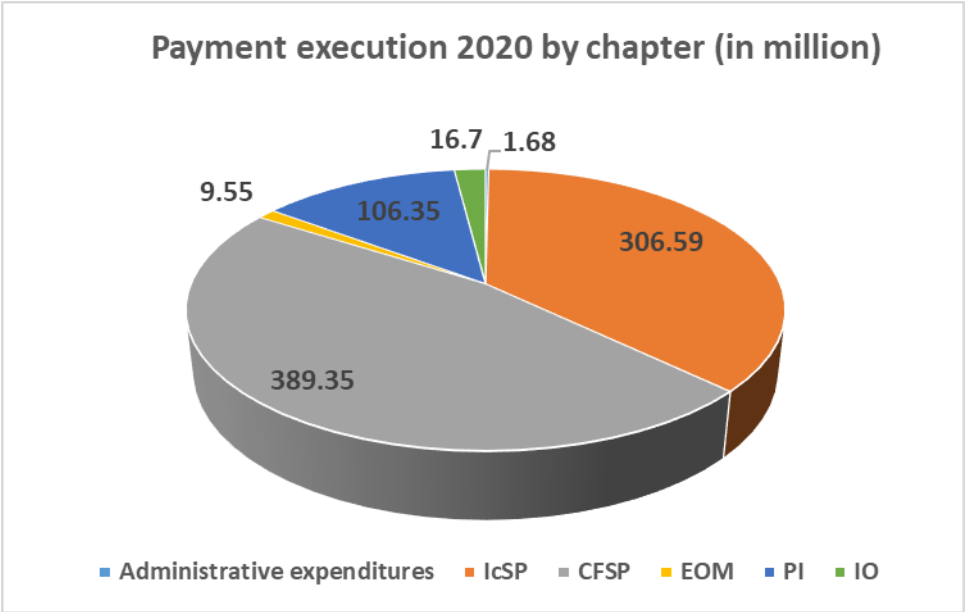
THE SERVICE IN BRIEF

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 a number of financing instruments and foreign policy regulatory instruments, in many instances acting as first responder to foreign policy needs and opportunities, focusing on conflict prevention and peace 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 (42.9% of FPI's 2020 commitment budget); the Instrument contributing to Stability and Peace (IcSP) (36.9%); the Partnership Instrument (PI) (15.6%); Election Observation Missions (EOM) (2.6%); and information outreach (PPD) (1.9%).

In 2020, FPI committed EUR 881 million and paid EUR 830 million in relation to the above operations (including assigned revenue). The graph below shows payments made in 2020 by budget chapter.



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).

These different instruments contribute towards 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 initial operational budget voted for 2020 increased by 3 % compared to that voted in 2019, with EUR 863 million in commitments and EUR 764 million in payments. Operations in crisis-situations by definition carry higher risks and pose specific financial challenges.

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 takes as well as for the coordinating, executive and management functions it exercises, as laid down in the Treaties¹.

A. Key results and progress towards the achievement of the Commission's general objectives and DG's specific objectives (executive summary of section 1)

In 2020, 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 operations of the FPI underpin the EU Global Strategy of June 2016: most of FPI operations and budget are directed to contribute to the worldwide preservation of peace, the prevention of conflicts and the strengthening of international security.

The challenges faced by FPI for actions under IcSP, CFSP and EOMs to achieve targeted results in 2020 included constant adaptation of planning and implementation to highly volatile operational contexts as well as maximising synergies and complementarities with other external action instruments and Member States' actions. The Service also responded to the COVID-19 crisis along two strands. On the one hand, it contributed to the Commission's Team Europe response to support partner countries and fragile populations. This implied designing and adopting new actions and reorienting existing actions under IcSP and PI. On the other hand, FPI quickly adapted the actions' deployment to sanitary conditions on the ground. This was particularly true for EOMs and CSDP missions.

FPI also participated in intensive final negotiations with Member States on the European Peace Facility (EPF) for which the Service will act as administrator for assistance measures. FPI has been working on the set-up of the EPF throughout 2020 - in cooperation with the Commission's central services, the EEAS and the Council Secretariat - with a view to establishing the Facility's accounting and financial architecture during the first quarter of 2021 and drafting its Implementing Rules.

IcSP

Throughout 2020, the IcSP response continued to display a high degree of flexibility and

¹ Article 17(1) of the Treaty on European Union

timely action. The year was dominated by the outbreak of the COVID-19 pandemic that both presented new needs for urgent action and affected all aspects of operations, as safety protocols and travel restrictions required adaptations to ongoing actions. In addition to a significant COVID-19 specific response package, the instrument was mobilised to respond to urgent crisis situations such as Nagorno-Karabakh, Belarus or Lebanon following the devastating 4 August 2020 explosion in Beirut. FPI also mobilised significant support under the IcSP to support peacebuilding, dialogue, mediation and stabilisation initiatives, as well as Capacity Building for Security and Development (CBSD) activities in the Sahel. The instrument was further deployed to respond to situations that could lead to conflict. This included support to numerous electoral processes in Latin America, Africa and the Middle East as well as actions to address potential tensions between host communities and migrant and refugee populations in Latin America, Turkey, Bangladesh (Rohingya crisis) and the Western Balkans. Furthermore, IcSP continued to support civil society actors operating in conflict settings in their work to prevent conflicts and to promote dialogue and reconciliation.

The support provided through the IcSP continues to reflect the EU's strong commitment to the rule-based multilateral order. Work to coordinate international efforts in conflict and post-conflict settings continued with the United Nations (UN) and other international organisations. In addition to the continued support to the UN peace architecture, this includes the immediate EU support to the follow-up of the Berlin Conference on Libya, which accompanied the process that led to the announcement of a ceasefire agreement in October 2020; support to the 23 March call of the UN Secretary General for a global ceasefire in connection with the outbreak of COVID-19; as well as support to the efforts of the United Nations Investigative Team to Promote Accountability for Crimes Committed by Da'esh/ISIL to hold perpetrators of Da'esh crimes and atrocities accountable. It also includes the first CBSD action in Central Asia in cooperation with the OSCE. The IcSP contribution to the Commission's Team Europe efforts is described below in the sub-section 'Specific actions on COVID-19' of this Executive Summary.

CFSP and EOMs

In 2020, 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 EUR 378.5 million of the available budget and registering a record spending of EUR 38.7 million for non-proliferation and disarmament actions.

When it comes to election observation, in 2020, FPI implemented 17 missions and remote desk reviews and supported 14 electoral processes with around 350 staff on the ground.

Partnership instrument

In 2020, the Partnership Instrument continued to contribute to the EU external action by supporting its foreign policy, articulating and implementing the external dimension of internal policies, leveraging the EU's influence, interconnecting different policy areas. Actions cover 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.

The Partnership Instrument maintained a high level of operations with 27 stand-alone actions adopted with a budget of EUR 140.9 million covering the following areas: Sustainable development and the environment; Climate, energy action and urbanisation; Digitalisation; Trade agreements and market access; Raising the profile of the EU through Public and Cultural Diplomacy; Health; Promoting and upholding EU values.

These actions enabled and facilitated numerous strategic policy dialogues and information exchange activities with partner countries, thereby extending the reach and depth of EU foreign policy. Besides stand-alone actions which have a medium- to long-term nature, there are two tools for short-term actions under the Partnership Instrument (Policy Support Facility and TAIEX), where respectively 31 and 11 actions were contracted in 2020, with several more already foreseen for 2021.

In 2020, a key challenge for the Partnership Instrument was to deal with demand for actions exceeding by far the available budget and to make sure that those selected delivered maximum impact in projecting the EU's interest abroad and allowing the EU to leverage its influence. The PI contribution to the Commission's Team Europe efforts is described below in the sub-section 'Specific actions on COVID-19' of this Executive Summary.

Regulatory instruments

FPI continued to follow developments in the Kimberley Process (KP), a global tri-partite initiative of governments, civil society and industry to stop the trade in conflict diamonds. On behalf of the EU, the Service continued leading the discussions on a possible broadening of the conflict diamond definition. Due to challenges posed by the COVID-19 pandemic, the Kimberley Process participants decided to make a pause in 2020. Nevertheless, FPI remained engaged throughout 2020 by updating the Guidelines for Trading with the EU in rough diamonds, supporting the establishment of a new Union authority in Italy, and preparing legislative amendments further to the withdrawal of the United Kingdom from the European Union.

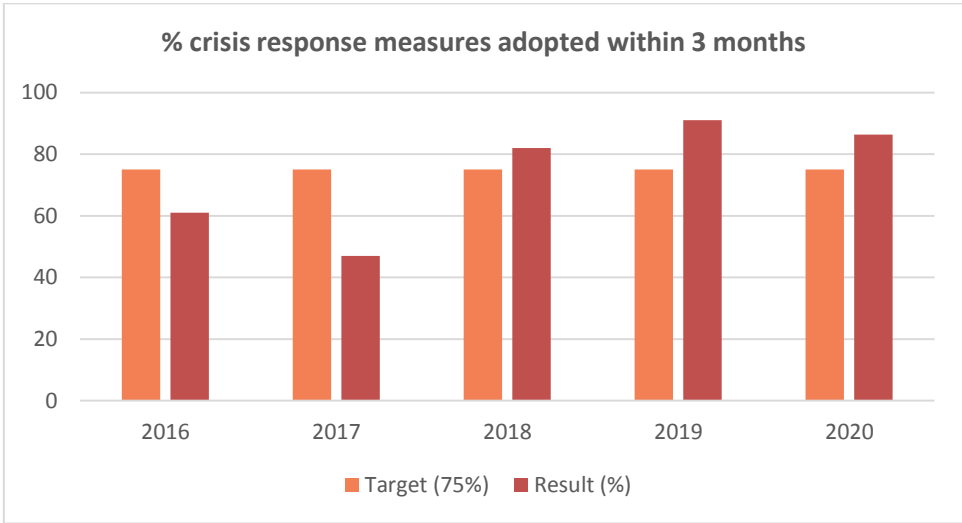
The Service worked with the UN office of the High Commissioner for Human Rights to advance the 'Alliance for 'Torture-Free trade' to end trade in goods that could be used for torture or capital punishment. This resulted in a report of the UN Secretary General adopted in July 2020 that establishes the framework for further work in 2021 at UN level to bring the EU regulatory scheme to a global level. The timely completion of the review report on the 'Anti-Torture' Regulation and the comprehensive annual reports on exports authorisations and the activities of the Anti-Torture Coordination Group were FPI's outputs for 2020 in this field.

B. Key Performance Indicators (KPIs)

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

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

Result indicator (description)	Target (or milestones)	Latest known results as per Annual Activity Report
Percentage of projects adopted within 3 months of a crisis context	Efficient crisis response: 75% by 2020 of projects adopted within 3 months of a crisis context (period from date of presentation to PSC)	57% in 2011 78% in 2012 72% in 2013 68% in 2014 64% in 2015 61% in 2016 47% in 2017 82% in 2018 91% in 2019 86% in 2020



Of the 51 short-term crisis response actions (COM Decision) adopted in 2020 to respond to situations of crisis or emerging crisis (Article 3), 44 were adopted within 3 months of a crisis context. This constitutes a percentage rate of 86.3%, above the final objective of 75%. The relatively lower performance in 2020 remains well above the target and is explained by the disruptions caused by the COVID-19 crisis combined with an exceptionally high amount of new crisis response actions adopted in 2020.

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

The results for this indicator will be available in the Annual Activity Report 2021.

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

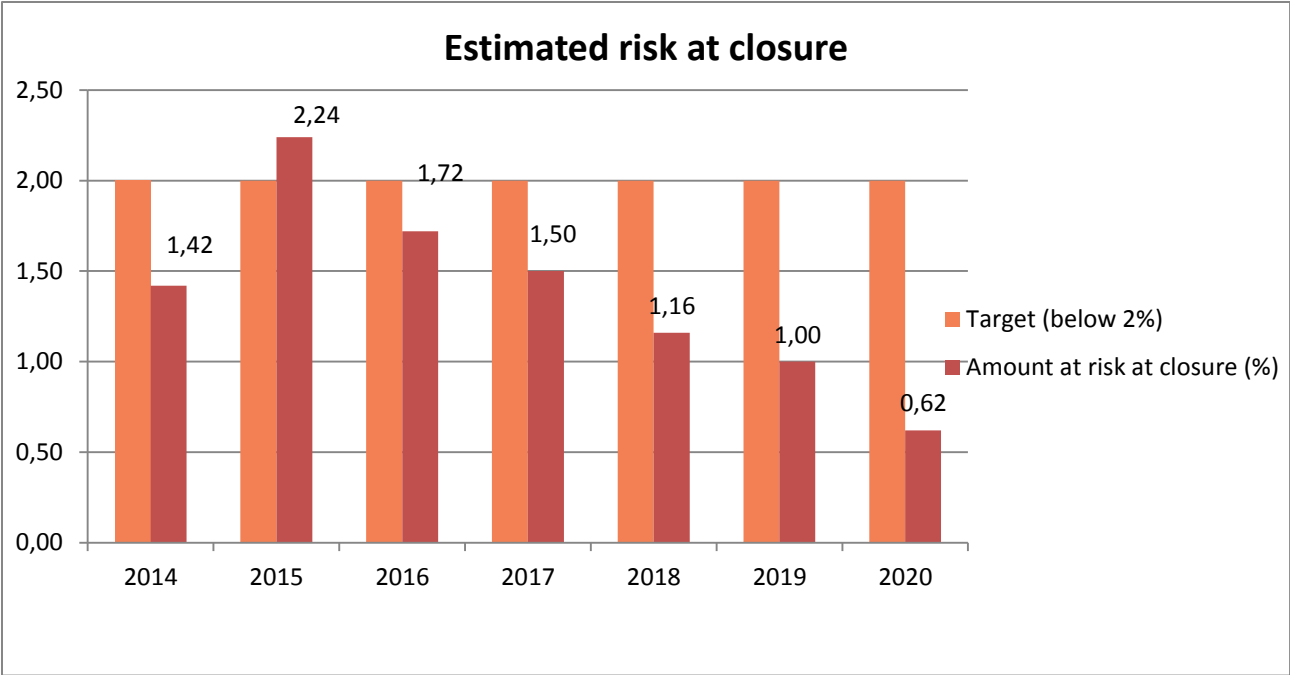
Result indicator (description)	Target (or milestones)	Latest known results as per Annual Activity Report
Percentage of positively pillar assessed civilian CSDP Missions not requiring supervisory measures as per article 154.5 FR	90% in 2022 100% in 2024	81% in 2020

By the end of 2020, 9 out of the 11 CDSP missions had been positively pillar assessed. This was the same situation as end 2019. For further information on the two CDSP missions not yet positively pillar assessed (EUBAM Libya and EUAM RCA), please refer to sections 1 and 2.1.1 below.

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

The results for this indicator will be available in the Annual Activity Report 2021.

KPI 5: Estimated risk at closure



Reading: The amount at risk at closure was estimated to be 0.62 %.

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 Table X under Section 2.1.1. The amount at risk at closure for 2020 is estimated at 4.50 M€, representing 0.62 % of relevant expenditure². This is 0.38 % lower than in 2019, and confirming a trend of decreasing risk at closure observed since 2015. Based on this trend and the relatively low percentage at risk, FPI is of the opinion 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 (executive summary of section 2.1)

In accordance with the governance arrangements of the European Commission, (the staff of) the Service for Foreign Policy Instruments conducts its operations in compliance with the applicable laws and regulations, working in an open and transparent manner and meeting the expected high level of professional and ethical standards.

To ensure the achievement of policy and management objectives, the Commission has adopted a set of internal control principles, based on international good practice. The Financial Regulation requires that the organisational structure and the internal control systems used to implement the budget be set up in accordance with these principles. The Service for Foreign Policy Instruments has assessed its internal control systems during the reporting year and has concluded that they are effective and that the components and principles are present and functioning as intended. Please refer to AAR section 2.1.3 for further details.

In addition, the Service for Foreign Policy Instruments 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. These elements have been assessed to determine their impact on management's assurance about 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 her capacity as Authorising Officer by Delegation has signed the Declaration of Assurance.

D. Provision of information to the Commissioner

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

² The Relevant expenditure is the total payments, plus new prefinancing, minus cleared prefinancing.

E. Specific actions on COVID-19

In 2020, Europe was strongly impacted by the Covid-19 pandemic. The Commission proposed a strong and coordinated response to the health crisis as well as to the impact on Europe's economy and society. Covid-19 also posed challenges as regards performance, control, audit and assurance in relation to the 2020 EU budget. In an exercise coordinated at corporate level, all Commission services promoted the consistent and rigorous protection of the EU budget ensuring that appropriate mitigating measures were put in place.

The response to the COVID-19 pandemic took a prominent role in FPI with the contribution to the Commission's Team Europe response from its beginning in March through the Instrument contributing to Stability and Peace (IcSP) and the Partnership Instrument (PI).

Under the IcSP, the response focused on responding to the impact of the pandemic on people in conflict or in crisis-affected contexts not covered by national or international responses. The actions particularly focused on conflict prevention and peace building.

A package of 11 new financing decisions (EUR 50.85 million) and five increases to existing financing decisions (EUR 5.42 million) was adopted. It was also decided to reorient 60 ongoing actions (EUR 8.6 million). In addition to this financial commitment, FPI contributed to helping crisis and conflict-prone countries plan for their recovery. As part of ongoing cooperation with the UN and the World Bank, the methodology of the Post-Disaster Needs Assessment (PDNA) and the Recovery and Peace Building Assessments (RPBA) was adapted to also include COVID-19 Recovery Needs Assessments (CRNA). To date, such assessments have been conducted in El Salvador, Ecuador, the Dominican Republic and, at the end of 2020, were under consideration for Haiti, Eswatini and Zambia.

Activities under the Partnership Instrument focused on leveraging the EU's role as policy maker and standard-setter to address and contain the negative impact of COVID-19 on global health and in socio-economic terms. The response focused on enhanced cooperation with international and non-EU partners addressing the adaptation to and mitigation of the pandemic and sharing best practices, including on the socio-economic impact of the crisis. FPI adopted 11 new actions (EUR 50 million) and reoriented 59 ongoing actions (EUR 7.6 million).

In order to ensure sound financial management in the pandemic context, FPI took the following steps:

- Worldwide travel restrictions limited the possibility to perform on site fieldwork, which led to delays in the execution of audits/controls. In some cases, this necessitated the downgrading of audit/control scopes, e.g. audits/controls had to be done remotely without fieldwork. The downgrading of scope of audits/controls could negatively affect the quality of audits/controls and thereby reduce the value of these audits/controls in terms of assurance.
- In order to mitigate the effects of COVID-19 on outsourced audits, controls, and pillar assessments, FPI requested external auditors to advance audit work as much as possible remotely, in order to limit the fieldwork to be done until travel restrictions were lifted.

- In parallel, FPI accelerated the preparatory work on audits/control assignments performed by its own audit team (Supervision missions, early and targeted ex-post controls), and prepared adapted audit/control methodologies enabling the audit tasks to be finalised without fieldwork when necessary.
- Furthermore, the monitoring of the outsourced audits was intensified, to take into account the development of the COVID 19 situation and identify from early on any problems in the execution of the relevant external audits.

1. Key results and progress towards the achievement of the Commission's general objectives and the Service's specific objectives

Instrument contributing to Stability and Peace

At the end of 2020, there were 250 ongoing actions. Examples of timely EU responses to high-priority crises on the EU political agenda are given below. Information on the actions funded under Articles 3 and 4 of the IcSP Regulation³ are available for the general public through an online interactive map⁴.

Three main areas of support with a clear mandate and added-value of the IcSP were identified to participate in the Team Europe response to the COVID-19 crisis: i) Preventing the aggravation of existing conflicts where specific groups may be excluded from national response efforts and/or stigmatised as a result of the COVID pandemic; ii) Countering disinformation and rumours that could be dangerous and divisive by promoting access to conflict-sensitive, accurate and reliable information in conflict-affected or conflict-prone contexts; and iii) Supporting the UN Secretary-General's call for a global ceasefire in response to the pandemic.

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

The Instrument contributing to Stability and Peace (IcSP) provides the EU with the ability 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.

Beyond the COVID-19 response, the IcSP continued to attend other urgent situations.

³ Regulation (EU) No 230/2014

⁴ <https://icspmap.eu/>

In **Libya**, the IcSP was used to support the implementation of the January 2020 Berlin Conference in close coordination with, and in support of, the UN Special Envoy for Libya. This has ranged from logistical support related to the process itself to sophisticated ceasefire monitoring support. Mediation efforts supported through the IcSP continued and played a part in facilitating the ceasefires of June and October 2020. There was a particular focus on human security for the civilian Libyan population. Following the withdrawal of General Haftar's forces from Tripoli in June 2020, support through the IcSP responded to the threat posed by booby-traps, improvised explosive devices as well as other explosive remnants of war in close cooperation with the de-mining teams of the Ministry of Interior.

When a massive explosion hit Beirut, the capital of **Lebanon**, on 4 August 2020, FPI quickly mobilised additional support to the strained medical sector. There were thousands of injured, several hospitals had been severely damaged and the COVID-19 pandemic continued. An action that had started in April 2020 to help the Lebanese public health system respond to COVID-19 was now reinforced to quickly increase the number of beds and equipment available in public hospitals to deal with the double crisis.

In **Bolivia**, FPI supported the presidential elections to bring the tense transition period to an end and allowing the country to move forward democratically.

In **Belarus**, FPI started to support civil society stakeholders to maintain their capacities despite the repression they are facing, allowing for the possibility of constructive dialogue taking place.

Following the cease-fire agreement over **Nagorno-Karabakh**, FPI started to help rebuild dialogue networks among NGOs, local organisations and individuals across the conflict line as well as to support confidence-building activities to support the OSCE Minsk Group's efforts.

In the **Sahel**, FPI bolstered the EU's stabilisation efforts, for example through new activities under the Partnership for Security and Stability in the Sahel (P3S). The region benefited from IcSP mediation and dialogue initiatives and from CBSD actions linking security and sustainable development, allowing the military to play a constructive role in the most vulnerable regions.

The Sahel is strategic for the EU but remains plagued by instability. The region faces a precarious economic situation, the threat of international terrorism, internal conflicts and tensions, climate related challenges and weak governance. In 2020, the IcSP supported the implementation of security and stabilisation packages dedicated to vulnerable areas in the Tillabéri region in Niger, the eastern and central-northern regions of Burkina Faso, and central Mali as well as the southern part of the country (Sikasso and Kayes regions). These activities focussed on peacebuilding, dialogue, mediation and stabilisation initiatives and included Capacity Building for Security and Development (CBSD) support to security for development. In addition, support was provided to fight against impunity in central Mali and to analyse justice needs of the populations in fragile parts of Burkina Faso. After the military coup in Mali in August 2020, all security-related activities were suspended until the announcement of an 18 month political transition process in October.

Throughout the year, actions under the IcSP continued to respond to some of the main conflicts in the world including, **Syria, Yemen, Somalia**, the **Sahel** and **Afghanistan**. The

instrument also maintained support for peace processes, for example in **Colombia, Sudan, South Sudan, Mozambique**, the **Central African Republic** and the **Philippines**.

Conflict prevention remains a strategic objective for the EU. Throughout 2020, this has been reflected in IcSP supported actions aiming to reduce the risk of violence and conflict in connection with electoral processes in Bolivia, Honduras, Iraq, Somalia, Uganda, Tanzania and the Central African Republic as well as in actions aiming to reduce tensions between migrants and host communities in various contexts across Latin America, Africa, Asia as well as in the Western Balkans with an emphasis on increased tensions triggered by the COVID-19 pandemic. Actions to prevent conflict over access to natural resources were another key focus in 2020.

Access to valuable natural resources can be a source of conflict and the exploitation of natural resources can finance conflict. Launched in 2003, the **Kimberley Process (KP)** is a coalition of governments, civil society and the diamond industry working together to eliminate the trade in so-called conflict diamonds. With 56 participants, representing 83 countries (with the EU as a single participant) the Kimberley Process accounts for more than 99% of the global rough diamond production and trade.

The implementation of the KP on the ground is more effective when countries facing similar challenges work together regionally. This is why the EU, through IcSP, continues to support regional cooperation between the Mano River Union countries Côte d'Ivoire, Guinea, Liberia and Sierra Leone. The trade in diamonds in this region is predominantly artisanal making it particularly prone to informal trade flows and smuggling, given that many mine sites are located in border areas. Another important part in the success of the KP is the active participation of civil society organisations. Through IcSP, the EU supports the KP Civil Society Coalition (KPCSC), the umbrella organisation that acts as an observer of the KP on behalf of civil society, by providing logistical and expert assistance as well as through research that informs strategy and raises awareness about KP related issues. Almost all the coalition members come from diamond producing countries and are able to follow up on KP implementation on the ground, articulating grassroots perspectives on the diamond sector. IcSP support also provides image processing, data analysis and statistics in partnership with the European Commission Joint Research Centre. These tools identify and monitor active mines and compare extraction areas with reported mining activities to provide statistical evidence for illegal diamond extraction. They also work to detect anomalies in data on the trade of rough diamonds⁵.

Actions through IcSP 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 support for the OSCE Special Monitoring Mission in Ukraine for which IcSP remains the main source of EU financial contributions. Furthermore, support has been given to promote multilateral initiatives on Women Peace and Security, Youth Peace and Security and the Responsibility to Protect (R2P).

Through funding to the **UN's peace and security architecture** the EU increases collaboration with strategically important entities, such as the UN Department of Political

⁵ For further information on the Kimberley Process, please refer to the section on Regulatory instruments below.

and Peacebuilding Affairs and the UN Peacebuilding Fund. Paired with direct support to the UN Special Political Missions, the Commission's operational experience serves directly to support policy level dialogues, feeds into UN Security Council briefings, and makes the EU a credible and influential partner with the UN Secretariat General.

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

Throughout 2020, the Instrument contributing to Stability and Peace (IcSP) remained a key tool for EU diplomacy in crisis contexts and in its efforts for conflict prevention, stabilisation, conflict resolution and peace-building. All of the 56 new crisis response actions presented during the year respond 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 IcSP actions and CSDP missions in all countries where they are deployed. New actions in the Central African Republic, the Sahel, Somalia, Iraq, Libya, Ukraine as well as ongoing programmes in Mali, Niger, Somalia, the Central African Republic, Libya, Iraq, Georgia, Bosnia and Herzegovina, Kosovo⁶ and Ukraine, directly complement the work of CSDP Missions⁷, thereby contributing to the implementation of the EU Integrated Approach in response to conflicts and crises.

New actions in the Sahel were designed in close coordination with the civilian and military CSDP missions. The implementation of the IcSP actions on the operationalisation of the Police Component of the G5 Sahel Joint Force is fully complementary to the work of the EU Regional Advisory and Coordination Cell (RACC) and to the EUCAP Sahel Mali and Niger missions. The development of new CBSD actions in Mali, Niger and Burkina Faso complemented EU engagement in the region, in line with the Partnership for Security and Stability in the Sahel (P3S). Similarly, the complementarity and consistency between the IcSP actions in Somalia benefited from the close coordination with the EUCAP Somalia mission, in particular for the finalisation of the Maritime Police Unit project.

In Ukraine, FPI and the EU Advisory Mission (EUAM) are working in complementary sectors and engage in exchanges in relevant coordination meetings. EUAM focuses on the civilian security sector through strategic advice and practical support for specific reform measures while, in 2020 the focus of FPI was on supporting reforms by the Ministry of Defence in civil-military relations, as well as on the reintegration of veterans into civilian life and on humanitarian demining.

In planning new crisis response measures and implementing actions in Libya in 2020, FPI worked closely with the EU Border Assistance Mission in Libya (EUBAM). In particular, FPI and EUBAM coordinated closely on flexible assistance to the UN Stabilisation Mission in Libya and the Libyan Ministry of Interior on support to human security. This included, for example, exchanges and complementary action on strengthening capacities for analysing and addressing explosive threats to civilians, as well as on providing forensic expertise to enable the investigation of a mass grave and the identification of victims. In addition, FPI

⁶ This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

⁷ For further information on the CSDP Missions actions, please refer to the CFSP section below.

also closely coordinated with the EU's military mission Operation Itrini, to establish a clear division of labour on conflict monitoring.

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

As there is evidence that more conflict-sensitive, inclusive and diverse peace-building and stabilisation efforts are more likely to result in sustainable peace, FPI developed a conflict-sensitivity indicator during 2020. Starting in 2021, the composite indicator will look at an action's conflict and stakeholder analyses to consider how far it is conflict sensitive and takes gender, age, diversity and also climate responsiveness into account. While the indicator cannot measure impact, it can measure the 'promise' of impact.

While the result indicator is new, conflict-sensitive and inclusive approaches are already integrated into many actions under the IcSP. A large part of the response to the COVID-19 pandemic focused on conflict sensitive communication as well as on mitigation of risks of increased tensions affecting marginalised populations. This included for example a partnership with UNESCO to address the 'infodemic' through fact-checking and training material as well as engagement with media professionals on the basis of the official WHO information and data. The COVID-19 response under IcSP also focused on inclusion of hard-to-reach populations in conflict and crisis affected areas. A large part of actions in 2020 related to the spreading of reliable, factual information about the pandemic focused on local community radios broadcasting in local languages. In six African countries (Mali, Niger, Burkina Faso, the Central African Republic, the Democratic Republic of the Congo and Cameroon) more than 270 partner radio stations have received support to broadcast reliable information on the pandemic as well as to engage on social networks and through SMS campaigns.

With a focus on capacity building for media professionals as well as engagement related to social media, IcSP actions aim to counter the spread of hate speech and incitement to violent extremism. In 2020, this included activities in Central and South Asia, where the COVID-19 pandemic has been accompanied by a rise in hate speech, deliberate disinformation and discrimination targeting religious and ethnic minorities. These COVID-related actions complement an existing engagement in Central, South and South-East Asia where both incitement to violent extremism and hate speech have been identified as particularly prevalent.

In areas affected by significant displacement dynamics conflict-sensitive and conflict-preventive approaches continued to be supported, for example in Lebanon, in the Western Balkans and in Latin America. The fact that these actions were ongoing, allowed the EU to rapidly scale up its engagement when the pandemic started.

Conflict-sensitive policing has been a further area of IcSP action in 2020, with a focus on conflict prevention.

Conflict prevention

During 2020, IcSP actions in Ethiopia and the Democratic Republic of the Congo (DRC) have engaged with police forces to promote conflict-sensitive policing. In

Ethiopia, the action aims at sustainable improvements to the Ethiopia Federal Police's transparency, efficiency, accountability and effectiveness. This includes efforts to develop a vision for policing and police reform, capacity building and modernisation of the human resource management system as well as strengthening of internal and external controls. Improved communications between the police and the population as well as human rights compliance are cross-cutting themes with a longer-term reform objective for security institutions to become more citizen-centred. In DRC, an action supports conflict-sensitive policing of restrictions related to COVID-19. The focus is on strengthening the links between the police and local populations, which enables the provision of responsive and accountable security services as well as participatory and inclusive security governance.

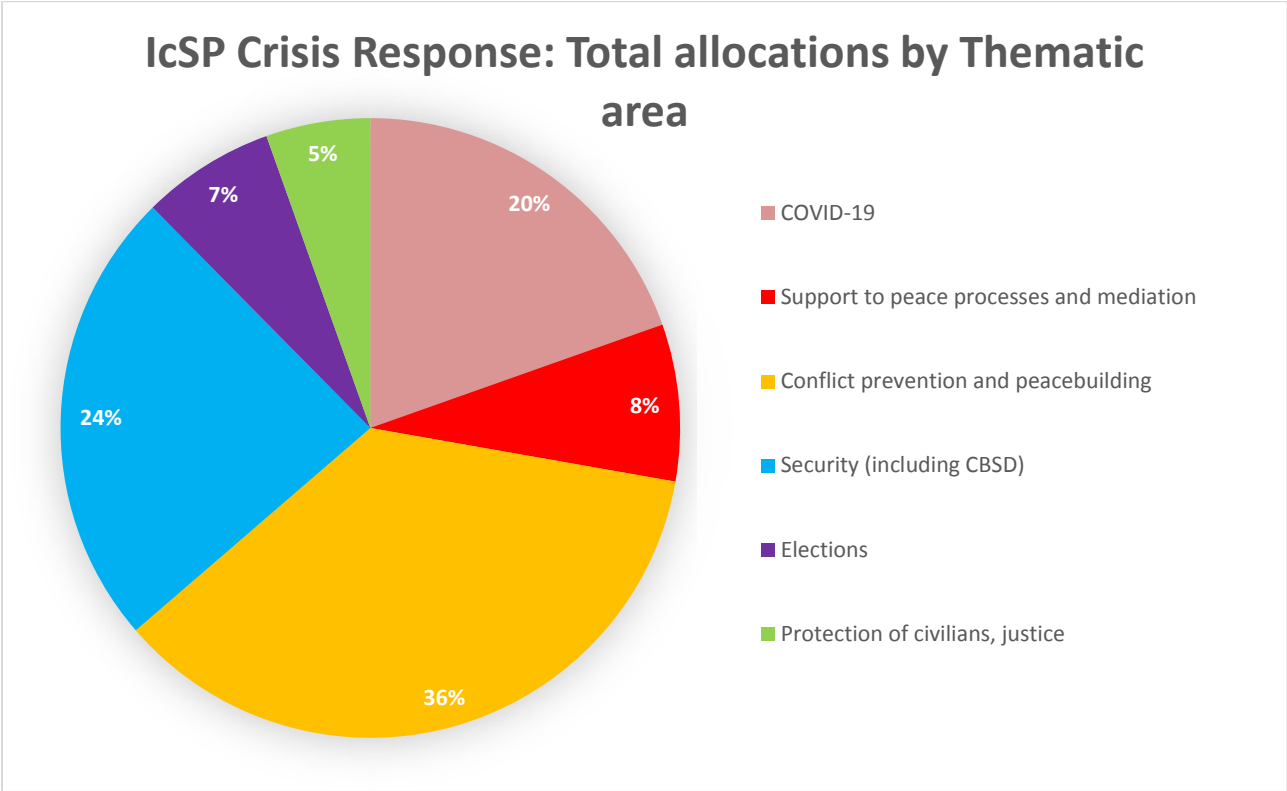
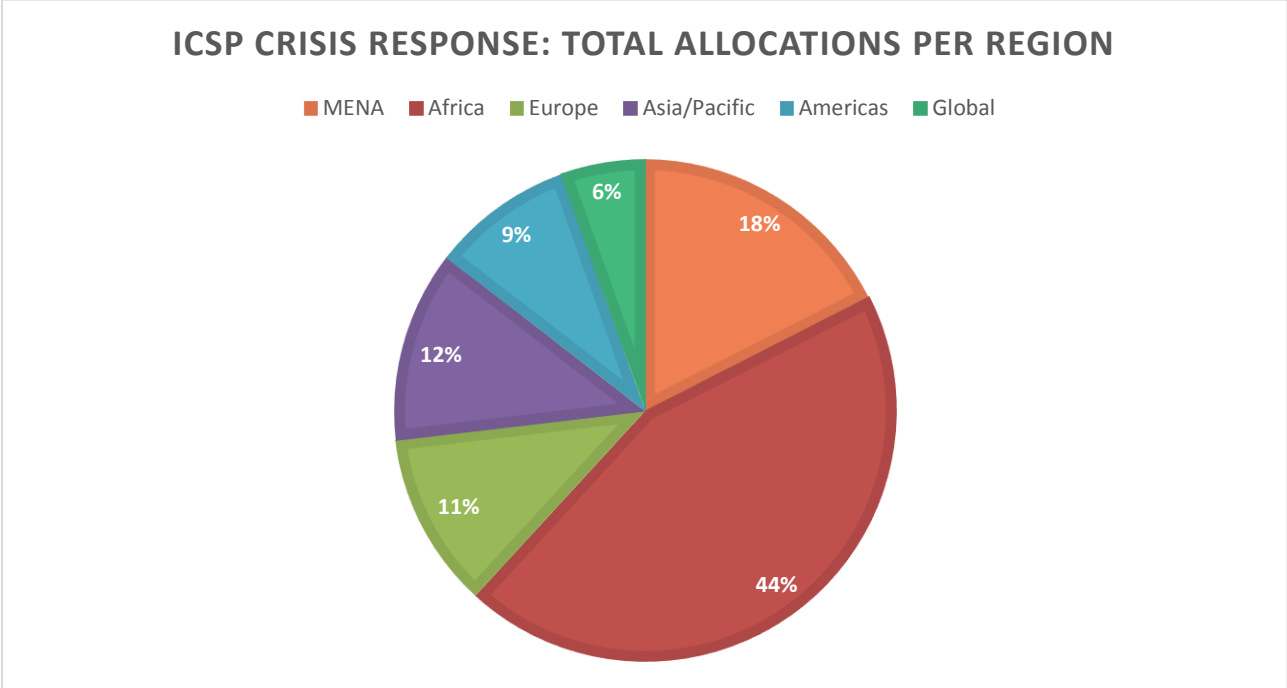
In Libya, support through IcSP has been characterised by a holistic approach. All actions have been specifically designed to support the UN in facilitating the Libyan Political Process and since late 2019 in implementing the Berlin process. The EU, through these actions, has directly contributed to achieving the first country-wide ceasefire in Libya's recent history signed on 23 October 2020. Since then actions are being further geared up to support ceasefire monitoring and implementation. This includes support to continued negotiations, through co-financing the Libyan Political Dialogue Forum and support to the UN Stabilisation Mission in Libya (UNSMIL).

The **EU Facility on Justice in Conflict and Transition** allows short-term expert advice to support third countries' justice processes during conflict, post-conflict and transition periods including in areas of restoration of justice for populations. In 2020, the facility contributed to the translation of the EU political commitment on transitional justice into concrete actions, notably by:

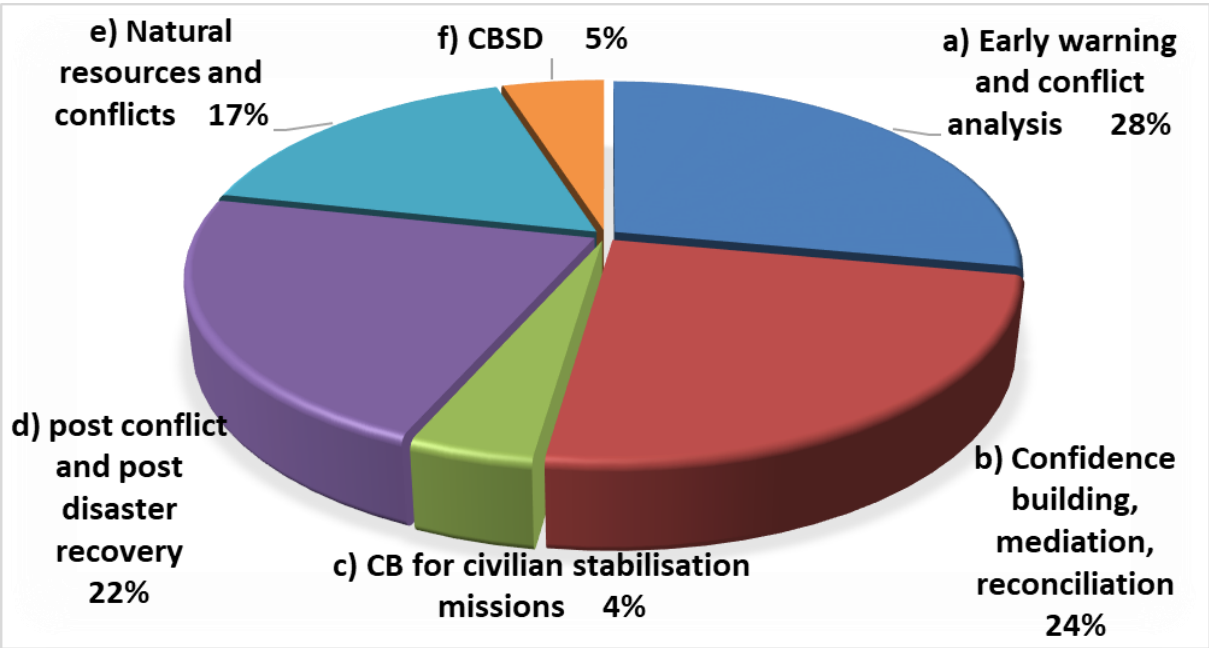
- Promoting engagement and dialogue on transitional justice. In line with EU policy commitments, facility experts helped EU Delegations and partner countries outside the EU analyse main challenges and identify opportunities for engaging on transitional justice processes. This allowed EU Delegations to adopt a catalytic role among donors in moving the transitional justice agenda forward at national level, e.g. in Afghanistan and Liberia, at local level, e.g. in conflict-prone areas in Mali and Burkina-Faso, as well as to creating a space for new dialogue initiatives.
- Maintaining traction for a transitional justice agenda during the COVID-19 crisis. With seven assignments in 2020, in very diverse environments in Africa, Asia and Middle East, the facility remained operational by adapting its working methods, notably conducting assignments through both on the ground activities with local experts and regular remote mentoring by the Facility key experts and other international experts.
- Integrating transitional justice into a broader peace building approach. In order to promote a holistic approach, the transitional justice facility increasingly pools resources with the EU mediation and security sector reform facilities to develop joint support. In Mali, Liberia and Burkina Faso this approach strengthened the analysis and identified more comprehensive approaches to common challenges.

Under the crisis response component of the IcSP, a total budget of EUR 284.7 million was committed in 2020. Under the conflict prevention and peacebuilding component of the IcSP, a total amount of EUR 39.8 million was committed in 2020.

The three pie charts below illustrate the geographic and thematic coverage.



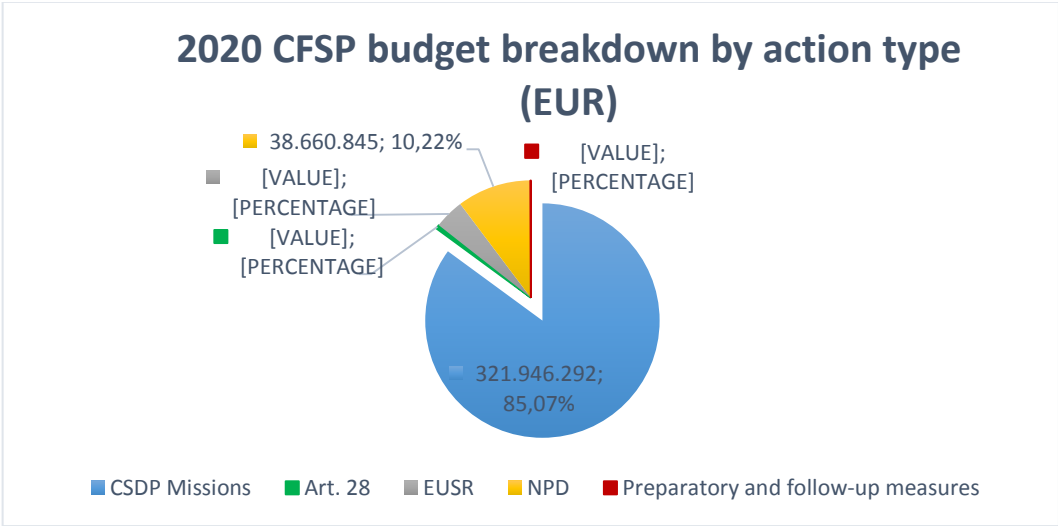
IcSP Peace-building Multiannual Annual Action Programme 2019-2020 by priority



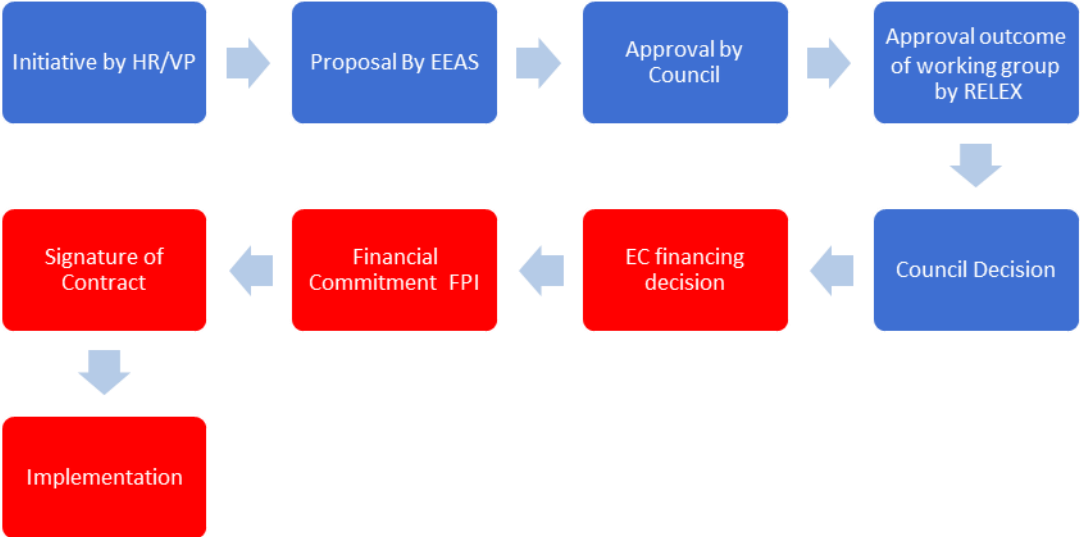
Common Foreign and Security Policy operations

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

The Common Foreign and Security Policy (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 other conventional weapons.



FPI supervises the proper management of the expenditure in accordance with the principles of sound financial management, keeps track of the absorption of the funds by implementing partners and updates the Council on the overall situation of the CFSP budget. In 2020, FPI committed 94 % of the available CFSP budget of roughly EUR 378 million. The geographical areas covered by the CFSP budget are the South-Caucasus region (EUMM Georgia, EUSR for the South Caucasus and the crisis in Georgia), the Middle East (EUBAM Rafah, EUPOL COPPS, EUSR for the Middle Peace Process, EUAM Iraq), the Western Balkans (EULEX Kosovo, the Kosovo Special Chambers, the EUSRs for Bosnia-Herzegovina and for the Belgrade-Pristina Dialogue and other Western Balkans regional issues), Africa (EUCAP Mali, Niger and Somalia, EUSR for the Sahel, EUAM RCA) and Ukraine. Selected examples of the geographical interventions are outlined further on in this chapter.

For CFSP operations, FPI reports against three results indicators:

Firstly, given the crisis situations in which CFSP actions often operate, a key requirement for their success is the speed with which they are launched and with which the necessary financial, managerial, logistic and human resources are provided.

Therefore, one of the results indicators established in the Strategic Plan 2020-2024 measures the rapidity with which FPI signs contribution agreements with CSDP Missions and EU Special Representatives, following the adoption of the relevant Council Decision. Out of a total of 15 agreements signed in 2020, FPI signed 11, i.e. 73%, within less than four weeks following the adoption of the Council Decision. Key examples are the contracts

signed with EUMM Georgia and EUCAP Somalia at the end of 2020, which were signed within eight days following the Council Decision.

Secondly, in the context of the integrated approach, civilian Missions need to coordinate their activities with interventions financed by other EU instruments. This is to avoid overlapping and to maximize synergies. The coordination of civilian Missions with other EU instruments, including IcSP⁸, is therefore another important indicator. As one of the objectives in the corresponding Council Decision covering the mandate of each Mission, the Missions report on coordination in their confidential six-monthly reports to the EEAS. Coordination is not only ensured with the EU Delegations, but also with the EU Special Representatives (EUSRs) who are active in the respective regions.

For example, in the field of security and irregular migration in the Sahel, EUCAP Sahel Mali coordinates with the EU Delegation and the EUSR for the Sahel. The Mission is also in regular contact with international organisations, looking for synergies and requesting these organisations' support to the Mission's activities. The Missions cooperate in particular with the International Organization for Migration (IOM), the UN Mine Action Service (UNMAS) and UN Office on Drugs and Crime (UNODC). In addition, the Mission regularly exchanges information with other international organisations in the humanitarian and development sector. In the same spirit, EUCAP Sahel Niger coordinates substantially with other EU actors in the Sahel, with the EU Delegation and beyond, such as with the European Border and Coast Guard (EBCG)/Frontex⁹ or the IOM.

Other Missions pursue a similar level of coordination. EULEX Kosovo liaises in particular with the EU Office in Pristina through the EULEX Project Cell Office, ensuring that EULEX projects do not overlap or duplicate any activity of EU assistance. EUAM Iraq whose task is to advise the Iraqi authorities on security sector reform, actively coordinates its projects with the EU Delegation. The activities are mapped notably with the FPI Regional Team in Beirut and with the EU Delegation's counter-terrorism expert. EUMM Georgia has a dedicated cell for projects, implementing grants under its 'Confidence Building Facility'. Before awarding a grant, the Mission coordinates with the EU Delegation in Georgia to avoid overlapping with grants awarded by the Delegation; through a formal joint committee. EUMM Georgia only awards grants after this committee gives its approval.

The third results indicator measures the percentage of positively pillar assessed civilian CSDP Missions not requiring supervisory measures (as per article 154.5 FR). The ability of civilian CSDP Missions to achieve the required level of protection of the financial interests of the Union and to receive a positive audit opinion is directly linked to the level of support provided by FPI to the Missions.

Of the current 11 civilian CSDP Missions, only two (EUBAM Libya and EUAM RCA) remain to be positively pillar assessed to be able to operate in ex-post mode. The full operational capacity of EUCAM RCA could not yet be declared in 2020 due to the late deployment of

⁸ For further information on IcSP actions please refer to the IcSP section above.

⁹ The European border and coast guard agency

the core Mission team in July (originally envisaged in March 2020) as a result of the COVID-19 crisis. The Mission is still not fully staffed, and the pillar assessment initially planned for 2020, could not take place. The pillar assessment of EUBAM Libya, the first one finalised in 2018, reported a number of critical findings which are being addressed in a dedicated road map. In the meantime, EUBAM Libya, currently deployed in Tunis due to the political situation in Libya, remains subject to mitigating measures, pending its full compliance. In 2020, as further outlined below, EUBAM Libya also underwent a complementary assessment covering three new pillars.

In 2020, FPI launched complementary pillar assessments to verify compliance of the Missions with the three additional pillars introduced by the Financial Regulation in 2018 (exclusion from access to funding, publication of information on recipients and protection of personal data). Promising indications from the draft assessment reports show that the auditors signalled very limited or in some cases no findings at all. Limited findings were only reported, for example, as regards EUAM Iraq or EULEX Kosovo. Some Missions, in addition, underwent a full re-assessment of all previous six pillars, for example EUBAM Rafah in 2019.

Moving beyond the indicator-related reporting, one of the main tasks of FPI is to provide direct support to civilian CSDP Missions and EUSRs to assist them in the achievement of their operational objectives, the sound financial management of their budgets, expenditure and assets and their compliance with the regulatory framework. This support is delivered through the pool of programme managers and the Mission Support Platform (MSP), as a knowledge centre on procurement and finance. FPI develops specific tools for the use of the civilian CSDP Missions and EUSRs, to achieve a higher level of harmonisation and simplification of operational procedures to enhance the responsiveness of civilian CSDP. As the year was marked by the COVID-19 crisis, FPI support was specifically dedicated to providing guidance to the Missions in these extraordinary times.

The Mission Support Platform for instance provided in the first half of 2020 first-class support to the newly established EU Advisory Mission in the Central African Republic (EUAM RCA) to accomplish its set-up. Other major elements delivered by the MSP in 2020 were its substantial efforts related to COVID-19. For example it provided additional medical services under the existing Health and High Risk framework contract, such as a 24/7 telehealth service and amending the sub-contracting set-up of the framework contract to further improve the medical evacuation services during the health crisis. The MSP swiftly adapted to the situation created by the pandemic by switching to online tools to provide online webinars and training. The MSP also accompanied the roll-out of the Enterprise Resource Planning (ERP) finance module in EUAM Iraq and EUBAM Libya with a daily virtual presence. With a view to ensuring that Missions could operate dynamically during the pandemic, the MSP provided Missions with a flexible framework for public procurement, enabling the Mission to guarantee essential services and order supplies necessary to face the health crisis.

When it comes to FPI monitoring of the Missions' budgetary planning and absorption rates, the pool of FPI programme managers actively tracks and detects unused funds, have them returned to the overall CFSP budget and find different ways to make use of these funds for alternative CFSP actions. Overall, in 2020, Missions have returned unused funds amounting to EUR 40 million, attributable to reasons mainly linked to unrealistic planning. The high underspending is further aggravated by the pandemic as Missions had to either partially or

fully suspend their operations and relocate their staff temporarily from the theatre of operations. The full effects remain to be seen in 2021.

As regards the EUSR portfolio, in 2020, FPI played an active role in the EEAS-led Task Force to prepare for a strategic review as regards the value added, use and scope of EUSRs as a tool to implement EU foreign policy objectives. FPI provided a number of important recommendations notably with regard to the need to establish focal points for EUSRs in the EEAS to address the gap in providing a global steer when it comes to human resource management policy for EUSR staff, mandate lengths and a variety of administrative challenges.

To conclude on this sub-chapter on CFSP, below are some selected geographical examples of the interventions financed by the CFSP budget:

EU Advisory Mission to Iraq (EUAM Iraq)

EUAM Iraq was established by Council Decision (CFSP) 2017/1869 of 16 October 2017.

The objectives of the **Mission in Iraq**, established in October 2017, are to provide strategic advice to the Iraqi authorities on the implementation of the civilian Security Sector Reform and to identify opportunities for further EU engagement in this field, while coordinating with the EU Delegation and EU Member States on the ground. Funding provided under the CFSP budget for the period 18 April 2020 – 30 April 2022 is EUR 80 million. The approved strength of the Mission is 113 staff members (80 international staff members and 33 local staff).

Following the tasking by CivCom, a strategic assessment on the feasibility and relevance of a possible establishment of EUAM Iraq presence in Erbil in the Kurdistan region is ongoing. The strategic assessment, led by the EEAS with inputs provided by EUAM Iraq and FPI, started in March 2021 and is ongoing at the time of drafting this report.

The activities of the Mission have been impacted by the Covid-19 pandemic, with a majority of international staff teleworking from their home countries in Europe. Having already had sub-optimal absorption rates in comparison to requested funds in the past, due to Covid-19, EUAM Iraq spent only EUR 11.3 million by 31 October 2020, which corresponds to 14.2% of the funding attributed for the above mentioned period.

The Sahel: EU Capacity Building Mission in Mali (EUCAP Sahel Mali)

In order to support the ongoing stabilisation efforts in the Sahel region, two civilian Common Security and Defence Policy Missions operate in the Sahel region. Furthermore, an EU Special Representative for the Sahel contributes actively to regional and international efforts to achieve lasting peace, security and development in the region.

The **Partnership for Security and Stability in the Sahel (P3S)** initiative aims to provide a coordinated and rapid response to the evolution of the terrorist threat and the growing risk of destabilisation in the Sahel region.

Mali remains the epicentre of instability where State authority is not re-established in large parts of Northern Mali, leaving essential stages of the transit routes under the control of non-state political actors, terrorist groups and criminal networks. In 2020, the security situation in the central region of Mali further deteriorated, prompting the Government to

adopt a security strategy with the support of EUCAP Sahel Mali. The security situation remains difficult. Despite substantial international support, Malian security forces and armed forces remain widely deficient in terms of capacities and of capabilities to ensure their presence across the country, especially where insecurity prevails.

Following the military coup in August 2020, the Mission's activities were temporarily suspended. Today, the Strategic Review of EUCAP Sahel Mali foresees a reinforcement of the support to the Internal Security Forces in the centre of Mali.

Regionalisation of CSDP in the Sahel, now in the phase two, continued to progress in 2020, notably with the reinforcement of the Regional Advisory and Coordination Cell (RACC) funded through the EUCAP Sahel Mali budget. Preparations for the deployment of the Mobile Unit in the Centre of Mali will continue.

The budget absorption rate of the Mission's mandate for the period March 2019 - January 2021 stood at 64% at the end of November 2020, out of a total budget of EUR 69 million.

EU Special Representatives

EU Special Representatives (EUSRs) apply preventive diplomacy and mediation in the context of CFSP. They play an important role in promoting the Union's values and foreign policy priorities, the EU's unwavering commitment to promoting and protecting human and women's rights, and in identifying appropriate responses to crises.

In 2020, the Council established a new geographic **EUSR in the Western Balkans region**, i.e. as EU Special Representative for the Belgrade-Pristina Dialogue and other Western Balkan regional issues. The tasks of the new EU Special Representative will be to achieve comprehensive normalisation of the relations between Serbia and Kosovo¹⁰, improve good neighbourly relations and reconciliation between partners in the Western Balkans, helping them overcome the legacy of the past, and contribute to the consistency and effectiveness of EU action in the Western Balkans.

The ongoing COVID-19 crisis has had an impact on the capacity of the EUSRs to implement their funding in full, leading to a lower budget implementation rate of the running EUSR mandates than previously foreseen. For closed EUSR mandates, budgetary consumption rates as a percentage of commitments vary between 75% at the lower end (e.g. EUSR Horn of Africa, EUSR for the Middle East Peace Process) and 90% at the higher end (EUSR for the Sahel, EUSR for the South Caucasus and the crisis in Georgia). The monitoring of the absorption rate capacity of CFSP budget beneficiaries is one of the key elements in the management of the CFSP budget for FPI.

Non-proliferation and disarmament (NPD) actions

¹⁰ This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

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

FPI provided funding for a further seven NPD actions through its 2020 CFSP budget, representing an overall contribution of EUR 38.7 million. This brings the total of ongoing NPD actions at the end of the year to 31, with a total financial commitment of over EUR 116.6 million. In this way, the EU continues its solid commitment to, and support of, both multilateral and regional approaches to advancing peace and prosperity. These priorities are integral to the realisation of the EU Global Strategy. By supporting regional and multilateral efforts to limit the spread of Weapons of Mass Destruction, Small Arms and Light Weapons and conventional arms, the CFSP budget continues to make a concrete and much needed contribution to international peace, security and stability.

Supporting the non-proliferation of Weapons of Mass Destruction (WMD)

In 2020, the EU further reinforced its assistance to the **International Atomic Energy Agency (IAEA)** to support a range of activities in the area of nuclear security, including information management, physical protection of nuclear materials and facilities, security of materials out of regulatory control, and gender-focused capacity building. The Commission committed an unprecedented amount of EUR 11.6 million for the new IAEA action.

FPI continued its support to the Preparatory Commission of the **Comprehensive Nuclear-Test-Ban Treaty Organisation (CTBTO)** in order to strengthen its monitoring and verification capabilities, including radionuclide detection. The Commission committed EUR 6.2 million for the new CTBTO action.

FPI also provided EUR 1.4 million to the UN Secretary-General's Mechanism for investigation of alleged use of chemical, biological or toxin weapons (**UNSGM**).

Combating the illicit accumulation and trafficking of Small Arms and Light Weapons and other conventional weapons and ammunition

FPI continued its support for the **South Eastern and Eastern Europe Clearinghouse for the Control of Small Arms and Light Weapons (SEESAC)**, implemented by the UN Development Programme. This action contributes to strengthening regional cooperation on SALW control. The Clearinghouse advances the development of a legislative and regulatory framework on SALW, firearms and explosives. It improves the capacities of police forces to counter illicit trafficking and the possession of firearms. It improves the capacity for physical security and stockpile management (PSSM). FPI committed EUR 11.8 million for this action under the 2020 CFSP budget.

The EU affirmed its continued commitment to supporting the identification, tracing and management of illicit conventional arms and their ammunition through a fourth cycle of the **"iTrace action"**. This action, implemented through **Conflict Armament Research Ltd (CAR)**, continues to provide invaluable data and other help to export licensing authorities, as well as tailored support to Member States and training and mentoring of national authorities. Under the 2020 CFSP budget, FPI committed EUR 5.5 million for this action.

FPI also supported a feasibility study for the development of an internationally recognised system for the validation of arms and ammunition management according to open international standards. The action is implemented by the **Geneva International Centre for Humanitarian Demining (GICHD)** and its specialised agency, the **Ammunition Management Advisory Team (AMAT)**. The Commission committed EUR 0.8 million for Phase I of the project.

Promotion of effective worldwide controls on arms exports

FPI contributed to the **promotion of effective controls on arms exports** by third countries by funding activities implemented by the German Federal Office for Economic Affairs and Export Control (**BAFA**). The action promotes the criteria and principles set out in Common Position 2008/944/CFSP and in the Arms Trade Treaty. The action also assists third countries in drafting, updating and implementing the relevant legislation and administrative measures. It further provides training of licensing and enforcement officers. The Commission committed EUR 1.4 million for the action.

Complementarity with IcSP

Full complementarity between the 2020 CFSP NPD actions and the IcSP actions has been ensured (indicator 2.4). The actions cover complementary themes and have a complementary geographical focus.

Impact of the COVID-19 pandemic on the implementation of NPD actions

The implementation of EU NPD actions has been heavily affected by the COVID-19 pandemic, given their reliance on travel, meetings and workshops. The introduction of social and travel restrictions forced the NPD implementing agencies to find innovative and creative solutions in order to achieve their objectives under the new unprecedented conditions. For example, when BAFA and Expertise France could not organize physical on-site visits and workshops in the framework of the Arms Trade Treaty outreach activities, they carried out virtual seminars, online workshops and webinars for officials from the partner countries.

Given the delays with the implementation of the actions caused by the COVID-19 pandemic, FPI approved nine no-cost extensions of the NPD actions in 2020, in order to provide them with sufficient time to carry-out all the envisaged activities.

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 international, regional and sub-regional organisations

During 2020, FPI worked closely with the EEAS, Central Services and the then DG DEVCO (now DG INTPA) to finalise the negotiations on the European Peace Facility and prepare for

its implementation during 2021. After two and a half years of intensive negotiations with Member States, political agreement on the draft Council Regulation establishing the European Peace Facility was reached on 18 December 2020. The Council formally adopted the Regulation on 22 March 2021¹¹. The Commission ensured that the essential conditions are in place to allow it to perform the role of administrator for assistance measures through FPI, as well as the role of accounting officer through DG BUDG and of internal auditor through IAS. Provisions are in place to ensure continuity for actions currently funded under the African Peace Facility.

The EPF is an off-budget instrument with a ceiling of EUR 5 billion for the duration of the current MFF period.¹² Preparations for ensuring the necessary budgetary structures, and related implementing rules to ensure sound financial management, started during the year. FPI also made preparations for performing the role of administrator for assistance measures. This will include providing the secretariat function for the EPF Committee once that is established.

Partnership Instrument (PI)

The Partnership Instrument has effectively influenced policy/political processes in partner countries in line with EU interests and has contributed to developing mutually beneficial relationships with partner countries. It has been a directly relevant tool 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 programming of the Instrument 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.

Ensuring synergies and strict complementarity of PI programmes with both EU external action instruments and internal instruments with an external window continued to be crucial, given the strong demand for PI actions in several relevant domains (e.g. digital, regulatory cooperation, public diplomacy). This challenge was overcome through a continued effort of coordination by FPI, in particular in the context of the Quality Support Group process that screens actions before including them in the annual programme.

The PI was able to cater for high demand by line DGs and the EEAS thanks to its capacity to provide targeted, flexible and quick response. Due to limited funding, priorities had to be established and not all requests could be satisfied, even if they are in line with PI objectives and priorities. Managing increased demand and related expectations, while making sure that funds are used on those issues and with those partners where they could have the greatest impact in terms of leveraging EU influence, was a key consideration for the Service over the past year.

¹¹ [Council Decision \(CFSP\) 2021/509 of 22 March 2021](#) establishing a European Peace Facility (OJEU L 102, 24 Mar 21 p. 14)

¹² 2018 prices

FPI deals simultaneously with programming and procurement for new actions and with the implementation, evaluation and closure of existing actions launched since 2014. Staff delivered on ambitious objectives, notably by ensuring approval of a large Annual Action Plan that underpins high EU foreign policy priorities.

The decision-making process has continued to concentrate on strategic EU priorities as outlined in the PI Multiannual Indicative Programme (MIP) 2018-2020. It identified strategic policy areas where action is most needed to influence the partner countries/regions' agenda, to make progress on relevant political dialogues, to create a level playing-field and to better promote EU standards, linking internal and external policies and building alliances. This focused priority setting was the result of the Service's active engagement with the different Directorates General (DGs) of the European Commission, the EEAS, and EU Delegations:

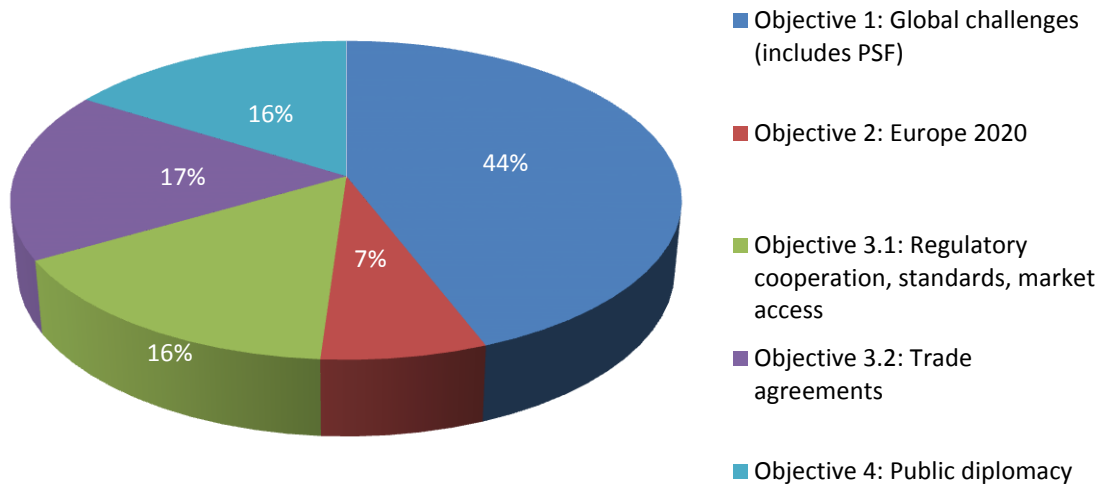
- Trade and economic diplomacy (including Responsible Business Conduct, and good governance on taxation);
- Environment, climate and energy (including water, ocean governance, circular economy, urbanisation aspects);
- Peace, security and defence;
- Digital (including cyber security, digital global governance);
- Global health (including Anti-Microbial Resistance).

The following cross-cutting issues were integrated or mainstreamed in the Multi-annual Indicative Programme:

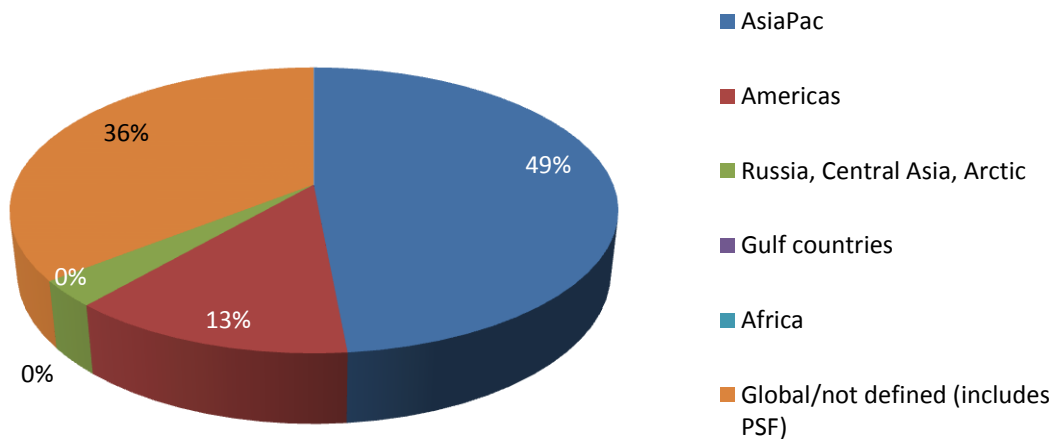
- Multilateralism (building alliances), contributing to the rules-based global order;
- EU principles and values (democracy, rule of law, human rights and fundamental freedoms, respect for human dignity, the principles of equality, including gender equality, and solidarity);
- Resilience;
- Innovation.

2020 has been a productive year. Contracting for the Annual Action Plans (AAP) 2019 was completed, and the AAP 2020 was finalised and adopted. Besides the large stand-alone actions, the PI also offers support for short-term actions through the Policy Support Facility (PSF) and TAIEX. In total, EUR 140.9 million were approved for financing under the AAP 2020 of the Partnership Instrument.

Partnership Instrument: allocation of AAP 2020 standalone actions by objectives (%)



Partnership Instrument: allocation of AAP 2020 standalone actions by region (%)



Specific actions were adopted as part of the Commission’s Team Europe response to the COVID-19 pandemic. Under the Anti-microbial Resistance action in Latin America, the EU participated in the successful World Antibiotics Awareness Week regional campaign with actions relating to the pandemic and co-branded the manifold messages from different organisations¹³ including on COVID-19 issues. Existing actions were adapted to study and assess the impact of COVID-19 on the transition to a circular economy in Asia. The PI also supported programmes targeting youths in ASEAN (Association of Southeast Asian Nations) countries to increase awareness of the EU response and to fight disinformation. The PI actions to be implemented in 2021 will focus on strengthening coordination mechanisms at

¹³ The tripartite World Organisation for Animal Health (OIE), Food and Agriculture Organization (FAO) and Pan American Health Organization (PAHO)

ASEAN level and increasing synergies with other UN and international responses, supporting collaboration on Anti-Microbial Resistance in Asia and Latin America. PI actions will also further reinforce preventive measures, such as vaccinations and capacity building, to protect human and animal health, whilst increasing the surveillance and monitoring of infectious agents and research.

Specific Objective 4a: EU interests, values and standards have a positive impact on decision making processes in third countries

To achieve its internal policy goals, the European Union works to create a level playing field with its partners, and promotes its values, norms and standards. Partnership Instrument operations focus on the external dimension of several 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". They seek to influence decision making processes in third countries in line with EU interests and values, promoting EU norms and standards.

Examples of concrete actions fulfilling this objective are:

The action "**Enhanced Data Protection for Data Flows**", has allowed the EU to have a direct impact in the preparatory phase of the decision-making process leading to the development or reform of legislation on data protection compatible with the GDPR regulation and the creation of data protection authorities in countries such as India, Indonesia, Thailand, Brazil, Chile, Ecuador and Paraguay and, at regional level, for example working with the Ibero-American Network for Data Protection. Focus on Asia and Latin America has now been extended to African countries and regional organisations.

The Project "**ICT Standardisation-InDiCo**", implemented with ETSI, one of the European Standards Organizations, aims to support exchanges at policy and technical levels to enable convergence of ICT standards, through collaboration, adoption or recognition, whilst promoting the values of European standardisation system and European standards when relevant. The overarching aim is to foster trade between Europe and partner countries, by lowering technical barriers and creating a bigger market for implementation of common or harmonised standards. The action's geographic scope includes Brazil, China, India, Japan, South Korea and the United States. During 2020, the action supported European participation in international events with the goal of promoting EU approaches and standards, allowing to reach a large community of players. Focus was mainly set on 5G, the Internet of Things and cybersecurity. Participation in these events was key in cementing adoption of standards aligned with European standards, with India notably adopting oneM2M¹⁴ standards as Indian national standard (Sept 2020).

The Low carbon business action in Brazil and Mexico promotes decoupling economic growth and CO2 emissions in order to address global climate change as well as to improve

¹⁴ oneM2M is the global standards initiative for Machine to Machine Communications and the Internet of Things

market opportunities for leading EU businesses in the green-technology sector. In Brazil, technical assistance was provided to 95 Business Concepts, of which 75 are under implementation or will be implemented. The impact assessment shows the potential to create economic, social and environmental positive impacts for European and Latin-American companies. The forecast estimates that the action will generate an investment of EUR 400 million in Brazil, representing an average of EUR 5.3 million for each cooperation partnership agreement (signed between EU and Brazilian companies) supported by the action. It was also calculated that a total of 315 new jobs will be generated in Europe and 820 in Brazil. In Mexico, for 40 Business Concepts, a feasibility study was carried out, with 33 proposed solutions at the end of the contract: for the 5 adopted solutions, an environmental and social impact assessment was carried out, with 126 jobs created in Europe and 106 in Mexico. On average, each action is expected to generate 15 new jobs. As a follow up to these results, a new action started in 2020 to extend the programme's reach beyond Brazil and Mexico to Argentina, Canada, Colombia and Chile. The scope of the action now also covers the circular economy.

IP keys China, Latin America and South East Asia are fundamental to implement EU trade objectives in third countries with regard to intellectual property rights. With an expanding EU FTA agenda, the IP keys are strategic in offering concrete support to FTA negotiation, implementation, monitoring and enforcement. The establishment of the first specialised Intellectual Property courts in China and the novel application of substantial penalties are major milestones that can be attributed to the IP key action. Activity in Latin America addresses 16 countries that are at different levels of intellectual property development; most Latin American countries are not party to any international treaties on intellectual property.

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

The EU needs to further reinforce its leadership in areas that require global actions and effective multilateral governance, in full respect of EU principles and values. There is a need to strengthen the rules-based multilateral global order with the United Nations at its core. In addition to continued action to combat climate change, protect the environment and safeguard biodiversity, ensure sustainable ocean governance, or raise its profile as security provider, the EU needs to monitor emerging trends and, where appropriate, be ready to play a pioneering role.

Examples of concrete actions fulfilling this objective are:

The action “**Support to the Implementation of the Paris Agreement (SPIPA) with major economies**” aims to support and encourage partner countries to successfully execute their climate change mitigation and adaptation policies. The aim is to reduce their greenhouse gas emissions, adapting to the effects of climate change, and thus ultimately contributing to the long-term targets laid out in the Paris Agreement through their nationally determined contribution (NDC). The Paris Agreement underlined the significant role of regions and cities in tackling global warming and setting their carbon neutrality targets. This is key especially in countries where the national governments deprioritise

climate action. In Brazil, through SPIPA support, 18 States (out of 26) have already joined the Brazilian Governors for Climate Alliance since its launch in October 2020.

The project on “**International Alliance for a human-centric approach to Artificial Intelligence**” was launched in September 2020 to help developing a responsible leadership in global discussions around artificial intelligence (AI), create the conditions for the uptake of policies, good practices and standards that ensure appropriate ethical and legal framework on AI and to improve public awareness of challenges and opportunities associated with AI. EU dialogues and joint Initiatives with like-minded partners (such as Australia, Japan, Canada and South Korea) are supported through this project.

Turning to **Women’s economic empowerment**, thanks to the PI, throughout 2020, over 500 new companies in Asia signed up to the Women’s Empowerment Principles (WEPs), in comparison to the 170 companies that were signatories in 2019, while in Latin America over 4,000 companies signed the Women’s Empowerment Principles, doubling the number since 2017. This considerably improved gender-sensitive business culture and practices in the private sector, contributing to a level playing field for EU companies. HRVP Josep Borrell supported the programme this year by contributing a foreword to the booklet ‘The Power of working together – Emerging practices that advance Women’s Economic Empowerment’¹⁵, which highlights the EU’s commitment to sustainable and inclusive economic growth in line with the EU’s Gender Action Plan (GAP) III.

The Partnership instrument also contributed to upholding the Joint Comprehensive Plan of Action (JCPoA) with Iran. It is a key objective, both for the EU and for **Iran**, to ensure the pursuit of legitimate trade and business activities between the two economies in-line with the JCPoA. During 2020, the Commission launched the **EU Sanctions Tool**, an online self-assessment tool designed to help EU companies determine whether EU sanctions apply to their international exports, imports, and business dealings, as well as the **Due Diligence Helpdesk** for EU SMEs dealing with Iran. An action grant supports INSTEX for the setup of its practical operations, allowing INSTEX already in March 2020, to carry out its first transaction, facilitating the export of medical goods from Europe to Iran.

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

In order to leverage EU influence, direct outreach to public audiences, both domestically and abroad, needs to be further strengthened. Building trust with key audiences and potential partners is crucial to facilitate future cooperation across policy areas and support the achievement of EU policy objectives. Stepping up public diplomacy in order to build mutual understanding and project EU fundamental principles and interests creates, nurtures and mobilises networks that share and support EU values and policy priorities. Examples of concrete actions fulfilling this objective are:

The action “**EU Policy and Outreach Partnership in India**” worked across different sectors of key relevance for the EU-India relations. Examples were the annual think tank

¹⁵ https://www.weeps.org/sites/default/files/2020-12/THE_POWER_OF_WORKING_TOGETHER_FINAL_0.pdf

twinning conference alongside the Raisina Dialogue, a think tank twinning workshop with the corresponding Track 1.5 event involving also Indian and EU officials; 10 think tank research papers on topics of relevance to EU-India relations; a study tour for 9 young EU Member States-based Indian diplomats to the EU institutions in Brussels and the College of Europe; a lecture on the EU and EU-India relations in the Sushma Swaraj Institute of Foreign Service in New Delhi for its trainees; EU Days in the best ranked Indian universities in different parts of the country (Mumbai, Hyderabad, Chennai, Delhi), promoting the EU and EU's global policies, as well as shedding light on sectoral cooperation with India (environment, climate adaptation, resource efficiency, digital policy, sustainable modernization); an annual pre-departure event for the recent batch of 168 Erasmus+ grantees from India; webinars on research and innovation to combat COVID-19, on EU-India cooperation in post-COVID-19 international environment, etc.; and a EU higher education virtual fair in collaboration with 20 EU Member States for over 9,000 Indian students, providing them with information on study opportunities in the EU.

The “**Euro Challenge programme**” brings together hundreds of high school students across the United States to take part in an annual competition about the EU, its financial and monetary policy and its single currency. The top five teams received a cash prize courtesy of the Moody's Foundation and the top two teams won a trip to Washington D.C. to visit the EU Delegation, and financial institutions such as the Federal Reserve and the International Monetary Fund. For the 2020 competition, the Euro Challenge was primarily virtual. Additionally, 22 training webinars were added as well as numerous online mentoring sessions to help the students prepare for the event. In total, this year's event included the participation of 90 schools with more than 2,300 secondary school students and 300 teachers across the United States. After the event, approximately 95% of the students and teachers surveyed reported that they had benefited from their participation in the event and increased their knowledge of the EU.

Under the action “**Support to EU Film Festivals**”, professional and engaging film festivals are organised by the EU Delegations thanks to access to a dedicated repository of 47 European feature films and 8 short films with pre-negotiated screening rights worldwide. Due to the COVID-19 pandemic, 27 EU Delegations organised their first online film festival with approximately 35,000 viewers in June 2020 and 20 EU Delegations with approximately 55,000 viewers in November 2020. Thanks to the technical and professional support provided under this contract, European film festivals in third countries moved from occasions to showcase the quality of EU films into real moments of dialogue with local stakeholders, civil society and citizens at large, while contributing to enhancing the visibility and understanding of the EU, its values and its policies abroad.

Election Observation Missions

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

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 help to strengthen democratic institutions, to build public confidence in electoral processes and to deter fraud, intimidation and violence. They specifically aim to build confidence in, and enhance the reliability and transparency of, democratic electoral processes and institutions at all stages of the electoral cycle. They also aim to contribute (directly or indirectly) to reducing electoral violence and ensuring acceptance of credible results by all segments of society. For Election Observation Missions, FPI reports against two result indicators:

Firstly, the number of electoral processes and democratic cycles supported, observed and followed by means of election observation missions, is one of the indicators to measure the FPI's work in support to democratic electoral cycles.

In 2020, despite the travel restrictions and sanitary conditions due to the COVID-19 pandemic, FPI supported 14 electoral processes and deployed 17 missions and remote desk reviews with around 350 staff on the ground.

Three fully-fledged Election Observation Missions (EOMs) were deployed to observe the electoral process in Peru, Guyana and Ghana. This included assessments of the campaign, the legal framework, the political environment and the overall electoral process. These missions were deployed in the field on average for three months.

In addition, four Electoral Expert Missions (EEMs) were deployed in Mali, Burkina Faso, Niger and the Central African Republic and four reinforced EEMs to Bolivia, Jordan, Myanmar and Côte d'Ivoire.

For the Dominican Republic, Malawi and Myanmar, where either election observation was not possible or a specific aspect of electoral processes needed to be assessed, FPI conducted desk reviews.

In light of the pandemic, FPI developed a combination of various tools that allowed it to strike a balance between keeping election observations missions going and keeping observers and the countries observed safe and sound. In order to cover as much ground as possible FPI proceeded to carry out individual, very last minute ad-hoc assessments, replaced fully fledged EOMs by reinforced EEMs, including extra experts, as for instance for Bolivia, Côte d'Ivoire, Myanmar, and provided for the possibility of desk reviews as for instance for the Dominican Republic. Wherever any mission deployed, FPI put in place the necessary security and risk mitigation measures to ensure the safety of the observers.

Alongside the successfully deployed missions, FPI made intensive efforts to prepare and assess several missions that could not be deployed due to either travel, movement or security restrictions imposed by authorities (e.g. Sri Lanka). Secondly, the speed to launch and setup the missions is one of the key aspects for successful missions. Therefore, the second result indicator measures the time between the signature of the contract from the HR/VP decision and deployment of an EOM. In 2020, all specific contracts were signed within 5 weeks after the HR/VP decision to deploy an EOM, thereby exceeding the target 90%.

Despite the difficult working environment and conditions due to the COVID-19 pandemic, FPI has demonstrated its resourcefulness to support democracy and respect for human rights through election observation.

Below are some selected examples of missions deployed:

The **EOM to Peru** took place in the beginning of 2020. By the time the WHO declared the global pandemic outbreak, the majority of the EOM international staff had already left Peru. To take account of the circumstances, FPI organised a “virtual” return visit, which involved the presentation of the mission report to the local authorities with the help of the EU Delegation.

The deployment of the **EOM Guyana** was the first such mission to the country since 2001. The mission operated normally for most of its observation period. However, with the evolving pandemic and imminent suspension of commercial flights, the deployment of long-term observers was shortened slightly and the remaining experts were successfully repatriated. Once the mission members were back in Europe, FPI arranged the necessary working conditions to enable the experts to finalise the mission according to its mandate.

The **EOM to Bolivia** was planned and launched in early 2020. The deployment was suspended in March in light of the postponement of the elections due to the COVID-19 pandemic. In September, when the whole of Latin America was still heavily affected by the pandemic, FPI successfully deployed a **reinforced EEM**. The mission was deployed despite the fact that most airports were closed, the medical infrastructure weak and the security situation uncertain.

In November 2020, FPI deployed around 100 observers despite the pandemic to observe the general elections in **Ghana**. FPI found solutions to all logistical and sanitary obstacles. All observers and local staff could be tested for COVID-19, medically supervised, and accommodated in suitable housing all over the country.

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 in order to achieve CFSP policy objectives.

Kimberley Process

The EU is the world’s largest trading centre for rough diamonds - in 2019 it issued approximately 24 000 Kimberley Process (KP) certificates for 105.6 million carats, valued at USD 9 billion. Given that trade in rough diamonds 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 2020, FPI continued to lead discussions and efforts in the Kimberley Process to broaden the definition of ‘conflict diamonds’. Due to challenges posed by the COVID-19 pandemic, which prevented the organization of Intersessional and Plenary meetings in an inclusive manner, the Kimberley Process collectively decided to pause in 2020. Activity was limited to what was strictly necessary for continuation of the rough diamond trade. The core of the Kimberley Process’s activities are to resume in 2021.

FPI remained an active member of the KP Monitoring Team for the Central African Republic that closely follows the evaluations of rough diamond exports from so-called ‘compliant zones’. This process aims to strengthen the legal diamond trade in the country so that rough diamond revenues can feed into CAR’s economy. FPI also closely followed support to the Mano River Union countries (Côte d’Ivoire, Guinea, Liberia and Sierra Leone) in further implementing their efforts for a joint approach to address KP compliance issues with a regional dimension. Plans for similar cooperation in the Central African region have started, and the EU is a part of the relevant Technical Team.

FPI updated the *Guidelines on Trading with the European Union* - a practical guide for Kimberley Process Participants and companies involved in trade in rough diamonds with the EU, to facilitate understanding about the rules of the Kimberley Process Certification Scheme in the EU context. Furthermore, FPI oversaw the establishment of a Union authority in Torino, Italy, bringing the total number of Union authorities to seven. The Commission likewise adopted a Commission Implementing Regulation amending Council Regulation (EC) No 2368/2002 implementing the Kimberley Process certification scheme for the international trade in rough diamonds, in order to take into account the withdrawal of the United Kingdom from the European Union.

Within the limits of its mandate – addressing situations where rough diamonds are used by rebel movements or their allies to finance conflict aimed at undermining legitimate governments – the Kimberley Process has successfully limited the trade in conflict diamonds, from up to 15% in the 1990s to less than 1% today¹⁶.

'Anti-Torture' Regulation

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 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. The EU Regulation inspired the ‘**Alliance for Torture-Free Trade**’ that was

¹⁶ For further information on IcSP actions supporting the Kimberley Process, please refer to the IcSP section above.

launched in 2017. Since the launch of the Global Alliance, FPI has engaged in the process of bringing the high standards of the EU ‘Anti Torture’ Regulation to a global level. Further to the UN General Assembly resolution adopted in June 2019, the Office of the High Commissioner for Human Rights, with FPI support, conducted further work, leading to a **report of the UN Secretary General (*Towards torture-free trade: examining the feasibility, scope and parameters for possible common international standards*)** that was adopted in July 2020.

This report constitutes a further milestone recognising that the establishment of common international standards could ensure more effective regulation in this area. The ‘Anti-Torture’ Regulation is specifically referenced in various parts of the UN report as best practice and may serve as an example for further work through a group of UN governmental experts that is being created for this purpose.

The Commission adopted on 30 July 2020 its **review report on the implementation of the ‘Anti-Torture’ Regulation**. The review report provides a comprehensive assessment of the Regulation. Assessing its impact, influence on the global level, challenges and opportunities, the report outlines further action to make the Regulation and its implementation more effective and to ensure the ‘Anti-Torture’ Regulation continues to make an important contribution to the fight against torture and the death penalty. To this end, FPI has taken the initiative to establish an **informal group of experts** to support the Commission in exploring avenues to strengthen compliance and to examine some of the issues highlighted in the review report. Its function would be complementary to that provided by the Anti-Torture Coordination Group, which was established in 2016, when the Regulation was amended.

The Commission further adopted on 14 December 2020 two reports pursuant to Regulation (EU) 2019/125. The report on the **activities and consultations of the Anti-Torture Coordination Group**¹⁷ referred to in Article 31 of the Regulation. The Anti-Torture Coordination Group (ATCG) serves as a platform for Member State experts and the Commission to exchange information on developments related to the Regulation and any other matters of interest that may arise. In 2020, the ATCG discussed issues such as reporting requirements, the review of the Regulation and the ‘Alliance for Torture-Free Trade’. The **report on export authorisations** in 2019¹⁸ provides, in particular, information on the number of export authorisations granted by the national competent authorities by category of goods, the number of applications authorised and denied, the main reported export destinations as well as the reported end-use of authorised exports.

Lastly, the Commission adopted a Delegated Regulation C(2020) 8572 of 4 December 2020 to take into account the withdrawal of the United Kingdom from the European Union and the expiry of the transition period laid down in Article 126 of the Agreement on the

¹⁷ COM/2020/803 final

¹⁸ COM/2020/799 final

withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union.

Information outreach on the Union's external relations

In 2020, 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 Global Response to Covid-19.

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 for implementing certain activities of the annual Information Outreach budget for the benefit of the EU, both in its Delegations worldwide and at Headquarters. In 2020, activities carried out by the EEAS concentrated primarily on improving capacity to monitor and analyse disinformation both within and outside the EU. Several actions also raised awareness of the effects of disinformation by developing communication products and training material both for specialised audiences and the wider EU and international public. This is in line with the priority assigned to offering rapid, factual rebuttals of disinformation under the EU Global Strategy.¹⁹

FPI contributed significant funds to the Citizens’ Rights programme aimed at supporting EU citizens in the UK. FPI also prepared the ground so that the EU citizens’ rights activities can be sub-delegated to the newly established EU Delegation in London in 2021 in accordance with the decision to pass the management of these activities from DG COMM (DG Communication) to FPI after the date of withdrawal of the UK from the European Union.

Finally, a considerable part of this budget was allocated to financing the digital Euronews service in the Farsi language, which was implemented through a framework partnership agreement managed by the Commission’s Directorate-General for Communications Networks, Content and Technology. The digital audience for the Farsi service has maintained its 2019 levels. According to the latest available data, during the first quarter of 2020, Euronews saw almost 10 million visits to its digital Farsi services. Taking a mid-term view, there has been an increase in visits to the Farsi service of 233% compared to 2017²⁰. According to information obtained from DG CNECT, about 3.4% of the total number of Farsi speakers worldwide visited the Euronews website.

Concerning its own information outreach activities, FPI laid the groundwork in 2020 to keep its web presence user-friendly, relevant and integrated with the new Commission web-architecture. FPI also increased its own outreach activities, including through social media, to further reinforce the visibility and recognition of its actions. It also contributed to the corporate communication activities, particularly to communicating the EU's Global Response to Covid-19 and ensured coordination with the central Commission services and with the EEAS.

¹⁹ Priority 3.1 ‘The Security of our Union – Strategic Communications’

²⁰Performance audit report of actions funded across the multimedia actions budget line (Ares(2020)3281102)

In particular, FPI renewed its presence on the social media via the Twitter account of the Director-Head of Service.

FPI used its website as one of the main channels of communication. In 2020, FPI's website had 159 867 visits. Besides the regular maintenance of the FPI website, FPI produced and disseminated news and showcases about the results and impact of the projects financed under the different Foreign Policy Instruments. Additionally, the Service produced six factsheets highlighting achievements under the Partnership Instrument under the six priorities of the von der Leyen Commission.

Work on a new Communication Strategy was ongoing in 2020, which, following its approval, is to define the main objectives for FPI's external communication efforts.

FPI contributed with a series of showcases to two DG COMM corporate campaigns "EU in the world" (January 2020) and the "Recovery campaign" (July 2020). Additionally, FPI cooperated closely with the Spokesperson Service and EEAS StratComm and provided stories and communication materials for distribution via EEAS/COMM corporate communication channels, including inputs for press materials, websites features and social media posts.

EU Visitors' Programme

In 2020, 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 Commission and the European Parliament. Through these visits, which switched to a virtual format during the Covid-19 pandemic, 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. A major project was the relaunch of the EUVP's website, which FPI undertook as a priority in 2020.

115 participants (including 39 face-to-face visitors and 76 virtual visitors) – mostly young political leaders and opinion formers- from 60 different non-EU countries were received by Members of the European Parliament, officials of the European Commission and other EU institutions, and other relevant interlocutors in Brussels, Strasbourg and Luxembourg. Emphasis was also put on further developing awareness in EU Delegations about the Programme as a tool of public diplomacy and strengthening their involvement in ensuring its success.

2. MODERN AND EFFICIENT ADMINISTRATION AND INTERNAL CONTROL

This section explains *how* the Service delivered the achievements described in the previous section. It is divided into two subsections.

The first subsection reports the control results and all other relevant information that support management's assurance on the achievement of the financial management and internal control objectives²¹. It includes any additional information necessary to establish that the available evidence is reliable, complete and comprehensive. It covers all activities, programmes and management modes relevant to the Service.

The second subsection deals with the other aspects for a modern and efficient administration: human resources, better regulation principles, information management and external communication.

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 IIA²²);
- controls arising from **ex-ante verification** by the central financial unit (FPI.1) for all HQ operations; controls arising in EU Delegations / Regional Teams through financial circuits;
- **"pillar" assessments** - indirect management: FPI bases its assurance on DEVCO compliance reports on international organisations and some agencies, performing its

²¹ Art 36.2 FR: a) effectiveness, efficiency and economy of operations; b) reliability of reporting; c) safeguarding of assets and information; d) prevention, detection, correction and follow-up of fraud and irregularities; and e) adequate management of risks relating to the legality and regularity of underlying transactions.

²² 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.

own pillar assessment in the CFSP area (contracted externally in accordance with defined terms of reference);

- on-the-spot **monitoring missions** by FPI programme managers (IcSP/IfS, PI/ICI, CFSP) focusing on managerial aspects of implementation by the beneficiary/partner, progress towards achieving their objectives, and (CFSP) budget planning;
- reports of **supervision missions** carried out on delegations implementing FPI funds, in order 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**) and conducted by FPI-approved external auditors following DEVCO practice (e.g. IcSP/IfS, EOMs);
- 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:
 - **in direct management:** contracted using DEVCO models for terms of reference for Stability Instrument (IcSP/IfS), EOMs and for PI/ICI;
 - **in 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 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 Teams²³ managing FPI funds (IcSP/IfS, PI/ICI, 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;

²³ Please refer to section 2.1.4 and Annex 7 for further details.

- the reports on recorded exceptions, non-compliance events and any cases of 'confirmation of instructions' (Art 92.3 FR);
- annual declarations by services having **cross sub-delegations** or service level agreements. DG DEVCO's declaration in this regard confirmed that reasonable assurance can be given concerning the legality and regularity of the financial operations including sound financial management of funds;
- **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)** on the 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 evidence available. 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

Instrument contributing to Stability and Peace: For the IcSP, the substantial part of individual contracting (legal commitments) and resulting payments are managed by Delegations. 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 below) 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 have to 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 foresees 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 to make final payment.

Partnership Instrument: For the Partnership Instrument, the substantial part of individual contracting (legal commitments) and resulting payments are managed by Delegations. 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 below) by FPI HQ staff.

This section covers the control results and other relevant elements that support management's assurance. It is structured into (a) Control results, (b) Audit observations and recommendations, (c) Effectiveness of the internal control system, and resulting in (d) Conclusions on assurance.

The 2018 Financial Regulation introduced some additional reporting requirements: Articles 92.3 (any cases of 'confirmation of instructions'), 125.3 (cases of financing not linked to costs), 130.4 (Financial Framework Partnerships > 4 years), 181.6 (cases of flat rates > 7% for indirect costs), 193.2 (derogations from the non-retroactivity of grants). There are no such cases to report for FPI.

2.1.1 Control results

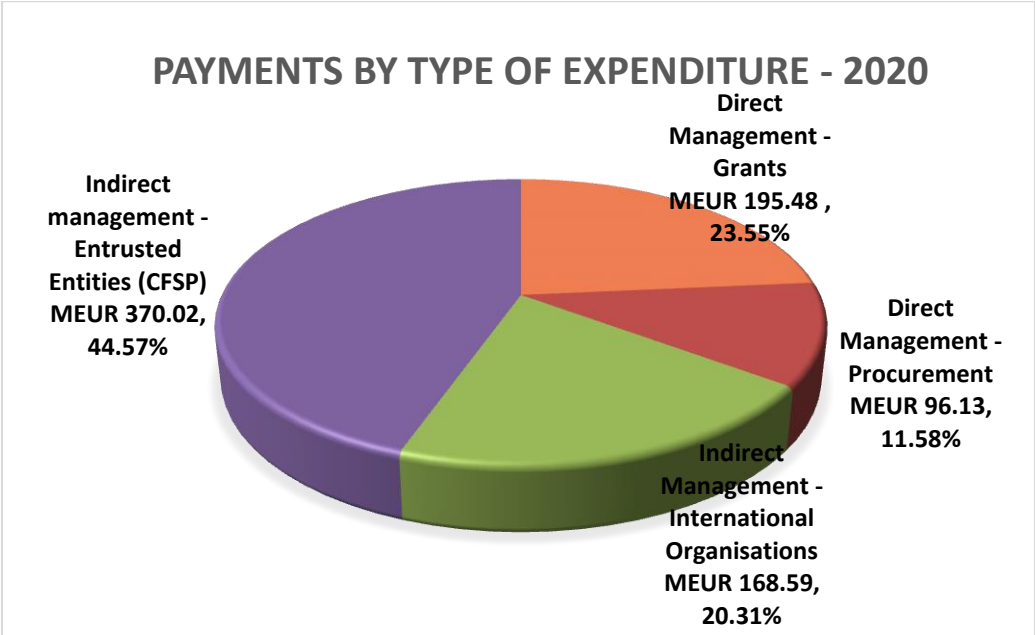
This section reports and assesses the elements identified by management which support the assurance on achieving the internal control objectives²⁴. The Service's assurance building and materiality criteria are outlined in AAR Annex 5. Annex 6 outlines the main risks together with the control processes to mitigate them and the indicators used to measure the performance of the relevant control systems.

The split between management modes is 35 % direct management (either at Headquarters or in Delegation) and 65 % indirect management (mainly CFSP and IcSP).

²⁴ 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.

Payments per instrument in 2020:

Instrument	Payments made 2020		Payments made 2019	
	EUR millions	%	EUR millions	%
Common Foreign and Security Policy (CFSP)	389.35	46.90%	338.83	46.42%
Instrument contributing to Stability and Peace (IcSP)	306.59	36.93%	239.66	32.83%
Partnership Instrument (PI)	106.35	12.81%	106.36	14.57%
Industrialised Countries Instrument (ICI)	0.42	0.05%	0.48	0.07%
Election Observation Missions (EOMs)	9.55	1.15%	22.37	3.06%
Information Outreach in External Relations	16.70	2.01%	16.64	2.28%
Administration	1.68	0.20%	1.75	0.24%
Cross sub-delegations	0.00	0.00%	4.32	0.59%
Total	830.22	100.00%	729.93	100.00%



Common Foreign Security Policy

From the total budget paid, 87.28% was managed under indirect management by CFSP missions (76.4% of the total budget paid), EUSRs (6.2%) and international organisations (4.7%); and the remainder under direct management (12.71%) covering mainly the grant agreement with the registrar of the Kosovo Specialist Chambers. For indirect management in the field of the non-proliferation, FPI deals primarily with international organisations from the UN family.

CFSP

	Payments by FPI HQ		Payments by Delegations		TOTAL	
	EUR million	%	EUR million	%	EUR million	%
Direct management						
Grants	49.47	12.71%	0.00	0.00%	49.47	12.71%
Procurement	0.03	0.01%	0.00	0.00%	0.03	0.01%
Indirect management						
Delegation agreement	339.85	87.28%	0.00	0.00%	339.85	87.28%
TOTAL	389.35	100.00%	0.00	0.00%	389.35	100.00%

Instrument contributing to Stability and Peace

Whereas under the Instrument contributing to Stability and Peace (IcSP/IfS) the financing decision and budgetary commitment are made by Headquarters, the subsequent individual contracting (legal commitment) is predominantly managed by the Delegations. FPI's approach consists of Regional Teams where staff is concentrated in a number of regional hubs to provide economies of scale in the management of IcSP actions thereby achieving focus and reducing reliance on staff of other external relations DGs. The financial circuits are adapted for this purpose with the Head of Finance in the respective Regional Team acting as the AOSD on payments. Contracts are processed and managed by the Regional Teams concerned.

In 2020, about EUR 77.42 million or about 25.25 % of payments for IcSP actions was implemented by FPI HQ with EUR 200.99 million (about 74.75 %) implemented by devolved Delegations. The detailed structure of the 2020 IcSP payments is presented in the tables below:

IcSP

	Payments by FPI HQ		Payments by Delegations		TOTAL	
	EUR million	%	EUR million	%	EUR million	%
Direct management						
Grants	27.41	8.94%	103.74	33.84%	131.15	42.78%
Procurement	2.83	0.92%	1.86	0.61%	4.70	1.53%
Indirect management						
Delegation agreement	47.18	15.39%	123.57	40.30%	170.75	55.69%
TOTAL	77.42	25.25%	200.99	74.75%	306.59	100%

The large proportion of implementation by international organisations (IOs) stems from the fact that FPI operations under IcSP are mostly crisis response actions concentrated in regions with a limited number of operating partners, where the UN acts often as a single-entry point. In addition, Art. 4 of the IcSP Regulation²⁵ requires close coordination with the

²⁵ No 230/2014 of 11 March 2014

UN. In 2020, 42.28% of payments (EUR 129.64 million) under IcSP were made under the indirect management mode to international organisations.

Partnership Instrument

The majority of actions are contracted through procurement of services.

In 2020, about EUR 42.1 million (39.6%) of the PI actions was paid by FPI HQ with EUR 64.2 million (60.4%) paid by devolved Delegations. The detailed structure of the 2020 PI payments is presented in the tables below:

PI

	Payments by FPI HQ		Payments by Delegations		TOTAL	
	EUR million	%	EUR million	%	EUR million	%
Direct management						
Grants	8.85	8.35%	5.59	5.28%	14.44	13.63%
Procurement	24.14	22.79%	37.00	34.93%	61.14	57.72%
Indirect management						
Delegation agreement	8.72	8.23%	21.63	20.42%	30.35	28.65%
TOTAL	41.71	39.38%	64.22	60.62%	105.93	100.00%

Industrialised Countries Instrument

There was only one payment related to ICI during 2020, which was a grant payment of 420.228 EUR.. The instrument is phased out, and the total amount still remaining under this instrument (RAL) is 3.062.566,61 EUR.

ICI

	Payments by FPI HQ		Payments by Delegations		TOTAL	
	EUR million	%	EUR million	%	EUR million	%
Direct management						
Grants	0,42	100,00%	0,00	0,00%	0,42	100,00%
Procurement	0,00	0,00%	0,00	0,00%	0,00	0,00%
Indirect management						
Delegation agreement	0,00	0,00%	0,00	0,00%	0,00	0,00%
TOTAL	0,42	100,00%	0,00	0,00%	0,42	100,00%

Election Observation Missions

The EOM programme is implemented under direct management (100%). Within the EOM programme, FPI was responsible for the implementation of EUR 22.71 million commitment

appropriations and EUR 9.55 million of payment appropriations. Due to the nature of the EOMs, the operations are implemented through a framework contract, allowing for a rapid deployment of the missions.

EOM

		Payments by FPI HQ		Payments by Delegations		Total Payments	
		EUR million	%	EUR million	%	EUR million	%
Direct:							
	Grants	0	0%	0	0%	0	0%
	Procurement	9.55	100%	0	0%	9.55	100%
Indirect:							
	Delegation Agreement	0	0%	0	0%	0	0%
TOTAL		9.55	100%	0	0%	9.55	100%

Information Outreach

Budget line 19.0601 covering the annual work programme 2020 for information outreach on EU External Relations is implemented under direct management (100%). The EEAS/Delegations and DG CNECT implement part of the budget. An amount of EUR 19.5 million was allocated to this budget line. For the year 2020, the EEAS received a contribution of EUR 16.35 million from the FPI for the implementation of the activities set out in the Annual Work Programme. At the end of 2020, the two Stratcom divisions (SG.AFFGEN.6 and 7) had used 97.5% of this budget. In addition, the Commission's contribution for the EUVP amounted to EUR 0.224 million. An amount of EUR 130,476 was committed under this line for FPI's own communication activities and website maintenance and EUR 2.75 million paid for Euronews in Farsi (managed by DG CNECT).

Cross sub-delegations

As in previous years, FPI has cross sub-delegated funds on specific budget lines to another DG as listed in the table below. Being also a Commission department, the concerned Authorising Officers by Delegation (AOD) are required to implement the appropriations subject to the same rules, responsibilities and accountability requirements.

The cross sub-delegation arrangements require the AOD of DG DEVCO to report on the use of these appropriations. In his report, the AOD did not communicate any events, control results or issues, which could have a material impact on assurance.

Cross sub-delegations		
Description	Fund Management Centre	Committed amount (M EUR)
Partnership Instrument	FPI/DEVCO	0.70
TOTAL		0.70

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.

Table 1 – The summary of the main sources of assurance

Risk-type / Activities	Internal Control Objectives					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?
Instrument contributing to Stability and Peace (IcSP)	131.15	4.70	170.75		306.59	RER = 1.75%	😊	😊	No	No
Common Foreign and Security Policy (CFSP)	49.47	0.03	339.85		389.35	RER = 0.82%	😊	😊	No	No
Partnership Instrument (PI)	14.44	61.14	30.35		105.93	RER = 0.21%	😊	😊	No	No
Industrialised Countries Instrument (ICI)	0.42	0	0		0.42	RER = 1.65% ²⁶				
Election Observation Missions		9.55			9.55	RER = 0.27%	😊	😊	No	No
Cross sub-del		0.			0	Estimated RER < 2%	😊	😊	No	No
Information Outreach		16.70			16.70	Estimated RER < 2%	😊	😊	No	No
Administrative exp.		1.68			1.68	Estimated RER < 2%	Not available	😊	No	No
TOTAL	195.48	93.80	540.94		830.22					
<i>Links to AAR Annex 3</i>	<i>See Table 2 – payments made for Overall total</i>				830.22					

Control Strategy

a) financial circuits model and ex-ante controls

The financial circuits of FPI follow the centralised model for payments in case of **operations managed in HQ** with the Head of the Unit for Finance, Budget and Relations with other Institutions (FPI.1 until end 2020) fulfilling the role of AOSD for all payments above EUR 3 million. **Centralisation of financial initiation and financial verification** aims to streamline the organisational structure and internal control systems to ensure further efficiency gains. Apart from processing the transactions under the financial circuits, Unit FPI.6 offers support and guidance to FPI staff in operational units, EU Delegations, Regional Teams and CSDP missions on issues such as preparation and implementation of projects (actions), assistance in interpretation of PAGODA provisions and support on conduct of tenders and other procedures.

The finance and contracts section also plays an essential role in non-financial transactions. For example, the Annual Action Programmes as well as all financing decisions are subject to the ex-ante verification of FPI.6. This ex-ante review contributes to identification of potential issues at an early stage of implementation both in HQ and in Delegations and improves the ultimate quality of the documents.

For operations managed by EU Delegations: The Regional Teams which, after their creation in 2017, are now fully functional and operating efficiently, play an important role in ensuring compliant and efficient implementation of operations managed by EU Delegations.

Staff in the FPI finance and contracts section in FPI.6 take an active role in all tendering procedures managed by the Service, chairing evaluation committees for procurement procedures and calls for proposals for grants. This role provides considerable value-added aiming at increasing the quality of the tender dossiers managed by FPI and securing the legality and regularity of the tender procedures.

b) ex-post controls

In accordance with the Financial Regulation, the authorising officers must put in place management and control structures and procedures suited to the performance of their duties, **including where appropriate ex-post controls**. These are controls, which are conducted after project (action) implementation has been completed and all the transactions processed. They are designed to obtain an additional assurance that the control system works as intended, and that the initial ex-ante controls are effective.

Ex-post controls are essential for achieving a reasonable assurance, because: first, a **substantial part of the funds under IcSP and PI are sub-delegated** to be managed by EU Delegations and second, the **CFSP budget is nearly entirely managed in indirect management by CFSP missions**, under the authority of Heads of Mission. Thus, FPI **ex-ante verification cannot give a complete assurance** since it covers only those transactions processed by HQ services. For CFSP, verification by the ex-ante control team at

HQ covers all transactions up to and including the payment of funds to the CFSP missions but does not cover the transactions processed by the missions themselves (contracting and payments).

The consequences in terms of ex-post controls, controls assessing compliance with the requirements for indirect management (Article 154 FR) and other mitigating measures in the case of non-compliance are described below.

In accordance with ex-post methodology, at least 10% of the payments of each instrument are covered each year.

To further strengthen internal control and provide additional assurance, FPI introduced in 2020 two new types of ex-post controls:

- Early ex-post controls, aimed at projects (actions) for which a first payment or clearing of pre-financing had taken place, were introduced as a supplement to financial monitoring.
- Targeted ex-post controls aimed at high risk projects (actions). In addition to the direct benefit of identifying expenditure to be recovered, ex-post controls also assist FPI in the possible identification of system improvements to prevent the declaration of expenditure that is later identified as ineligible. Thus, ex-post controls contribute to ensuring the continued functioning and improvement of controls at the level of the missions and, hence, to the reduction of potentially ineligible expenditure in the future.

c) assessment of the effectiveness of management and control systems

In the area of indirect management and direct management implemented by the EU Delegations, FPI ensures that the management and control systems are robust and reliable before entrusting implementation tasks. This is achieved through pillar assessments in indirect management and through supervision missions in direct management.

Pillar assessments of CSDP Missions

Indirect management by CSDP missions remains a challenge for the internal control system and the assurance is an area of risk in the operational budget. Before entrusting funds to CSDP Missions in the indirect management mode, the Commission must first ensure that they comply with the “pillar” requirements (Art. 154 FR).

For new Missions in particular, compliance is not possible due to a particular feature of the CFSP operating environment, namely that CSDP Missions are on each occasion created on an *ad-hoc* basis. In order for them to be operational from day one, the Commission has to entrust them with funds necessary for their functioning, including procurement of equipment, without being able to have a prior assessment of compliance. While this situation is relevant in every case where a new body or agency is created under the EU budget, the difference is that CSDP Missions operate outside the EU and often in volatile

security environments. Longer-established missions have now had a chance, with FPI assistance, to become compliant. Currently nine out of eleven missions²⁷ have been declared compliant with Article 154 FR, representing the most substantial part of the CFSP operations: EULEX Kosovo, EUMM Georgia, EUPOL COPPS in the occupied Palestinian Territories, EUAM Ukraine, EUBAM Rafah, EUCAP Sahel Niger, EUCAP Sahel Mali, EUAM Iraq and EUCAP Somalia. The newly established Mission in the Central African Republic was only deployed as of summer 2020, and has therefore not yet undergone a pillar assessment.

For the non-compliant longer-established Mission in Libya, a full 9 pillar assessment took place in 2020. The report of this assessment is pending, but the contracted auditor has finished its assessment and no issues have been signalled, during regular contacts with FPI.

Pursuant to Article 279 of the 2018 Financial Regulation, assessments made under the previous Financial Regulation 966/2012 (Article 60) continue to be valid under the currently applicable FR 2018/1046 (Article 154), but they shall be reviewed as appropriate.

FPI has in this regard a policy of carrying out reassessments of pillar assessed entities every three years.

In this context the FPI contracted reassessments of all 9 pillars prescribed in the FR 2018/1046, for EUAM Ukraine and EUBAM Rafah, and, as mentioned above, EUBAM Libya.

In addition FPI contracted complimentary assessments of the three new pillars, introduced by the 2018 FR for the following CSDP Missions: EUAM Iraq, EUCAP Sahel Mali, EUCAP Sahel Niger, EUCAP Somalia, EULEX Kosovo, EUMM Georgia, and EUPOL COPPS.

All the above pillar assessments were contracted in time, but were delayed due to the COVID 19 crisis. At present all assessments have been carried out by the auditors, who are currently preparing their reports. No major issues related to the ongoing pillar assessments have been brought to FPI's attention.

In order to provide assurance, FPI relies on ex-ante and ex-post controls and monitoring as well as on specific mitigating measures:

- **financial reporting** (delegated management reports) by the missions as fixed in the agreements concluded between the Commission and each CSDP Mission;
- obligatory **external audits** before all final payments, also specified in the agreements;
- **monitoring** missions by FPI project managers; missions where financial management is identified as "at risk" may be subject to more intensive monitoring and support and FPI is putting in place arrangements to allow external procurement experts to be made available on an ad hoc basis to assist and advise missions;

²⁷ EUAM Central African Republic is not yet ready for a Pillar assessment, and the final Pillar assessment report for EUBAM Libya is pending.

- **monitoring/assessment of Art. 154 compliance missions** by FPI staff: all pillar-assessed missions are subject to monitoring. Such missions take place six months after a mission started in full indirect management mode. Subsequently - approximately every two years - compliant missions will be assessed again by an external auditor under dedicated Terms of Reference;
- obligations regarding the main elements (procurement, segregation of duties, accounts and external audits) are specified in the agreements concluded between the Commission and each CFSP mission. Progressive implementation of the Article 154 (formerly Article 60) criteria by the missions, is subject to verification by the Commission.

Additional specific mitigating measures for not fully compliant missions:

- all procurement of more than EUR 20 000 is subject to **mandatory prior approval by the FPI HQ;**
- **clearing of pre-financing for non-pillar assessed missions** is done only based on audited final report.

Supervision Missions

Supervision Missions are a management tool to assess the effectiveness and efficiency of the management and control systems in place in EU Delegations implementing FPI instruments. They cover the Instrument contributing to Stability and Peace and the Partnership Instrument. With the diversity of instruments and countries where FPI is active, there is a need for a tool to control and balance in an organised way the risks related to the complexity of its operations.

On the basis of a risk analysis, FPI selects a sample of decentralized spending units. Following a thorough assessment of each of them, as well as an on-site visit, FPI is in a position to identify the interaction between all the actors involved in the system, to highlight shortcomings and issue recommendations.

Since 2015, 21 Supervision Missions have taken place. All the Delegations hosting a FPI Regional Team and the majority of the antennae managing the Partnership Instrument have now been supervised during the last three years.

The purpose of these Supervision Missions is to check not only whether Delegations and Regional Teams have the capacity to manage the responsibilities deriving from the sub-delegation but also whether the Internal Control Standards are correctly applied.

Their results allow FPI to draw conclusions on lessons learned and to share good practice and information, which can be used in management decisions at all levels. Therefore, they are a key tool in helping the Head of Service to make FPI a secure place to spend the public money entrusted to the organisation.

FPI had planned two Supervision Missions in its annual plan for 2020: the EU Delegation Mexico and the Regional Team Asia (in Bangkok, Thailand).

The Supervision mission concerning the EUD in Mexico was performed fully remotely, as no field work was possible, due to the travel restrictions introduced in connection with COVID 19. The draft report for the Supervision Mission EUD Mexico is pending, but the preliminary conclusions show that management and control systems of the EUD Mexico are considered as fully effective when it comes to the management of FPI funds. The Supervision mission report will most likely include a number of recommendations on minor improvements needed in the internal control system of the Delegation.

As regards the Supervision Mission to the Regional Team in Bangkok, preparation of the field work is under way, but the mission has been temporarily postponed, due to COVID 19 related travel restrictions.

Follow-up of recommendations:

The exercise to follow-up on outstanding recommendations and agreed upon actions stemming from previous FPI Supervision Mission reports launched at the end of 2019, was finalised by mid-2020. All Regional Teams and Antennae concerned provided updates on the implementation of their respective action plans duly supported where necessary by completing a table 'follow-up Action Plan final Supervision Report'.

The conclusion that could be drawn from this exercise is that the majority of the previously agreed actions were implemented on time. The few open actions are monitored closely, and will together with all implemented actions be reviewed during future Supervision Missions.

1. *Effectiveness = the control results and benefits*

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

Legality and regularity of the transactions

FPI is using internal control processes to ensure the adequate management of the 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 sampling method applied by FPI for ex-post controls is stratification per instrument and per risk category (low, medium, high). Both the detailed risk assessment (carried out based on specific criteria for each instrument) and the stratification per risk are carried out in accordance with the relevant guidance. The cost-benefit ratio and the geographical spread are also taken into account for the preparation of the annual plan of ex-post controls.

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	306,282	46,017	14,657	34,043	400,999
(B) Total cost of audit	148,850	84,325	78,603	24,831	336,609
(C) Average cost of audit (total audit cost/number of audit assignments)	16,539	21,081	8,734	12,416	14,025
(D) Efficiency ratio ((A)/(B))	2.06	0.55	0.19	1.37	1.19

FPI has quantified the cost of the resources required for carrying out the controls described in the AAR and estimates, insofar as possible, their benefits in terms of the amount of errors detected by these controls. 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 1.19 ⁽²⁸⁾, which is a slight increase from 1.1 in 2019.

In addition, there are a number of 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. FPI considers therefore these controls necessary. In case the controls were not performed, the totality of the FPI appropriations would be at risk. These non-quantifiable benefits are not directly reflected in our conclusion on cost-effectiveness (ratio benefits/costs).

²⁸ EUR 1.19 of ineligible expenditure were detected for every EUR spent in ex-post control.

Multiannual error rate (MER): FPI took 2014, the first year of the multiannual financial framework until 2020 and of the new instruments, as its base year for reporting this new requirement. Therefore, 2020 is the seventh year of using the multiannual approach of reporting on ex-post controls. The results based on these seven years (2014-2020) are presented below.²⁹

²⁹ The planning of ex-post controls is still done on an annual basis

Table: Multiannual Residual Error Rate (MRER)

a	b	c	d	e	g	h	i	j	k	l	m	n	o
	Activity	Payments made in 2014 - 2020 (€)	Number of ex-post controls	Sampled amount verified (includes previous years)	Related total amounts paid (incl. prefinancing)	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 (%)
19.02	Crisis response and global threats to security (IfS/lcSP)	1.668.584.021	67	137.917.254	222.770.777	221.864.733	3.759.426	2.461.777	599.891	1,78%	1,52%	29.183.777	1,75%
19.03	Common foreign and security policy (CFSP)	2.112.062.376	39	176.283.291	281.147.634	253.550.542	1.582.842	1.510.429	693.982	0,86%	0,61%	17.402.568	0,82%
19.04	European Instrument for Democracy and Human Rights (EIDHR) - EOMs	180.449.964	14	26.649.851	33.171.947	33.171.390	78.480	78.480	44.277	0,29%	0,16%	487.119	0,27%
19.05	Partnership Instrument* (PI)	404.258.241	23	13.064.125	21.354.705	21.355.264	31.443	27.434	7.762	0,21%	0,17%	841.175	0,21%
19.05	Industrialised Countries Instrument (ICI)	37.631.981	20	31.388.568	32.339.377	32.716.160	1.810.405	986.168	561.908	3,14%	1,40%	620.417	1,65%
	FPI	4.365.354.602	143	353.914.521	558.445.063	529.941.930	5.452.191	4.078.120	1.345.913	1,15%	0,91%	47.914.640	1,10%

FPI carried out a detailed analysis of the types of errors encountered at beneficiary level as a result of ex-post controls. The majority of 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 2014-2020 takes into account total ineligible expenditure detected and corrected compared to total payments made in 2014-2020. 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.

FPI's relevant expenditure, estimated overall risk at payment, estimated future corrections and risk at closure are disclosed in Table [X] and its accompanying notes below.

The estimated overall risk at payment for 2020 expenditure amounts to EUR 8.01 million, representing 1.10 % of FPI's total relevant expenditure for 2020. This is the AOD's best, conservative estimation of the amount of relevant expenditure during the year (EUR 730 million) not in conformity with the contractual and regulatory provisions applicable at the time the payment was made.

This expenditure will subsequently be subject to ex-post controls and a proportion of the underlying errors will be detected and corrected in successive years. The conservatively estimated future corrections for 2020 expenditure amount to EUR 3.51 million. This is the amount of errors that the Service conservatively estimates will be identified and corrected by controls planned to be carried out in subsequent years.

The difference between those two amounts results in the estimated overall risk at closure of EUR 4.50 million, representing 0.62 % of the DG's total relevant expenditure for 2020 (EUR 730 million).

The overall amount at risk at closure for 2020 has decreased by EUR 1.82 million compared to the year before, even though the total relevant expenditure increased by EUR 98 million (from EUR 632 million in 2019). This is due to a decrease in the average error rate from 1.40 % in 2019 to 1.10 % in 2020, and an increase in the Average recoveries and corrections (ARC) from 0.4 % in 2019 to 0.48 % in 2020. As a result of the increase in total relevant expenditure and the increase of the ARC, the level of estimated future corrections has increased from EUR 2.53 million in 2019 to EUR 3.51 million in 2020.

In the context of the protection of the EU budget, FPI's estimated overall risk at payment, estimated future corrections and risk at closure are consolidated at Commission level in the Annual Management and Performance Report (AMPR).

Taking into account the decreasing Multi-annual Error Rate (MER), amount at risk at payment, and amount at risk at closure, FPI is of the opinion that control procedures in place are effective, and give the necessary guarantees for the legality and regularity of the underlying transactions.

Table X - Estimated overall amount at risk at closure

FPI	payments made (EUR million)	<i>minus</i> new ^a prefinancing (EUR million)	<i>plus</i> cleared ^c prefinancing [<i>minus</i> retentions (partially) released ^b and deductions of expenditure made by MS] (EUR million)	= "relevant expenditure" ^d (EUR million)	Average Error Rate (<i>weighted</i> AER; %)	estimated overall amount at risk <i>at</i> <i>payment</i> (EUR million)	Average Recoveries and Corrections (<i>adjusted</i> ARC; %)	estimated future corrections (EUR million)	estimated overall amount at risk <i>at</i> <i>closure</i> (EUR million)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Instrument contributing to Stability and Peace (IcSP)	307	287,74	238	256	1,75%				
Common Foreign and Security Policy (CFSP)	389	389,13	302	302	0,82%				
Election Observation Missions (EOMs)	10	5,08	7	12	0,27%				
Partnership Instrument (PI)	106	61,82	82	126	0,21%				
Industrialised Countries Instrument	0,42	0,00	0,33	0,75	1,65%				
Press & Info	17	0,22	13	29	0,00%				
Administrative expenditure	2	0,00	1	3	0,00%				
Cross sub-delegations	0	0	0	0	0,00%				
Total	830	744	643	730	1,10%	8,01	0,48%	3,51	4,50

Notes to the table

- (1) *[if possible]* differentiated for the relevant portfolio segments at a level which is lower than the DG total
- (2) Payments made or equivalent, such as after the expenditure is registered in the Commission's accounting system, after the expenditure is accepted or after the pre-financing is cleared. In any case, this means after the preventive (ex-ante) control measures have already been implemented earlier in the cycle.
In all cases of Co-Delegations (Internal Rules Article 3), the "payments made" are covered by the Delegated DGs. In the case of Cross-sub-delegations (Internal Rules Article 12), they remain with the Delegating DGs.
- (3) New pre-financing actually paid by out the department itself during the financial year (i.e. excluding any pre-financing received as transfer from another department). The "Pre-financing" is covered as in the context of note 2.5.1 to the Commission (provisional) annual accounts (i.e. excluding the "Other advances to Member States" (note 2.5.2) which is covered on a pure payment-made basis). Pre-financings paid/cleared" are always covered by the Delegated DGs, even in the case of Cross-sub-delegations.
- (4) Pre-financing actually having been cleared during the financial year (i.e. their 'delta' in FY 'actuals', not their 'cut-off' based estimated 'consumption').
- (5) For the purpose of equivalence with the ECA's scope of the EC funds with potential exposure to Legality and Regularity errors (*see the ECA's 2017 AR methodological Annex 1.1 point 15*), also our concept of "relevant expenditure" includes the payments made, subtracts the new pre-financing paid out [*& adds the retentions made*], and adds the previous pre-financing actually cleared [*& subtracts the retentions released and those (partially) withheld; and any deductions of expenditure made by MS in the annual accounts*] during the FY. This is a separate and 'hybrid' concept, intentionally combining elements from the budgetary accounting and from the general ledger accounting.
- (6) In order to calculate the weighted Average Error Rate (AER) for the total relevant expenditure in the reporting year, the detected error rates have been used.–
- (7) The 7 years historic Average of Recoveries and financial Corrections (ARC), is the best available indication of the corrective capacity of the ex-post control systems implemented by the DG over the past years, the AOD has not adjusted this historic average, as no events justifying such a correction took place.
The adjusted ARC used in column 8 was provided by DG BUDG.
- (8) For some programmes with no set *closure* point (e.g. EAGF) and for some multiannual programmes for which corrections are still possible afterwards (e.g. EAFRD and ESIF), all corrections that remain possible are considered for this estimate.

- **Fraud prevention, detection and correction**

On 19 May 2020, FPI was one of the first services in the Commission to adopt its revised Anti-Fraud Strategy (AFS), which describes actions necessary for the Strategy's implementation through the achievement of general objectives. Most notably, its Objective (4) includes a specific Action Plan (AP) in the area of the Common Foreign and Security Policy (CFSP), specifically addressed, not only to Common Security and Defence Policy (CSDP) Missions, but also, for the first time, to the EU Special Representatives (EUSRs) and the Kosovo Specialist Chambers (KSC). In line with this, at the end of 2020, the KSC promulgated their internal updated AFS and AP. FPI and the other relevant actors under the CFSP budget implemented various anti-fraud measures too, notably in terms of training and awareness in line with their Action Plans.

FPI actively participated in the Commission AFS via the FDPNet and the external actions subgroup that identified a number of deliverables. FPI started working with OLAF, DG HOME and ECHO on the implementation of measure 29 of the Commission Anti-Fraud Strategy (CAFS) Action Plan related to the evaluation of risks for emergency spending.

FPI has three closed cases for which it has to follow up OLAF financial recommendations. Two of these have been partially implemented. FPI and EEAS informed OLAF that the third one could not be implemented for legal reasons.

a) Detection:

In December 2020, there was one ongoing investigation concerning a project managed by FPI for another DG.

FPI continues follow up of a number of closed cases, for which it has recommendations to comply with.

In December 2020, FPI had two cases under selection concerning grant contracts.

b) Prevention:

In parallel with the adoption of its AFS, FPI reappointed anti-fraud contacts points in all the Units and Regional Teams. All FPI staff had also to follow a compulsory "OLAF for all" training.

In 2020, all CSDP Missions, EUSRs and the KSC officially designated a single anti-fraud contact point. Accordingly, FPI.3 established a full list of single AF contact points of all CFSP entities.

FPI provided, with the support of OLAF, specific anti-fraud training in the area of CFSP to 12 staff members in Headquarters, as well as to 28 staff members of the CSDP Missions, EUSRs and the KSC (mostly, anti-fraud contact points; finance, administration and procurement officers).

In 2020, FPI.3 launched the review of the “EUSR Standard Operating Procedures (SOP)”, which will become a comprehensive “EUSR Manual”. The Manual will also include a specific chapter on anti-fraud, OLAF, ethics and integrity-related issues.

c) Follow-up

Generally, to ensure due reaction to suspected fraud and to assure the timeliness in recovering sums unduly spent, FPI worked in close cooperation with OLAF on ongoing cases and replied quickly to information requests from OLAF investigators.

In addition to the annual ex-post control plan, when FPI identifies contracts/grants at a higher risk of fraud, it subjects them to an external audit with specific objectives to check the absence of fraud. This has been done six times in 2020 but some of the audits have been delayed by the Covid-19 crisis.

The IAS conducted an audit in 2019 on CFSP Missions. FPI 3 has implemented all the anti-fraud recommendations that fall within its remit. In particular, due to Covid-19 circumstances, the planned Brussels-based training for all CSDP Missions was replaced by five webinars on the Vade-mecum addressed to the procurement and verification officers of all CSDP Missions. Amongst them, four webinars were organised at the end of 2020 (regarding CSDP Missions’ closure, accounting, foreign currency and internal controls). A fifth webinar (on procurement, data protection, document management, external audits and anti-fraud) will take place in 2021.

d) Exchanges with OLAF

Relevant information received by FPI was shared with OLAF in 2020 proactively and in a timely manner. This concerned eight potential cases. In parallel, FPI also provided information to OLAF exercises of monitoring the implementation by FPI of the administrative and financial recommendations following the closure of OLAF investigations.

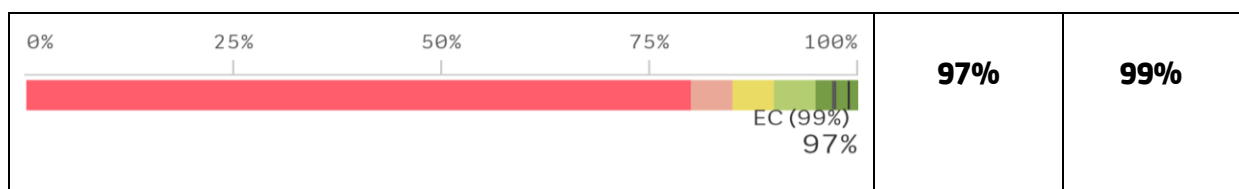
Conclusion

Based on all the available information, FPI concludes that it has sufficient assurance on the achievement of this internal control objective. However, the Covid-19 crisis has an impact on controls, monitoring of projects and audits with an increased risk of fraud, especially if this situation continues in 2021.

2. Efficiency = the Time to... Indicators and other efficiency indicators

Timely payments: In 2020, 97% of the amount managed by FPI was paid on time compared to 99% for all the EC. EUR 21 million were paid later due mainly to a prioritisation of payments at the end of the year where some payments were delayed awaiting the reinforcement of payment appropriations or due to a value bank execution longer than the average delay.

Timely Payments	DG Score	EC Score
------------------------	-----------------	-----------------



Amounts to disburse (reste à liquider): The RAL at the end of the year decreased by EUR 65 million, a decrease of 6% compared to the RAL at the end of 2019. This decrease is linked mainly to CFSP where an operation of de-commitments was conducted during the year.

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.

In 2020, FPI put more emphasis on 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. The financial circuits (both Headquarters and Delegations) were updated accordingly in order to reflect the latest developments and to better address inefficiencies in processing financial transactions.

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

3. Economy = the estimated cost of controls

FPI conforms to 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 2020 for FPI is estimated at EUR 3.98 million, that is 0.48% of operational payments executed in 2020 (EUR 830.22 million), which is lower compared to the previous year (0.54% in 2018 and 2019).

For FPI Headquarters, the approximate cost of ex-ante controls is EUR 2.87 million, whereas the cost of ex-post controls is EUR 1.11 million (with the total of EUR 3.98 million as presented in the table below).

		Cost of controls by management mode (EUR million)		
		2020	2019	2018
Direct	Grants	0.74	0.87	0.95
	Procurement	1.15	1.06	1.05
Indirect		2.10	1.98	1.93
Total		3.98	3.91	3.93

Based on the analysis of the total cost of controls for 2020 and its trend over the last three years, FPI concludes that the controls put in place by FPI are cost effective. Information on the cost of administration related to indirect management (entrusted entities) is presented in Annex 10.

4. Conclusion on the cost-effectiveness of controls

During 2020 the Service's control environment and control strategy was affected by the COVID 19 crisis. In order to mitigate the effects of COVID 19 the Service put in place a number of measures (fully detailed under point E in part 1), that limited the impact on the Service's control environment and control strategy. As previously indicated, controls in 2020 met the internal control objectives (for legality and regularity; fraud prevention, detection and correction) as they did in 2019 (effectiveness). The indicator "Timely payments" showed that 97% of payments were made within the legal time (efficiency). In addition, the total cost of controls in 2020 for FPI was estimated at 0.48% of operational payments, which is lower than that in previous years (economy). 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 9 on Global Europe in the 2019 ECA Annual Report, common to DG DEVCO, DG NEAR, DG ECHO, DG TRADE and FPI included one specific recommendation for FPI: *"No time-recording system for a project aimed at preventing violent extremism on Tunisia's southern*

borders” for which FPI’s action plan was duly included in the ECA 2019 Annual Report (for details please refer to Annex 7).

The findings from the Court of Auditors regarding the first eight transactions audited for the 2020 Statement of Assurance, batches #1, #2 and part of #4 resulted in no findings. Two more transactions, part of batch #4 of the 2020 Statement of Assurance, were still ongoing at the date of writing of this report (for details please refer to Annex 7).

Two recommendations from ECA Annual Reports were still open at 31 December 2020 (for details please refer to Annex 7):

- 2013/AUD/0164 (from DAS 2013) – where FPI is chef de file – which refers to the pillar assessment of the CFSP missions. Out of the 10 CSDP Missions covered by the recommendation, only one has not yet been declared compliant with the 6-pillars assessment. It involves EUBAM Libya for which the efforts to reach compliance continued in 2020: a follow-up audit has been recently performed and as a result a road-map is being updated to fulfil the remaining recommendations that are still blocking EUBAM from graduating. To be noted that the Covid-19 crisis, related travel restrictions and the extremely challenging geographical environment and lack of staff in this Mission has contributed to slowing down the progress towards compliance.
- 2019/AUD/0235 (from DAS 2019) – where FPI is associated DG to DG INTPA as chef de file – which refers to the absence of a time-recording system for a project in Tunisia (see above). The implementation of this recommendation is ongoing;

As regards Special Reports of the Court of Auditors, FPI was informed in 2020 of three audits touching upon FPI’s responsibilities, for which the Court however did not address any formal written requests to FPI in 2020:

- The EU action plan against Disinformation;
- Rule of law in Ukraine / EU support to fight against grand corruption in Ukraine;
- EU support to SME internationalisation.

Internal Audit Service (IAS)

Based on all work undertaken by the Internal Audit Service in the period 2018-2020, 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 the EU Visitors Programme in the Service for Foreign Policy Instruments (2020);

and taking into account that:

- FPI Management has accepted all the recommendations issued in 2018-2020;
- 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 by the auditors, except for the audit on pillar assessment in the external action family where management has not yet adopted an action plan (*this action plan was submitted to IAS on 16 February 2021*);
- The implementation of these action plans is monitored through reports by management and follow-up audits by the IAS;
- Management has assessed a number of action plans as implemented which have not yet been followed up by the IAS;

the Commission's Internal Auditor concluded on 12 February 2021 that the internal control systems in place for the audited processes are effective, except for the observations giving rise to three 'very important' recommendations.

These recommendations are: number 16 and 26 of the Audit on pillar assessments in the external relations family, and number 1 of the Audit on performance management in FPI (detail of all recommendations issued in the final audit reports concerned can be found in Annex 7).

FPI accepted all 3 recommendations and established Action Plans to address them.

It is foreseen that recommendation 16 and 26 of the Audit on pillar assessment in the external relations family will be implemented by the drafting of a detailed internal FPI note due on 30 June 2021. The note will define the Pillar assessment procedures, clarify among others the process for dealing with substantive changes, FPI's involvement in meetings and in drafting assessment report analysis, and set standards for the documentation of the pillar assessment review process.

The agreed actions to address recommendation 1 of the Audit on performance management in FPI will be implemented progressively. As a first step FPI has established an Inter-unit working group on performance management, which will meet for the first time on 25 February 2021. This group will discuss and monitor the implementation of the action plan agreed with IAS. The recommendation is expected to be fully implemented by the end of 2021.

In addition to the above, FPI has analysed the impact of recommendation 18 of the IAS Pillar assessment audit (addressed to INTPA, and fully detailed in Annex 7) on the Service's operations. The result of this analysis was that no quantified reservation should be issued in line with the application of the 'de minimis' rule³⁰ In addition FPI carried out an extended analysis with regard to the weaknesses identified by IAS, covering the main pillar assessed

³⁰ The calculations leading to this conclusion showed a financial importance of the segment concerned of 0.99%, with a financial impact of 165,020 EUR.

entities not included in the IAS sample. This analysis, which included 9 entities representing 75% of all pillar assessed entities to which FPI made payments in 2020, also concluded that the impact of identified weaknesses was below the de minimis threshold.³¹

Conclusion

In 2020, there were no critical findings or critical recommendations and a limited number of findings overall related to FPI from audits conducted by the Commission Internal Audit Service (IAS) and the European Court of Auditors (ECA).

Information on the follow-up to recommendations stemming from IAS audits finalised before 2020, 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 2017³². To this end the following actions were undertaken in 2020:

- The internal control monitoring criteria, following an internal discussion and validation process with management were communicated to the HR/VP and reported together with the Management Plan 2020.
- Risk analysis and updates of the FPI Risk Register, were carried out three times in 2020, while maintaining that it should be realistic and take into account cost/benefit aspects in order to avoid disproportionate control measures which may negatively impact on effectiveness, efficiency and smoothness of operations and thus of budget execution.
- The three updates included the two regular biannual updates in June and December, and an ad-hoc risk assessment of risks related to the Covid crisis, launched by Central services.

Following the peer review held on 4 December 2020, three types of risks were identified as

³¹ The calculations leading to this conclusion showed a financial importance of the segment concerned of 1.49%, with a financial impact of 246,784 EUR.

³² Communication on the revision of the Internal Control Framework C(2017)2373

critical:

- Risks related to international contractual staff in CSDP missions, identified for several years as critical and reduced to high in 2019, was upgraded again to critical because of an ongoing legal case (“Jenkinson/Commission”);
- Risks related to delays in implementation of audits and controls due to COVID-19, as continuous travel restrictions may necessitate downgrading of audit/control scopes, negatively affecting the quality of audits/controls;
- Risks linked to the delay in implementation of the new financial management tool for the external relations family (OPSYS).

Regarding the effectiveness of internal control and financial management, FPI considers that the control procedures put in place give 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 the FPI to its key risks. In addition, further enhancing the effectiveness of FPI control arrangements in place, by taking into account among others any control weaknesses reported and exceptions recorded, 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 the purposes of this report, using the Internal Control Assessment Tool (ICAT) survey initially managed by DG BUDG and managed directly by FPI for the second time. Questions raised were the same as those of the previous year. Overall 59 staff from Headquarters and Regional Teams were invited to complete the survey (similar to 58 last year), out of which 16 to the management survey, and 43 to the staff survey. 35 persons replied in the staff sample (81%), and 15 persons in the management sample (94%).

Results indicate an overall effectiveness rate of 90%, which presents a net increase compared to previous years (an effectiveness rate of 76% in 2018 and 83% in 2019).

The weighted effectiveness of the Internal Control Standards (for 2017) and Internal Control Principles (for 2018 and 2019) is presented in the table below:

Weighted effectiveness of the Internal Control Principles (ICP) in 2018-2020			
Principle	2018	2019	2020
ICP 1	81%	84%	93%
ICP 2	90%	88%	94%
ICP 3	86%	90%	91%
ICP 4	80%	75%	86%
ICP 5	68%	76%	83%
ICP 6	87%	92%	91%
ICP 7	75%	74%	88%

ICP 8	88%	88%	97%
ICP 9	69%	91%	93%
ICP 10	77%	86%	91%
ICP 11	94%	86%	92%
ICP 12	83%	77%	85%
ICP 13	79%	79%	86%
ICP 14	76%	78%	89%
ICP 15	60%	86%	88%
ICP 16	88%	97%	97%
ICP 17	81%	94%	94%
Average	76%	83%	90%

For nearly all Internal Control Principles, the weighted effectiveness increased, possibly due to a more effective perception by staff of internal control issues resulting from continued and consistent messaging to this effect at the level of the Head of Service, as well as from more frequent risk oriented meetings (eg linked to COVID-19 or Brexit) and/or specific training sessions with internal control aspects (such as on data protection or the fight against fraud).

The reasons for the highest changes of ratios (over 10 points) are diverse:

- Among the reasons for the increase in the ratio from 75% to 86% for principle 4 (commitment to attract, develop, and retain competent individuals), the following comments in the 2020 ICAT exercise can be mentioned: more online trainings because of COVID-19 pandemic.
- Among the reasons for the increase in the ratio from 74% to 88% for principle 7 (identifying and analysing risks) are the specific risks exercises conducted in 2020 (one specific COVID-19 oriented risk exercise in July 2020).
- Among the reasons for the increase in the ratio from 78% to 89% for principle 14 (internal communication, including on internal control) is again sustained communication, including in the context of COVID-19 pandemic, where FPI management has consistently stepped up communication to mitigate the risks of isolation resulting from all staff teleworking for long, uninterrupted periods of time.

Lack of compliance with Art. 154 of the Financial Regulation ("six pillars assessment") of still one of the CSDP Missions (EUBAM Libya) is an indication of internal control weaknesses. In order to address this and provide assurance in this case, taking into account the high-risk environment of the missions, FPI relies on its ex-ante and ex-post controls and monitoring as well as on the specific mitigating measures as described in section 2.1.1 of this report.

In addition, for the purpose of assessing the effectiveness of the internal control systems, the AOSD reports of the EU Delegations and Regional teams, as well as the reports for

cross-sub-delegated activities and activities managed under service level agreements, were analysed. No issues with potential impact on assurance were identified.

Considering the results of the 2020 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 2020.

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 three very important recommendations (stemming from the Audits on Pillar assessment in the external relation family, and on Performance Management in FPI) related to control environment (ICP#3) and control activities (ICP#12). For full detail on these recommendations please refer to 2.1.2 Audit observations and recommendations.

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 2020, 80 AOSD reports by the Heads of Delegations were received and analysed at HQ, 5 AOSD reports by the Heads of the Regional Teams and 5 AOSD reports by Heads of Units in FPI. The reports do not point to any issues which could have a potential material impact on the assurance.

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 three observations giving rise to a 'very important' recommendation, where the follow-up process is fully underway. The relevant recommendations, ie.. Recommendation number 1 of the audit on Performance management in FPI, and Recommendations 16 and 26 of the audit on Pillar assessment in the external relations family, are set out in further detail in the paragraph on the Internal Audit Service in Section 2 above.

Legality & regularity based on RER results

The multi-annual residual error rate (RER) for 2014-2020 takes into account total ineligible expenditure detected and corrected compared to total payments made in 2014-2020. Based on the multi-annual RER of 1.10 %, 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

0.48% of total payments made by FPI in 2020. Taking into account 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 standards 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 adopted its revised Anti-fraud strategy (AFS) on 19 May 2020. The AFS was , elaborated on the basis of the methodology provided by OLAF.

Overall Conclusion

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 her capacity as Authorising Officer by Delegation has signed the Declaration of Assurance.

2.1.5 Declaration of Assurance

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 view³³.

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 institution.

Brussels, 31 March 2021

.....

(signed)

Hilde HARDEMAN

³³True 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

A key challenge in 2020 for the Service was to make sure that scarce resources are used for optimal impact in the interest of the EU. Optimally targeting and calibrating interventions requires a sustained effort and dedicated capacity. Recruiting, developing, retaining and motivating competent and engaged staff, while ensuring diversity and gender balance, remained a major objective for the Service, taking into account the specific circumstances resulting from the impact of COVID-19 on the Service's working environment.

In terms of digital transformation, FPI cooperated with DG DIGIT to achieve the main objectives of the EC Digital Strategy 2020 Implementation Plan, adopted in March 2020.

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.

Contributing to sound environmental management likewise remained a priority, with a focus on waste reduction and recycling, a paperless office, and promotion of tap water. The teleworking arrangements resulting from the COVID-19 pandemic and the related further progress that was made in completing the already far advanced work on paperless circuits in the Service contributed certainly to a paperless office, but made it less relevant to focus on waste reduction and recycling and on the promotion of tap water in the office.

2.2.1 Human resource management

FPI manages financial instruments with a worldwide outreach and increasing budgetary responsibilities with limited human resources.³⁴ It is therefore of utmost importance to employ these human resources effectively and flexibly for optimal impact in the interest of the EU.

In 2020, to deliver on the Commission's priorities and core business, the Service continued to use its human resources to maximum efficiency by continuously assessing the allocation of posts to the respective activities, and notably in preparation for the expansion of the FPI as of 1 January 2021. The preparation for the transfer of the activities under Article 5 of the IcSP from the former DG DEVCO and taking on the duties of Administrator of the new European Peace Facility (EPF) included a reorganisation, which saw the creation of three new units.

In order to meet the objective of maintaining a vacancy rate as close as possible to 0 and in any case lower than the Commission average, also during the Service's expansion, the Service further streamlined and implemented new internal selection and recruitment procedures. On average, and notwithstanding delays resulting from the COVID-19 pandemic, during 2020 the vacancy rate was at 0.9 % (EC average 3.1%).

³⁴ See above 'The Service in brief'.

The Service met the objective of ensuring an efficient integration of staff by elaborating and implementing new procedures and a welcome package for newcomers.

FPI kept its focus on wellbeing as part of the follow-up to the 2018 Staff Survey and organised a Health and Wellbeing Month in February 2020. The COVID-19 pandemic increased the need to monitor the wellbeing of staff closely. The corporate pulse surveys have been a useful tool for this purpose. FPI management team meetings have had wellbeing as a recurring point on the agenda and dedicated time to discuss wellbeing during management seminars. In addition, the Head of Service has increased her outreach to staff even further, to ensure that staff feel part of the FPI team, and are well informed about developments.

The pandemic did not hinder the Service to meet the objective of continued competency development. The training day foreseen within the annual FPI Days was replaced with tailor-made, high-level trainings offered to staff in a new online format; VirtuallyOne. DG HR Pulse Surveys have provided indications of continued high levels of staff engagement. The next Staff survey will give a fuller picture.

The Service is committed to supporting the Commission's overall objective of a gender-balanced management and has reached its current target for first appointment of female middle managers. The FPI continues aiming to maintain equality of representation in middle management functions and strives for gender balance also for Deputy Head of Unit functions, in alignment with the corporate goals.

2.2.2 Digital transformation and information management

In the context of the COVID-19 crisis, the main priority for FPI was to provide for effective teleworking and to offer support to staff so that colleagues could make the most of the digital tools available. FPI cooperated closely with DG DIGIT to address specific issues and equip every staff member with a corporate laptop; FPI, in cooperation with DG DIGIT, thus ensured that 100% of staff had corporate laptops by the end of 2020 (compared with 80% the year before).

In terms of digital transformation, FPI was integrated in DG DIGIT's outreach to achieve the main objectives of the Digital Strategy 2020 Implementation Plan, adopted in March 2020. FPI accomplished the mapping of main FPI digital needs based on the Digital Solutions Modernisation Plan (DSMP), introduced Skype for Business in March 2020 and was among the early adopter services when it came to piloting new digital cooperation tools, in particular M365 and Microsoft Teams, in daily workflows (e.g. through dedicated FPI guidelines on online meetings and cooperation).

Additionally, FPI streamlined the use of existing online cooperation platforms, and undertook the planning for a reorganisation of its MyIntraComm page to be implemented following FPI's reorganisation and the entry into force of the new MFF in 2021.

In terms of data protection, FPI 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 it was reviewed by C(2020)7625. FPI finalised the pending records and corresponding privacy statements of its existing inventory of 9 processing operations.

To ensure that all staff members embed data protection in their daily work, FPI organised awareness raising activities and trainings. The established network of data protection focal points in FPI Units and Regional Teams in EU Delegations was maintained.

Concerning international data transfers, the current data protection legislation allows international transfers of personal data in principle if the EU standards for the protection of the rights and freedoms of the data subject are guaranteed also after the transfer.

Moreover, the invalidation of the EU-U.S. Privacy Shield (the Schrems II judgement) poses concrete challenges for services transferring personal data to third countries or using international cloud services. In view of the recent CJEU ruling, measures have to be taken to ensure lawful transfers of data to third countries. As a first step, FPI established an inventory of all its processing operations that involve transfers of personal data to third countries and took supplementary measures towards ensuring lawful transfers in the context of “high risk” contracts. FPI will continue to assess its processing activities in light of the requirements of the Schrems II ruling and will coordinate with relevant Commission services, as well as the Data Protection Officer to ensure compliance on this matter.

The Commission services, coordinated by the Data Protection Officer, replied to a request from the European Data Protection Supervisor (EDPS) to all EU institutions to identify and map their international transfers and to report certain categories of transfers and are awaiting the EDPS’ reaction. The goal is to minimise the risks linked to ongoing and future international transfers of personal data, in order for operations undertaken by the Commission services to comply with EU data protection framework. In that respect, further guidance is expected from central Commission services and the EDPS.

Concerning data protection training and awareness raising, by the end of 2020, all managers and data protection focal points as well as at least 50% of all staff had attended at least one awareness raising activity and/or training on data protection. In line with the Action Plan, the role of senior management towards promoting data protection as each staff member’s responsibility has been very active. Finally, regarding data subjects’ rights, FPI issued instructions for staff members to inform them about the procedure to be followed in case they receive a data subjects’ right request.

Procedures were in place during 2020 to follow up on the correct and timely attribution and filing of documents. As a first priority, FPI paid attention to ensuring business continuity to secure the effective delivery of its operations and to guarantee sound document management. The Service moved to full paperless financial circuits in July and the transition was successfully embedded by the end of the year. The management of information during 2020 improved compared to the last two years. The number of Hermes-Ares-Nomcom (HAN) files not filed was 3.5% (versus 4.2% in 2019 and 5.2% in 2018). The percentage of HAN files shared across services increased to 18% (versus 14.3% in 2019 and 2018).

A single central archive now exists providing for easy document location allowing FPI to meet its legal obligations to retain information on matters for which it is accountable as well as facilitate internal and external audits in the coming years.

2.2.3 Sound environmental management

For 2020, the FPI had set objectives for waste reduction and recycling, a paperless office, and the promotion of tap water.

As it was an atypical year, the objectives will be reiterated after the return to office post-COVID-19, but teleworking being the standard working method through much of 2020 has meant a further shift towards paperless working methods, which the FPI aims to maintain.

During lockdown, the Service has used virtual meetings instead of missions wherever appropriate and economical. This has contributed and will contribute further to greening the FPI's working methods as a service dealing with external relations.

2.2.4 Example of initiatives to improve economy and efficiency of financial and non-financial activities

Pooling of resources and central stocking of equipment for CFSP and CSDP Missions

To contribute to and assist in 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. Since then, the MSP was progressively reinforced with additional staff, now counting altogether 19 staff members out of which five are embedded in FPI focussing on procurement and finance. The remaining 14 staff members are embedded in EEAS-CPCC with expertise in logistics and software development. During 2020, the MSP continued to focus on the adoption of harmonised and simplified operating procedures in CSDP Missions, contributing to a more responsive civilian CSDP, by focussing on the implementation of a single IT platform (ERP – Enterprise Resource Management) connected to HQ and the Warehouse II project, the provision of a set of Framework contracts managed by HQ and standard guidelines and manuals on procurement and financial matters for the benefit of CSDP Missions.

The Warehouse II project, conducted by external operator and established in 2016, is an example of pooling of resources in itself. The Warehouse provides all CSDP Missions with rapid access to strategic items, such as soft skin vehicles or personal protective equipment as well as logistical services (IT, fleet management, etc.). During 2020, with the support of FPI and the EEAS-CPCC, the Warehouse developed more automated and user-friendly ordering procedures to facilitate its use by civilian CSDP Missions, and better meet their demands, notably with regard to the roll-out of the procurement module under the Enterprise Resource Planning system. The Warehouse II project, as of today, is considered to be fully operational and discussions on the follow-up Warehouse III project have started in spring 2021.