



Annual Activity Report 2021

SERVICE FOR FOREIGN POLICY INSTRUMENTS

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FOREWORD OF THE HEAD OF SERVICE

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

In 2021, 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 Instruments are diverse and often complex, frequently implemented in volatile, fast-evolving environments, with operations in high-risk and conflict-prone situations. The instruments that the Service manages must respond rapidly and flexibly to changing policy priorities. An example of this is how FPI responded to the COVID-19 pandemic by contributing to the Commission's Team Europe response and by adapting the deployment of missions to prevailing sanitary conditions.

In 2021, the Service contributed to the implementation of the comprehensive approach to conflicts and crises through timely interventions under the Rapid Response Pillar of NDICI-Global Europe and through Common Foreign and Security Policy actions, for example in the countries of the Sahel, Libya, Afghanistan, Ethiopia, Belarus, Moldova and Colombia. Through these actions, the Service contributed to conflict prevention, mediation and dialogue, confidence building and post-conflict peace building and the promotion of effective global governance and multilateralism. Close cooperation between crisis response actions and Common Security and Defence Policy (CSDP) Missions, e.g. in Libya, demonstrate how our Service makes the integrated approach a reality.

The Service also took on responsibility for the Peace, Stability and Conflict Prevention under the Thematic Pillar of NDICI-GE as well as the remaining activities under the long-term, programmable component of the Instrument contributing to Stability and Peace (IcSP) focused on addressing global, transregional and emerging threats, thereby strengthening its role as a security actor. 129 ongoing actions aimed at strengthening the capacity of law enforcement and judicial and civil authorities to address or mitigate threats stemming from terrorism and organised crime, from chemical, biological, radiological and nuclear substances and materials, cyber and maritime security threats, and the global and transregional impacts of climate change.

Furthermore, through the ongoing implementation of the Partnership Instrument (under MFF 2014-2020), the Service worked to project EU interests abroad in areas ranging from trade and investment, climate change and the protection of the environment, over migration, to security and defence. Actions helped to accompany trade negotiations, muster support for climate change action, and influence decision making on standard setting world-wide, helping to create a level playing field and contributing to the rules-based multilateral order.

The Service also financed and prepared 27 electoral missions – including six fully-fledged Election Observation Missions. These missions were deployed worldwide to promote democracy and consolidate stability in sometimes volatile security conditions.

Another important feature in 2021, was that the Head of Service of FPI was appointed Administrator for European Peace Facility (EPF) assistance measures and implementation of this new off-budget instrument started. The Service also 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).

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 2021, the Service for Foreign Policy Instruments once again demonstrated its ability to provide the fast and flexible support for EU foreign policy that has become its trademark.

As crises unfold around the world and rules-based multilateralism is under pressure, building alliances, promoting human rights and other EU core values, and working for conflict prevention, crisis response, security and peace building will remain high on the EU's political agenda. This makes it paramount to ensure and further reinforce the effective and efficient management of our operations 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 2021. I thank all colleagues for their contribution to making this possible.

Marc Fiedrich,
FPI Acting Head of Service

Brussels, 31 March 2022

List of acronyms

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

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

THE SERVICE IN BRIEF

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

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

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

In 2021, the Service assumed responsibility for the long-term, programmable component of the Instrument contributing to Stability and Peace relating to global and transregional threats, and has full responsibility for the new thematic programme on peace, stability and conflict prevention under NDICI-Global Europe.

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

Since March 2021, the Service has been in charge of managing assistance measures funded under the newly established off-budget European Peace Facility (EPF).

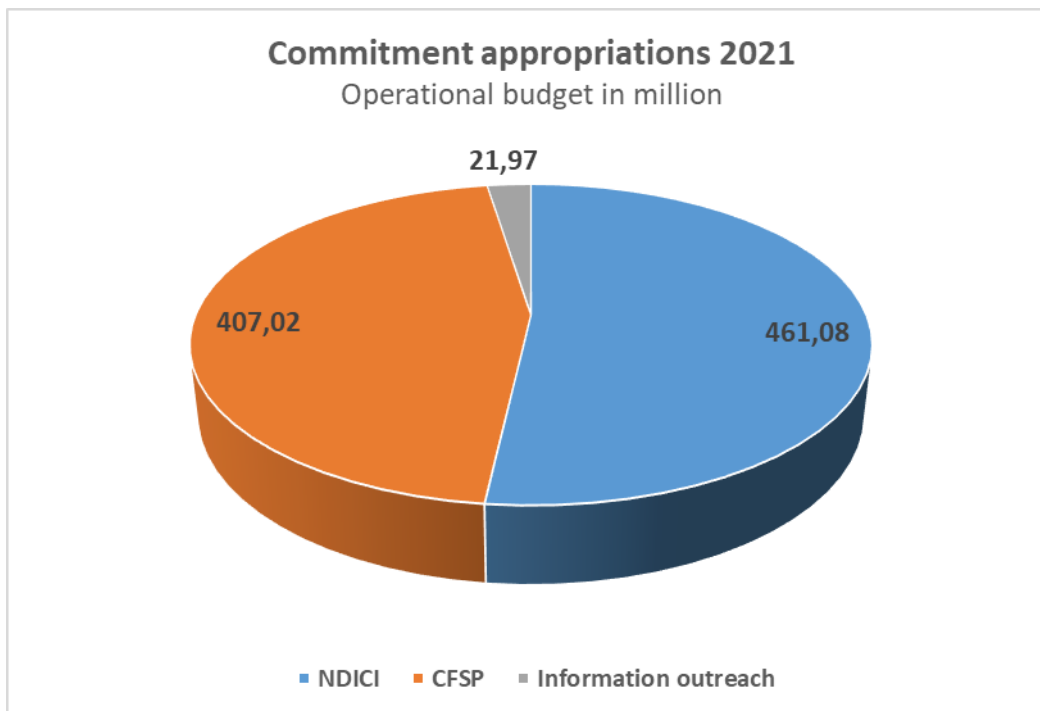
These different instruments contribute to the implementation of the Lisbon Treaty, Article 21(2)(c), under which the EU seeks to preserve peace, prevent conflicts and strengthen international security, in accordance with the purposes and principles of the United Nations Charter, the Helsinki Final Act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

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

- The evolution of world events: in addition to being guided by the EU's policy objectives and interests, the Service's activities are shaped by external events and

the evolution of the world political situation;

- The global scale and complexity of the EU's relations with the rest of the world: FPI's responsibilities require intensive coordination with the EEAS, all Commission services as well as with external stakeholders;
- Context and security environment: many of the Service's actions take place in high-risk and conflict-prone situations, with a volatile security environment;
- Financial responsibility: the implementation of the operational budget for 2021 amounts to EUR 890 million in commitments and EUR 867 million in payments. As regards EPF, in 2021 FPI committed EUR 135 million and paid EUR 4 million under EPF (implemented budget).



FPI Intervention logic



EXECUTIVE SUMMARY

This Annual Activity Report is a management report of the Head of Service of the Service for Foreign Policy Instruments to the College of Commissioners. Annual Activity Reports are the main instrument of management accountability within the Commission and constitute the basis on which the College takes political responsibility for the decisions it makes as well as for the coordinating, executive and management functions it exercises, as laid down in the 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 2021, 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 challenges faced by FPI for actions under NDICI-Global Europe, IcSP, CFSP, PI and EOMs to achieve targeted results in 2021 included the integration of a new multi-annual financial framework as well as the continued COVID-19 pandemic. The Service needs to constantly adapt its 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 EPF, for which the Service acts as administrator for assistance measures, was established on 22 March 2021. FPI has been working on the set-up of the regulatory and financial architecture of the EPF throughout 2021 - in cooperation with the Commission's central services, the EEAS and the Council Secretariat. The Service started implementing the first assistance measures adopted by the Council.

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

While IcSP ended on 31 December 2020, numerous interventions were launched and implementation continued under its scope in parallel with new interventions under the NDICI-Global Europe where non-programmable crisis response actions fall under the Rapid Response Pillar, while programmable actions fall under the Peace, Stability and Conflict Prevention component of the Thematic Pillar.

Throughout 2021, crisis response actions continued to display a high degree of flexibility and timeliness. The transition from one financing instrument to another did not result in a

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

disruption in the EU's ability to respond to urgent needs across Europe, Asia, Africa and Latin America.

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. 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 IcSP support reflects the EU's strong commitment to the rules-based multilateral order. Work to coordinate international efforts in conflict prevention, peace building and post-conflict settings, as well as on global and transregional threats to security and peace continued with the United Nations (UN), and other international organisations as well as international and local civil society actors.

Work in 2021 under the long-term, programmable component of IcSP focusing on addressing global and transregional threats, was guided inter alia by the adoption of new EU strategies and action plans on counterterrorism, organised crime and trafficking in human beings. Ongoing IcSP actions in these fields took into account the external dimension and orientations of these new strategies, supporting partner countries in building and enhancing their prevention and response capacities.

In parallel with implementation of ongoing IcSP actions, the Service worked to ensure that the programming framework for the new thematic programme on Peace, Stability and Conflict Prevention for 2021-2027 under the NDICI-Global Europe², was in place. This paved the way for the adoption in December of the first annual action plans under the new instrument, while several individual measures were adopted already earlier in the year for urgent actions.

The actions contributing to the Team Europe initiative addressing the COVID-19 crisis that were launched in 2020 continued during 2021, including in the area of disinformation and digital peace building.

CFSP and EU electoral missions under NDICI-Global Europe

In 2021, the EU continued to demonstrate its commitment to preserving peace, preventing conflicts and strengthening international security on many levels. Via its deft and flexible handling of the CFSP budget, FPI ensured that CFSP actions decided by the Council could be implemented swiftly, thus committing a total of EUR 407 million.

When it comes to election observation, in 2021, FPI implemented 27 missions and supported 17 electoral processes.

Partnership instrument/ Response to Foreign Policy Needs under NDICI-Global Europe

In 2021, the PI continued to contribute to EU external action by supporting its foreign policy, articulating and implementing the external dimension of internal policies, leveraging the

² Regulation (EU) 2021/947 of the European Parliament and of the Council of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe, *OJ L 209, 14.6.2021, p. 1–78*

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 PI maintained a high level of operations with 25 stand-alone actions adopted with a budget of EUR 81.9 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 32 and 14 actions were contracted in 2021.

Activities under the PI contributing to addressing COVID-19 under the Team Europe initiative continued by leveraging the EU's role as policy maker and standard-setter to address and contain the negative impact of the pandemic on global health and in socio-economic terms.

Further to the adoption of NDICI-Global Europe, 9 actions addressing EU Foreign Policy Needs for a total budget of EUR 13 million were adopted, including for example "Building a new relationship with the United Kingdom", "EU-US Trade and Technology Dialogue" and "Platform Disinformation and Foreign Information Manipulation & Interference". The identification and formulation of actions under the instrument's geographical pillars (Asia-Pacific and Americas) advanced in 2021 in view of commitment of funds in 2022.

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, even though the necessary consensus could not be found at the Plenary held on 8-12 November 2021.

As regards, the Commission's fight against torture and the death penalty, the Service continued to work with the UN Office of the High Commissioner for Human Rights to advance the 'Alliance for 'Torture-Free trade' to end trade in goods that could be used for torture or capital punishment.

Following up on the Commission's review report³, the informal group of experts for the Implementation of the EU "Anti-Torture" Regulation was constituted and met on three occasions in 2021. The group brings together different perspectives (advocacy, law enforcement, research, and customs) to support and advise FPI on different aspects of the Regulation.

The comprehensive report on exports authorisations⁴, the report on the activities of the Anti-Torture Coordination Group⁵ as well as that on the use of delegation of power

³ COM(2020) 343 final of 30.07.2020

⁴ COM (2021) 632final of 14.10.2021

conferred on the Commission under the Regulation (EU) 2019/125⁶ were completed with FPI’s outputs for 2021.

Assurance during the COVID pandemic

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 revision of audit/control scopes, e.g. audits/controls conducted remotely without fieldwork.
- In order to mitigate the effects of COVID-19 on outsourced audits, controls, and pillar assessments, external auditors were requested to advance audit work as much as possible remotely,
- In parallel, the preparatory work on audit assignments performed by its own staff (early and targeted ex-post controls) was advanced. Where necessary staff used adapted audit/control methodologies to finalise its audit assignments without fieldwork

Furthermore, the monitoring of outsourced audits was intensified, to take into account the development of COVID-19 thereby better prepare for potential issues related to the execution of the audits

B. Key Performance Indicators (KPIs)

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

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

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: 85% by 2024 of projects adopted within 3 months of a crisis context (period from date of presentation to PSC)	57% ⁷ in 2021 on average 87% after the adoption of the NDICI-Global Europe Regulation

⁵ COM (2021) 633final of 14.10.2021

⁶ COM (2021) 75 final of 22.2.2021

⁷ Of the 42 crisis response actions adopted (COM Decision) under the Rapid Response Pillar of NDICI-GE, 24 were adopted within 3 months of a crisis context (presentation to PSC), a percentage rate of 57.14%. Of the 24 actions presented to PSC after the adoption of the NDICI-GE in June 2021, 21 were adopted within 3 months of the presentation to PSC - a percentage rate of 87.5%.

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

Result indicator (description)	Target (or milestones)	Latest known results as per Annual Activity Report
Percentage of actions (programmes/projects) that score ‘High’ or ‘Medium’ on the conflict-sensitivity index	60% in 2022 75% in 2024	71% on average in 2021

Of the 61 contracts signed under IcSP and Crisis Response, Peace, Stability and Conflict Prevention under NDICI-Global Europe, 71% scored high or medium on the recently developed conflict-sensitivity index that was applied for the first time during 2021⁸.

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	91% in 2021

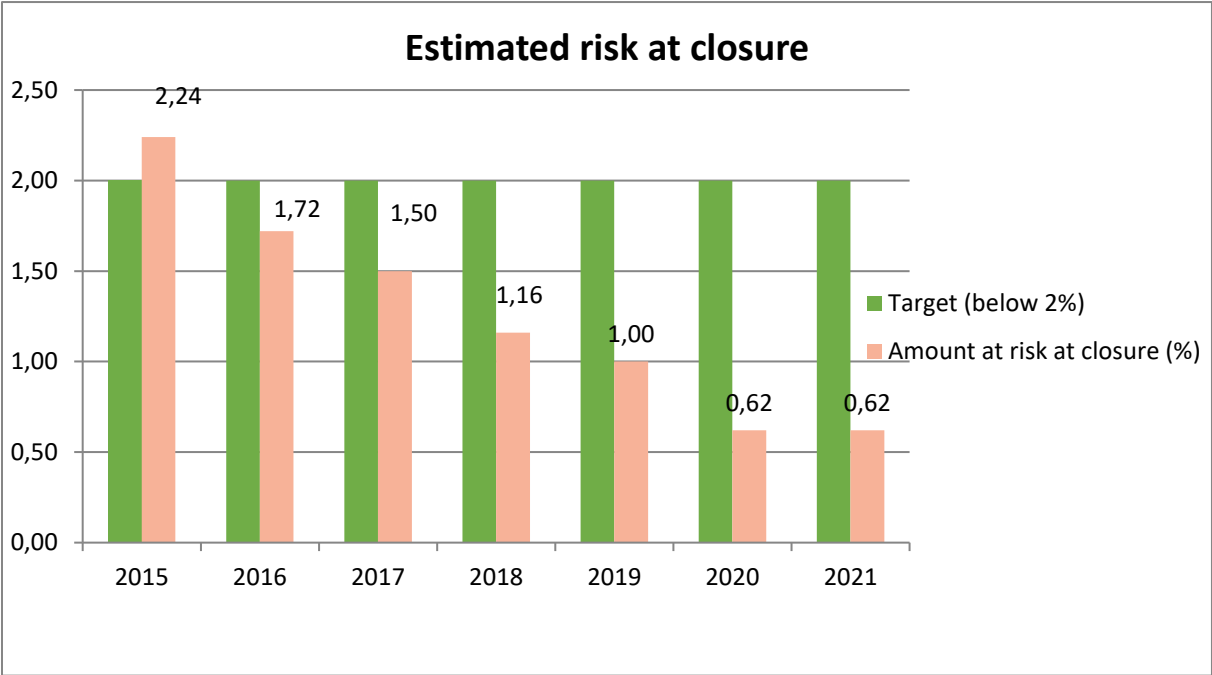
By the end of 2021, 10 out of the 11 CSDP Missions had been positively pillar assessed. Only EU Advisory Mission in the Central African Republic (EUAM RCA) remains to be pillar-assessed.

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

Since there were no funds committed for Foreign Policy Needs under NDICI-Global Europe in 2021, the first results for this indicator will be available in the Annual Activity Report 2022.

⁸ As explained in the Strategy Paper 2020-24, this index cannot measure impact but the ‘promise of impact’ which facilitates discussions with implementing partners on important design elements of an action.

KPI 5: Estimated risk at closure



Reading: The amount at risk at closure was estimated to be 0.56 %.

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 in Section 2 below. The amount at risk at closure for 2021 is estimated at EUR 3.49 M, representing 0.62 % of relevant expenditure⁹. This is the same % of risk as calculated in 2020, 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 line with the Commission’s Internal Control Framework the Service for Foreign Policy Instruments has assessed its internal control systems during the reporting year and has concluded that it is effective and that the components and principles are present and functioning well overall, but some improvements are needed. 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.

⁹ The Relevant expenditure is the total payments, plus new prefinancing, minus cleared prefinancing.

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

D. Provision of information to the Commissioner

In the context of 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 HRVP Borrell, responsible for Foreign Affairs and Security Policy.

1. KEY RESULTS and progress towards achieving the Commission's general objectives and FPI's specific objectives

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

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

At the end of 2021, there were 220 ongoing crisis response actions under IcSP and under NDICI-Global Europe and 129 ongoing actions responding to global threats actions under IcSP. The first Multi-annual Indicative Programme (MIP) for the Peace, Stability and Conflict Prevention Thematic programme under NDICI-Global Europe was adopted, along with the 2021 Annual Action Plans for programmable actions for conflict prevention, peace-building and crisis preparedness and for addressing global, transregional and emerging threats. By the end of year, 42 new crisis response actions and 10 actions responding to global threats were launched under NDICI-Global Europe.

In light of the ongoing COVID-19 pandemic, further support was provided to 20 partner countries in the Mediterranean, Black Sea and Sahel involved in the EU Chemical, Biological, Radiological and Nuclear (CBRN) Centres of Excellence Initiative through two actions: providing enhanced early detection of and preparedness to emerging viral diseases, and offering training on epidemiology response. Another action, worked with the Institut Pasteur Dakar on addressing immediate needs for preparedness and COVID-19 response in African laboratories. Stronglabs, implemented by the World Health Organization (WHO) and active in the Sahel and Central Asia, enhanced public health laboratories' capacity to produce reliable test results and establish quality management systems.

Furthermore, efforts continued to counter disinformation in relation to the COVID-19 pandemic. New actions under NDICI-Global Europe as well as ongoing actions under IcSP adapted their work modalities and activities to the new context, which allowed to significantly reduce the degree of disruption compared to 2020. As part of the cooperation with the UN and the World Bank, three assessments including COVID-19 Recovery were conducted in Ecuador, El Salvador and Zambia. Several IcSP actions provided further support to partner countries in addressing biosecurity aspects of the COVID-19 pandemic in the context of broader chemical, biological, radiological and nuclear risk mitigation activities.

During 2021, the EU continued to support the OSCE Special Monitoring mission in eastern Ukraine, including with access to technology that allowed the mission to continue operations during the COVID pandemic. Crisis response funding for mine action in conflict affected areas along the contact line were maintained as were efforts to enhance dialogue and to counter disinformation. A second phase of EU support to the integration of principles of civilian protection came to an end during 2021 after having successfully supported Ukrainian authorities in the preparation of policy and support structures. The response to

developments in Ukraine at the time the present report was written will be reflected in the 2022 AAR. The reporting will include suspension or redirection of crisis response actions in Ukraine and the adoption of new measures in close coordination with other EU initiatives and actions.

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 Rapid Response Pillar of NDICI-GE, like IcSP in the past, enables the EU to swiftly contribute to stability in a situation of crisis or emerging crisis, by providing an effective response designed to help preserve, establish or re-establish conditions of peace and respect for fundamental human rights in line with EU policies and values. It also addresses global and trans-regional threats.

While the achievement of this specific objective is not fully under FPI's control, but relies on the agreement and close cooperation with EU Delegations, EEAS and Commission services, during 2021, crisis response actions continued to address a broad range of crises including some of the main conflicts and post-crisis contexts in the world including, Afghanistan, Myanmar, Syria, Ethiopia, Mozambique and Colombia.

Conflict prevention remains a strategic objective for the EU. During 2021, significant new initiatives were launched in the area of 'climate and conflict' as well as 'social media for peace' while ongoing efforts to support mediation, security sector reform as well as transitional justice were maintained.

Actions through NDICI-Global Europe and 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 the instruments remain the main sources of EU funding. Support to the UN's peace and security architecture also remained a priority during 2021.

The EU Global Facility on Anti-Money Laundering and Countering Terrorism Financing (AML/CFT) successfully accompanied countries including Mauritius and Botswana to increase compliance with UN and EU standards on terrorism financing and money laundering, contributing to them being "delisted" from the Financial Action Task Force's list of countries with strategic deficiencies in their AML/CFT systems.

The absence of an active financing instrument until 9 June 2021 was challenging as it meant that actions could not be adopted after their presentation to the PSC. However, the performance for the period during which there had been an active financing instrument reached 87.5% which was well beyond the target of 75%.

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

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

IcSP and the succeeding actions under NDICI-Global Europe was an effective tool for EU diplomacy in crisis contexts and in its efforts in conflict prevention, stabilisation, conflict

resolution and peace-building. All of the 42 new crisis response and the 10 new responses actions to global threats presented during the year responded directly to EU political priorities and were consistent with EU actions under the Common Foreign and Security Policy. Particular attention is given to ensure consistency between crisis response actions and CSDP missions in all countries where they are deployed. New actions in the Central African Republic, the Sahel, Libya and Ukraine directly complement the work of CSDP Missions¹⁰, thereby contributing to the implementation of the EU Integrated Approach in response to conflicts and crises.

Following the transfer of responsibility for the global and transregional threats component of the former IcSP to the Thematic Programme on Peace, Stability and Conflict prevention at the start of 2021, the Service actively explored opportunities to enhance coherence and cooperation with CSDP missions in this area where relevant.

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

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

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 has been used in conflict and stakeholder analyses to assess how far the former actions are conflict sensitive and take gender, age, diversity as well as climate responsiveness into account with a view to further improve future actions. While the indicator cannot measure examine the new actions' impact, it can measure the 'promise' of impact thereby facilitating discussions with implementing partners on these important aspects of action design.

As the conflict-sensitivity indicator is new both to the FPI and to its implementing partners, the positive impact of this new tool is expected to increase over the coming years. The results for contracts (IcSP and NDICI-Global Europe) signed during 2021 indicate that of the 61 contracts signed during the year, 71% scored medium or high on the conflict sensitivity index. The 2022 benchmark is 60% and the 2024 objective is 75%.

In 2021, facilities established under the IcSP aimed at building capacities of partner countries to address global and transnational threats succeeded in supporting live crisis management and response exercises in Jordan, Lebanon, Morocco and Tunisia despite the difficult context of the pandemic. The facilities mobilised EU and other expertise to test and improve operational response and interagency coordination on counterterrorism and CBRN risk mitigation.

FPI supported the external dimension of the EU Strategy on Organised Crime, the EU Agenda on Drugs and the EU Agenda on Firearms by contributing to the disruption of main trafficking routes of illicit commodities. The EU Global Illicit Flows Programme flagship initiative continued to tackle international organised crime flows with partner countries. One operation in 13 South American countries led to the recovery of around 200 000 illicit

¹⁰ For further information on the CSDP Missions actions, please refer to the CFSP section below.

firearms, ammunitions and explosives, the arrest of almost 4 000 individuals and the destruction of 27 cocaine labs.

In the area of maritime security, and in line with the EU's new strategy for cooperation in the Indo-Pacific, in 2021 the Critical Maritime Routes Indo-Pacific action established new partnerships with South and Southeast Asia partners to boost interconnected maritime coordination. In the Gulf of Guinea, the Inter-regional Network rolled out the Yaoundé Architecture Regional Information Sharing platform through a major training campaign, to support maritime security coordination at national and regional levels.

In support of the new EU Cybercrime Strategy, the Global Action Against Cybercrime intervention was extended to better connect policymakers and criminal justice practitioners, as well as bridge cybersecurity and the fight against cybercrime. The Service also funded a study on "International Cyber Capacity Building: Global Trends and Scenarios" in 2021, conducted by the EU Institute of Security Studies.

Given the importance of the European Green Deal and as concerns grow about the impact of climate change on peace and security, efforts to support partner countries in addressing related conflict and fragility risks continued. Through the Climate Change and Security Partnership with UN Environment Programme, tools were developed to enhance environment and climate-security analysis and preventive action at the sub-national and local levels. Activities in the context of actions¹¹ focused on improving the management of shared natural resources and putting in place early warning tools to prevent conflict over resources.

The FPI corporate Twitter account supported the delivery of IcSP/ Crisis Response, Peace, Stability and Conflict Prevention actions for example by communicating on the summer university on strategic trade controls, or on Disrupting organised crime and drug trafficking in Ukraine (including a short video), on the EU CyberNet annual conference on building cyber capacities in the digital decade, on the Election Stability and Democracy project in Tanzania, on a demining application in Bosnia and Herzegovina or on an action supporting youth peace-builders in Bangladesh, the Philippines and Pakistan. News articles were also published on the FPI website (Europa) to showcase the FPI work on tackling organised crime and on preventing and countering violent extremism.

All the IcSP/ Crisis Response, Peace, Stability and Conflict Prevention actions described above contributed predominantly to the Commission priority 'A stronger Europe in the World' and to the UN Sustainable Development Goal 16 'Peace, justice and strong institutions'. These actions also delivered on the external dimension of the Commission priorities 'A European Green Deal', 'An economy that works for people', 'A Europe fit for the digital age' and 'Promoting our European way of life' and well as on SDG 3 'Good health and well-being', SDG 6 'Clean water and sanitation', SDG 11 'Sustainable cities and communities', SDG 13 'Climate action' and SDG 17 'Partnerships for the goals'.

Further information on how operational expenditure contributed to the achievement of the strategic objectives of the Union is available in the NDICI-Global Europe Programme Statement for Draft Budget 2023.

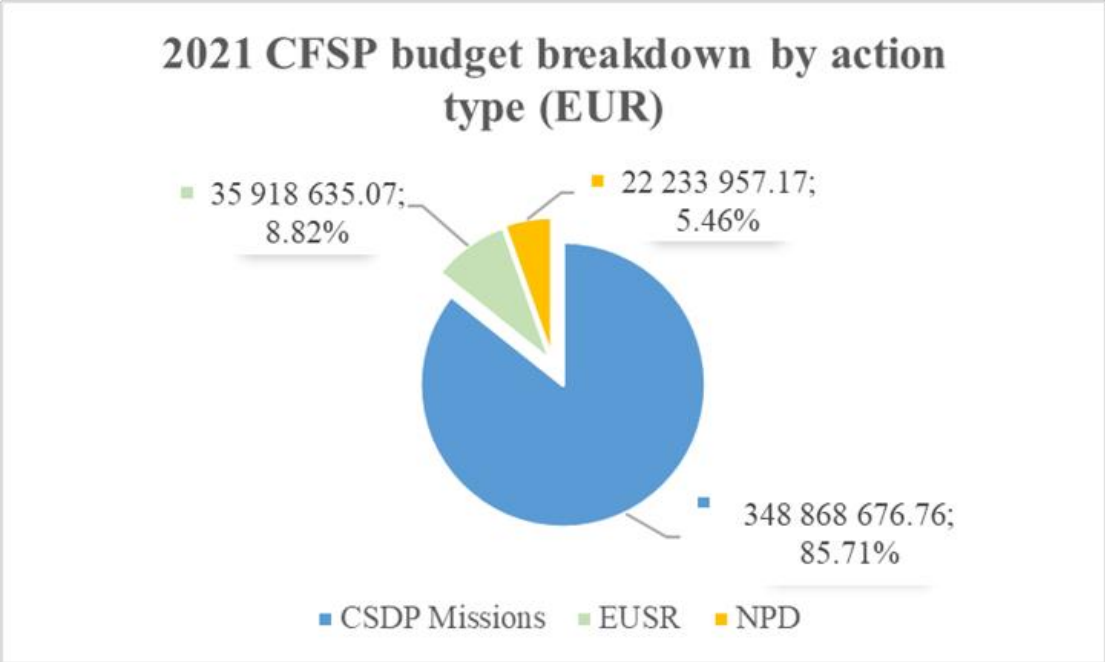
Common Foreign and Security Policy

¹¹ Action implemented by UNDP (in the trans-border area of the Ferghana Valley of Central Asia), and GIZ (in the Sahel).

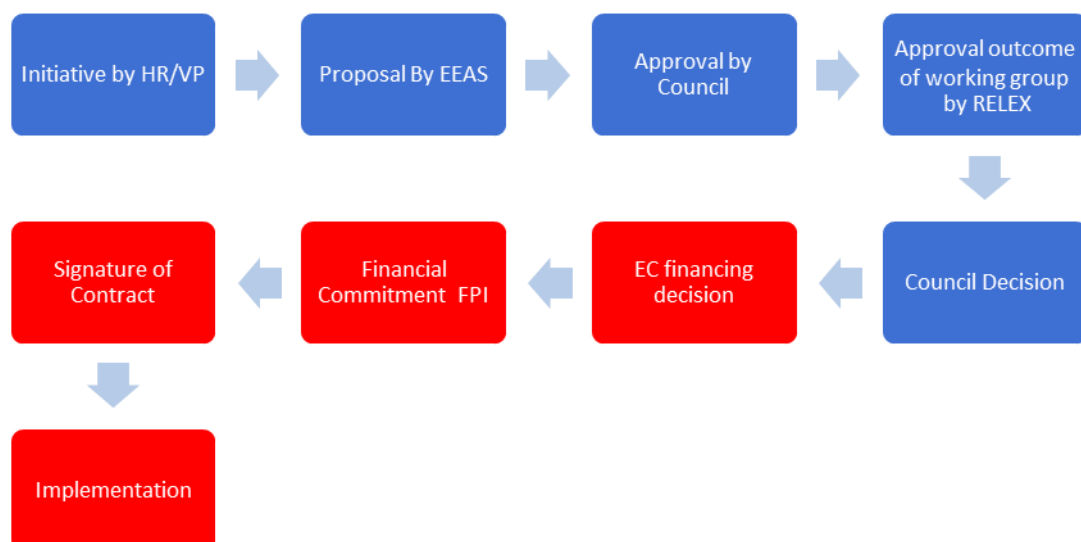
Specific Objective 2: Fast action to enable resource-effective CFSP intervention as part of the integrated approach

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

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



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



FPI supervises the proper management of the expenditure in accordance with sound financial management principles, keeps track of the absorption of the funds by implementing partners and updates the Council on the overall situation of the CFSP budget. In 2021, FPI committed 100 % of the available CFSP budget of EUR 407 million and identified roughly EUR 33 million that CFSP beneficiaries returned unused to the overall CFSP budget, mainly due to unrealistic budgetary planning.

The geographical areas covered by the CFSP budget are the South-Caucasus region, Central Asia, the Middle East, the Western Balkans, Africa (including the Sahel region) and Ukraine where the civilian CSDP Mission has continued to provide advisory support to the Ukrainian authorities in the area of security sector reform. The adaptations to the developments in Ukraine at the time the present report was written, including the delocation of EUAM Ukraine to neighbouring Moldova and Poland, will be reflected in the 2022 AAR.

For CFSP operations, FPI reports against three results indicators:

Firstly, a key requirement for their success is the speed with which they are launched and provided with the necessary financial, managerial, logistic and human resources.

Therefore, two of the results indicators measure the rapidity with which FPI signs contribution agreements with CSDP Missions and EUSRs. Of the 16 agreements signed in 2021, 13 (i.e. 81.3% of agreements), were signed within less than four weeks following the adoption of 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 to maximize synergies. The coordination of Missions with other EU instruments, including IcSP¹², is therefore another important indicator. The Missions report on coordination with EU Delegations or EUSRs active in the respective regions in their confidential reports to the EEAS. The synergies between the EULEX Mission in Kosovo, the Kosovo Specialist Chambers (KSC), the EUSR in Kosovo and the EUSR for the Belgrade-Pristina Dialogue and other Western Balkans regional issues provide a clear example, for instance, when EULEX supported the

¹² For further information on IcSP actions please refer to the IcSP section above.

KSC Prosecutor to make arrests in Kosovo, through the use of EULEX detention facilities, intelligence and information-sharing and operational support on the ground.

The third results indicator measures the percentage of positively pillar assessed civilian CSDP Missions not requiring supervisory measures (as per article 154.5 of the Financial Regulation (FR)) and thus their ability to achieve the required level of protection of the financial interests of the Union. In 2021, the positive assessment of EUBAM Libya was a major milestone. Only EUAM RCA remains to be pillar-assessed. In addition, all Missions underwent a successful assessment, with very limited findings, of the complementary pillars introduced by the 2018 FR; only for the Missions in Rafah and Ukraine are the auditors' conclusions still awaited.

Furthermore, one of the main tasks of FPI is to provide direct support to civilian Missions and EUSRs to assist them in the achievement of their operational objectives and their compliance with sound financial management. This support is delivered through the programme managers and the Mission Support Platform (MSP).

The MSP acts as a knowledge centre on procurement and finance and develops specific tools for the use by the Missions to achieve a higher level of harmonisation of procedures thereby enhancing the responsiveness of civilian CSDP. For example, in 2021, the MSP set up a new Health and High-Risk Framework contract and published a new tender to ensure the continued supply of equipment to civilian Missions. The MSP also intensified its engagement to accompany the roll-out of the Enterprise Resource Planning (ERP) system to EULEX Kosovo and continued to provide online webinars for Missions on dedicated topics in the area of procurement and finance throughout the year.

Non-proliferation and disarmament (NPD) actions

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

In 2021, FPI provided funding for a further eight NPD actions, representing an overall contribution of EUR 22.2 million, bringing the total number of ongoing NPD actions to 31 (total commitments: EUR 123.3 million by year end). In this way, the EU continues its solid commitment to, and support of, both multilateral and regional approaches to advancing peace, security and stability. These priorities are integral to the realisation of the EU Global Strategy.

In 2021, FPI continued to support the Organisation for the Prohibition of Chemical Weapons (OPCW) by two new actions, supporting both the OPCW cyber security (EUR 2.2 million) and OPCW operational effectiveness through satellite imagery (EUR 1.6 million). FPI also committed EUR 2 million for a new action in support of resilience in biosafety and biosecurity.

Support was also provided on the efforts to combat the illicit trade in and proliferation of small arms and light weapons by two new actions, one implemented in the Member States of the League of Arab States (EUR 5.9 million) and the other by the Organization for Security and Co-operation in Europe (OSCE) in South-Eastern Europe (EUR 4.2 million).

FPI committed EUR 1.6 million for a new action in support of the universalisation, implementation and strengthening of the Convention on Certain Conventional Weapons (CCW).

FPI continued its support for the implementation of the 1997 Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction (EUR 2.6 million).

With regard to the controls on arms exports, FPI supported the implementation of the Arms Trade Treaty by a new action in support of the activities of the Arms Trade Treaty secretariat (EUR 1.4 million).

Apart from the eight new 2021 NPD actions, the implementation of NPD actions launched in 2016-2020 continued. This included the implementation of the action in support of strengthening biological safety and security in Ukraine and the action in support of Ukraine's effort to combat illicit trafficking in weapons, ammunition and explosives. Both actions were implemented by the OSCE.

Full complementarity between the 2021 CFSP NPD actions and the IcSP / NDICI Peace, Stability and Conflict Prevention actions has been ensured (indicator 2.4).

The implementation of EU NPD actions has been heavily affected by the COVID-19 pandemic, given their reliance on travel, meetings and workshops.

However, when the conditions allowed, the NPD implementing entities made an effort to return to the field, as the physical presence is irreplaceable for certain activities. For example, the Conflict Armament Research, which implements an intervention supporting a global reporting mechanism on illicit conventional arms - iTrace – managed to deploy their expert teams to Afghanistan, Northeast Syria and Somalia.

Given the delays with the implementation of the actions, FPI approved 13 COVID-19 related no-cost extensions of NPD actions in 2021 to ease implementation. ,

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

European Peace Facility (EPF)

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

The achievement of this specific objective is not fully under FPI's control. In its role of administrator, the service is responsible for the contracting and implementation of assistance measures while the right of initiative for new assistance measures rests with Member States and/or the High Representative.

On 22 March 2021, the Council adopted Decision (CFSP) 2021/509¹³ establishing the European Peace Facility (EPF or “the Facility”). It provides the EU with a funding mechanism to finance the Common Foreign and Security Policy (CFSP) operational actions having military or defence implications which cannot be financed under the Union budget as per Article 41(2) TEU.

The Facility is financed through contributions from the Member States outside the Union budget. Its financial ceiling has been set at EUR 5.69 billion for the period 2021-2027. It serves to finance both the common costs of Union military operations under Article 42(4) and Article 43(2) of the TEU, and assistance measures consisting of Union actions under Article 28 TEU.

The Commission accepted 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.

The Head of Service of FPI acts as the Facility’s administrator for assistance measures. The Service also provides the Secretariat to the EPF Committee, which is the EPF budgetary authority, for matters related to assistance measures.

The Facility has a global reach. The assistance provided may consist of financial, technical or material support. Such support can be provided as a self-standing action or as complement to an existing CSDP military operation or mission.

The Council Decision establishing the Facility calls for making the best use of synergies across actions and support measures of the Union and its Member States. It expressly refers to the coherence, consistency and complementarity required between the European Peace Facility and the Union’s external financing instruments funded under the Union budget, notably NDICI-Global Europe and civilian CSDP and other on-budget CFSP actions. To this effect, the EEAS consults the relevant Commission services on new assistance measures to avoid possible duplications with on-budget instruments.

Once adopted by the Council, a decision establishing an assistance measure is implemented through the adoption of a Commission Financing Decision. FPI is the lead Commission service for the preparation of such financing decisions and is in charge of the financial and contractual implementation of assistance measures.

During the first half of 2021, FPI worked in cooperation with the Commission’s central services, the EEAS and the Council Secretariat to establish the Facility’s accounting and financial architecture (including Implementing Rules supplementing the EPF Council Decision). In parallel, and following a risk analysis, FPI set up a customised internal control framework taking due account of the Facility’s high-risk environment, thereby ensuring robust control and cost effectiveness of future assistance measures. Finally, the Service prioritised recruiting qualified and experienced staff to manage the operational and financial complexities of this new Facility.

During its inception phase, the Facility assumed EU support for the military components of the African-led Peace Support Operations (PSOs) from the African Peace Facility (APF). Also, an initial set of assistance measures (notably in Mozambique, Bosnia and Herzegovina, Ukraine, Georgia, Moldova, Mali) was adopted in the last quarter of 2021.

Due to the late start of the EPF in 2021, implementation of EPF assistance measures concretely started in the last quarter of 2021 only in Mozambique and Bosnia; hence

reports on meaningful operational results on the ground are not yet available. Hence it is not possible to provide substantiated evidence about EU value added at this early stage.

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

As per Article 72 of the EPF Council Decision, information and communication activities related to the EPF are the responsibility of the High Representative and not of the Service.

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

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

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

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

The achievement of these specific objectives is not fully under FPI's control. While the Service is responsible for preparing the financing decisions and contracting, other important factors such as political situation in partner countries which could have an important impact on the successful implementation of actions especially under specific objective 4.c.

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

While no funds were committed for Foreign Policy Needs (FPN) actions under NDICI-Global Europe, in 2021 the Partnership Instrument has also effectively contributed to the new objectives. It has done so through influencing policy and political processes in partner countries in line with EU interests contributing to developing mutually beneficial relationships with partner countries. PI actions have been relevant to support the EU's bilateral, regional and multilateral agenda as set out in the EU Global Strategy and in line with several EU international commitments (notably Agenda 2030). The actions focused on EU strategic objectives and interests, and its flexible implementation helped make it responsive to challenges, and to newly emerging or evolving policy priorities and opportunities.

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 coordination effort.

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 were in line with PI objectives. Managing increased demand and related expectations, while making sure that funds are used for those issues and with those partners where they could have the greatest impact in terms of leveraging EU influence, was a key consideration over the past year.

In 2021 FPI dealt simultaneously with programming for the FPN and procurement for new actions and with the implementation, evaluation and closure of existing actions launched since 2014.

Contracting for the Annual Action Plans (AAP) 2020 was completed and daily management of ongoing actions was efficiently ensured.

The following actions implemented in 2021 can be highlighted:

1. The action Support to the Implementation of the Paris Agreement (SPIPA I) supports and encourages major economies and partner countries to successfully execute their climate change mitigation and adaptation policies. The aim is to reduce their greenhouse gas emissions, adapting to the effects of climate change, thus ultimately contributing to the long-term targets laid out in the Paris Agreement through their nationally determined contribution. The action has been successful in asserting the EU's climate leadership in non-EU G20 countries (plus Iran, minus Turkey) over the last three years, through some 120+ targeted actions touching on all aspects of climate policies.
2. With the international outreach for human-centric Artificial Intelligence initiative, FPI supports the EU engagement with international partners on regulatory and ethical matters to promote the responsible development of trustworthy Artificial Intelligence (AI) at global level. The initiative prepares the ground for global coalition building on human-centric AI, in accordance with universally recognised values. In 2021, the project supported reinforced policy dialogue with like-minded partners, such as Japan, Canada and Australia with the aim to facilitate knowledge exchanges and regulatory convergence. In depth mappings of the state of play and development perspectives of AI in these three countries have been prepared by the project to support EU dialogue with these countries. The project has supported the organisation and the strategic communication of an EU high-level conference on AI, organised with the Slovenian presidency. The conference provided a forum for discussion on the AI Regulation proposal, with a focus on standardisation, governance, liability and international cooperation. It was an opportunity to strengthen EU policy outreach and raise awareness in the general public.
3. The EU-Gulf Cooperation Council (GCC) Dialogue on Economic Diversification project has continued to promote dialogue and co-operation between stakeholders at both regional and individual country levels. Exchanges have been organised following studies prepared by the project on standardisation, blue economy, digital economy, intellectual property rights or youth employment. The project's objective is to develop connections and to build partnerships based on exchanges of EU experience and expertise to support GCC countries economic diversification. The main idea behind this project is to enable private sectors from both the EU and Gulf region to work together, so as to be part of the ambitious diversification efforts in the Gulf region.
4. The EU Alumni Engagement Initiative aims to enhance opportunities to engage meaningfully with EU Alumni worldwide, particularly in Public Diplomacy activities, thereby strengthening EU Alumni networks and increasing their understanding of the EU. So far, 181 former beneficiaries of EU programmes and initiatives have been mobilised, from which many are closely related to the academic sector (Erasmus+, Marie Skłodowska-Curie Actions). The digital solution of the initiative is composed of a website¹⁴, an Online Community for EU Alumni, and a Customer Relationship

¹⁴ <https://alumni.europa.eu/>

Management tool and a Public Diplomacy database. The website was launched in November 2020, with 5 075 visits so far.

The FPI corporate Twitter account (@EU_FPI) supported the PI activities for example by communicating on the EU participation to Expo2020 Dubai, on PI TAIEX activities (e.g. in Costa Rica), on EU support to fight Anti-microbial resistance in Asia, on the EU-Latin America convention on Raw materials and on the EU support to the Global Covenant of Mayors.

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

Further information on how operational expenditure contributed to the achievement of the strategic objectives of the Union is available in the NDICI-Global Europe Programme Statement for Draft Budget 2023.

EU Electoral Missions under NDICI-Global Europe

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

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

Election Observation is a key part of the EU's foreign policy, supporting the strengthening of democracy and respect for human rights. Election Observation Missions bring added value to strengthen democratic institutions, to build public confidence in electoral processes and to deter fraud, intimidation and violence. For Election Observation, 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 2021, despite the ongoing COVID-19 pandemic, FPI set the necessary mitigation measures for security and safety, thus enabling 17 electoral processes and 27 missions.

Six fully-fledged Election Observation Missions (EOMs) were deployed to observe elections in Zambia, Kosovo (municipal elections), Iraq, Honduras, Gambia and Venezuela, including assessments of the campaign, the legal and political context, and the overall electoral process.

Six Electoral Expert Missions (EEMs) were deployed in Kosovo (early parliamentary elections), Peru, Ecuador, El Salvador, Somalia and Libya.

Five Follow-up missions to assess the implementation of previous recommendations were deployed in El Salvador, Sierra Leone, Liberia, Lebanon and Nigeria.

For the elections in Ethiopia, Palestine and Libya – which were postponed later on-, FPI made all necessary preparations for election observation..

Secondly, the speed to setup the missions is key to a successful deployment. Therefore, the second result indicator measures the time between the signature of the contract from the HR/VP decision and deployment of an EOM.

Below are some selected examples of missions deployed:

- The EOM to Zambia was the second fully-fledged mission deployed during COVID-19. FPI found solutions to all logistical and sanitary obstacles to ensure smooth implementation.
- The EOM to Kosovo was the first mission to deploy Short-Term Observers since the beginning of COVID-19. The mission used its own premises to apply its own strict COVID-19 safety protocol.
- The EOM to Iraq faced a number of security and logistic challenges, operating in three locations and under serious security mitigation measures.
- The EOM to Venezuela was successfully deployed despite serious political and logistical challenges. Nevertheless, , FPI ensured the successful observation of the elections throughout the country.

The EU EOM activities were communicated through EOM’s social media accounts and the FPI corporate Twitter account.

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

Further information on how operational expenditure contributed to the achievement of the strategic objectives of the Union is available in the NDICI-Global Europe Programme Statement for Draft Budget 2023.

Foreign Policy Regulatory Instruments

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

Kimberley Process

Trade in rough diamonds¹⁵ 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

¹⁵ The EU is the world’s largest trading centre for rough diamonds - in 2021 it issued approximately 16 600 Kimberley Process (KP) certificates for 96.4 million carats, valued at USD 9.9 billion.

Kimberley Process, a global tri-partite initiative of governments, industry and civil society to stop the trade in 'conflict diamonds'.

In 2021, on behalf of the EU, the Service continued leading the discussions on a possible broadening of the conflict diamond definition, which has been one of the most sensitive aspects of the reform cycle since 2017. Despite the urgency for reform and the active engagement from many KP Participants, civil society and industry, the necessary consensus on a new definition could not be found. Nevertheless, the Plenary held on 8-12 November 2021 welcomed the extensive work undertaken on the definition of 'conflict diamonds', and invited the incoming and future Kimberley Process Chairs, all KP Participants and Observers to take these efforts forward during the next review cycle. The KP Plenary also welcomed a non-binding 'Declaration for Responsible Diamond Sourcing Framework' intended to promote key principles in the area of human rights, labour rights, anti-corruption, anti-money laundering, countering the financing of terrorism, and responsible diamond mining as best practices for the global diamond industry. The KP Plenary also supported the initiative of the KP Chair 2021 to launch a process towards the digitalization of KP Certificates.

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 'compliant zones' which remained unchanged throughout 2021. 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.

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

The Anti-Torture Regulation reflects the EU's commitment to the eradication of torture and the death penalty through measures to prevent the trade in certain goods. It introduced unprecedented and binding trade restrictions on a range of goods used for capital punishment, torture or other ill treatment. The EU 'Anti-Torture' Regulation, for which FPI is responsible, expresses the EU's commitment to eradicating torture and capital punishment. The EU Regulation inspired the 'Alliance for Torture-Free Trade' that was 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. Following the referenced UN Secretary General report and in line with the [UN General Assembly resolution 73/304](#), a Group of Governmental Experts (two experts per 'UN regional group') has been constituted. The group is expected to deliver its report in March/April 2022 for consideration by the UN General Assembly at its seventy-sixth session.

Following on the 2020 review report on the implementation of the 'Anti-Torture' Regulation¹⁶, FPI established 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. The informal group of experts met on three occasions in 2021. The group brings together different perspectives (advocacy, law enforcement, research, or customs) to support and advise FPI on different aspects of the Regulation. Its function is 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 October 2021 two reports pursuant to Regulation (EU) 2019/125. The first report concerns the activities and consultations of the Anti-Torture Coordination Group (ATCG)¹⁷ referred to in Article 31 of the Regulation. The 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 2021, the ATCG discussed issues such as reporting requirements, the review of the Regulation, the setting up of the group of informal group of experts as well as regional and international developments regarding Torture-Free Trade'. The second report on export authorisations in 2020¹⁸ 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 report on the use of delegation of power conferred on the Commission under the Regulation (EU) 2019/125¹⁹.

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

¹⁶ COM(2020) 343 final of 30.07.2020

¹⁷ COM(2021)/633final

¹⁸ COM (2021) 632fi

¹⁹ COM (2021) 75 final of 22.2.2021

The FPI corporate website contributed to increasing awareness about the Torture-Free Trade processes and about the 'Anti-Torture' Regulation related reports on its implementation.

Information outreach on the Union's external relations

In 2021, 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 2021, activities carried out by the EEAS included 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.²⁰

In 2021, FPI continued to contribute with significant funds to the Citizens' Rights programme aimed at supporting EU citizens in the UK. This was implemented through a sub-delegation to the EU Delegation in London in accordance with the decision to transfer 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 Farsi (Persian), 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 increased on its 2020 levels. According to the latest available data, in 2021, Euronews reached 2.2 unique visitors every day in Farsi on web and social media.

Concerning its own information outreach activities, in 2021 FPI benefited from a user-friendly, relevant and integrated web presence as part of the new Commission web-architecture. FPI also increased its own outreach activities, particularly through social media by opening a corporate Twitter account (@EU_FPI). It also contributed to the corporate communication activities, particularly to communicating the EU's Global Response to COVID-19, the EU participation to Expo2020 Dubai and Conference on the Future of Europe.

In 2021, FPI's website had 143 508 visits and 207 463 unique pageviews. Besides the regular maintenance of the FPI website, its migration to a new platform and the site revamp, FPI produced and disseminated news and showcases about the results and impact of the interventions financed under the different Instruments it manages. Additionally, the

²⁰ Priority 3.1 'The Security of our Union – Strategic Communications'

Service produced seven short videos highlighting the achievements in putting EU foreign policy into action.

On social media, FPI launched its corporate Twitter account on 1 July. Until the end of the year, the account managed to build a solid audience of 6 579 followers with an overall reach of 3.9 million (tweet impressions); notably thanks to two social media mini-campaigns.

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 a joint social media campaign with EEAS on peacebuilding and mediation.

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

EU Visitors' Programme

In 2021, in close co-operation with the European Parliament, FPI continued its long-standing support of the European Union Visitors Programme (EUVP) which allows young leaders from outside the EU to participate in tailor-made study visits to the European Institutions. Through these visits, which switched partially to a virtual format because of the continued 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.

Altogether, in 2021, the EUVP organised 191 virtual and 21 in-person visits. It completed the development and launched the EUVP's alumni website, which now includes 20 interviews with the most accomplished EUVP Alumni on its "Wall of Fame". EUVP published 168 posts, web blog articles and stories on the Alumni Platform and social media. It organised 3 Webinars, one Alumni Platform launch event, a workshop within the European Youth Event, and 8 Alumni conversations.

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

2.MODERN AND EFFICIENT ADMINISTRATION AND INTERNAL CONTROL

2.1. Financial management and internal control

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

General sources of assurance

- regular reporting on **budget forecasts** (commitments and payments) in line with internal (in particular DG Budget) and external requirements (under the CFSP, as laid down in the Inter-Institutional Agreement or IIA²¹);
- controls arising from **ex-ante verification** by the central financial unit (FPI.6) for all HQ operations; controls arising in EU Delegations / Regional Teams through financial circuits;
- **"pillar" assessments** - indirect management: FPI bases its assurance on INTPA compliance reports on international organisations and some agencies, performing its 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 (NDICI-GE, 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

²¹ 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.

external auditors following INTPA practice (e.g. NDICI, 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:
 - **for direct management:** contracted using INTPA models for terms of reference (NDICI/IcSP/IfS), EOMs and for PI;
 - **for indirect management:** contracted using terms of reference drafted specifically for FPI's needs in the case of CFSP and risk-based verification missions (mainly in the NDICI/cSP/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 Teams²² managing FPI funds (NDICI, IcSP/IfS, PI, CFSP budget, EOMs) which include a declaration of assurance;
- contributions of the Internal Control Coordinator, including results of **internal control monitoring** at FPI level; actions resulting from the **risk management** process;
- the reports on recorded exceptions, non-compliance events and any cases of 'confirmation of instructions' (Art 92.3 FR);
- **observations and recommendations by auditors:** the European Court of Auditors (ECA), the Commission Internal Audit Service (IAS), and the Commission's Accounting Officer (DG Budget) on the accounts and local systems;
- **annual assessment of effectiveness of internal control (ICAT)** a survey that includes a representative sample of staff in Headquarters and Delegations;
- **limited conclusion of the Internal Auditor on the state of internal control in FPI.**

²² Please refer to section 2.1.4 and Annex 7 for further details.

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

Sector- or instrument-specific sources of assurance

NDICI Stability and Peace, NDICI Crisis response and the former Instrument contributing to Stability and Peace: For these instruments, the substantial part of individual contracting (legal commitments) and resulting payments are managed by Delegations. FPI's approach consists of Regional Teams where staff is concentrated in 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. 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 provides for pre-financing, as it is necessary to make a range of immediate payments on behalf of the Commission; the invoice is accompanied by a financial guarantee for the whole amount and for the duration of operation. An expenditure verification report by external auditors is required to make final payment.

NDICI Foreign Policy Needs/Partnership Instrument: For the NDICI Foreign Policy Needs/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.

European Peace Facility (EPF): most of the EPF funds are implemented as off budget, excepted for human resources expenditure related to statutory staff of the Commission in

headquarters, which is centrally managed by the Commission service in charge of the payroll. As a general rule, the EPF applies the corporate internal control framework.

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.

2.1.1. Control results

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

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

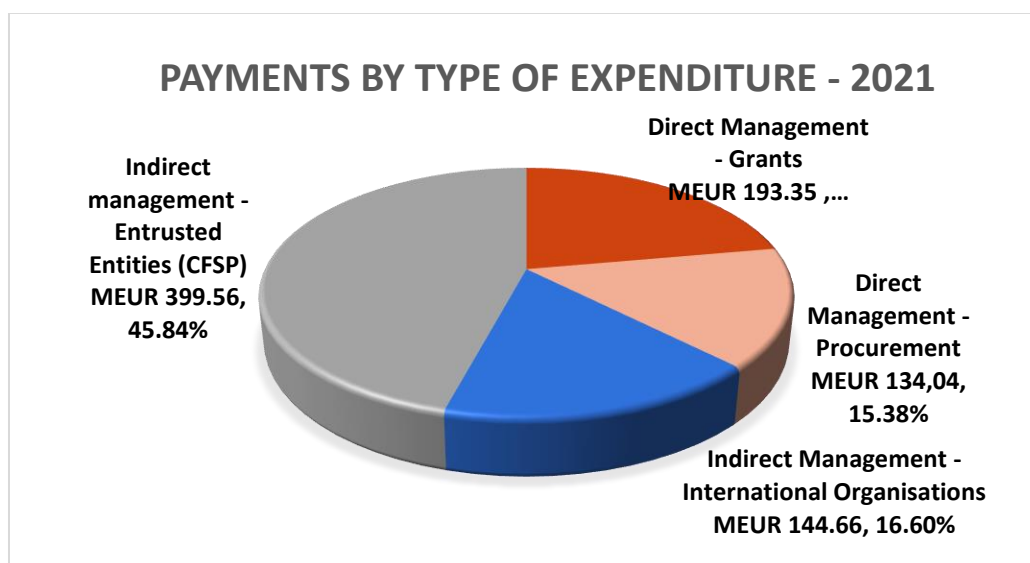
Overview table (amounts in EUR million)

Risk-type / Activities	Grants (e.g. actual costs based, or lump sums, or entitlements)	Procurement (e.g. minor or major values)	Shared mngt (MS's OPs, PAs, etc) + EAC (for NAs)	Cross-delegations to other DGs (other AOXDs)	Contributions and/or funds to EE (EU Agency, EA, JU)	Delegation / Contribution agreements with EE (EIB, Int-Org, etc)	Other (Administrative arrangements and Service level agreements)	Total Expenditure	NEI, e.g. Revenues, Assets, OBS ((in)tangible or financial assets & liabilities)
NDICI Stability and Peace/ NDICI Crisis Response/lcSP/lfs	126.03	178.40	N/A	0	0	24.27	0	328.70	NA
Common Foreign and Security Policy	60.34	0	N/A	0	0	325.75	0	386.11	
NDICI Foreign Policy Needs/ Partnership Instrument	6.29	65.16	N/A	0	0	37.03	0	108.47	
NDICI Election Observation Missions/ EOM	0	21.40	N/A	0	0	0	0	21.40	
Press & Info	0	0.12	N/A	0	0	0	21.26	21.38	
Co-Delegation	0.70	2.59	N/A	0	0	0	0	3.29	
NDICI Administrative	0	1.40	N/A	0	0	0	0.85	2.25	

Risk-type / Activities	Grants (e.g. actual costs based, or lump sums, or entitlements)	Procurement (e.g. minor or major values)	Shared mngt (MS's OPs, PAs, etc) + EAC (for NAs)	Cross-delegations to other DGs (other AOXDs)	Contributions and/or funds to EE (EU Agency, EA, JU)	Delegation / Contribution agreements with EE (EIB, Int-Org, etc)	Other (Administrative arrangements and Service level agreements)	Total Expenditure	NEI, e.g. Revenues, Assets, OBS ((in)tangible or financial assets & liabilities)
Totals (coverage)	193.36	269.07		0	0	387.05	22.11	871.61	
Links to AAR Annex 3	Overall total (m EUR); see Table 2 – payments made						Overall total (m EUR)	n/a	Table 4 – assets

Legend for the abbreviations: OP=Operational Programme, PA=Paying Agency, NA=National Agency, AOXDs =Authorising Officer by Cross-Delegation, EA=Executive Agency, JU=Joint Undertaking, NEI =Non-Expenditure Item(s), OBS= Off-Balance Sheet, ICO = Internal Control Objective, L&R=Legality and Regularity, SFM= Sound Financial Management, AFS= Anti-Fraud Strategy measures, SAI=Safeguarding Assets and Information, TFV=True and Fair View, RER=Residual Error Rate, CEC=Cost-effectiveness of controls, Mngt =Management

Instrument	Payments made 2021		Payments made 2020	
	EUR millions	%	EUR millions	%
Common Foreign and Security Policy (CFSP)	386,11	44,30%	389,35	46,90%
NDICI Crisis Response/NDICI Stability and Peace/IcSP/IFS	328,70	37,71%	306,59	36,93%
NDICI Foreign Policy Needs/PI	108,47	12,45%	106,35	12,81%
NDICI Election observation missions/Former EOM	21,40	2,46%	9,55	1,15%
Press & Info	21,38	2,45%	16,70	2,01%
Co-delegation	3,29	0,38%	0,00	0,00%
Administration	2,25	0,26%	1,68	0,20%
Total	871,61	100,00%	830,22	100,00%



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

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

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

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?
NDICI Crisis Response/ NDICI Stability and Peace/ Instrument contributing to Stability and Peace (IcSP)/Ifs	126.03	178.40	24.27		328.70	RER = 1.99%	😊	😊	No	No
Common Foreign and Security Policy (CFSP)	60.34	0.02	325.75		386,11	RER = 0.44%	😊	😊	No	No
NDICI Foreign Policy Needs/Partnership Instrument (PI)	6.29	65.16	37.03		108.47	RER = 0.16%	😊	😊	No	No
NDICI Election Observation Missions/ EOM		21.40			21.40	RER = 0.28%	😊	😊	No	No
Co-Delegation ²³	0.	2.59			3.29	-	📄	📄	-	-
Information Outreach		21.38			21.38	Estimated RER 0,5 %	😊	😊	No	No
Administrative exp.		2.25			2.25	Estimated RER0,5%	😊	😊	No	No
TOTAL	193.35	134.04	544.22		871.61					
Links to AAR Annex 3	See Table 2 – payments made for Overall total				871.61					

²³ Details to be reported in the AAR of the service receiving the co delegation.

1. Effectiveness of controls

(a) Legality and regularity of the transactions

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

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

FPI's portfolio consists of segments with a relatively low error rate, ie NDICI Crisis Response, NDICI Stability and Peace/ IcSP/ Ifs, CFSP, NDICI Foreign Policy needs/Partnership Instrument, NDICI EOM and former EOM.

This is, respectively, thanks to the inherent risk profile of the programmes and the performance of the related control systems.

Through recoveries and financial corrections, FPI has in place an effective mechanism for correcting errors. During the reporting year the executed corrective capacity amounted in total to € 0.63 million representing 0.12% of the relevant expenditure. The benefit at the ex-ante level control amounts to € 0.57 million, whilst the recoveries and financial corrections following the results of ex-post controls amounted to € 0.06 million.

Control effectiveness: ex-post controls

	Instrument contributing to Stability and Peace (IcSP)	Common Foreign and Security Policy (CFSP)	Partnership Instrument (PI)	Election Observation Missions (EOMs)	TOTAL
(A) Ineligible expenditure detected by ex-post controls	398,698	0	2,906	1,620	403,224
(B) Total cost of audit	161,323	72,535	93,835	20,852	348,545
(C) Average cost of audit (total audit cost/number of audit assignments)	14,666	18,134	9,383	10,426	12,909
(D) Efficiency ratio ((A)/(B))	2.47	0.00	0.03	0.08	1.16

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 1.16 ⁽²⁴⁾, which is only a slight decrease compared to 2020 (1.19).

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 that these controls are necessary. Were the controls not to be 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).

Multiannual error rate (MER): FPI calculated an accumulated Multi-annual error under the previous multiannual financial framework (MFF) 2014-2020. For 2021, in order to ensure continuity, FPI is changing the calculation method from an accumulated MER to a rolling 7-year average MER. The results presented below are therefore based on the seven years, 2015-2021.²⁵

In addition, as the relevant control systems already in place for the instruments phasing out; IcSP, PI and EOM; are applied to the corresponding parts of NDICI (NDICI Stability and Peace, NDICI Crisis response, NDICI Foreign Policy needs and NDICI Election Observation Missions), error rates are calculated by relevant control system combining the instrument phasing out with the corresponding NDICI segment.

The overall MER decreased to 0,99% in 2021, compared to 1,10 % in 2020.

²⁴ EUR 1.16 of ineligible expenditure were detected for every EUR spent in ex-post control.

²⁵ 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 2015 - 2021 (€)	Number of ex-post controls	Sampled amount verified (includes previous years)	Related total amounts paid (incl. pref)	Value audited = EC share of value claimed	Ineligible amount (€)	Amount to be recovered	Corrections made (i.e. debit note issued or amount registered for offsetting)	Detected error rate (=J/E)	Residual error rate of the sample = [(J-K) + (G-E)xL]/G	Amount at risk in the population (€) = (CxL) - K	Multiannual RER in the population (%)
19.02	NDICI Crisis Response/NDICI Stability and Peace/IcSP/IFS	1.796.346.441	67	129.415.281	232.284.478	231.378.434	3.898.912	2.605.901	419.573	2,01%	1,83%	35.751.585	1,99%
19.03	Common foreign and security policy (CFSP)	2.234.724.855	37	152.042.667	246.191.781	226.151.139	774.392	701.979	453.021	0,46%	0,28%	9.864.676	0,44%
19.04	NDICI Election observation missions/Former EOM	170.837.253	14	26.197.688	36.829.898	36.829.341	80.100	80.100	44.277	0,31%	0,19%	478.059	0,28%
19.05	NDICI Foreign Policy Needs/PI	512.731.228	32	19.289.544	29.931.331	29.931.890	34.349	30.340	7.762	0,16%	0,13%	798.704	0,16%
	FPI	4.714.639.777	150	326.945.180	545.237.487	524.290.804	4.787.753	3.418.320	924.633	1,05%	0,88%	46.893.023	0,99%

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 2015-2021 takes into account total ineligible expenditure detected and corrected compared to total payments made in 2015-2021. 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.

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

FPI's relevant expenditure, its estimated overall risk at payment, estimated future corrections and risk at closure are set out in **Table X (Annex 9): Estimated risk at payment and at closure**.

The estimated overall risk at payment for 2021 expenditure amounts to € 5.57 million, representing 0.99 % of FPI's total relevant expenditure for 2021. This is the AOD's best, conservative estimation of the amount of relevant expenditure during the year (EUR 560.24 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 2021 expenditure amount to EUR 2.08 million.

The difference between those two amounts results in the estimated overall risk at closure of EUR 3.49 million, representing 0.62 % of the DG's total relevant expenditure for 2021 (EUR 560.24 million).

This is equal to the overall % at risk at closure estimated in 2020.

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

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

The full detailed version of the table is provided in Annex 9.

FPI	Relevant expenditure	Estimated risk (error rate %) at payment		Estimated future corrections and deductions		Estimated risk (error rate %) at closure	
(1)	(2)	(3)		(4)		(5)	
RCS	m EUR	m EUR	%	m EUR	%	m EUR	%
CFSP	230.85	1.06	0.46%	0.95	0.41%	0.11	0.05%
NDICI Stability IcSP/Ifs/NDICI	210.16	4.22	2.01% ²⁶	0.87	0.41%	3.36	1.60%
PI/NDICI Foreign Policy Needs	83.26	0.13	0.16%	0.13	0.16%	0	0%
NDICI EOM/EOM	13.01	0.04	0.31%	0.04	0.31%	0	0%
Press & Info	21.38	0.11	0.50%	0.09	0.41%	0.02	0.09%
NDICI Administrative	1.96	0.01	0.50%	0.01	0.41%	0	0%
DG total	560.24	5.57	0.99%	2.08	0.37%	3.49	0.62%

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.

(b) Fraud prevention, detection and correction

FPI has developed and implemented its own anti-fraud strategy since 2014, on the basis of the methodology provided by OLAF. It was last updated on 19 May 2020. Its implementation is being monitored and reported to the management every year in the context of the corporate reporting. All necessary actions have been implemented, except Measure 29 of the Commission Anti-Fraud Strategy (CAFS) Action Plan that also depends on other DGs. Its completion is expected for early 2022.

²⁶ The 2.01% multi annual detected error rate for this segment does not require a reservation as the multi annual residual error rate for the same segment (1.9902 %) remained below the materiality threshold of 2%. In addition the detected error rate for the segment in 2021 was 1.58 %, thus indicating a downward trend.

FPI also contributed to the Commission anti-fraud strategy and actively participated in the Commission AFS via the FDPNet and the External Actions Subgroup. In particular, FPI worked with other DGs on the implementation of Measure 29 of the CAFS Action Plan related to the evaluation of risks for emergency spending.

FPI continues to work with OLAF and Legal Service on implementing OLAF financial recommendations for two closed cases (100% partial implementation). FPI and EEAS informed OLAF that the administrative recommendations concerning a third one could not be implemented for legal reasons.

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

In December 2021, there were three ongoing investigations concerning projects managed by FPI and one case under selection concerning a service contract.

FPI reappointed in 2021 the anti-fraud contacts points in all the Units and Regional Teams. Anti-fraud contact points were also designated in all CSDP Missions, EU Special Representatives (EUSRs) and the Kosovo Specialist Chambers (KSC).

All new FPI staff had also to follow a compulsory “OLAF for all” training (two sessions for a total of 48 participants). FPI also participated to the six webinars organised by OLAF, EEAS, and INTPA on “Reporting allegations – rules, tools and processes” for our staff in Delegations, CSDP Missions, EUSRs and the KSC.

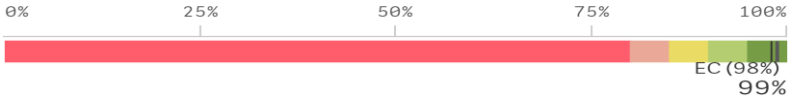
In 2021, FPI.3 conducted and/or helped to conduct several online anti-fraud awareness sessions for CSDP Missions and EUSRs. In addition, the Mission Support Platform (MSP) of FPI.3 conducted a specific webinar on internal control and fraud risks for all CSDP Missions.

FPI worked in close cooperation with OLAF on ongoing cases and replied quickly to information requests from OLAF investigators. Consequently, OLAF opened only one new investigation and sent back all the other cases to FPI for follow up. 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. All these audits have been launched or are under finalisation in 2021 despite the delays due to the Covid-19 crisis.

On the basis of the available information, FPI has reasonable assurance that the anti-fraud measures in place are effective. However, additional measures will be taken in order to take into account the entry into force of the new instrument NDCI-Global Europe, the transfer of IcSP article 5 activities from INTPA to FPI and the start of the European Peace Facility (EPF) operations. FPI concluded in November 2021 the first internal revision of its anti-fraud strategy, which includes the necessary changes. This text still needs to be validated notably via the “External Actions Subgroup” chaired by OLAF before being finally adopted.

2. Efficiency of controls

Timely payments: In 2021, 99% of the amount managed by FPI was paid on time compared to 98% EC wide.

Timely Payments	FPI Score	EC Score
 <p>The chart shows a comparison between FPI's performance and the EC average. The x-axis is labeled with percentages: 0%, 25%, 50%, 75%, and 100%. A red bar represents FPI's score at 99%, and a green bar represents the EC score at 98%. The FPI score is 1% higher than the EC score.</p>	99%	98%

Amounts to disburse (reste à liquider): The RAL at the end of the year decreased by EUR 20 million, a decrease of 1.6% compared to the RAL at the end of 2020. 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.

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

In 2021, 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 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 2021 for FPI is estimated at EUR 5.52 million, that is 0.63% of operational payments executed in 2021 (EUR 871.61 million), which is higher compared to the previous year (0.48% in 2020, and 0.54 % in 2019). The increase in costs of control is

partly due to the inclusion of a new operational unit in FPI (FPI.1) carrying out some control tasks. In addition the methodology to estimate control costs was revised and improved in order to provide a more exact estimate. The improved methodology lead to an estimated higher cost of control.

For FPI Headquarters, the approximate cost of ex-ante controls is EUR 4.16 million, whereas the cost of ex-post controls is EUR 1.36 million (with the total of EUR 5.52 million as presented in the table below).

		Cost of controls by management mode (EUR million)		
		2021	2020	2019
Direct	Grants	1.14	0.74	0.87
	Procurement	1.57	1.15	1.06
Indirect		2.81	2.10	1.98
Total		5.52	3.98	3.91

Based on the analysis of the total cost of controls for 2021 and its trend over the last three years, FPI concludes that the controls put in place by FPI are cost effective.

4. Conclusion on the cost-effectiveness of controls

During 2021 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 detailed in the Executive Summary, that limited the impact on the Service's control environment and control strategy. As previously indicated, controls in 2021 met the internal control objectives (for legality and regularity; fraud prevention, detection and correction) as they did in 2020 (effectiveness). The indicator "Timely payments" showed that 97% of payments were made on time (efficiency). The total cost of controls in 2021 for FPI was estimated at 0.63% of operational payments, which is slightly higher than in previous years, mainly due the expansion of FPI's portfolio and the need to perform additional controls. The conclusion on the cost-effectiveness of controls is therefore unchanged.

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

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

2.1.2. Audit observations and recommendations

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

European Court of Auditors (ECA)

Chapter 8 on Global Europe in the 2020 ECA Annual Report, common to DG INTPA, DG NEAR, DG ECHO, DG REGIO and FPI included only one specific recommendation for FPI related to pillar assessments of CSDP Missions which was addressed in 2021 with the last Mission positively pillar assessed on 26/10/2021 (for details please refer to Annex 7).

The 2020 FPI Annual Activity Report (AAR) including Residual Error Rate (RER) was reviewed by the Court and resulted in no findings (CH5127123EN01-21PP-RoA_2020_FPI of 17/06/2021).

Four transactions related to batches #1 and #2 for the 2021 Statement of Assurance were audited in 2021 and 2022. The final clearing letters resulted in detectable errors for two transactions and no detectable errors for the other two (for details please refer to Annex 7).

As regards Special Reports of the Court of Auditors, FPI was involved in 2021 in three audits touching upon FPI's responsibilities (for details please refer to Annex 7). These audits resulted in 2021 in no findings for FPI (for details please refer to Annex 7).

In 2021, the Court of Auditors followed recommendations issued to FPI from two previous Special Reports: the three recommendations from Special Report No 15/2018 – “Strengthening the capacity of the internal security forces in Niger and Mali” were assessed as “fully implemented” and the seven recommendations from Special Report No 14/2018 (‘The EU Chemical, Biological, Radiological and Nuclear Centres of Excellence: more progress needed’) were assessed as “fully implemented” for six and “implemented in most respects (remaining weaknesses are not fundamental or extensive)” for one (for details please refer to Annex 7).

Internal Audit Service (IAS)

Based on all work undertaken by the Internal Audit Service in the period 2019-2021²⁷, namely,

- 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 2019-2021;
- 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.
- The implementation of these action plans is monitored through reports by management and follow-up audits by the IAS;

the Commission's Internal Auditor concluded on 15 February 2022 that the internal control systems in place for the audited processes are effective, except for one observation giving rise to one 'very important' recommendation.

This very important recommendation is Recommendation number 1 of the Audit on performance management in FPI (detail of recommendation can be found in Annex 7).

FPI has accepted the recommendation and established an Action Plan to address it.

The agreed actions to address recommendation 1 of the Audit on performance management in FPI are being implemented progressively. By the end of 2021, 2 out of 3 actions in the action plan have been fully implemented. The implementation of the third action could not be implemented within the deadline, as the full rollout of the IT system OPSYS module Track 2 (Contract management) has been postponed to July 2022. It is expected that the recommendation will be fully implemented by the end of 2022.

Conclusion

In 2021, there were no critical findings or critical recommendations and a limited number of findings overall related to FPI from audits conducted by the European Court of Auditors (ECA). The IAS did not launch any audits of FPI activities during 2021.

²⁷ Final audit reports issued in the period 1 February 2019 – 31 January 2022.

Information on the follow-up to recommendations stemming from IAS audits finalised before 2021, is included in Annex 7. At the end of 2021 there was one open IAS recommendation, classified as very important. This recommendation stems from the 2020 IAS audit on performance management in FPI, and is expected to be fully implemented by 31 December 2022. Currently 2 out of 3 sub-actions in the action plan addressing this recommendation have been implemented.

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 2017²⁸. To this end the following actions were undertaken in 2021:

- The updated 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 2021.
- Risk analysis and updates of the FPI Risk Register, were carried out twice in 2021 (in April and in November), 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 the effectiveness, efficiency and smoothness of operations and thus budget execution.

Following the peer review held on 26 November 2021, one risk remained identified as 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”);

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,

²⁸ Communication on the revision of the Internal Control Framework C(2017)2373

(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 third time. The survey was redesigned so as to address questions to both management and staff in a common survey and to be more directed to participants and easier/faster to complete. As a result, the survey had 43 questions instead of up to 56 for the management survey last year. Overall, 69 staff and managers from Headquarters and Regional Teams were invited to complete the survey (compared to 59 last year); 52 persons replied (75%), compared to 50 last year (85%).

Results indicate an overall effectiveness rate of 82%, which presents a net decrease compared to 2020 back to similar effectiveness rate reached in 2019 (83%). Further details are provided in Annex 8.

In addition, for the purpose of assessing the effectiveness of the internal control systems, the 2021 AOSD reports of all 8 FPI Units, 77 EU Delegations and 5 Regional teams managing FPI funds, as well as one report from EEAS for activities managed under a service level agreement, were analysed. No issues with potential impact on assurance were identified.

Considering the results of the 2021 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 2021.

FPI has assessed its internal control system during the reporting year and has concluded that it is effective and that the components and principles are present and functioning well overall, but some improvements are needed as minor deficiencies were identified by the IAS in one very important recommendation (stemming from the Audit on Performance Management in FPI) related to control environment (ICP#3) and control activities (ICP#12). For full detail on this recommendation please refer to Annex 8.

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 2021, 77 AOSD reports by the Heads of Delegations were received and analysed at HQ, 5 AOSD reports by the Heads of the Regional Teams and 8 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.

For the period covering 1/01/2021 to 30/11/2021, the former AOD (Ms Hilde Hardeman) signed a declaration of Assurance [Ares(2021)7360921-30/11/2021].

Full coverage of expenditure by the control mechanisms

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

IAS limited conclusion

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

Legality & regularity based on RER results

The multi-annual residual error rate (RER) for 2015-2021 takes into account total ineligible expenditure detected and corrected compared to total payments made in 2015-2021. Based on the multi-annual RER of 0,99 %, 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

FPI in 2021. 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 principles are implemented and functioning as intended. None of the internal control issues described above, in Management's opinion, has any potential impact on the assurance.

Anti-Fraud Strategy in place.

FPI adopted its revised Anti-fraud strategy (AFS) on 19 May 2020. The AFS was elaborated on the basis of the methodology provided by OLAF. FPI concluded in November 2021 its first internal revision of this document. It includes the changes required by the entry into force of the new instrument NDCI-Global Europe, the transfer of IcSP article 5 activities from INTPA to FPI and the start of the European Peace Facility (EPF) operations. This text still needs to be validated notably via the "External Actions Subgroup" of the Fraud Detection and Prevention Network (FPDNet, chaired by OLAF), before being finally adopted.

Overall Conclusion

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

2.1.5. Declaration of Assurance

Declaration of Assurance

I, the undersigned,

Acting 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 view²⁹.

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

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

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

Brussels 31 March 2022

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(signed)

Marc FIEDRICH

²⁹True 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

In 2021 the Service continued 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 continued to cooperate with DG DIGIT to achieve the main objectives of the EC Digital Strategy 2021 Implementation Plan.

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

The FPI implemented the reorganisation which took place on 1 January 2021, adding the unit Stability and Peace – Global and Transregional Threats, and two new units linked to the duties of administrator for assistance measures under the new European Peace Facility (EPF). A particular effort was made to implement the recruitment guide for speedy and quality recruitments and the new welcome package for a fast integration of newcomers.

In close collaboration with its staff, the Service elaborated its first HR strategy, capturing the specific FPI culture and establishing an action list which will guide the HR management until 2024. The strategy will be accompanied by an updated Learning and Development Strategy.

The learning and development actions in 2021 were adapted to the particular circumstances due to the pandemic, with a focus on improving skills required in a virtual and hybrid working environment. A particular action was taken to offer coaching to units and teams.

The Service has reached its current target for first appointment of female middle managers and with currently 5 out of 8 Deputy Heads of Unit has surpassed its target (3 out of 8).

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

2.2.2. Digital transformation and information management

In the context of the 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, especially in the context of the M365 transition.

In terms of digital transformation, FPI was integrated in DG DIGIT's outreach to achieve the main objectives of the Digital Solutions Modernisation Plan (DSMP). The degree of implementation of the digital strategy principles by the most expensive three IT solutions that FPI owns (EU Alumni platform, EU CBRN CoE Private Portal and EOM portal) is 0,625³⁰ in 2021. The Service aims at reaching 0.75³¹ indicator in 2022.

FPI was one of the first Commission services to migrate its websites to the new version of the EWPP platform (Drupal 8). In 2021, FPI also focused on the repatriation of its web platforms to the EC hosting environment. The Service was among the early adopters when it came to M365, in particular Microsoft Teams, in daily workflows. It also laid the groundwork for the staff transition to the new WELCOME environment.

Additionally, FPI streamlined the use of existing online cooperation and videoconferencing platforms in order to ensure the smooth communication and collaboration flow within the Service, including with the Regional Teams.

FPI also continued to implement data governance and data policies and identified its key data assets that have been included in the Commission data catalogue.

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 created new records bringing, at the end of 2021, the number of its published records to 13. To ensure that all staff members embed data protection in their daily work, FPI continued to organise awareness raising activities and trainings in order to achieve the target of 100% awareness of all staff by 2024, as set out in the Strategic Plan 2020-2024.

Concerning international data transfers, 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.

³⁰ The scores range from 0,1 to 2.

³¹ Ibidem

Finally, a Data Protection Coordinator in FPI has been nominated in October 2021 (note Ares(2021)6681735).

Procedures were in place during 2021 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 2020 and in 2021 FPI appointed its own Document Manager Officer (function previously provided by DG INTPA based on an SLA). The management of information during 2021 improved slightly compared to the last three years. The percentage of HAN files shared across services increased to 20% (versus 18% in 2020, 14.3% in 2019 and 2018). The number of Hermes-Ares-Nomcom (HAN) files not filed was 3.67% (versus 3.5% in 2020, 4.2% in 2019 and 5.2% in 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 2021, 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 main working method in 2021 has meant a further shift consolidation of paperless working methods, which the FPI aims to maintain.

The Service has continued using 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.