



European
Commission

Annual Activity Report 2022

DG FOR INTERNATIONAL PARTNERSHIPS

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DG INTPA IN BRIEF

Within the European Commission, the mission of the Directorate-General for International Partnerships (DG INTPA)¹ is to contribute – in the context of the European Union’s (EU) external relations – to sustainable development, eradicating poverty, promoting peace and the protection of human rights through international partnerships across the world that uphold and promote European values and interests.

Under the **geopolitical ambition and political guidelines** set by the President of the European Commission, DG INTPA leads on international cooperation, building partnerships with countries and organisations across the globe. DG INTPA continues to play an essential role in the EU’s efforts to **implement global commitments**, notably the UN Agenda 2030, Sustainable Development Goals (SDGs) and the Paris Agreement on climate change.

DG INTPA works hand in hand with the Commission departments and the European External Action Service (EEAS) to ensure that the external dimension of EU policies strengthens the EU action in the world including through the operationalisation of Global Gateway. DG INTPA cooperates with EU Member States and European financing institutions in a strong Team Europe approach to implement the EU agenda at international level. DG INTPA works hand in hand with partner countries and institutions, setting policy agendas, taking initiatives, and ensuring effective implementation of actions.

The operating context

EU development cooperation, as defined in Articles 208 to 210 of the Treaty on the Functioning of the European Union (TFEU), operates in a global context, defined by United Nations (UN) 2030 Agenda and its Sustainable Development Goals (SDGs). In accordance with the agenda’s vision of “leaving no one behind”, the diversity of challenges in all countries need to be considered². Development cooperation is evolving from a more traditional donor-recipient model towards a stronger emphasis on mutual interests, covering not only social sectors but also sustainable investment, trade, and the development of high value-added economic sectors. Development cooperation is also much more focused on international partnerships to tackle global challenges. Pursuing a Team Europe approach, the EU works together with the Member States on the field and cooperates with the local beneficiaries and with the other donors to bring about a tangible impact and transformative change in the partner countries.

In certain cases, DG INTPA, on behalf of the Commission represents the EU on the international stage, in bilateral settings and in multilateral fora like the UN. For the year

⁽¹⁾ The mission statement of DG INTPA is available on *europa* website: https://ec.europa.eu/international-partnerships/about-us_en

⁽²⁾ Challenges include: a high level of risk in the partner countries context due to the geo-political, social, institutional and administrative environment frequently associated with instability; geographically dispersed activities; the diversity of implementing organisations and partner countries with their diverse management and control capacities (ranging from small local NGOs to IOs); a diversity of assistance delivery methods (traditional projects, budgetary support, sectoral policy support programmes, contributions to global instruments, blending, budgetary guarantees etc.).

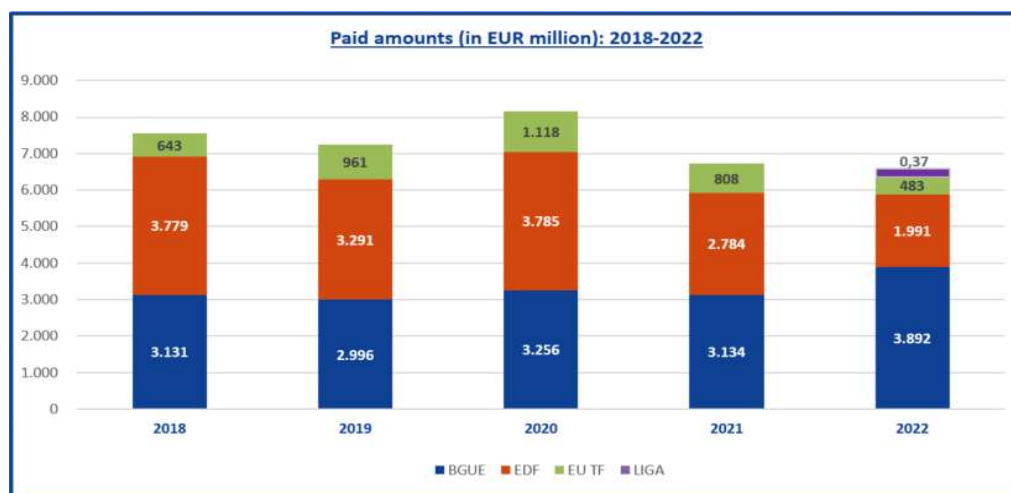
2022, it has been in charge of managing almost EUR 8.1 billion in commitments³, providing assistance to around 130 countries on five continents. The EU and its Member States collectively form the world's largest donor⁴, accounting for nearly half of global Official Development Assistance (ODA).

Under the Multiannual Financial Framework 2021-2027, DG INTPA is in charge of implementing the following of the EU's external financing instruments:

- Neighbourhood, Development and International Cooperation Instrument NDICI-Global Europe^{5,6}
- Decision on the Overseas Association including Greenland (DOAG)⁷
- European Instrument for International Nuclear Safety Cooperation ([EI-INSC](#))⁸

In addition, DG INTPA continues to manage the ongoing operations⁹ funded under European Development Fund (EDF) and the EU Trust Funds for Africa, Central African Republic (TF Bêkou) and Colombia.

The evolution of the volume of payments funded by the general budget of the EU, the EDF, LIGA¹⁰ and the Trust Funds of the European Union (EUTF) is presented in the figure below.



In 2022, a total of EUR 6,366.24^{11,12} million was paid by DG INTPA; of which EUR 3,891.59 million¹³ under the general budget of the European Union;

⁽³⁾ Commitments level 1. The amount of commitments level 2 is EUR 5.6 billion.

⁽⁴⁾ [Home \(europa.eu\)](#)

⁽⁵⁾ [EUR-Lex – 32021R0947 – EN – EUR-Lex \(europa.eu\)](#)

⁽⁶⁾ DG INTPA is in charge of approximately 70%, which is composed by all the geographic programmes except the Neighbourhood part (DG NEAR) and all the thematic programmes with the exception of the Peace, Stability and Conflict Prevention (FPI) and the Rapid Response “*Strengthening resilience and linking humanitarian aid and development action*” component (together with DG NEAR).

⁽⁷⁾ This instrument brings together the previous Greenland Decision and the Overseas Association Decision under MFF 2014-2020

⁽⁸⁾ [EUR-Lex – 32021R0948 – EN – EUR-Lex \(europa.eu\)](#)

⁽⁹⁾ Under the EU general budget the instruments of the previous MFF

⁽¹⁰⁾ LIGA represents payments stemming for the Common Provisioning Fund, for claims issued under budgetary guarantees concluded under the EFSI instrument

⁽¹¹⁾ The breakdown by management modes of total payments made by DG INTPA in 2022 is presented in section 2.1.1.

EUR 1,991.01 million¹⁴ under the European Development Fund (EDF); EUR 483.27 million¹⁵ under the EUTFs Bêkou, Africa and Colombia and EUR 0.37 million under LIGA.

The European Fund for Sustainable Development (EFSD) guarantee capacity of EUR 1.55 billion was fully absorbed by the end of 2020. The EFSD+ Guarantee, as approved in the NDICI-Global Europe Regulation in 2021 is backed by the External Action Guarantee for up to EUR 53.45 billion and enables the EU to guarantee operations to de-risk investment in partner countries and support their sustainable development.

Ways of delivering EU assistance

DG INTPA's main goal remains to contribute to the achievement by the EU of its collective commitment to devote 0.7% of Gross National Income (GNI) to Official Development Assistance (ODA), but also to leverage private funds to boost the impact of EU collective action. In line with these objectives, DG INTPA has continued to encourage innovative modalities to leverage investment and ensure high level impact in the programme funds it manages. These innovative modalities include blending grants with loans or equity from public and private financiers. They also include traditional assistance delivery methods like project implementation, budget support, indirect management with international organisations and Member States' development agencies and cooperation with Civil Society Organisations (CSOs).

o Accountability and reporting chain in DG INTPA

The accountability and reporting chain in DG INTPA is organised as a pyramid with several levels. EU Delegations (first level) are accountable and report to the relevant geographical directors (second level). In turn, the geographical directors report to the Director-General (third level). Through this system, the statements of assurance signed by each Head of Delegation set the basis for the assurance provided by the other Authorising Officers by (Sub)-Delegation (AOSD) at the upper levels of the pyramid. The trust fund managers and the thematic directors also provide assurance via their AOSD reports.

All AOSDs substantiate their statements of assurance in their annual reports by taking into account the results achieved for 29 DG INTPA Key Performance Indicators (KPIs)¹⁶. These KPIs are grouped into three categories: sound financial management, effectiveness of the internal control systems and effectiveness of the audit system.

⁽¹²⁾ This slight drop in payments compared to the previous year is normal. The profile of annual payments follows the expected evolution within the MFF cycle. 2022 was only the second year of the current MFF and not all actions are producing payments yet. It should also be considered that as of 31.12.2020 the EDF and the Trust funds are phasing out with decreasing levels of payments.

⁽¹³⁾ Reconciliation of the amount of EUR 3,891.59 million paid by the general budget in 2022 with the amount of EUR 4,460.99 million presented in annex 3A: EUR 3,891.59 million + EUR 35.89 million (contribution to EU TF) + EUR 495.37 million (contribution to CPF) + EUR 38.14 million (contribution for support expenditure from EDF or EUTF paid under budget lines 16.010400 and 16.010500) = EUR 4,460.99 million.

⁽¹⁴⁾ Reconciliation of the amount of EUR 1,991.01 million paid by EDF with the amount of EUR 2,258.08 million presented on table 2.1 of the annex 3B: EUR 1,991.01 million + EUR 330.00 million (contribution to EU TF) – EUR 62.93 million (Recovery Orders EDF-INTPA) = EUR 2,258.08 million

⁽¹⁵⁾ EUTF Bêkou: EUR 30.37 million, EUTF Africa: EUR 441.59 million, EUTF Colombia: EUR 11.31 million.

⁽¹⁶⁾ More details to be found in annex 8 of this report

EXECUTIVE SUMMARY

This Annual Activity Report (AAR) for 2022 is a management report of the Director-General of DG INTPA to the College of Commissioners. Annual Activity Reports are the main instrument of management accountability within the Commission and constitute the basis on which the College takes political responsibility for the decisions it takes, as well as for the coordinating, executive and management functions it exercises, as laid down in the treaties¹⁷.

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

A. Key results and progress towards achieving the Commission's general objectives and DG INTPA's specific objectives

At a time when the world was still recovering from the consequences of **COVID-19**, 2022 was marked by **Russia's war of aggression against Ukraine**. The crisis from the fallout of the war rapidly spread across the world, sending shockwaves through global food and energy markets. Despite the war of aggression against Ukraine, the EU did not turn its back on international partners. DG INTPA took an active role in mitigating the global impacts of the war and helping partners get back on track towards the SDGs.

#Global Gateway

2022 marked the first year of delivery for Global Gateway¹⁸, which provides partners with a plan to build sustainable links and respond to infrastructure needs, in alignment with EU values and standards.

Global Gateway is implemented using the **Team Europe** approach, through which the EU identified and made significant investments in infrastructure and regulatory environments across Africa, Asia, Latin America and the Caribbean and the Pacific. This was complemented by more than EUR 9 billion in grants from the EU budget committed since the launch of the Global Gateway strategy.

#NDICI-Global Europe

In 2022, the Commission focused on the implementation of the **Neighbourhood, Development and International Cooperation Instrument – Global Europe** (NDICI-Global Europe) (EUR 79.4 billion of funding over 2021-27). This included the rollout of the European Fund for Sustainable Development+ (EFSD+), backed by the External Action Guarantee of up to EUR 53.45 billion. By the end of 2022, EIB had signed 49 operations globally for a total amount of almost EUR 3 billion under EFSD+ guarantee, mobilising total investments of between EUR 6-9 billion. This instrument helps the EU to significantly increase the profile, scale and impact of its external engagement. In 2022, DG INTPA selected 40 investment programmes to benefit from over EUR 6 billion in financial guarantees.

DG INTPA also increased work on sustainable finance, including by setting up a **High-Level Expert Group** (HLEG) focused on low- and middle-income countries, working towards a Global Green Bond Initiative and preparing the launch of a Sustainable Finance Advisory Hub.

#Multilateralism

Russia's war of aggression against Ukraine was also an attack against the rule-based international order. This made engaging in multilateral fora all the more important. In 2022, the EU continued to actively reinforce its global dialogues with multilateral partners in order to shape more strategic partnerships based on EU priorities. Cooperation with the

(18) https://ec.europa.eu/info/strategy/priorities-2019-2024/stronger-europe-world/global-gateway_en

UN intensified, namely with the first **EU-UN High-Level Dialogue** in July 2022. In addition, targeted policy dialogue with the World Bank Group (WBG) and International Monetary Fund (IMF) was deepened on key thematic files.

#Health

The pandemic brought health to the fore as a global priority, highlighting the need for better prevention, preparedness and response to cope with future health crises. The Commission adopted the **Global Health Strategy**¹⁹ at the end of 2022, which presents new priorities and revamped global health architecture.

As part of these efforts, the Commission was also instrumental in creating the new Pandemic Fund. The fund will provide a dedicated stream of additional, long-term financing to strengthen critical pandemic prevention, preparedness, and response (PPR) capabilities in low- and middle-income countries through investments and technical support at the national, regional, and global levels. DG INTPA has been helping operationalise the Commission's commitment to **ensure universal access to COVID-19 vaccines**, including through continued support of the COVAX Facility. In response to needs of Sub-Saharan African and Latin American and Caribbean partners, DG INTPA has started rolling out its Team Europe support to increase partners' autonomy in the local production of vaccines and medicines.

#Inequality marker

In 2022, DG INTPA introduced an innovative **inequality marker** to measure how its interventions contribute to curbing inequalities. **Social protection** is also key to ensuring progress on the reduction of inequality. DG INTPA advanced in the formulation of social protection interventions in ten countries and through two global facilities with a focus on systems building, digitalisation and registry and specific social protection schemes for women and informal workers.

Complementing these initiatives, the **Gender Action Plan III** (2021-2025) is implemented at country, regional and global level, marking significant progress towards the target of 85% of all new actions contributing to gender equality.

#Youth

Representing more than 1.8 billion, young people are key agents of change to help shape more resilient, inclusive and prosperous societies, and progress towards the Sustainable Development Goals. In October 2022, the Commission adopted the first ever **Youth Action Plan in the EU's external relations**²⁰ to empower, connect, and engage young people more in policy making and decisions that will shape their future. The Plan provides the policy framework to ensure that youth participation and empowerment and youth policies are a cross-cutting priority in EU external actions.

⁽¹⁹⁾ [international_ghs-report-2022_en.pdf \(europa.eu\)](#)

⁽²⁰⁾ [EU adopts the first Youth Action Plan in EU External Action \(europa.eu\)](#)

The Commission also put young people's voices at the centre by co-leading a **Youth Civic and Political Engagement Cohort**²¹ ahead of the next Summit for Democracy of March 2023, and by starting to set up **Youth Sounding Boards in EU Delegations**²².

In July 2022, the **Overseas Countries and Territories Youth Network** (OCT-YN) was launched. This new initiative offers young people from the OCTs an opportunity to embark on a one-year learning path, discovering the EU-OCT partnership and the functioning of the European institutions, and networking with like-minded young people.

#Education

2022 was a key year in raising the alarm bell on the silent education crisis. The UN Transforming Education Summit convened in 2022 recognised the Commission as an education champion in promoting financing for education and increasing its own rate of investments in quality teaching and learning. The EU has the political ambition to increase the investment in education over the period 2021-2027 from 7% to at least 10% for all actions under DG INTPA responsibility. This includes investing in quality basic education for all and in 21st century skills and employability. Through the EU-Africa: Global Gateway Investment Package education initiatives, Team Europe Initiatives, country programmes, and global education initiatives, investments are focussing on teachers, more equitable and inclusive education systems, and on skills that will enable partner countries to make the most of the digital and green transitions and in expanding mobility opportunities.

#Climate change, environment and biodiversity

In 2022, DG INTPA continued promoting actions to support partner countries in tackling **climate change and biodiversity loss** as a key component of the EU Global Gateway.

In the context of the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC COP27), DG INTPA and four Member States launched the **Team Europe Initiative on Climate Change Adaptation and Resilience in Africa**, with a total contribution of EUR 1 billion. DG INTPA also supported partner countries in the implementation of their Nationally Determined Contributions, which are at the heart of the Paris Agreement to reduce emissions.

During the 15th Conference of the Parties to the UN Convention on Biological Diversity (CBD COP 15), DG INTPA supported the adoption of an ambitious post-2020 **Global Biodiversity Framework**, with goals and targets, complete monitoring, reporting, review arrangements and a robust resource mobilisation package. To help reversing deforestation, DG INTPA launched five **EU Forest Partnerships**²³ and signed a Forest Law Enforcement Government Trade (FLEGT) Voluntary Partnership Agreement²⁴. During the EU-Central Asia

⁽²¹⁾ [Youth Political and Civic Engagement - News and Resources Portal for the Summit of Democracy \(summitfordemocracyresources.eu\)](https://summitfordemocracyresources.eu)

⁽²²⁾ [Youth participation \(europa.eu\)](https://europa.eu)

⁽²³⁾ Uganda, Mongolia, Guyana, Zambia and the Republic of Congo

⁽²⁴⁾ Guyana

Connectivity Conference held in Samarkand in November 2022, the **Team Europe Initiative on Water, Energy and Climate in Central Asia** was officially launched to promote a sustainable and just green transition in the region.

#Sustainable energy and food security

The EU is at the forefront of global efforts in supporting partners in coping with food insecurity and high energy prices, mitigating the consequences of **Russia's war of aggression against Ukraine**.

DG INTPA contributed to the development of a comprehensive Team Europe response with **EUR 3.8 billion medium-term investments in food security and sustainable food systems** to help partner countries over the period 2021-2024²⁵.

Particular focus was also put on developing the **green hydrogen** economy in partner countries, in line with the objectives of the REPowerEU Plan and of the EU External Energy Strategy.

#Sustainable connectivity

In 2022, DG INTPA supported a sustainable digital transition at national, regional and international level. The **Global Gateway**²⁶ and the **Digital 4 Development (D4D) Hub**²⁷ have been fundamental tools in that respect, promoting a human-centric approach to digital transformation while helping partner countries bridge the digital divide. The African Union – European Union (AU-EU) Digital for Development (D4D) Hub – a flagship Team Europe project, co-funded by the European Union and jointly implemented by eight European organisations - started its work with 16 African countries, especially via technical assistance and knowledge sharing. It aims at supporting African institutions in the creation of an enabling environment for inclusive and sustainable digital transformation. Following the Indo-Pacific Ministerial Forum for Cooperation in February 2022, the Asia branch of the D4D hub was also launched in 2022.

#Migration

DG INTPA continued to contribute to the concrete implementation of the external dimension of the **EU Pact on Migration and Asylum**²⁸ by strengthening comprehensive migration partnerships with partner countries, in close coordination with EU Member States. In 2022, the European Commission launched with EU Member States two **Team Europe Initiatives on Migration in Africa**: one on the Atlantic/Western Mediterranean route, and another on the Central Mediterranean route.

⁽²⁵⁾ Composed of EUR 1.3 billion under the 'Solidarity' pillar of the Team Europe response, and EUR 2.5 billion under the 'Production and Food Systems Resilience' pillar.

⁽²⁶⁾ https://ec.europa.eu/info/strategy/priorities-2019-2024/stronger-europe-world/global-gateway_en

⁽²⁷⁾ [Home – d4dhubdev](#)

⁽²⁸⁾ [New Pact on Migration and Asylum \(europa.eu\)](#)

#Human rights and democracy

In an increasing polarised world, democracy is under threat. The Commission launched the Global **Team Europe Initiative on Democracy (TED)**, together with 14 EU Member States, to strengthen coordination and complementarity of programmes and support democracy worldwide.

The thematic programme on **human rights and democracy** was mobilised to support multilateral actors and to promote fundamental freedoms and human rights in a challenging environment. In 2022, DG INTPA renewed its political commitment to the protection of **human rights defenders** by doubling its budget (EUR 30 million) for a new phase of the EU Mechanism for the Protection of Human Rights Defenders (Protect.eu). It also put forward a Call for Proposals to establish an Early Warning and Monitoring Mechanism to prevent and respond to early signs of shrinking space for civil society.

#EU-AU Summit

The **6th EU-AU Summit** held in Brussels in February 2022 was instrumental in renewing and strengthening the EU-AU Partnership. European Union and African Union's leaders agreed on a Joint Vision for 2030, which highlighted the following mutually agreed priorities: (i) a Global Gateway Investment Package worth at least EUR 150 billion in investments, the first major Global Gateway deliverable; (ii) a renewed and enhanced cooperation for peace and security; (iii) an enhanced and reciprocal partnership on migration and mobility; (iv) and a commitment to multilateralism.

As part of the multi-sectoral African Investment Package, DG INTPA developed and launched the **Africa-EU Green Energy initiative**²⁹.

#EU-ASEAN Commemorative Summit




The **first EU-ASEAN commemorative Summit** took place in Brussels on 14 December 2022, celebrating 45 years of EU-ASEAN relations. The EU presented its Global Gateway package of initiatives in ASEAN countries, including EUR 10 billion investment package and the Sustainable Connectivity Team Europe initiative. The Summit was accompanied by an ASEAN week with focus on higher education and included a Youth Summit and Business Summit.

#Communication

In pursuing its partnership objectives, DG INTPA deployed a new approach to strategic communication with emphasis on political campaigning around a core narrative and high-profile deliverables aiming to demonstrate the unique offer of partnership that Europe strives to achieve with partner countries. This applies to both the communication activities with policymakers around summits, events and missions but also the broader societal outreach with brand recognition of Europe backed up by a link to visible results.

(29) [Africa - EU Green Energy Initiative | Team Europe Initiative and Joint Programming tracker \(europa.eu\)](#)

B. Key performance indicators

| Indicator | Target | Latest known results as per AAR |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| Most relevant KPI 1³⁰: Amount and share of EU funded international cooperation and development assistance contributing to climate change adaptation and mitigation | (2021-2027) 30% | (2022) 32 ³¹ % and (2021-2022) 26.8 ³² % of total committed for DG INTPA; |
| | Link between this KPI and its contribution to SDGs:  | |
| Most relevant KPI 2³⁰: Share of EU funded international cooperation and development assistance directed towards supporting Human Development | (2021-2027) At least 20% of ODA expenditures under NDICI-Global Europe to contribute to social inclusion and human development | (2022) 21.1 ³³ % and (2021 -2022) 31 ³⁴ % of total committed for DG INTPA under NDICI- Global Europe |
| | Link between this KPI and its contribution to SDGs:  | |
| Most relevant KPI 3³⁰ Proportion of EU funded cooperation and development initiatives promoting gender equality | (2027) 85% of new actions implemented under NDICI-Global Europe | (2022) 86.1 ³⁵ % and (2021-2022) 84,9 ³⁶ % of new actions implemented by DG INTPA under NDICI- Global Europe |
| | Link between this KPI and its contribution to SDGs:  | |
| Most relevant KPI 4 = Estimated risk at closure | (2022) 2% | (2022) 1.19% |

The KPIs above reflect the current key policy priorities of the EU, in the areas of climate change, human development and gender equality. The fourth KPI, the estimated risk at closure is an indicator measuring internal control aspects, and it was selected as relevant since DG INTPA is managing spending programmes.

⁽³⁰⁾ KPIs 1-3 represent targets from NDICI- Global Europe regulation. The targets are set for the entirety of instrument and the whole MFF period. The instrument is implemented by several Commission Directorate-Generals and services. The latest known result presents the results for NDICI-Global Europe actions managed by DG INTPA.

⁽³¹⁾ Provisional figures, with final data foreseen for July 2023, once data quality checks are concluded

⁽³²⁾ Provisional figures, with final data foreseen for July 2023, once data quality checks are concluded

⁽³³⁾ Provisional figures, with final data foreseen for July 2023, once data quality checks are concluded

⁽³⁴⁾ Provisional figures, with final data foreseen for July 2023, once data quality checks are concluded

⁽³⁵⁾ Provisional figures, with final data foreseen for July 2023, once data quality checks are concluded

⁽³⁶⁾ Provisional figures, with final data foreseen for July 2023, once data quality checks are concluded

C. Key conclusions on financial management and internal control

In accordance with the governance arrangements of the European Commission, the staff of DG INTPA conducts its operations in compliance with the applicable laws and regulations, working in an open and transparent manner and meeting the expected high level of professional and ethical standards.

To ensure the achievement of policy and management objectives, the Commission has adopted a set of internal control principles, based on international good practice. The financial regulation requires that the organisational structure and the internal control systems used to implement the budget be set up in accordance with these principles.

In line with the Commission's Internal Control Framework, DG INTPA has assessed its internal control systems during the reporting year and has concluded that it is effective and the components and principles are present and functioning well.

In addition, DG INTPA has systematically examined the available control results and indicators, including those for supervising entities to which it has entrusted budget implementation tasks, as well as the observations and recommendations issued by the internal auditor and the European Court of Auditors (ECA). These elements have been assessed to determine their impact on the management's assurance about the achievement of the control objectives. Please refer to AAR Section 2.1 for further details.

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

D. Provision of information to the Commissioner(s)

In the context of the regular meetings during the year between DG INTPA and the Commissioner on management matters, the main elements of this report and assurance declaration have been brought to the attention of Commissioner Urpilainen, responsible for International Partnerships.

1. KEY RESULTS AND PROGRESS TOWARDS ACHIEVING THE COMMISSION'S GENERAL OBJECTIVES AND SPECIFIC OBJECTIVES OF THE DG INTPA

DG INTPA is a DG entrusted with policy making responsibilities in the field of International Partnerships. It is also a DG implementing this policy via the different instruments it is managing. All operational expenditure contributes to the achievement of the strategic objective of the Union³⁷.

DG INTPA contributes to delivering on the European Commission's General Objective 4 - "A stronger Europe in the World", through 7 main themes³⁸, detailed into 16 Specific Objectives included in DG INTPA's Strategic Plan 2020-2024. They are all presented in annex 2 of this report.

Four themes were selected as illustrative performance stories of the achievements of DG INTPA in 2021: 1) International Partnerships, 2) Climate Change, Environment, Sustainable Energy and Food Security, 3). Human Development, 4). Sustainable Jobs and Growth.

1.1 Performance story 1- International Partnerships



General Objective 4: A stronger Europe in the world

Specific Objective 1: A new partnership agreement with the countries of the Organisation of African, Caribbean and Pacific States (OACPS) is concluded and operationalised

Specific objective 2: A new joint AU-EU Partnership agenda is concluded and operationalised

Specific objective 3: A Team Europe approach is strengthened by working better together with EU Member States in joint programming and joint implementation.

Specific objective 4: Sustainable Partnerships with International Financial Institutions (IFIs), the UN and other multilateral partners around EU Priorities are built

2022 was the first year of **Global Gateway implementation** where the EU institutions, Member States, and European development finance institutions began developing **Global Gateway projects** and implementing the **Team Europe Initiatives**.

Throughout the year, through the Team Europe approach, more than **20 Team Europe Initiatives** were launched, including endorsement of the Green Team Europe Initiative in partnership with ASEAN and launching the Sustainable Connectivity Initiative at the EU-

⁽³⁷⁾ For more details please refer to Programme Statements available here: [Neighbourhood, Development and International Cooperation Instrument – Global Europe - Performance \(europa.eu\)](https://european-council.europa.eu/media/en/press-communications/inline-photos/2022/04/10/Pages/Neighbourhood_Development_and_International_Cooperation_Instrument_-_Global_Europe_-_Performance_europa.eu)

⁽³⁸⁾ Theme 1- "International Partnerships", Theme 2- "Climate Change, Environment, Sustainable Energy", Theme 3- "Digital, Data Technologies and Connectivity", Theme 4- "Sustainable Jobs and Growth", Theme 5- "Migration", Theme 6- "Human Development"; Theme 7- "Governance, Peace and Security, Democracy, Human rights, Civil society".

ASEAN Commemorative Summit in December 2022³⁹. Both initiatives will support the acceleration of infrastructure investments in ASEAN countries. 2022 also marked the year of reinvigorating Team Europe's partnership with Latin America and the Caribbean and bringing the two continents closer together through the extension of the submarine and terrestrial fibre optic cable BELLA to connect even more countries in the region. Also, new partnerships were established for cooperation on space observation with Chile and Panama benefiting the rest of Latin America and the Caribbean, in the context of the preparations for the EU-LAC Digital Alliance.

In 2022, the EU continued the roll-out of multilateral ambition as per the Joint **Communication on rules-based Multilateralism**⁴⁰. Based on Global Gateway and the Team Europe logic, through a more granular analysis of strengths, weaknesses and partnership potential of specific multilateral partners, DG INTPA focused on connecting the EU priorities into concrete cooperation with multilateral partners and a more structured strategic dialogue.

In July 2022, the first **EU-UN High-Level Dialogue** at the level of the President of the Commission and the UN Secretary-General took place. DG INTPA was instrumental in preparing the Dialogue and ensuring follow-up to the commitments undertaken. This has notably resulted in seminars seeking to optimise cooperation at country level, in a context of revamped operational set-up (i.e. Global Gateway, Team Europe, Team Europe Initiatives for the EU and the roll-out of the reform of development system of the UN). The EU also continued to build on its own institutional standing, for instance participating in board sessions of UN agencies and funds.

DG INTPA kept actively reinforcing the partnerships between the EU and the International Financial Institutions, in particular with the World Bank Group (WBG) and the International Monetary Fund (IMF). This ensured a stronger voice of the EU and Member States in a Team Europe approach, which this year for the first time included the drafting of common messages with Member States ahead of the Spring and Annual Meetings. In particular, as a part of efforts in a Team Europe approach, and following unanimity approval at the Council for the reuse of EDF decommitted funds, the EU contributed EUR 100 million to the IMF's Poverty Reduction and Growth Trust (PRGT). These EDF funds will allow the IMF to make about EUR 630 million worth of zero interest loans for PRGT-eligible Sub-Saharan African, Caribbean and Pacific countries (ACP) facing balance of payments difficulties. This complements pledges by EU Member States to channel Special Drawing Rights⁴¹. Targeted policy exchange continued with IFIs on thematic and geographic files over the year; the Commission has identified a number of TEIs with scope for enhanced cooperation with several International Financial Institutions (IFI), especially the World Bank Group. Successful and visible high-level participation was ensured in key events such as the Spring and

(³⁹) [EU-ASEAN joint ministerial statement on connectivity \(press release\):](https://www.consilium.europa.eu/en/press/press-releases/2020/12/01/eu-asean-joint-ministerial-statement-on-connectivity/)
<https://www.consilium.europa.eu/en/press/press-releases/2020/12/01/eu-asean-joint-ministerial-statement-on-connectivity/>

(⁴⁰) JOIN/2021/3 final

(⁴¹) [Special Drawing Rights \(imf.org\)](https://www.imf.org/)

Annual meetings where Commissioner Urpilainen positioned EU as a strong actor through a series of high-level engagements.

The **6th EU-AU Summit** held in Brussels in February 2022 was instrumental in renewing the EU-AU Partnership, as well as in defining and aligning joint priorities. DG INTPA's contribution focussed on the socio-economic growth, integration and trade areas grouped under the Global Gateway Africa-Europe Investment Package, which was launched at the Summit, whereas EEAS leads on Peace, Security, Migration, Mobility and Multilateralism. DG INTPA also organised an Africa-EU week prior to the Summit, bringing together a variety of stakeholders to discuss key agenda points of the Summit. The EU and AU leaders agreed on a Joint Vision for 2030, which highlighted the following mutually agreed priorities: (i) a Global Gateway Africa- Europe Investment Package worth at least EUR 150 billion in investments; (ii) a renewed and enhanced cooperation for peace and security; (iii) an enhanced and reciprocal partnership on migration and mobility; (iv) and a commitment to multilateralism. These key areas for action take into account both the EU's interests and the AU's Agenda 2063, a fifty-year strategy and continental vision. The investment package will deliver direct and tangible benefits inter alia in energy, digital, transport, agri-food systems, health and education. A prominent example is the flagship initiative on local health manufacturing in Africa that has mobilised EUR 1 billion in a Team Europe Initiative to support access and manufacturing of vaccines, medicines and health technologies (MAV+) in Africa, with support under way in Rwanda, Senegal, Ghana and South Africa. Specifically, 2022 saw the ground-breaking of the first BioNTech vaccine production facility in Africa following the signing of the Twinning agreement between the EU and Rwanda Food and Drugs Authority.

The summit was followed by the 11th **EU-AU Commission-to-Commission** meeting, co-chaired by President Ursula von der Leyen and Chairperson Moussa Faki Mahamat on 28 November 2022. It took stock of the progress made on the commitments made at the February Summit⁴². At the occasion, a Simplified Financing Agreement⁴³ on "Investments in regional infrastructure" was launched and subsequently signed between the European Commission and the African Union Commission at the end of 2022. This signature made available EUR 750 million in grants for blending projects in the areas of connectivity, digital and energy, providing the foundation for concrete deliverables in sustainable infrastructure

A civil society and youth organisations' dedicated side event with EU Commissioners also took place.

The Commission proposal for a Council decision on the signature and provisional application of the **post-Cotonou agreement** (PCA) has been stalling in the EU Council since June 2021. Before the agreement can be signed, the Council has to proceed with the adoption of such decision. Discussions are currently ongoing and the Commission encourages to keep the dialogue open.

⁽⁴²⁾ Press release 11th EU-AU Commission-to-Commission meeting 28 November 2022 [European Union and African Union Commissions \(europa.eu\)](https://european-council.europa.eu/media/en/press-summaries/doc.asp?id=13187)

⁽⁴³⁾ See point 8. of key Announcements specifically [European Union and African Union Commissions \(europa.eu\)](https://european-council.europa.eu/media/en/press-summaries/doc.asp?id=13187)

Along with Heads of State and Government, Commissioner Urpilainen and Ministers from ASEAN countries attended the first ever **EU-ASEAN commemorative Summit** on 14 December 2022 in Brussels. An EU-ASEAN week focused on higher education and included a Youth Summit and Business Summit. The conclusive Joint Leaders Statement⁴⁴ announced a EUR 10 billion Global Gateway investment, the launch of the Sustainable Connectivity initiative, the endorsement of the EU-ASEAN Plan of Action 2023-2027, the Comprehensive Air Transport Agreement, the Partnership and Cooperation Agreements (PCAs) with Thailand and Malaysia, the Just Energy Transition Partnership (JET-P) with Vietnam, and the Digital Partnership with Singapore.

The annual **EU-OCT Forum** is the most important political dialogue between the EU, the Overseas Countries and Territories (OCTs) and the Member States (in particular Denmark, France and Netherland). The 19th EU-OCT Forum took place on the 22 November 2022, in Nouméa, New Caledonia. There was a strong OCT appreciation of current partnership with the EU. One of the EU aspirations would be to be more visible, as mentioned by some OCTs, in the Pacific region. The OCTs also showed a keen interest in intra-regional cooperation, in fostering investments and expanding cooperation to new areas, such as critical raw materials, hydrogen, or Galileo (with one satellite station in Bonaire in the Caribbean, three Galileo stations in the Pacific OCTs, one in the Atlantic and two in the French Southern and Antarctic Lands (TAAF)). Furthermore, OCTs being “Green Deal laboratories”, climate change, biodiversity, oceans, blue economy are priorities for our partnership (40% of the resources will advance externally the Green Deal).

Following the EU-OCT Forum, the EU attended for the very first time the Pacific Community’s (SPC) 52th meeting of the Committee of Representatives of Governments and Administrations (CRGA) in November 2022 in Vanuatu, as an observer since it gained such status in 2021. This was an excellent opportunity to join hands with the 27 countries and territories in the Pacific which govern the SPC.

Nevertheless, DG INTPA’s work on International Partnerships and implementation of the Global Gateway took place in an increasingly disrupted geopolitical context following two years of COVID pandemic marked by the consequences of the Russian war of aggression in Ukraine and the resulting triple economic, energy and climate change crisis. Developing countries, in particular the African continent, are directly impacted, especially with regards to rising food, fertilisers and energy prices, also with macro-economic effects in terms of inflation and public debt.

(⁴⁴) EU-ASEAN commemorative summit: Joint Leaders’ Statement, 14 December 2022:
<https://www.consilium.europa.eu/en/press/press-releases/2022/12/14/eu-asean-commemorative-summit-joint-leaders-statement-14-december-2022/>

1.2 Performance story 2- Climate change, Environment, Sustainable Energy and Food security



General Objective 4: A stronger Europe in the World

Specific objective 5: Partner Countries capacities to adapt to climate change and reduce greenhouse gas emissions are increased

Specific objective 6: An ambitious agenda for the conservation, restoration and sustainable management of natural resources and ecosystems, and for halting biodiversity loss and wildlife crime is adopted and implemented.

Specific objective 7: A partnership for a global green energy transition from fossil fuels to sustainable energy is mobilised

Specific objective 8: Partner countries capacities in the transition toward green and circular economies are strengthened

Climate change

In line with EU external action priorities, DG INTPA continued to promote climate action (SDG 13) and the further development of the Paris Agreement by supporting the implementation of its tools and processes. Climate goals were integrated in EU-funded actions across a broad range of sectors, such as food systems, urban development, energy, transport, while engaging with partners globally to support a green and inclusive post-Covid recovery. In the context of the COP 27 this resulted into the launch of the **Team Europe Initiative (TEI) on Climate Change Adaptation and Resilience in Africa**, developed with Germany, France, Denmark and the Netherlands, worth a total of EUR 1 billion. This TEI will support the Global Shield against Climate Risks, the African Risk Capacity to deliver insurance against natural disasters and the UN Early Warning systems for all initiative, amongst others.

Following the EU pledge at the COP 26, DG INTPA contributed to the **International Methane Emission Observatory** (IMEO), with the United Nations Environment Programme (UNEP). The EU funding supports the Observatory's tasks to collect and verify methane emissions data and to provide the international community with an improved understanding of global emissions and where abatement action should be focused. In 2022, DG INTPA also provided technical support to 29 partner countries⁴⁵ in their efforts to design, update and implement their Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs), in line with the objectives of the Paris Agreement and the Sendai Framework.

The EU together with its Member States were among the first to react in providing substantial support to **Pakistan** immediately after it was hit in June 2022 by a **devastating natural disaster** with loss of lives and destruction of livelihoods of millions

⁽⁴⁵⁾ Ivory Coast, Democratic Republic of Congo, Ghana, Kenya, Nigeria, Uganda, Zambia, Lebanon, Morocco, Tunisia, Bhutan, Lao PDR, Philippines, Thailand, Viet Nam, Vanuatu, Chile, Colombia, Costa Rica, Ecuador, Guatemala, Paraguay, Peru, Trinidad and Tobago, Tanzania, Nicaragua, Congo, Mongolia, Guyana.

of people. Team Europe thus secured the basic needs of the people affected by the floods through humanitarian aid and adaptation of ongoing development programmes.

2022 continued to be challenging in terms of achieving the climate spending target, although preliminary figures for 2022 show a substantial improvement compared to 2021. A series of actions were put in place, including strong outreach to EU Delegations with the aim to strengthen climate mainstreaming in the formulation of new EU funded actions, as well as targeted capacity building. The Green Knowledge Hub, comprising several Technical Assistance Facilities, was strengthened and new facilities were set up in support of climate action.

Biodiversity

In the biodiversity area (SDG 15 and SDG 14), DG INTPA ensured the implementation of the Green Deal's ambitions, in line with the **EU Biodiversity Strategy for 2030**⁴⁶. It supported the adoption of an ambitious and transformative **Global Biodiversity Framework** during the COP 15. Following up on the commitment made by the President of the Commission in her State of the Union speech – to double external funds for biodiversity with a EUR 7 billion pledge⁴⁷, in particular for the most vulnerable countries – DG INTPA worked to scale up actions on the conservation of natural resources and on their sustainable, legal and safe use and trade, in line with Specific Objective 6.

The **NaturAfrica**⁴⁸ initiative started its implementation, with the aim to provide an integrated response for the conservation, restoration and sustainable management and improved governance of natural resources and ecosystems, while creating jobs and better livelihoods for local populations. Concretely, several Annual Action Plans have been designed and adopted under regional and national programme in Sub-Saharan Africa. Moreover, through EU Delegations in partner countries and regional coordination services, DG INTPA continued to support the 18 sub-Saharan countries of the **Great Green Wall** region⁴⁹, in line with President von der Leyen's commitment at COP 26 to "mobilise even more than the EUR 700 million per year already raised for the Great Green Wall project". The objective is to transform the lives of populations by supporting a mosaic of green and productive landscapes across Sahelian and Horn of Africa countries.

On biodiversity, the challenge has been to follow a gradual pathway to achieve the EU ambition to double its biodiversity financing to developing countries. Proactive actions with EU Delegations and Headquarters services have resulted in the preparation and implementation of specific biodiversity interventions – e.g. under the NaturAfrica flagship Programme -- but also to step-up the mainstreaming of biodiversity across all sectors. On

⁽⁴⁶⁾ [Biodiversity strategy for 2030 \(europa.eu\)](https://european-council.europa.eu/media/en/press-communications/infographic/infographic_biodiversity_strategy_for_2030_en.pdf)

⁽⁴⁷⁾ Doubling the EUR 3.5 billion financial allocation for biodiversity under the Multiannual Financial Framework.

⁽⁴⁸⁾ <https://op.europa.eu/en/publication-detail/-/publication/13d220ea-7f51-11ed-9887-01aa75ed71a1/language-en/format-PDF/source-search>

⁽⁴⁹⁾ 11 countries are part of the Pan-African Agency of the Great Green Wall: Burkina Faso, Djibouti, Eritrea, Ethiopia, Mali, Mauritania, Niger, Nigeria, Senegal, Sudan and Chad; 7 other Sub-Saharan African countries are associated to it: Cameroon, Ghana, Benin, Cape Verde, The Gambia, South Sudan and Somalia.

the other hand, DG INTPA engaged internally and with Development Finance Institutions to enhance the mobilisation of EFSD+ and other innovative financing instruments for nature-positive investments.

During the COP 27 Mongolia, Guyana, Zambia, Uganda and the Republic of Congo became the first countries to join **the EU Forest Partnerships** (FP). These partnerships will support the restoration, protection and sustainable use of forests as well as partner countries' capacities, therefore contributing to the EU commitments to the Paris Agreement on climate and the Global Biodiversity Framework. In 2022, DG INTPA also continued to implement the Forest Law Enforcement Governance and Trade (FLEGT) action plan, particularly the **Voluntary Partnership Agreements** (VPA).

2022 also saw the **Kiwa Initiative**⁵⁰ deploy its first activities in the Pacific region. This multi-donor facility aims at attracting climate finance to support the Pacific countries and territories in the protection of their biodiversity through nature-based solutions.

Energy and food security

Russia's war of aggression against Ukraine aggravated the global food crisis. It was marked by disruptions in global supply chains and triggered the rising of food and energy prices. It also massively disrupted the global energy system, triggering increased price volatility and energy and food security risks across the globe. In June 2022, the EU and its Member States agreed to take resolute action to respond to the food crisis along four strands of action of the **Team Europe response to global food insecurity**: solidarity, production and resilience, international trade and multilateralism. More than EUR 3.8 billion were provided by DG INTPA for the period 2021-2024 for medium-term investments in food security and sustainable food systems in partner countries. This includes the additional EUR 336.5 million to boost sustainable food production in the Sub-Saharan African, Caribbean, and Pacific (ACP) countries from decommitted EDF funds as agreed with EU Member States. DG INTPA also continued to support partner countries in developing sustainable value chains and resilient food systems, with a special focus on Sub-Saharan Africa. Overall, the EU is supporting over 70 partner countries to boost local food production as part of the transition to resilient and sustainable food systems, while decreasing dependence on expensive and unsustainable agricultural inputs, e.g. chemical fertilisers. The EU also took measures to keep markets open, by fighting unjustified trade restrictions. In addition, it contributed to lower global food prices by helping to get Ukrainian grains and food products to the global markets and to countries most in need – while working with partners to promote coordinated multilateral solutions and a comprehensive and timely UN-led response.

In December 2022, the EU Parliament, Council and Commission found a political agreement on the **Regulation on Deforestation-free products**⁵¹. In addition to regulating imports, the regulation will also aim at supporting partner countries to transition towards more

⁽⁵⁰⁾ [Multi-Donor Climate Resilience Fund – Kiwa Initiative](#)

⁽⁵¹⁾ https://ec.europa.eu/environment/publications/proposal-regulation-deforestation-free-products_en

sustainable agriculture. The **EU-Brazil Traceability and Sustainable Beef and Leather Value Chain Technical Dialogues** initiative was developed to help identify current best practices and areas where further support is needed, in this sector of great importance for climate change mitigation and implementation of environmental policies. Dialogues were held between December 2021 and September 2022 under the EU AL-INVEST Verde Programme, bringing together key stakeholders from private and public sectors from the EU and Brazil. As a result, DG INTPA supported a free public platform for tracing agricultural products, covering the entire value chain in the Minas Gerais state jurisdiction. Improved beef and leather traceability will also help Brazilian producers meet the requirements of the EU Deforestation-free supply chain Regulation.

In the area of sustainable energy (SDG 7), and in line with the objectives and principles set in the European Green Deal and in the Global Gateway, the launch of the **Africa-EU Green Energy initiative (AEGEI)** at the EU-AU summit in February 2022 marked an important milestone for DG INTPA. This TEI aims to promote energy efficiency, increase renewable energy in the energy mix and improve access to energy in the African continent – bringing together the EU, Member States, European financial and development institutions and the private sector, as well as the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD). Accelerating the **global energy transition** is a priority for the Commission: the **Just Energy Transition in Coal Regions - Inter-regional Platform**⁵² launched in 2022 aims at implementing just energy transition pathways away from coal and towards a low-carbon energy systems. DG INTPA launched the Development of Regional Energy Transition Outlooks in Africa as well as in Latin America and Caribbean, to provide regional mapping to operationalise an energy transition pathway towards renewable energy integration into long-term energy plans. The Commission was also actively involved in the “**Just Energy Transition Partnerships**” discussions with Senegal, South Africa, Vietnam, Indonesia and India, with the aim to support these countries’ efforts to attain their ambitious energy transition objectives. Developing green hydrogen economy in partner countries was another priority of DG INTPA in 2022, in line with the objectives of the REPowerEU Plan and of the EU External Energy Strategy. Green hydrogen will play a key role for energy security and for decarbonisation of hard-to-abate sectors, with mutual benefits for the EU and partner countries.

In the margins the EU-Central Asia Connectivity Conference of Samarkand in November 2022, DG INTPA launched, on behalf of the EU, the project **Sustainable Energy Connectivity in Central Asia** (SECCA) to support the development of a policy, regulatory and institutional framework favouring the transition to a sustainable energy system. The project designed by DG INTPA, aims to increase investment, capacities and awareness on sustainable energy in the Central Asia region.

The Covid-19 pandemic, followed by inflation, soaring prices and interest rates, as well as logistical bottlenecks, had altogether a negative impact on renewable energy projects. The

(52) <https://www.international-climate-initiative.com/en/project/innovation-regions-for-a-just-energy-transition-22-i-418-global-q-innovation-regions-for-just-transition/>

Russian war of aggression against Ukraine and the rising price of gas pushed producing countries to increase their production and Europe to seek alternative sources for its supply of gas, thus challenging the EU narrative on a green energy transition. DG INTPA addressed these challenges, high level political dialogue with stakeholders including Member States and the private sector, maintaining high on the political agenda the need to fight climate change and to have a green energy transition.

Moreover, DG INTPA continued to implement several **investment de-risking instruments**, strengthening and complementing the existing array available under blending and EFSD – such as DESIREE, Electrifi, the Digital Energy Facility. Through the Global Technical Assistance Facility, DG INTPA also provided support to the African Union Development Agency (AUDA) in its continuous efforts to develop an African Continental Power System Masterplan and an African Single Electricity Market.

The EU-ASEAN Summit of 14 December 2022 formally endorsed the **Green ASEAN/EU Team Europe Initiative** in the Joint Leaders' Statement, marking a milestone for this initiative launched by Commissioner Urpilainen and ASEAN Secretary General in November 2021. Five projects were signed to target energy transition, climate change, environment, sustainable landscapes and food systems, youth, and digital tools.

1.3 Performance story 3- Human development



General Objective 4: A stronger Europe in the world

Specific objective 14: Human development for all is improved, in particular for youth, women and girls, and the most marginalised and vulnerable populations

The unprecedented challenges faced in 2022, including conflicts, climate change, and the pandemic on human development has challenged the progress made in recent years. The EU continued to pursue efforts in the fields of health, education, youth and gender equality and recorded progress on sustainable development goals (in particular SDG 3, 4, 5 and 10).

Under the coordination of DG INTPA, the implementation of the **2021-2025 Gender Action Plan III**⁵³ (GAP III) has shown promising results with 128 GAP III Country Level Implementation plans and progress towards the targets of 85% of new actions gender focused. Efforts continued on gender mainstreaming of innovative finance and EFSD+ as well as in developing programmes targeting gender equality as a main objective.

⁽⁵³⁾ [join-2020-17-final_en.pdf \(europa.eu\)](#)

The implementation of the **EU – UN Spotlight Initiative**⁵⁴ on the Elimination of Gender Based Violence led by DG INTPA has showed encouraging results across 26 countries. Since its start in 2017, national budgets to address violence against women and girls increased eightfold, over 1.6 million women and girls have been provided with gender-based violence services, 2.5 million young people joined in and out-of-school programmes promoting gender-equitable norms and values. Nearly 130 million people were reached through behavioural change campaigns in at least 29 languages⁵⁵.

Strongly aligned with the ambitions of both GAPIII and the EU-UN Spotlight Initiative, DG INTPA signed together with the Pacific Community the **regional Pacific programme: Gender Partnership** with UN WOMEN (EUR 8 million) during the Pacific Community Committee of Representatives of Governments and Administrations (CRGA) in November 2022. To reach the furthest behind, the EU continued bolstering its **social protection** programme portfolio in 2022, a trend that followed the unprecedented response to the COVID-19 pandemic. Through its thematic programme on **“Improving synergies between social protection and public finance management”**, implemented by the International Labor Organisation (ILO), UNICEF and the Global Coalition for Social Protection Floors, the Commission provided technical support on expanding social protection through domestic resources in 24 programme participating countries.

The EU developed a new **EU Global Health Strategy**⁵⁶ “Better Health for All in a Changing World” adopted in November 2022. The strategy sets out 20 guiding principles and prioritised lines of action for the EU’s involvement in Global Health until 2030. The EU continued its efforts in distributing COVID-19 vaccines to partner countries, with EUR 375 million committed to vaccine roll-out. The Team Europe Initiative on **Manufacturing and Access to Vaccines, Medicines and health technology products in Africa (MAV+)**, was expanded with EUR 946.55 million committed or approved, and a similar initiative was created for Latin America and the Caribbean on vaccine production and resilience of health systems. Team Europe Initiatives on digital health, public health institutes, One Health and sexual and reproductive health and rights are also being developed.

The EU launched the **second phase of the Central Asia COVID-19 Crisis Response programme (CACCR 2)**, aimed at strengthening the response package following the COVID-19 pandemic. Through this EUR 10-million programme, implemented by the World Health Organisation, the EU continues to support Central Asia’s vaccination campaigns, the establishment of resilient immunisation systems and the development of Central Asian countries capacities to achieve universal health care through smart systems and digitalisation.

As recognised at the **Transforming Education Summit**, the global learning crisis, exacerbated by the COVID-19 pandemic and the growing education financing gap,

⁽⁵⁴⁾ [Homepage | Spotlight Initiative](#)

⁽⁵⁵⁾ [Spotlight Initiative Impact Report 2021-2022: Driving change for a better tomorrow | Spotlight Initiative](#)

⁽⁵⁶⁾ [EU Global Health Strategy: Better Health for All in a Changing World \(europa.eu\)](#)

contributes to rising inequalities, offering meagre personal and professional prospects and stalling development opportunities toward digital and greener future. The Summit provided a global platform for EU leadership on education, in particular education financing while creating visibility and opportunities for Team Europe. The Commission President von der Leyen was identified as a global education champion given the ambition to increase education investments. Commissioner Urpilainen further consolidated EU leadership through the SDG4 High-Level Steering Committee, mandated to follow-up on the Summit outcomes and monitor global progress on SDG4. The Global Gateway Africa-Europe Investment Package⁵⁷ flagships in the field of Education and Training announced at the 6th EU-Africa Summit in 2022 will boost investments in education systems at all levels, providing quality education, ensuring equality and equity in access to it, and on fostering skills for life and employment.

At a Youth Event held at the margins of the EU-Central Asia Connectivity Conference of Samarkand, DG INTPA launched, on behalf of the EU, the regional programme **“Dialogue and Action for Resourceful Youth in Central Asia”** (DARYA). This EUR 10 million programme, designed by DG INTPA and implemented by the European Training Foundation, supports inclusive skills development and prepares young Central Asian women and men for the labour market. The III edition of the EU-LAC Youth Days also took place in 2022 in collaboration with EULAC Foundation, gathering youth actors from both regions. The launch of the Global Europe Caribbean-EU Partnerships included also side events on Youth.

1.4 Performance story 4- Sustainable jobs and growth



General Objective 4: A stronger Europe in the world

Specific Objective 12: Mobilisation of public and private financing for sustainable development is enhanced contributing to decent jobs creation, and the reduction of inequalities

In 2022, DG INTPA supported partner countries’ sustainable and inclusive growth and creation of decent jobs by facilitating the mobilisation of public and private financing.

DG INTPA started rolling out the European Fund for Sustainable Development Plus (EFSD+) to facilitate private sector financing, de-risk investments and foster Global Gateway investments.

The Commission held the **first call for investment proposals for the EFSD+ Open Access Guarantees**. The Proposed Investment Plans (PIPs) led to extensive consultations, a 3-day Technical Assessment Meeting (TAM) with Development Finance Institutions (DFIs) and a positive opinion for 40 PIPs at the Operational Board. The EUR 6.05 billion in financial

⁽⁵⁷⁾ [EU-Africa: Global Gateway Investment Package \(europa.eu\)](https://europa.eu)

guarantees in Sub-Saharan Africa, Latin America, Caribbean and Asia Pacific are expected to generate over EUR 50 billion in investments in key sectors of Global Gateway. Implementation will involve 20 European Financial Institutions and support geographic programming priorities, Team Europe Initiatives (TEIs) and Global Gateway.

DG INTPA scaled up the **EFSD+ blending operations**. Two DG INTPA Blending Operational Boards were organised after their peer review within DG INTPA and at Technical Assessment Meeting, with positive opinion for EUR 358 million of EU contributions covering all eligible regions and key Global Gateway sectors. DG INTPA and DG NEAR jointly organised two successful technical meetings with Development Financial Institutions (DFIs), and a similar one with Member States.

In line with the NDICI- Global Europe Regulation, a robust credit risk management function was set up by the Commission to assess and manage credit risk associated with guarantee operations.

The **Africa-Europe Investment Package**⁵⁸ announced in February is considered the first “deliverable” of Global Gateway. It will boost public and private investment for Africa’s socio-economic, green and digital transformation. TEIs and flagships will mobilise at least EUR 150 billion in investments by 2027, including EUR 28 billion in grants and support from EFSD+. DG INTPA made considerable efforts to reach out to African stakeholders through dialogue structures, platforms and high-level meetings. Meetings with Member States, Council Working Groups and the first Global Gateway Board secured effective contributions from EU Member States and the European finance and development finance institutions. The 7th EU-Africa Business Forum (EABF) was organised in February 2022.

The **Risk Management Framework Plus (RMF+)** was adapted by DG INTPA to the evolving geo-political landscape and NDICI-Global Europe (it is also used by DG NEAR, including in IPA III context). It was applied to all partner countries with EU cooperation. RMF+ reports assessed risks related to Commission priorities, capturing links to Global Gateway, Green Deal, sustainable and inclusive growth and jobs, migration partnerships, sustainable finance (including investment climate) and fundamental values. RMF+ conclusions (risk level, mitigating measures, policy dialogue priorities) contribute to the implementation of country programming and partnerships and feed into the design and implementation of EU actions.

DG INTPA supported the **private sector, its contribution to SDGs and its alignment with the Global Gateway**, through (a) improvement of **investment climate** and business environment; (b) upgrading of **value chains** in a sustainable manner, including role of small companies; (c) engagement with business, increasing policy relevance and leveraging sustainable investments; (d) promotion of the **Team Europe** Approach and branding. **Several initiatives** were supported by DG INTPA: (a) TEI on Investing in young businesses in Africa (b) TEI on opportunity driven vocational and educational training in

⁽⁵⁸⁾ [EU-Africa: Global Gateway Investment Package \(europa.eu\)](https://europa.eu)

Africa; (c) global TEI on accompanying measures for Corporate Sustainability Due Diligence; (d) Sustainable Raw Materials.

The commissioner Jutta Urpilainen and DG INTPA's Director General intervened at the **EU-ASEAN Business Summit** in December 2022 to illustrate Commission's engagement on the Global Gateway. Panel discussions with private sector representatives offered further opportunities for the Commissioner and DG INTPA to engage directly with actors from both regions and highlight Global Gateway opportunities

A flagship initiative on **raw materials** value chains with Sub-Saharan Africa partner countries was developed by DG INTPA. A Memorandum of Understanding (MoU) was signed between EU and Namibia⁵⁹ and work in Africa progressed with South Africa, DRC, Rwanda, Uganda and Senegal. In other regions, Memoranda were signed with Kazakhstan and Greenland, and other ones are being prepared with Chile and Argentina.

Highlighting Central Asia's strategic importance for Global Gateway, the **EU-Central Asia Connectivity Conference** of 18 November in Samarkand, was used by the Commission to launch Flagship Team Europe Initiatives on Digital Connectivity and on Water, Energy, and Climate Change.

DG INTPA scaled up work in the field of **sustainable finance** to facilitate the mobilisation of additional private international and domestic investors towards developing countries. In view of a future **EU Sustainable Finance Strategy** for low- and middle-income countries (LMICs), DG INTPA **set up a High-Level Expert Group (HLEG)** and organised its first three meetings.

Work progressed with a consortium of EU development finance institutions towards a **Global Green Bond Initiative** to support partner countries in scaling up their green bond markets by addressing challenges to green bond issuance from both the investor and issuer sides. A proposal was approved by the EFSD+ Operational Board. DG INTPA also made progress towards the launch in 2023 of a **Sustainable Finance Advisory Hub** to pool and coordinate European technical assistance resources and expertise from Development Finance Institutions and development agencies to support LMICs.

DG INTPA published a roadmap with actions to take for the **European Financial Architecture for Development** based on a Team Europe approach focusing on policy steer, coordination, inclusiveness and communication as well as the Staff Working Document **"Team Europe Investing in Sustainable Development – progress report 2018-2020"** on implementation of the Addis Ababa Action Agenda.

DG INTPA actively supported the "collect more - spend better" agenda and led EU-Member States work on facilitating the mobilisation of public financing, supporting an efficient **Public Finance Management (PFM) and Domestic Revenue Mobilisation (DRM)**. The EU supported 32 comprehensive public finance management assessment (PEFAs) as basis

⁽⁵⁹⁾ [COP27: Strategic partnership with Namibia \(europa.eu\)](#)

for reforms of which 15 and 13 respectively were looking specifically into gender and climate dimensions. This was complemented by continued support to the **Addis Tax initiative declaration 2025** aiming at supporting fair tax policies and reducing illicit financial flows. **Budget support** remained an instrumental tool facilitating policy dialogues, allowing to catalyse the necessary PFM/DRM and sectoral reforms, and helping countries **meet fiscal needs**.

To address the consequences on partner countries of Russia's war of aggression against Ukraine, DG INTPA used funds de-committed from projects under the 10th and 11th European Development Funds to provide a financial contribution to the IMF Poverty Reduction and Growth Trust (PRGT)'s Subsidy Account and enable IMF to subsidise loans in most vulnerable countries.

Over 2022, DG INTPA action for sustainable growth and jobs proved **particularly relevant in the new geopolitical context and for the scaling up of Global Gateway**. The measures mitigating risks identified for 2022 around private sector, sustainable finance, programme implementation, EFSD+ risk management and sustainable employment were appropriate. The quality and inclusiveness of the preparatory process with internal and external partners was essential to ensure the added value for Global Gateway and its flagships.

2. MODERN AND EFFICIENT ADMINISTRATION AND INTERNAL CONTROL

This section covers the operating dimension of the AAR explaining how the DG delivered the achievements described in the previous section. It is divided into two subsections:

- Section 2.1 – Financial management and control results: This first subsection reports the control results and other relevant information that support management's assurance on the achievement of the financial management and internal control objectives⁶⁰. It includes any additional information necessary to establish that the available evidence is reliable, complete and comprehensive. It covers all activities, programmes and management modes relevant to the DG.
- Section 2.2 Modern and efficient administration (other aspects): This second subsection deals with the other aspects for a modern and efficient administration: human resources, digital transformation and information management and sound environmental management.

o General environment

The operational environment of external assistance financed by the general budget of the EU, the EDF, and the EU Trust Funds is characterised by:

- a high level of risk in the partner countries context due to the geo-political, social, institutional and administrative environment frequently associated with instability;
- geographically dispersed activities (covering 93 Delegations managing funds for external assistance around the world);
- a high number of operations and associated financial transactions;
- the diversity of implementing organisations and partner countries with their diverse management and control capacities (ranging from small local NGOs to IOs);
- a diversity of assistance delivery methods (traditional projects, budgetary support, sectoral policy support programmes, contributions to global instruments, blending, budgetary guarantees etc.).

⁽⁶⁰⁾ Art 36.2 FR: a) effectiveness, efficiency and economy of operations; b) reliability of reporting; c) safeguarding of assets and information; d) prevention, detection, correction and follow-up of fraud and irregularities; and e) adequate management of risks relating to the legality and regularity of underlying transactions

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 Director-General. The following reports / documentation have been considered:

- **93 External Assistance Management Reports (EAMR)** produced by EU Delegations, together with the statements of assurance signed by the Heads of Delegations. These statements include - as foreseen in the Financial Regulation - information on the effectiveness of the internal control system put in place in the Delegations, as well as information on the management of the operations sub-delegated to them providing thus their assurance to the relevant Director in accordance with the sub-delegation received.
- **9 Sub-Delegated Authorising Officers' Reports** produced by DG INTPA Directors and Heads of units having received a sub-delegation from the Director-General or his Deputies;
- **6 reports from Authorising Officers in other DGs** managing budget appropriations in cross-delegation;
- the **activity reports of the Authorising Officers by Sub-delegation** designated for the EU Trust Fund Bêkou, for each window of the EU Trust Fund Africa and the EU Trust Fund Colombia;
- **Report on recorded non-compliance events;**
- **Report on Annual Management declarations** from International Organisations (IOs) and Development Agencies;
- **Reports on Supervision missions to EU Delegations;**
- **Available pillar assessment reports:** International Organisations and National Agencies need to pass pillar assessments pursuant to the Financial Regulation in order to check whether the European Commission can entrust budget implementation tasks to those entities;
- the 2022 **Assessment of the Internal Control System** by the Risk Management and Internal Control Director;
- the **observations and recommendations** reported by the Commission's Internal Audit Service (IAS);
- the Commission's IAS's **conclusion on the state of DG INTPA's internal control;**
- the 2022 **RER Study;**
- a **desk review of the results of the RER studies and the ECA reports** for the last three years (2019-2021).

The systematic analysis of the available evidence provides sufficient guarantees as to the completeness and reliability of the information reported and results in the full coverage of the budget delegated to the Director-General for International Partnerships. It covers the EU Budget, the EDF and the EU Trust Funds "Bêkou", "Africa" and "Colombia" managed by DG INTPA.

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

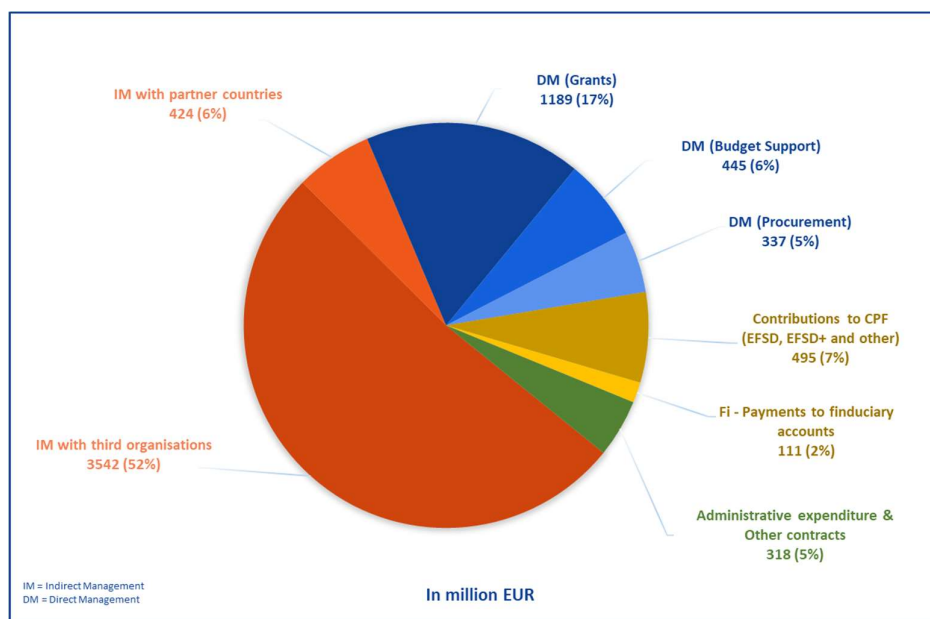
and recommendations, 2.1.3 Effectiveness of internal control systems, and resulting in 2.1.4 Conclusions on the assurance.

Several audit recommendations by the Internal Audit Service classified as “very important” and recommendations by the European Court of Auditors have been issued in 2022 (see section 2.1.2). As usual, DG INTPA draws up action plans to address accepted audit recommendations to remedy or prevent potential deficiencies in the internal control system revealed by these audits.

2.1.1. Control results

This section reports and assesses the elements identified by management which support the assurance on the achievement of the internal control objectives (ICO)⁶¹. The DG's assurance building and materiality criteria are outlined in AAR Annex 5. The AAR Annex 6 outlines the main risks together with the control processes to mitigate them and the indicators used to measure the performance of the relevant control systems.

The breakdown by management modes of total payments made by DG INTPA in 2022 is presented in the below chart⁶².



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

⁽⁶²⁾ Payments made by the EU Trust Funds and under the EDF follow the same Relevant Control System of all other operations implemented by DG INTPA. Those payments are therefore included in the graph and split between the relevant RCSs.

DG INTPA has achieved a good level of execution of the commitment and payment credits funded by the EU general budget, European Development Fund and Trust Funds. In 2022, a total of EUR 6,366.24 million⁶³ was disbursed by DG INTPA⁶⁴.

The financial execution of 2022 has been extremely good for DG INTPA. With regard to our budgetary instruments (NDICI- Global Europe, DOAG and INSC) 100% of commitment appropriations and payment appropriations have been consumed, together with the carry-overs from 2021. For the EDF, the payments reached more than 98% of the targeted amount of the year. The three Trust funds also reached 100% of their payment forecasts.

**Financial instruments, other non-expenditure items and off-balance sheet items:
Overview table (amounts in EUR million)**

| Risk-type / Activities | NEI, e.g. Revenues, Assets, OBS ((in)tangible or financial assets & liabilities) |
|-----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| A.I.1 Intangible assets | 81,274,724.05 |
| A.II.6. Cash and Cash Equivalents | 1,272,185,244.10 |
| P.I.3 Non-Current Financial Liabilities | - 499,835,878.92 |
| P.II.3. Current Financial Liabilities | - 68,861,588.35 |
| OB.2.1&OB.2.2-OB.2.6 Guarantees given for EU FI & Budgetary Guarantees given (RCS6 - FIs and Budgetary Guarantees) | - 1.912.684.352,74 |
| OB.3.3.8 Budgetary Guarantees Ceiling (RCS6 - FIs and Budgetary Guarantees) | - 9,723,016,340.89 |
| Links to AAR Annex 3 | |
| Table 4 – Balance Sheet Table 5bis – Off-Balance Sheet | |

In line with the 2018 Financial Regulation, DG INTPA’s assessment for the new reporting requirements is as follows:

- Cases of "confirmation of instructions" (FR art 92.3) – no such cases for DG INTPA
- Cases of financing not linked to costs (FR art 125.3) – 1 case for DG INTPA⁶⁵- see explanations below

⁽⁶³⁾ Excluding general budget and EDF contributions to EU Trust Funds (EUR 365.89 million) and including payments made by EU Trust Funds (EUR 483.27 million). Payments made by DG NEAR in the context of cross-sub-delegation given by DG INTPA on the EU Trust Fund Africa – North of Africa window amount to EUR 93.73 million. These payments are reflected by management mode in the chart; they are not included in the category “cross-subdelegations”.

⁽⁶⁴⁾ General budget of the Union: EUR 3,891.59 million; European Development Fund (EDF): EUR 1,991.01 million and EUTFs Bêkou, Africa and Colombia: EUR 483.27 million.

⁽⁶⁵⁾ A second case refers to 2021 and it was not reported in AAR 2021: “[Infection Prevention and Control for improved quality health care in Tajikistan](#)”. In March 2021 the EU Delegation in Tajikistan signed with UNICEF the Contribution Agreement “Infection Prevention and Control for improved quality health care in Tajikistan”. Part of the action is cost based, whereas 30% (~12.6 million EUR) is financed based on the achievement of results – measured via pre-identified indicators. Given the specific context of Tajikistan, the sector (health) of implementation of the project, as well as the established role of UNICEF in the country, financing not linked to costs has been deemed more adequate than other forms of contribution (i.e. cost-based or Simplified Cost Options) to allow for a more efficient and effective planning and execution of the activities necessary to be implemented for achieving one output of the project. Hence FNLC covers part of the action, in line with the provisions of the Financial Regulation that allow for a combination of the forms of Union contribution. The use of financing not linked to costs provides predictability and transparency, is expected to significantly simplify

- Financial Framework Partnerships >4 years (FR art 130.4) – no such cases for DG INTPA
- Cases of flat-rates >7% for indirect costs (FR art 181.6) – no such cases for DG INTPA
- Cases of "Derogations from the principle of non-retroactivity of grants pursuant to Article 193 FR" (FR Article 193.2) – in 2022 DG INTPA recorded 40 cases of derogations from the principle of non-retroactivity of grants⁶⁶.

Financing not linked to costs

Compared to other simplifications measures (e.g. Simplified Cost Options), financing not linked to costs (FNLC) is relatively new and it was introduced in the 2018 Financial Regulation as part of the measures to ensure more emphasis on performance and results of projects funded from the EU budget.

Article 125.1.a of the Financial Regulation defines financing not linked to the costs (FNLC) as a form of Union contribution under direct, shared and indirect management, based on: (i) the fulfilment of conditions; or (ii) the achievement of results measured by reference of previously set milestones or through performance indicators. Where FNLC is used, the amounts to be reimbursed are linked to the fulfilment of the conditions or the achievement of results. They are determined ex ante, respecting the principle of sound financial management and no double financing.

Building on the successful experience of Budget Support, DG INTPA has worked actively since 2019 with International and Member States Organisations on piloting financing not linked to costs (transposed in external action procedures as Performance-Based Financing – PBF) in project modality via pillar assessed organisation, i.e. in indirect management. Following that, and thanks to the partnership with the UN family, two pilot projects have been signed in Tajikistan with two UN organisations, i.e. UNICEF and UNDP.

The case signed by DG INTPA in 2022 is “Improved Access to Public Services (IAPS) through Civil Registry Reform in Tajikistan”

In November 2022 the EU Delegation in Tajikistan signed with UNDP the Contribution Agreement “Improved Access to Public Services (IAPS) through Civil Registry Reform in Tajikistan”. Part of the action is cost based, whereas 25% (~2.5 million EUR) is financed based on the achievement of results – measured via pre-identified indicators. The use of financing not linked to costs is expected to significantly simplify administrative procedures

administrative procedures for both the European Commission and UNICEF and to substantially reduce the risk of irregularities and fraud while ensuring sound financial management.

⁽⁶⁶⁾ Exceptions to the principle of non-retroactivity are often needed due to the specific characteristics of DG INTPA's Actions as well as to the difficulties related to the environments in which they are implemented, such as situations of urgency, crisis, instability...etc. In this context, exceptions to the principle of non-retroactivity allow for better tackling such challenges and, ultimately, strengthening the impact and the results of DG INTPA's Actions. Nevertheless, DG INTPA underlines that exceptions to the principle of non-retroactive financing are assessed and authorised, on a case-by-case basis, by the responsible Authorising Officers and duly recorded IN DG INTPA's database through an 'Event to be Reported'.

for both the European Commission and UNDP and allow for a more efficient and effective planning and execution of the activities necessary to be implemented to achieve two outputs of the project aimed at the digitalisation of the historical civil registry acts and the enhancement of quality services to the rights holders by the Public Administration.

1. Effectiveness of controls

a) Legality and regularity of the transactions

DG INTPA uses internal control processes to ensure 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.

DG INTPA's portfolio consists of segments with a relatively low or very low risk, e.g. Direct Procurement and Budget Support, but also a segment with a relatively higher risk, i.e. Indirect Management with Third Organisations.

This is, respectively, due to the inherent risk profile of the operations and the performance of the related control systems, or due to the complexities of the funding modalities, despite the efforts made in the related controls systems.

For those latter (sub)segments with control weaknesses, the (root) causes of the issues are regularly analysed and lead to an action plan. Management actions taken to address these weaknesses are summarised in DG INTPA's 2022 Action Plan addressing identified control weaknesses and high risks:

- Simplify and clarify procedures and contractual conditions for grants;
- Continue cooperation with International Organisations in view of sustainable reduction of errors;
- Clarify and promote use of results-based financing;
- Address vulnerabilities to excess clearing of pre-financing;
- Reinforce the Terms of Reference for Expenditure Verifications (EV);
- Share information on frequently occurring errors with relevant control stakeholders;
- Improve the follow up of ECA/RER findings;
- Strengthen controls when drafting financing agreements for budget support operations;
- Strengthen controls in respect of legal bases before signing contracts;
- Remind partners to fulfil their obligation to notify the Commission when counterparties are identified as being in exclusion situations.

The 2022 Action Plan builds on, among other sources, the progress made in implementing the previous Action Plan. In this context, the following improvements were made during the reporting year 2022:

- in the course of meetings with several critical IOs, as well as in the context of the EU-UN FAFA working group meeting in June 2022, the topic of recurrent/systemic errors and issues was discussed, together with potential measures to take;

- control issues, and cooperation with the ECA in particular, were discussed during partnership meetings with International Organisations (World Bank, UNDP, UNICEF, FAO, IFAD, WFP, UNESCO and UNOPS);
- an evaluation of the terms of reference for expenditure verifications in force since 2018 was completed in April 2022;
- Regional Seminars covering information on frequently occurring errors and other topics related to internal control were held in Rwanda and Cameroon.

An annual risk assessment exercise identifies critical risks and possible mitigating measures. Some explanations can be found in the conclusions on the internal control systems below.

In addition, DG INTPA has in place an effective mechanism for correcting errors, through ex-ante and ex-post controls, resulting in preventive and corrective measures, respectively. Please see table below for details.

| | Preventive Measures (m EUR) | Corrective measures (m EUR) |
|--------------------------------------|-----------------------------|-----------------------------|
| Implemented by the Commission | 159.90⁶⁷ | 21.95⁶⁸ |
| DG INTPA total | 159.90 | 21.95 |

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

Table X: Estimated risk at payment and at closure (amounts in EUR million)⁶⁹ (The full detailed version of the table is provided in Annex 9).

| DG INTPA | Payments made | Relevant expenditure | Estimated risk at payment | | Estimated future corrections and deductions | | Estimated risk at closure | |
|---------------------------------------------------------------|-----------------|----------------------|---------------------------|--------------------------|---------------------------------------------|--------------------------|---------------------------|-------------|
| | m EUR | m EUR | m EUR | % | m EUR | % | m EUR | % |
| RCS1 - Grants in DM | 1 188.82 | 1 304.03 | 20.15 | 1.55 | 3.66 | 0.28 | 16.50 | 1.27 |
| RCS2 - Budget Support | 445.00 | 445.00 | 0.15 | 0.03 | 0.15 | 0.03 | 0.00 | 0.00 |
| RCS3 - Procurement in Direct Management | 337.06 | 340.84 | 3.40 | 1.00 | 0.85 | 0.25 | 2.55 | 0.75 |
| RCS4 - Indirect Management with Partner Countries | 423.74 | 476.78 | 8.82 | 1.85 | 4.58 | 0.96 | 4.24 | 0.89 |
| RCS5 - Indirect Management with Third Organisations | 3 541.89 | 2 574.92 | 47.13 | 1.83 | 1.53 | 0.06 | 45.60 | 1.77 |
| RCS6 - Financial Instruments and Budgetary Guarantees | 111.73 | 108.28 | 1.25 | 1.15 | 0.00 | 0.00 | 1.25 | 1.15 |
| Other | 318 | 320.17 | 2.38 | 0.74 | 0.77 | 0.24 | 1.61 | 0.50 |
| EDF and EUTF contribution to support expenditure paid by BGUE | 38.14 | 38.14 | | | | | | |
| Recovery orders on EDF (INTPA) | -62.92 | -62.92 | | | | | | |
| Contribution to CPF | 495.37 | 495.37 | | | | | | |
| Reconciliation | -0.37 | -5.75 | | | | | | |
| DG INTPA total | 6 836.45 | 6 034.86 | 83.29 | 1.38⁷⁰ | 11.55 | 0,19⁷¹ | 71.74 | 1.19 |

⁽⁶⁷⁾ The amount of EUR 159.90 million is the sum of the financial impact of ex-ante controls in Annexes 3 - table 8 (BGUE: MEUR 60.10; EDF: MEUR 86.32; EUTF Bêkou: MEUR 0.19; EUTF Africa: MEUR 12.91 and EUTF Colombia: MEUR 0.38). It includes the fully validated transactions (final visa received).

⁽⁶⁸⁾ The amount of EUR 21.95 million presented in annexes 3 - table 8 (BGUE: MEUR 9.87; EDF: MEUR 11.29; EUTF Bêkou: MEUR 0.04; EUTF Africa: MEUR 0.75 and EUTF Colombia: MEUR 0.00) has been adjusted to exclude the amounts of ex-post recoveries erroneously encoded with recovery context "Irregularity" or "OLAF notified".

⁽⁶⁹⁾ The amount at risk at closure is based on the 2022 RER study. It is therefore the starting point for the estimation of the average error rate at payment.

| DG INTPA | Payments made | Relevant expenditure | Estimated risk (error rate %) at payment | | Estimated future corrections and deductions | | Estimated risk (error rate %) at closure | | |
|----------------------------------------------|-----------------|----------------------|------------------------------------------|-------------|---------------------------------------------|--------------|------------------------------------------|-------------|--|
| | mEUR | mEUR | mEUR/% | | mEUR/% | | mEUR/% | | |
| EU Budget | 4 460.99 | 2 989.87 | | | | | | | |
| • Of which contribution to EUTF Africa | • 20.00 | • 20.00 | | | | | | | |
| • Of which contribution to EUTF Bêkou | • 0.89 | • 0.89 | | | | | | | |
| • Of which contribution to EUTF Colombia | • 15.00 | • 15.00 | | | | | | | |
| EU Budget excl. contributions to EU TF | 4 425.10 | 2 953.98 | | | | | | | |
| EDF | 2 258.08 | 2 592.75 | | | | | | | |
| • Of which contribution to EUTF Africa | • 300.00 | • 300.00 | | | | | | | |
| • Of which contribution to EUTF Bêkou | • 30.00 | • 30.00 | | | | | | | |
| EDF excl. contributions to EU TF | 1 928.08 | 2 262.75 | | | | | | | |
| EU TF: | | | | | | | | | |
| • Bêkou | • 30.37 | • 50.88 | | | | | | | |
| • Africa | • 441.59 | • 748.48 | | | | | | | |
| • Colombia | • 11.31 | • 18.77 | | | | | | | |
| Sub-total | 483.27 | 818.13 | | | | | | | |
| Total = sub-total (a) + sub-total (b) | 6 836.45 | 6 034.86 | 83.29 | 1.38 | 11.55 | 0.19% | 71.74 | 1.19 | |

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

The difference between those two amounts results in the estimated overall risk at closure⁷². There is a slight increase of 0.02 percentage points compared to 2021 (1.17% for 2021), also due to the slightly higher residual error rate.

For an overview at Commission level, the departments' estimated overall risk at payment, estimated future corrections and risk at closure are consolidated in the Commission's Annual Management and Performance Report (AMPR).

I. General Objective of control

Regarding the legality and regularity of the underlying transactions, the control objective is to ensure that the estimated residual error is less than 2% at the end of the implementation of the programme.

Since 2012, DG INTPA estimates an annual residual error rate by means of a RER study based on a methodology developed as a reply to a recommendation by the ECA⁷³. The main

⁽⁷⁰⁾ 2022 amount at risk at payment as a percentage of the 2022 relevant expenditure.

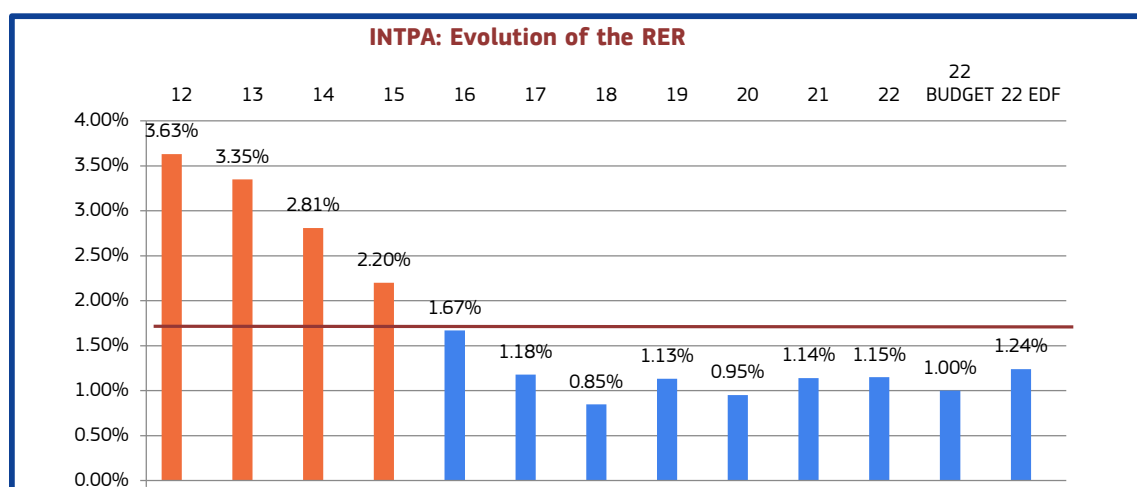
⁽⁷¹⁾ Estimated future corrections and deductions as a percentage of the 2022 relevant expenditure.

⁽⁷²⁾ This is the AOD's best, conservative estimation of the expenditure authorised during the year that would remain not in conformity of applicable regulatory and contractual provisions by the end of implementation of the programme.

purpose of the RER study is to provide a representative indicator for the determination of the materiality of potential weaknesses. The errors identified by the RER are systematically followed-up.

The sampling for the RER Study covers transactions within contracts closed during a given 12-months period. This means that the specific transactions analysed can date back a number of years. The ECA samples from payments made during the audited year. This means that while the ECA mainly looks at transactions from ongoing contracts, for which there may be corrections at a later stage, the RER Study only looks on a multi-annual approach at transactions for which all controls and checks have been applied. As a consequence, the RER Study results in an assessment of the errors not detected by the overall control system. The ECA error rate can therefore be higher than the one resulting from the RER Study, which shows that the European Commission has a corrective capacity before a contract is closed.

As the European Court of Auditors separates the EU Budget and the EDF for the purpose of its error estimations, the RER Study also estimates representative error rates for the EU Budget and the EDF.



⁽⁷³⁾ The RER study does not represent an assurance engagement (or audit) and therefore is not performed in accordance with International Standards on Auditing. It follows its own methodology which is described in the RER Methodology and Instruction Manual. The main differences with an audit are: reliance on previous supervision and controls; using mainly desk review; estimation of errors in very few cases; scope of examination of procurement procedures. The methodology and manual provide the framework for RER procedures and clearly describe the situations in which reliance should be placed on previous control work and where substantive testing should be undertaken. Previous control work may include financial and technical audits, audits performed in the framework of the European Court of Auditor's Declaration of Assurance (DAS), verifications, evaluations and technical supervisors' reports. Reliance on previous control work does not entail re-performance of audit procedures or examination of detailed working papers. This aspect of the RER Methodology is founded on cost-effectiveness considerations. Where the quality of previous control work is examined and deemed capable of supporting reliance, there remains the possibility that errors will not have been detected by that previous control work, as is the case for any similar engagement. In such a case, these errors will remain undetected where full reliance is placed on previous control work. Where there is no previous control work or where the quality of previous control work cannot be demonstrated to have reached the standards demanded by the RER Methodology, the study requires performance of detailed substantive procedures designed to reveal undetected errors.

The 2022 RER Study applied the methodology on the basis of samples (drawn by monetary unit sampling) of 236 transactions for the EDF and 171 transactions for the EU Budget. These transactions relate to contracts closed in the CRIS and ABAC data bases in the period September 2021 to August 2022. As monetary unit sampling is used to choose the transactions, the number of transactions selected can vary from year to year, as in a varying number of cases the values of the transactions are greater than the sampling interval value, meaning that several transactions straddle more than one sampling interval.

The European Court of Auditors regularly issues observations on the implementation of the RER study and these observations usually lead to an update of the RER methodology, addressing the issues raised, such as - recently - the increase in the number of field visits, further clarification of procurement procedures, the need to report suspected fraud and the clarification of the concepts of reliance or partial reliance in previous audit work. New versions of the RER manual and methodology were adopted in September 2022 to address these issues.

The most likely estimate of the representative RER is 1.15%⁷⁴ (1.24% for the EDF and 1.00% for the EU Budget), compared with 1.14% (0.92% for the EDF and 1.45% for the EU Budget) for 2021.

For 2022, the breakdown of the RER is as follows:

EDF

Overall error: 1.24%

of which:

Indirect Management with Third Organisations 1.02%

Indirect Management with Partner Countries 0.13%

Direct Grants 0.10%

Errors due to missing or inadequate documentation: 1.00%

of which:

Indirect Management with Third Organisations 0.88%

Indirect Management with Partner Countries 0.10%

Direct Grants 0.03%

Estimated errors: 0.05%

EU Budget

Overall error: 1.00%

of which:

Direct Grants 0.67%

Indirect Management with Partner Countries 0.27%

Indirect Management with Third Organisations 0.06%

Errors due to missing or inadequate documentation: 0.96%

of which:

Direct Grants 0.65%

Indirect Management with Partner Countries 0.26%

Indirect Management with Third Organisations 0.05%

Estimated errors: 0.01%

⁽⁷⁴⁾ Upper error limit at 1.30% and lower error limit at 1.00%.

As in previous years, a large part of the errors is due to missing documentation.

II. Risk-differentiated assurance

DG INTPA has a risk-differentiated approach by relevant control systems (RCS) that consists of estimating indicative error rates for each spending area to determine if the suspected residual error rate is above or below materiality.

For this purpose, a risk analysis was carried out based on past RER and ECA results for a three-year period (errors having occurred for the reporting years 2019, 2020 and 2021). Spending areas with a risk index around 100 are considered as bearing a medium risk, areas with a risk index well below 100 are considered low risk and areas with a risk index significantly above 100 are high risk spending areas. Indicative error rates have then been estimated by multiplying the overall error rate with the respective risk indices as follows:

| DG INTPA Expenditure categories | Risk Indices | Error rates ⁷⁵ | % of relevant expenditure ⁷⁶ | % of payments ⁷⁷ |
|-----------------------------------------------------------------------|-------------------------|---------------------------|-----------------------------------------|-----------------------------|
| I Direct Management - Grants | 110 | 1.27% | 21.6 | 17.4 |
| II Direct Management - Budget Support | 0 | 0% | 7.4 | 6.5 |
| III Direct Management - Procurement | 65 | 0.75% | 5.6 | 4.9 |
| IV Indirect Management with Partner Countries (IMPC), of which | 65 | 0.75% | 7.9 | 6.2 |
| Va IMPC: Grants | 95 | 1.09% | 2.6 | 1.9 |
| Vb IMPC: Programme Estimates | 147 | 1.69% | 1.2 | 0.8 |
| Vc IMPC: Procurement | 44 | 0.51% | 3.8 | 3.3 |
| V Indirect Management with Third Organisations | 154 | 1.77% | 42.7 | 51.8 |
| VI Financial Instruments and Budgetary Guarantees | 100⁷⁸ | 1.15% | 1.8 | 1.6 |

Regarding the segments with control weaknesses, the main causes are missing supporting documents and procurement issues.

Conclusion for assurance

Reservations should in principle be raised for spending areas with an indicative residual error rate above 2%. As for none of the spending areas this is the case, no reservation is made.

To detect weaknesses, DG INTPA has categorised its portfolio and described five major relevant control systems (RCS) corresponding to the main methods of implementation. In

⁽⁷⁵⁾ Risk index multiplied by the average RER.

⁽⁷⁶⁾ The total is less than 100%; the remaining percentage corresponds to other expenditure categories like administrative or contributions to the EFSD.

⁽⁷⁷⁾ The total is less than 100%; the remaining percentage corresponds to other expenditure categories like administrative or contributions to the EFSD.

⁽⁷⁸⁾ As of yet there is no experience related to past errors, which is why the risk index is set at the average.

addition, DG INTPA has developed risk indices to better support the assessment by RCS. A notional error rate for each RCS is estimated to add information on risks in the various methods of implementation.

The table below and Annex 6 describe the main implementation modalities used by DG INTPA in 2022 for the delivery of External Aid. They present for each of them the characteristics and results of the applicable controls and conclude on the level of risk associated to each of these implementation modalities.

| Main controls by Relevant Control System (RCS) | | | | | | | |
|------------------------------------------------------------------------------------------|---------------------------------------------------------|--------------------------------------------|-----------------------------|--------------------------------------|--------------------------------------|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Moment of Control | Control type | RCS 1 – Grants in DM | RCS 2 – Budget Support (DM) | RCS 3 – Procurement in DM | RCS 4 – IM with Partner Countries | RCS 5 – IM with Third Organisations | RCS 6 Financial Instruments and Budgetary Guarantees |
| Prior to Contracting | Budget Support Eligibility Assessment | NA | 100% | NA | NA | NA | NA |
| | Ex-ante checks | 100% | 100% | 100% | 100% | 100% | 100% |
| Contracting | Ex-ante checks | 100% | 100% | 100% | 100% | 100% | 100% |
| Prior to Payment | Expenditure verifications contracted by fund recipients | All final payments of grants > EUR 100 000 | NA | Only for fee-based service contracts | Only for fee-based service contracts | All final payments of grants > EUR 100 000 | N/A |
| | | Further pre-financing > EUR 5 million | | | | Further pre-financing > EUR 5 million | |
| Payments | Ex-ante checks | 100% | 100% | 100% | 100% | 100% | 100% |
| Monitoring the Implementation | Service contracts for the supervision of works | NA | NA | Only for works contracts | NA | NA | The underlying financial risks of each guarantee agreement are regularly assessed by DG INTPA's Unit E5 (Risk Management), supported by the technical risk assessment group, based on the quarterly reports submitted by implementing partners. |
| Adequacy provisioning and of the payment to fiduciary accounts for Financial Instruments | NA | NA | NA | NA | NA | NA | 100% of CAFIs and GAs |
| Partly ex-ante/partly ex-post | Engagements under Annual Audit Plans | overall audit coverage ratio > 5% | NA | overall audit coverage ratio > 5% | | | overall audit coverage ratio > 5% |
| After implementation of all other controls | Annual RER Study | representative monetary unit sample | | | | | |

| Relative Weight of payment per RCS | RCS 1 – Grants in DM | RCS 2 – Budget Support (DM) | RCS 3 – Procurement in DM | RCS 4 – IM with Partner Countries | RCS 5 – IM with Third Organisation | RCS 6 Financial Instruments and Budgetary Guarantees |
|------------------------------------------------------------------------------|----------------------|-----------------------------|---------------------------|-----------------------------------|------------------------------------|------------------------------------------------------|
| Payments made in 2022 for each RCS (in EUR million) | 1 188.82 | 445.00 | 337.06 | 423.74 | 3 541.89 | 111.73 |
| % of total of DG INTPA payments in 2022 (EUR 6 836.45 million) ⁷⁹ | 17.4% | 6.5% | 4.9% | 6.2% | 51.8% | 1.6% |
| Risk-index | 110 | 0 | 65 | 65 | 154 | 100 |
| Indicative RER in % | 1.27 | 0 | 0.75 | 0.75 | 1.77 | 1.15 |
| Risk level (see Annex 6 for details) | medium | low | low | low | high | medium |
| Reservation Y/N | N | N | N | N | N | N |

III. Cross-sub-delegations

In 2022, DG NEAR made payments of EUR 93.73 million in the context of the cross-delegation given by DG INTPA for the implementation the EU Trust Funds Africa – North of Africa window.

The cross-delegation agreements require the Authorising Officers by Delegation (AODs) of the cross-delegated DG to report back to the delegating DG on the implementation of programmes, operations or actions in respect of which powers have been subdelegated. In their reports, the AODs did not communicate any events, control results or issues which could have a material impact on assurance.

IV. Report on non-compliance events (NCE)

A NCE is a departure from established processes and procedures or is a gap in existing controls, detected only after action was taken (ex-post). It could consist of a breach of existing regulatory and/or contractual provisions.

Out of 87 recorded NCE cases, 73 correspond to case 10B “A breach of existing regulatory and/or contractual provisions”, and 14 are recorded under case 10A, “Absence of the required ex-ante authorisation”, including 3 NCEs marked for both cases 10a and 10B. Among the causes of internal control weaknesses are mentioned unawareness of procedures and lack of experience of concerned staff. Most of the 73 cases of breaches of existing regulatory or contractual provisions relate to the signature of legal commitments when no corresponding budgetary commitments had previously been validated, and reasons invoked are human oversights as well as ABAC bugs. Cases also include the lack of a validated sub-delegation, contracts signed after the D+3 or with a duration longer than that of the Financing Decision, wrong application of procurement rules or contractual provisions (payment and reporting conditions, lack of addenda). To be noted that 10 of these NCE concern the participation of non-eligible UK consortium members in specific contracts under the Audit Framework Contract 2018. The criteria have now been clarified

⁽⁷⁹⁾ Excluding general budget and EDF contributions to EU Trust Funds (EUR 365.89 million) and including payments made by EU Trust Funds (EUR 483.27 million).

and the terms of references will be updated to state the funding source for the specific contract to avoid any recurrence of similar NCEs.

The other 14 cases were of type 10A “Absence of the required ex-ante authorisation” and relate mainly to errors in the financial circuits: modifications of Financing Agreements without a substantial rider, use of a suspensive clause without prior approval, commitment level 1 signed in ABAC before a decision was formally adopted. 5 cases are wrongly marked 10A and should be 10b, being legal commitments signed prior to budgetary commitments. It can be noted that the justifications related to the malfunctions of OPSYS have decreased since the previous report, but lack of knowledge of the systems remains a frequent justification.

V. Reports on supervision missions to EU Delegations

Supervision missions are a management tool aimed at enhancing the mutual understanding between DG INTPA Headquarters and the EU Delegations, improving the communication flows and increasing the efficiency of the management of the EU external assistance. DG INTPA’s management approved in November 2017 new guidelines for supervision missions to Delegations that recommend performing between 7 to 10 per year with sampling based on risk analysis. After two years of disruption due to the COVID pandemic, the 2022 Annual Plan for supervision missions to EU Delegations that included the following Delegations (Guinea-Bissau, Madagascar, Malawi, Niger, South Sudan, Barbados, Bolivia, Thailand, Cambodia and East Timor) was almost fully implemented, with only one mission (Cambodia) postponed to 2023.

No major weaknesses were identified through the missions. The most common recommendations relate to the accuracy and completeness of the documents uploaded in the information systems and the need to reinforce the cooperation between the operational, finance contract and audit sections on one side, and the political section on the other.

On the basis of the available information, DG INTPA has reasonable assurance on the effectiveness of this assurance building block.

VI. Pillar Assessments

Following the entry into force of Regulation (EU, Euratom) 2018/1046 (the Financial Regulation), the Commission requested that all entities entrusted with EU budget implementation to complete the complementary pillar assessments on exclusion criteria, publication of information and data protection (ex-ante checks on management and control systems) by 31/12/2021. The majority of our partners has concluded or are in the final stages of finalisation of their pillar assessments.

Although new contribution agreements cannot be concluded before the pillar assessments are finalised, and few Financial Framework Partnership Agreements are still being negotiated, mitigating measures were put in place to minimise the impact on the

implementation of indirect management interventions. Such measures include the following:

- Substantial increase in contacts with the entities (mostly UN agencies) to finalise the process.
- Specific conditions (supervisory measures) for signing contracts with entities with negative pillars have been set to ensure compliance with the European Commission's rules.
- In exceptional cases, transitional temporary measures were put in place to ensure the conclusion of urgent contracts with deadline by 31/12/2022 for those entities already in the final stage of finalisation of their pillar assessments.

As a result of all these measures, ongoing contracts continued implementation and amendments were possible.

b) Fraud prevention, detection and correction

DG INTPA has developed and implemented its own anti-fraud strategy since 2014, based on the methodology provided by OLAF. It has been updated three times since its entry into force, and the last update was adopted in April 2021. Its implementation is being monitored and reported to the management every year in the context of the corporate reporting. DG INTPA's action plan contains 16 internal actions, out of which 90% were implemented within the indicated deadline or according to the foreseen recurrence. The completion of the remaining actions is expected for 2023.

DG INTPA also contributed to the Commission anti-fraud strategy and followed up to OLAF's *financial* recommendations issued in 2018-2022 with the following results:

- closure of 24% of financial recommendations, out of which 25% were fully implemented, 25% were partially implemented and 75% were closed without recovery. The main reasons for partial or non-implementations are due to rectifications of the amount recommended by OLAF and to the absence of legal ground to impose financial penalties or recoveries.
- follow-up of 76% of financial recommendations, out of which 23% are still under assessment, 46% are in an ongoing implementation process and 31% are partially implemented. The main reasons for lengthy assessments or implementation process are mainly due to the need for DG INTPA to take additional steps to determine the recoverable amounts or because of ongoing litigation cases or complex recovery enforcements.

The results achieved during the year can be summarised as follows: entry into force of new internal guidelines on the handling of fraud-related information, reinforced appointing system of DG INTPA's anti-fraud network, launch of external awareness actions towards DG INTPA's implementing partners and beneficiaries, continued update of all internal webpages, manuals and databases, and annual note to all staff on professional ethics standards, fraud prevention and detection, and rules for disclosure of information. The Commissioner and the management received reports on the ongoing OLAF investigations and the follow-up of OLAF recommendations twice in 2022. DG INTPA systematically transmitted cases of suspected fraud or irregularity to OLAF. At the end of 2022, DG INTPA was aware of 24 on-going investigations, and was informed by OLAF of the closure of 6 investigations with financial and/or administrative recommendations, 7 without

recommendation, and the transfer of 2 cases to the European Public Prosecutor’s Office.

On the basis of the available information, DG INTPA has reasonable assurance that the anti-fraud measures in place are effective. The DG implemented all the new and recurrent actions foreseen for 2022, transmitted systematically all cases of suspected fraud or irregularity to OLAF and followed closely all financial recommendations notified by OLAF. DG INTPA decided to postpone the mid-term assessment of its anti-fraud strategy (initially planned in 2022) to include the results of several ongoing auditing and updating exercises led by the IAS, ECA and OLAF.

c) Other control objectives: safeguarding of assets and information, reliability of reporting

DG INTPA manages significant⁸⁰ intangible assets, financial assets, liabilities and 'off balance sheet' items. They are presented in the table below:

| | 2022 (in EUR) | Thresholds |
|--------------------------------------------|------------------|-------------------|
| BALANCE SHEET | | |
| A.I.1 Intangible Assets | 81,274,724.05 | > EUR 5 million |
| A.II.6 Cash and Cash Equivalents | 1,272,185,244.10 | > EUR 100 million |
| P.I.3. Non-Current Financial Liabilities | 499,835,878.92 | > EUR 100 million |
| P.II.3. Current Financial Liabilities | 68,861,588.35 | > EUR 50 million |
| OFF BALANCE | | |
| OB.2.1. Guarantees given for EU FI | 20,342,359.41 | none |
| OB.2.2.-OB.2.6. Budgetary Guarantees given | 1,892,341,993.33 | none |
| OB.3.3.8. Budgetary Guarantees Ceiling | 9,723,016,340.89 | none |

Intangible assets (EUR 81.27 million at the end of 2022) represent investments made for the IT system OPSYS which is DG INTPA’s new operational information system currently being developed and deployed. This new system is being built by developing corporate systems so that they allow managing the external relations family business needs (mainly DG INTPA, NEAR and FPI).

The controls in place for the management of this project are described in the IT governance strategy documents and performed via regular IT Steering Committees. Based on the assessment of the control results, OPSYS bears some risk related to the quality of the application that needs to be enhanced, as well as its maturity and robustness. These risks are being mitigated through close governance as well as additional investments made by DG INTPA to accelerate the development and enhance the quality of deliverables.

Cash and cash equivalents concerns: (i) the balances of fiduciary accounts for **financial instruments** (EUR 100.23 million); (ii) the **cash accounts of EDF** (EUR 997.41 million) and (iii) the **cash accounts of Trust Funds** (EUR 174.31 million) at year end.

⁽⁸⁰⁾ Based on the Thresholds available in the Guidance on [BUDGpedia “Illustrative examples of Non-expenditure items”](#)

The controls in place for the cash accounts of the EDF are governed by Article 7 of the Internal Agreement and Article 19 of the 11th EDF Financial Regulation. By October every year, the Commission, taking into account the EIB's forecasts concerning the Investment Facility, communicates to the Council a statement which confirms the level of commitments and payments and the annual amount that the parties (Member States and the UK) should contribute to the EDF in the following two budget years. This statement also includes an indicative forecast, based on a statistical approach, for the annual amounts of contributions for the years N+3 and N+4. These annual amounts are defined based on the capacity to effectively deliver the proposed level of resources and in line with the actual EDF needs for each financial year. The annual contribution, which provisions the treasury of the EDF, is further divided into three instalments (January, June, October). These instalments are subject to Council Decision proposed by the Commission.

The amounts of the calls for contributions which supply the TF accounts are determined in view of the expenditures planned. A medium-term forecast is used to establish the yearly needs and allocate the calls for contributions between the sources of contribution (Budget and/or EDF).

Non-current financial liabilities mainly concerns: (i) the **long-term part of the EU liability for coverage of the future guarantee claims**⁸¹ arising from budgetary guarantees agreement for EUR 137.26 million and (ii) the **net contribution of the donors** in the EUTF Africa (EUR 332 million). The net contributions of the donors at 31 December equals the contributions paid less the allocated net expenses to that date. The net expenses of the current year are allocated to the donors in proportion to the contributions received at the year-end. The contribution percentage and the allocation of net results based on it is only indicative. When the Trust Fund is wound up, the final decision on the return of remaining funds will be made by the Trust Fund Board.

Current financial liabilities (EUR 68.86 million) arose from budgetary guarantees agreements. They represent the short-term part of the EU liability for coverage of the future guarantee claims.

The Off Balance items cover the guarantees given for **financial instruments** and the **budgetary guarantees** given and signed under the EFSD and EFSD+.

As of 2021, a new Relevant Control System has been created to describe the strategy of control in place for the financial instruments and budgetary guarantees under the EFSD and EFSD+. For further information on the controls that will be in place, please refer to RCS 6 in Annex 6.

⁽⁸¹⁾ Since 2021, the EU applies the gross presentation of the Financial Guarantee Contracts (FGC) where the revenues still to be received under the guarantee are recognised as a FGC receivable leg and a FGC liability is recognised representing the EU liability for coverage of the future guarantee claims. The receivable leg represents the present value of the premiums to be received as remuneration for guarantees given by the EU. The difference between the two legs is considered as a grant component and is recognised as a loss at initial recognition in the statement of financial performance.

An annual and aggregated view for financial instruments and budgetary guarantees managed by DG INTPA are presented below:

Operations in Year 2022 (in EUR) - provisional figures

| Commitments made in 2022 (PAGODA Fis & Guarantee agreements ⁸²) | | Commitments for CPF provisioning ⁸³ | Payments to Fiduciary accounts & CPF provisioning ⁸⁴ | Payments from CPF provisioning (guarantee claims) |
|-----------------------------------------------------------------------------|-----------------------------------|------------------------------------------------|-----------------------------------------------------------------|---------------------------------------------------|
| FI - Budget | 63.360.800 | NA | 73.973.469 | NA |
| FI - FED | 15.000.000 | NA | 37.388.049 | NA |
| EFSD | -250.000.000⁸⁵ | 4.443.569 | 5.019.758⁸⁶ | 368.104 |
| EFSD+ | 8.697.000.000⁸⁷ | 1.377.872.934 | 490.350.763 | NA |

Cumulative opened operations at 31/12/2022 for financial instruments (in EUR)

| Total On-going commitments (PAGODA Fis & CAFI) | Payments to fiduciary accounts | A.I.4 Non-current financial assets & A.II.I Current financial assets Equity investments and loans | A.II.6 Cash & cash equivalents Fiduciary accounts balances | O.B.2.1 & O.B.2.2 contingent liabilities Guarantees given | |
|------------------------------------------------|--------------------------------|---------------------------------------------------------------------------------------------------|------------------------------------------------------------|-----------------------------------------------------------|--------------------|
| FI - Budget | 669.265.914 | 416.979.617 | 285.778.023 | 69.432.379 | - 8.402.553 |
| FI - FED | 426.853.507 | 128.187.005 | 68.664.933 | 30.795.585 | - 11.939.806 |
| FI - Total | 1.096.119.421 | 545.166.622 | 354.442.956 | 100.227.964 | -20.342.359 |

Cumulative open operations at 31/12/2022 for budgetary guarantees (in EUR)

| Total On-going commitments (signed guarantee agreements) | O.B.2.2 contingent liabilities Inclusion notices signed and disbursed | O.B.2.6 contingent liabilities Inclusion notices signed not yet disbursed | |
|----------------------------------------------------------|-----------------------------------------------------------------------|---------------------------------------------------------------------------|-----------------------|
| EFSD | 1.298.700.000 | -370.068.668 | -75.477.384 |
| EFSD+ | 8.897.000.000 | -49.984.722 | -1.396.811.219 |
| BG Total | 10.195.700.000 | -420.053.390 | -1.472.288.603 |

Cumulative opened operations at 31/12/2022 for CPF (in EUR)

| Total committed | Total paid to CPF | Total paid from CPF | Cash available on liquidity buffer | CPF Balance | |
|-----------------|-------------------|---------------------|------------------------------------|-------------|---------------------------|
| EFSD | 804.162.505 | 803.988.694 | 368.104 | 30.381.896 | 697.793.925 ⁸⁸ |
| EFSD+ | 2.790.651.568 | 490.350.763 | NA | NA | 481.029.971 ⁸⁹ |

⁽⁸²⁾ for the Guarantee agreements under EFSD and EFSD+, the individual commitments are signed in ABAC Liga

⁽⁸³⁾ EN contracts encoded in CRIS, to process the payments constituting the provisioning for the EFSD/EFSD+

⁽⁸⁴⁾ For the provisioning of the CPF, this corresponds to the payments made from the EN contracts in CRIS.

⁽⁸⁵⁾ Two guarantee agreements have been transferred to DG NEAR for a total amount of EUR 150 million and one Guarantee agreement has been terminated (EUR 100 million). As a result, EUR 250 million were decommitted in 2022.

⁽⁸⁶⁾ This amount is made of EUR 750,000 that was retransferred immediately to the liquidity buffer, and EUR 4,269,758.65 by virtual transfer.

⁽⁸⁷⁾ The amount includes the INTPA envelope of the EIB Window 1 Guarantee Agreement managed by DG NEAR: EUR 8,552.00 million (on a total value of EUR 26,725.00 million) – contingent liabilities are booked on INTPA based on a prorata allocation (32 pc of the total contingent liabilities of the Guarantee Agreement).

⁽⁸⁸⁾ CPF balance at market value of EFSD compartment – liquidity buffer not included (EFSD = 30,381,896.42€). The amount covers also the 150.000.000 EUR of guarantees transferred to DG NEAR.

⁽⁸⁹⁾ Total CPF balance at market value of EFSD+ compartment equals 1,066,911,768€ including NEAR provisioning. INTPA CPF balance of 481.029.971 EUR is a percentage based on payments made by each DG's (+/-45% for INTPA).

2. Efficiency of controls

The table below presents the most relevant **key indicators on the efficiency of controls and their values** structured in line with the internal control templates in annex 6. These indicators provide a complete overview of the controls in place and are reliable.

| Relevant Control System (RCS) | | | | | | | | |
|-------------------------------------------------------------------------------------------------|----------------------|---------------------|---------------------------|-----------------------------------|-------------------------------------|--------------------------------------------------------|--------|----------|
| Control efficiency (2022) | RCS 1 - Grants in DM | RCS 2 - BS | RCS 3 - Procurement in DM | RCS 4 - IM with Partner Countries | RCS 5 - IM with Third Organisations | RCS 6 - Financial Instruments and Budgetary Guarantees | Other | Total |
| Ineligible expenditure identified by ex-ante controls/Invoiced amount | 3.31% | 7.72% ⁹⁰ | 2.78% | 4.63% | 2.00% | 0% | 0.80% | 2.91% |
| Ineligible expenditure identified by ex-ante controls (EUR million) | 44.05 | 36.69 | 9.69 | 23.09 | 50.25 | 0 | 4.17 | 167.94 |
| Invoiced amount (EUR million) | 1 329.05 | 475.39 | 348.42 | 498.69 | 2 509.00 | 98.76 | 519.40 | 5 778.71 |
| Relevant Control System (RCS) | | | | | | | | |
| Control efficiency (2022) | RCS 1 - Grants in DM | RCS 2 - BS | RCS 3 - Procurement in DM | RCS 4 - IM with Partner Countries | RCS 5 - IM with Third Organisations | RCS 6 - Financial Instruments and Budgetary Guarantees | Other | Total |
| RCS part in ineligible expenditure identified by ex-ante controls | 26.23% | 21.85% | 5.77% | 13.75% | 29.92% | 0% | 2.48% | 100,00% |
| Ineligible expenditure identified by external audits / Audited amount | 5.82% | 0% | 1.23% | 6.31% | 1.03% | 0% | 0.00% | 3.37% |
| Ineligible expenditure identified by external audits contracted by the Commission (EUR million) | 33.04 | 0 | 1.11 | 14.58 | 8.30 | 0 | 0 | 57.03 |
| Audited amount (EUR million) | 567.38 | 0 | 90.33 | 230.90 | 803.25 | 0 | 0 | 1 691.86 |
| RCS part in ineligible expenditure identified by external audits | 57.93% | 0% | 1.95% | 25.56% | 14.56% | 0% | 0% | 100,00% |
| Timely payments (Art. 116.1 new FR): % of payments made within contractual deadlines. | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 94.71% |
| Average time to inform applicants (Art. 194.1(e)&2 new FR) (in days) | 75.23 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| % of applicants informed within 6 months of final submission deadline | 95.44% | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Average time to grant as from information notice (Art. 194.1(e)&2 new FR) (in days) | 36.73 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| % of grants signed within 3 months of informing applicants | 95.33% | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

Conclusion on the efficiency indicators

Ineligible expenditure identified by ex-ante controls on payments (KPI 23):

In 2022, the ex-ante controls have prevented the payment of a total amount of EUR 167.94 million of ineligible expenditure. This represents 2.91% of the total invoiced amount

⁽⁹⁰⁾ "The system of ex-ante controls put in place by DG INTPA for Budget Support operations prevents any payment to be made unless all required pre-conditions and targets have been met by the beneficiary countries. The efficiency of the ex-ante control system is illustrated by the fact that BS Operations represent 31.65% of the amount of payment requests blocked by ex-ante controls in 2021. In the case of Budget Support the high rate of errors detected ex-ante is an indicator of reduced risk."

and is above the benchmark of 2% set by DG INTPA for this indicator and above the result of last year (2.62%).

Ineligible expenditure identified by external audits (KPI 27):

In 2022, the external audits contracted by the Commission have identified a total amount of EUR 57.03 million of ineligible expenditure. This represents 3.37% of the total audited amount and is above the benchmark of 2% set by DG INTPA for this indicator.

Timely payments (KPI 13):

In 2022, 94.71% of the payments⁹¹ (all funding sources altogether) were made within the contractual deadlines provided by the Financial Regulation demonstrating an efficient processing of payments within legal deadlines by DG INTPA. Timely payments disaggregated for each of the funding sources are presented below:

1. General budget

| Timely Payments | INTPA Score | EC Score |
|-----------------|-------------|------------|
| | 96% | 98% |

DG INTPA reached a 96% value for this indicator almost in line with the Commission average calculated for this funding source - 98%. DG INTPA ensured an efficient processing of payments within the legal deadlines.

2. European Development Fund

| Timely Payments | INTPA Score | EC Score |
|-----------------|-------------|------------|
| | 96% | 96% |

DG INTPA reached a 96% value for this indicator equaling the Commission average calculated for this funding source - 96%. DG INTPA ensured an efficient processing of payments within the legal deadlines.

3. Trust Fund Bekou (TF003)

| Timely Payments | INTPA Score | EC Score |
|-----------------|-------------|------------|
| | 94% | 94% |

DG INTPA reached a 94% value for this indicator equaling the Commission average calculated for this funding source - 94%. DG INTPA ensured an efficient processing of payments within the legal deadlines.

⁽⁹¹⁾ 94.71% in payment value and 95.15% in number of payments.

4. Trust Fund Africa (TF005) Windows Sahel, Lake Tchad and Horn of Africa⁹²

| Timely Payments | INTPA Score | EC Score |
|-----------------|-------------|------------|
| | 91% | 92% |

DG INTPA reached a 91% value for this indicator almost in line with the Commission average calculated for this funding source - 92%. DG INTPA ensured an efficient processing of payments within the legal deadlines.

5. Trust Fund Colombia (TF006)

| Timely Payments | INTPA Score | EC Score |
|-----------------|-------------|------------|
| | 94% | 94% |

DG INTPA reached a 94% value for this indicator equaling the Commission average calculated for this funding source - 94%. DG INTPA ensured an efficient processing of payments within the legal deadlines.

Grants management⁹³:

In 2022, 95.44% of the notifications for informing the applicants of the outcome of the evaluation of their application were transmitted by DG INTPA within the time limit of six months set by the Financial Regulation. Furthermore, the average time taken by DG INTPA in 2021 is 75.23 calendar days – largely below the time limit of 6 months.

In 2022, 95.33% of the grant contracts were signed by DG INTPA within the time limit of three months set by the Financial Regulation for signing grant contracts as from the date of informing applicants of the outcome of the evaluation of their application. The average time taken by DG INTPA for signing grant contracts in 2022 is 36.73 calendar days – largely below the time limit of 3 months.

Based on the results of the efficiency indicators described above, DG INTPA considers that the controls put in place are efficient.

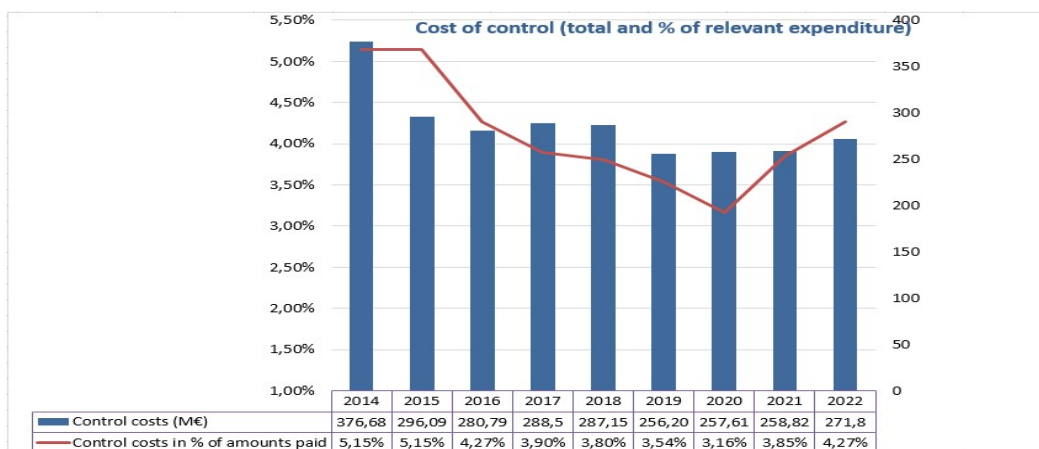
3. Economy of controls

The 2022 DG INTPA total cost of controls is estimated at EUR 271.8 million⁹⁴. This represents 4,27% of the relevant expenditure of DG INTPA in 2022. The overall cost of control increased since 2021 mainly due to the significant increase in the staff costs with the salaries' indexation. This increase combined with a lower amount of relevant expenditure lead the ratio above the threshold of 4%.

⁽⁹²⁾ The value of this indicator for the third window of Trust Africa- "North Africa" is commented upon in the AAR of DG NEAR

⁽⁹³⁾ Results based on grant contracts implemented in direct management and whose calls for proposals are managed in PROSPECT.

⁽⁹⁴⁾ This amount does not include the management fees of entrusted entities under indirect management that are estimated at EUR 219,2 million



Other costs such as audits, expenditure verifications, pillar assessments etc have decreased compared to 2021 (See Annex 7 for further details on split per management mode and stage of control).

Taking into consideration the highly risky environment DG INTPA operates in, the total costs of controls can be considered as reasonable but with margin of improvement. Other non-**quantifiable benefits** such as better value-for money, deterrent effects, efficiency gains, system improvements and compliance with regulatory provisions should be taken into consideration when assessing the cost-effectiveness of controls.

4. Conclusion on the cost-effectiveness of controls

Based on the most relevant key indicators and control results, DG INTPA 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.

Based on the most relevant key indicators and control results, DG INTPA 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.

For this conclusion the following elements were taken into account:

- o **Effectiveness:** the **RER of DG INTPA** for 2022 is estimated at 1.15%.

The main benefit of DG INTPA's control system is the prevention of errors. The fact that DG INTPA's system is geared towards ex-ante controls and not ex-post controls can be explained by the nature of its operations.

In 2022, DG INTPA was in charge of operations implemented in more than 130 countries on five continents, supervised by more than 90 fund centres (Delegations and HQ services) involving thousands of fund recipients and other stakeholders involved in the implementation.

Most of these operations take place in a context which is much more error-prone than is the case for operations of other Commission DGs and Services, in countries and regions

with a low level of development, deficient infrastructure and weak governance. However, these operations are needed and the EU has decided to play an active role in implementing them in line with a wide-ranging international consensus, not only at the level of governments but also at civil society level. Operations implemented by DG INTPA are also necessary because of the EU's very own interest.

Due to the diversity of DG INTPA's operations and the fact that it covers a vast geographical area, DG INTPA has no other choice than to rely on a significant number of external partners for its operations. Funds usually are provided by means of pre-financing payments; expenditure is then incurred by DG INTPA partners and subsequently cleared on the basis of reports. Relationships with partners are less stable than in other spending DGs and Services and/or a higher number of partners are located outside EU jurisdiction. All these factors lead to a very pronounced need to focus on preventive controls.

○ **Efficiency:** some **measurable benefits** of DG INTPA's controls are captured in its information systems:

- **KPI 23:** A total amount of EUR 167.94 million of undue payment was prevented by DG INTPA's ex-ante controls in 2022 (EUR 165.57 million in 2021). It represents 193% of the cost of the ex-ante controls (amounting to 87 million).
- **KPI 27:** a total amount of EUR 57.03 million was identified as ineligible in the final audit reports received by DG INTPA in 2022 (EUR 41.36 million in 2021). It represents 519% of the estimated cost of external audits contracted by the Commission, which amount to 9.83 million.
- **Recovery Orders:** Recovery Orders for a total amount of EUR 13.97 million were issued by DG INTPA in 2022 for the reimbursement of undue payments (errors & irregularities) (EUR 13.36 million in 2021). It represents 36% of the cost of ex-post controls and follow-up, which totally in line with previous exercises.

○ **Economy:** The estimated total cost of control has increased this year mainly to the salaries indexation and a small decrease to the relevant expenditure. Even though the ratio shows a deterioration (from 3.85% to 4.27%), this is still reasonable given the geopolitical context in which DG INTPA operates.

DG INTPA continuously evaluates its control strategy and whether control resources should be re-directed towards more stringent verifications where needed, while having leaner and less burdensome controls where appropriate. RCSs aim to reflect the different risk profiles. Consequently DG INTPA arrives at different cost-payment ratios per RCS: for instance, where budget support operations are not subject to audits or verification under the Annual Audit and Verification Plans, making up for only 3.43% of overall control costs, high risk RCSs are subject to certain compulsory expenditure verifications and/or additional controls.

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.

The section is divided into two subsections: the **Internal Audit Service (IAS)** and the **European Court of Auditors (ECA)**, which covers the ECA's Annual Reports and the relevant Special Reports.

Internal Audit Service (IAS)



Internal audits in 2022 (finalised by 31 January 2023)

IAS has issued the following audit reports in January 2023: Final audit report on External Investment Plan - EFSD Guarantee and Final audit report on contractual expenditure verifications in DG INTPA, DG NEAR and FPI.

The objective of the **External Investment Plan audit** was to assess the adequacy and effectiveness of the EFSD Guarantee scheme. The scope of the audit covered the governance, implementation, monitoring and reporting arrangements, and the technical assistance provided to the implementing entities.

While acknowledging the progress achieved and the significant efforts dedicated to the roll out of the EFSD Guarantee scheme, which is an innovative and ambitious instrument, the IAS concludes that the governance, assurance building, contractual and performance monitoring arrangements need to be significantly enhanced to strengthen the steering, implementation and reporting processes. In this context, the IAS has identified four very important issues relating to governance, assurance building, guarantee agreement clauses, and performance monitoring and reporting.

Recommendation N° 1: Governance: The responsibilities of the governance bodies in the decision-making process related to the risk monitoring and response at the level of the whole instrument are not formalised. Moreover, periodic reports on the overall risk level were prepared but there was no evidence for the decisions taken by the Commission on the basis of these reports. In addition, the European Fund for Sustainable Development (EFSD) strategic board played a limited role on the discussion around the overall investment goals and the coordination, complementarity and coherence between the External Investment Plan and other EU instruments/activities. Finally, the functioning of the EFSD operational board was not supported by an agreed upon description of its specific authority and tasks.

Recommendation N° 2: Assurance building: The assessment of the risk management capacities of the international financial institutions (IFIs) was not done prior to the signature of the guarantee agreements. For seven of the 10 IFIs involved in the management of the EFSD guarantees the pillar assessments of the new risk management requirements for budgetary guarantees were completed only at the end of 2021/beginning of 2022 (while for the remaining three it was on-going or not yet launched).

Recommendation N° 4: Guarantee agreement clauses: As there is no standard template for the guarantee agreements (GAs), each agreement may contain different clauses. The analysis of a sample of GAs revealed that the clauses included in the agreements do not

always ensure the proper and coherent SENSITIVE 7 application of: a) the principle of additionality; and b) the claim and recovery procedures.

Recommendation N° 6: Performance monitoring and reporting: The IAS identified issues as regards the performance monitoring and reporting framework of the EFSD Guarantee. In brief, the reporting on certain key objectives is not yet done and no guidelines exist on how the data will be collected, and the indicators calculated, in particular regarding the achievements related to the additionality, number of beneficiaries, jobs created, climate action and share of the guarantees allocated to fragile or least developed countries. In addition, the target leverage rate is overestimated.

The objective of the **Contractual Expenditure Verification (CEV) audit** was to assess whether the contractual expenditure verifications process in DG INTPA, DG NEAR and FPI is adequately designed and efficiently and effectively implemented to serve as a reliable source of assurance on the legality and regularity of payments. The scope of the audit covered contractual expenditure verifications in DG INTPA, DG NEAR and FPI (both Headquarters and EU delegations). A sample of expenditure verifications was drawn from those completed in the period 2018-2022.

DG INTPA made significant efforts to put in place and maintain the contractual expenditure verification process, which is also successfully used by DG NEAR and FPI. The contractual expenditure verifications, due to their wide coverage and detailed focus, have a potential to prevent a vast majority of legality and regularity errors from occurring in the relevant types of projects before the Commission makes a payment, and so have a prominent position in the chain of internal controls used to keep the residual error rate low. However, the IAS concludes that the design of the CEV process is not fully adequate and hence is currently only partially effective and efficient in deploying its potential to serve as a reliable source of assurance on the legality and regularity of payments.

In this context, the IAS has identified two very important issues in the following areas: (i) Objective and design of CEV as a control and (ii) Monitoring and feedback on the contractual expenditure verifications.

Finding No 3: Objective and design of CEV as a control: The IAS found that the terms of reference for contractual expenditure verifications are not sufficiently detailed regarding the verifications to be done and there is no standard work programme to follow. In addition, the external auditor is not required to report in detail on the exact verification procedures performed. As a result, most CEV reports reviewed by the IAS did not allow the reader to understand on which basis the external auditor concluded on the eligibility of the expenditure. DG INTPA, together with DG NEAR and FPI, should clarify the objective of the contractual expenditure verifications as a control and revise the template terms of reference for these types of engagements (including a detailed description of verification procedures and of the risk assessment and sampling methodology), to ensure that they achieve the stated objective. They should also share guidance/interpretative materials/frequently asked questions on EU expenditure eligibility rules, expenditure verification procedures, risk assessment and sampling methodologies with the external auditors.

DG INTPA, DG NEAR and FPI reject their respective recommendations related to finding No 5 on the 'monitoring and feedback on the contractual expenditure verifications process'. The DGs are committed to improving their procedures and controls but consider that the recommendations would not be cost effective and the workload involved would be disproportionate to the possible benefits in terms of improvement of the CEV control. Moreover, the DGs' assurance building is not only based on CEV but also on a number of other pillars such as the residual error rate (RER) study and the statement of assurance audits by the European Court of Auditors.

Overview of the "Critical / Very Important" (VI) internal audit recommendations

| Year | Audit | Internal audit service (IAS) ⁹⁵ | | | | |
|------------------|----------------|--------------------------------------------|-------------------------|-------------------------------------------------|-------------------------------------------|-------------|
| | | Critical open in January 2022 | VI open in January 2022 | New critical recommendation from audits in 2022 | New VI recommendation from audits in 2022 | In progress |
| 2022 | EFSO guarantee | 0 | 0 | 0 | 4 | 4 |
| | CEV audit | 0 | 0 | 0 | 2 | 1 |
| Total IAS | | 0 | 0 | 0 | 6 | 5 |

Conclusion of the Internal Auditor on the state of internal control in DG INTPA

The IAS concluded that the internal control systems in place for the audited processes are effective, except for the observations giving rise to the 'very important' recommendations that have not yet been addressed. DG INTPA is working to address these recommendations in line with the agreed action plans, except for one rejected 'very important' recommendation from the audit on contractual expenditure verifications.

Rejected Recommendation N° 7: DG INTPA to implement a feedback mechanism for continuous improvement of the contractual expenditure verifications: The CEV's sound functioning has not been subject to any formal assessment. In addition, the cost-benefit of CEV as a control (which, according to IAS estimates, costed around EUR 25 million in external audit fees in 2021) was never assessed. Data on both costs and benefits of CEV were not collected. If the CEV's sound functioning and cost-benefit are not subject to assessments, management may not be aware of control weaknesses or cost-benefit concerns and consequently may fail to make the necessary improvements to the CEV design. This may result in potentially unreliable CEV reports (so payments may be made not respecting to legality and regularity principles) or in maintaining controls which are not cost-effective. The IAS recommended that DG INTPA, together with DG NEAR and FPI, implement periodic assessments of the sound functioning and cost-benefit of CEV.

DG INTPA did not accept the recommendation for the following reasons:

- a) DG INTPA considers that the recommendations will increase the costs of control and administrative burden in a disproportionate manner (such as to develop and update a

⁽⁹⁵⁾ In accordance with its updated audit plan for 2022

new repository to record information on results and costs) compared to possible benefits;

b) DG INTPA's assurance builds on many other pillars than CEV such as the RER and the DAS audits;

c) DG INTPA is currently reviewing controls tools such the Terms of Reference of Expenditure Verifications and feedback mechanisms to the auditors; Once implemented, these will also contribute to improving the functioning of CEV.

European Court of Auditors (ECA)

Overview of the external audit recommendations

| ECA Annual and Special Reports | | | | | |
|--------------------------------|---------------------------------------------------|-------------------|--------------------|-------------------------|-----------------|
| Year of publication | Audit | Open in Jan. 2022 | New issued in 2022 | Implemented during 2022 | In progress |
| Prior to 2022 | SR 04/2018 'Myanmar' | 1 | | 1 | |
| | Annual reports concerning the financial year 2019 | 2 | | 2 ⁹⁶ | |
| | Annual reports concerning the financial year 2020 | 4 | | 1 | 2 ⁹⁷ |
| 2022 | Annual reports concerning the financial year 2021 | | 3 | | 3 |
| Total ECA | | 7 | 3 | 4 | 5 |



Annual Reports for financial year 2021

The ECA published its Annual Reports for the financial year 2021 on 13 October 2022. For the Budget instruments in the Neighbourhood and the world chapter, the European Court of Auditors did not calculate an error rate for the year 2021. The ECA estimated the level of error concerning EDF payments at 4.6 % (compared to 3.3% in 2016, 4.5% in 2017, 5.2% in 2018, 3.5% in 2019 and 3.8% in 2020) and therefore issued an adverse opinion on payments from EDF for the year 2021.

In its 2021 Annual Report on the Budget (Chapter 8: Neighbourhood and the world), the ECA issued the following recommendations for DG INTPA:

- **Recommendation 8.2:** Strengthen controls when drafting financing agreements for budget support operations Strengthen controls when drafting financing agreements for budget support operations in order to set clear conditions in financing agreements regarding the transfer of funds to the treasury account in the beneficiary country's central bank and the applicable exchange rate; these should be consistent with the budget support guidelines. Timeframe: end of 2023

⁽⁹⁶⁾ While DG INTPA implemented the recommendation in June 2021, as the recommendation is addressed to several DGs, it was fully addressed in October 2022.

⁽⁹⁷⁾ Recommendation 3 was implemented by January 2022, recommendation 2 was rejected, therefore, only 2 recommendations are in progress.

The Commission has accepted this recommendation. The Commission considers that the templates for the financing agreements are fit for purpose and that, together with the budget support guidelines, they provide clear guidance regarding the transfer of funds to the beneficiary country's treasury account and the applicable exchange rate. The Commission considers that the provisions are used appropriately but, to provide reassurance that they are always spelled out clearly in the financing agreement according to each country context, the Commission will strengthen controls by reviewing the related checklist for financing agreements. The Commission nevertheless points out that in rare cases countries do not have a Central Bank and in these cases the recommendation will be applied mutatis mutandis in view of the country context. The recommendation is expected to be implemented by 2023.

In its 2021 Annual Report on the European Development Funds (EDF), the ECA issued the following recommendations:

- Recommendation 1: Strengthen controls in respect of legal bases before signing contracts: Strengthen internal control to ensure that no contracts are signed without the existence of a valid legal basis. Timeframe: end of 2023

The Commission has accepted this recommendation. The recommendation is expected to be implemented by 2023.

- Recommendation 2: Deduct costs not incurred before payment or clearing: Take appropriate measures aimed at ensuring that any commitments or advance payments claimed as incurred costs by beneficiaries in their financial reports are deducted before carrying out payments or clearings. Timeframe: end 2023

The Commission has accepted the recommendation and considers it as partially implemented. Following a previous ECA recommendation the Commission took measures such as issuance of guidelines, introduction of an additional checklist, awareness raising and continues to work towards preventing excess clearings. The recommendation is expected to be implemented by 2023.



Report of the European Court of Auditors on the performance of the EU budget – Status at the end of 2021

The ECA published its Annual Report on Performance on 14 November 2022. In the report, the ECA assesses how the Commission has integrated horizontal policy priorities (climate, gender, biodiversity), and EU budget's contribution to Sustainable Development Goals (SDGs) and digital transition throughout the selected EU spending programmes, including the NDICI-Global Europe. The ECA also evaluated whether the Commission is applying an appropriate performance framework to measure the contribution of the EU budget towards supporting horizontal policy priorities. The auditors noted that performance framework of the NDICI-Global Europe instrument allows for the comprehensive tracking of EU contributions to Sustainable Development Goals and is a good example of monitoring and reporting on cross-cutting aspects of climate change initiatives. However, the ECA considers there was an overlap between the reported amounts contributing for climate and biodiversity in case of the NDICI – Global Europe.

In this report, the ECA has made corporate-level recommendations only. The ECA's recommendations were accepted by central services, except recommendation 1.b on refining the methodology for tracking gender expenditure, which was partially accepted.



ECA's Special Reports

In 2022, the ECA did not issue any Special Report for which DG INTPA was the lead Commission service.

CONCLUSIONS ON AUDIT RESULTS AND FOLLOW-UP OF RECOMMENDATIONS

Sustained efforts have been made in implementing external and internal audit recommendations throughout the year 2022. The major deficiencies identified by the open "very important" audit recommendations are being or will be addressed according to the relevant Action Plans. Their current state of implementation does not lead to any significant assurance-related concern.

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.

DG INTPA 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.

DG INTPA has assessed its internal control system during the reporting year and has concluded that DG INTPA's Internal Control System is effective and the components and principles are present and functioning as intended.

Management assesses on a continuous basis the effectiveness of the internal control systems, to determine whether they work as intended and ensuring that any control weaknesses in the system are detected, analysed and considered for improvement. In addition, management performs specific assessments to ascertain whether the internal control systems and their components and principles are present and functioning.

The purpose of these management assessments is to provide reasonable assurance that the internal control principles adopted by the Commission are implemented and functioning in the DG, that the assessment findings are evaluated and that any deficiencies are communicated and corrected in a timely manner, with serious matters reported as appropriate.

The assessment was mainly based on a set of 47 Internal Control Monitoring Criteria (ICMC) covering all 17 Internal Control Principles. Three main sources fed into the analysis:

DG INTPA carried out a Headquarter desk review with units in charge to assess 37 of the ICMC. In addition, units provided documentary evidence to support the comments made;

Five Key Performance Indicators (KPI's) from the EAMR exercise were used as monitoring criteria, namely those relating to the effectiveness of the five components of the Internal Control Framework.

Internal control self-assessment survey with senior and middle management: the survey asked for the participant's assessment on five questions, representing the remaining five ICMC.

CONCLUSION ON INTERNAL CONTROL SYSTEMS

DG INTPA has assessed its internal control system during the reporting year (Internal Control Monitoring Indicators) and has concluded that it is effective, and the components and principles are present and functioning as intended. No major deficiencies were identified. DG INTPA has developed action plans to address the open recommendations from the IAS/ECA.

DG INTPA's control environment (Component 1)

- Ethical and organisational values are promoted and respected by all levels of management
- Proper follow-up of significant issues related to internal control and audit is done
- Good structures are in place for objective-setting, delegation of authority and management supervision
- Reorganisations, mobility and learning and development needs of staff take into account DG INTPA's mandate and priorities and personnel needs.
- Staff appraisal is done according to the procedures of the Commission

DG INTPA's risk assessment (Component 2)

- Strategic Plans and Management plans are made in a collaborative manner incorporating the DG's main risks.
- A high quality of accounting data is ensured
- A yearly risk management exercise contains definitions of risk responses and possible mitigating measures.
- DG INTPA's anti-fraud strategy is in line with the Commission's.

DG INTPA's control activities (Component 3)

- All rules and procedures are documented and updated when necessary.
- Business continuity is ensured through the necessary plans in place.
- It ensures that IT processes and systems are in line with those of the Commission and the data protection action plan is implemented.
- The registration and documentation of all instances of overriding of controls or deviations from established processes and procedures is in place.

DG INTPA's information and communication (Component 4)

- DG INTPA has a very high filing rate in ARES that is aimed at being improved
- There are multiple accessible and effective channels for internal information sharing
- There are multiple effective channels for external information sharing

DG INTPA's monitoring activities (Component 5)

- There is a consultative process to set out objectives and indicators, the latter which are monitored regularly and reported upon in the Annual Activity Report.
- An assessment of the effectiveness and efficiency of the internal control system is done on an annual basis and significant issues are systematically followed up
- Communication and reporting of internal control weaknesses is coordinated by the Internal Control Coordinator.

The critical risks identified for 2022 related to the Covid 19 crisis and the completion of the pillar assessments did not materialise, as the corresponding mitigating measures were effective. The third critical risk has also been included in the risk register for 2023. It is related to the potential difficulties to deploy staff to EU Delegations in hardship countries and a shortage of specialised profiles both in EU Delegations and Headquarters. Mitigating measures related to that risk include: creating incentives for staff whenever possible; allocating appropriate financial and human resources to ensure the capacity of EU Delegations in conflict and unstable countries and in Headquarters to operate safely and securely; greater anticipation, and shortening, wherever possible, of recruitment procedures.

A new risk for 2023 relates to the corporate and OPSYS Ecosystem, mitigating measures include: DG INTPA provided additional financing to eProcurement in order to accelerate the development and enhance the quality of deliverables; commitment to allocate resources needed to improve the maturity/robustness of the current OPSYS application; the OPSYS source code was assessed by an independent consultant and an action plan was proposed.

2.1.4. Conclusions on the assurance

CONCLUSION ON INTERNAL CONTROL SYSTEMS

DG INTPA has assessed its internal control system during the reporting year (Internal Control Monitoring Indicators, results of the corporate indicators reported in Annex 4 and all other available information) and has concluded that it is effective and the components and principles are present and functioning well.

Therefore, under the prevailing risk environment and from a managerial point of view, DG INTPA's AOD can sign the Declaration.

Accountability chain (EAMR/SDAO/AAR) and KPI results for 2022

The accountability and reporting chain in DG INTPA is organised as a pyramid through which the statements of assurance signed by each Head of Delegation set the basis of the assurance provided by the other (sub)-delegated authorising officer at the upper levels of the pyramid. All Authorising Officers by (sub)-delegation substantiate their statements of assurance in their annual reports taking into account the results achieved for 29 Key Performance Indicators (KPI) regrouped in three categories: sound financial management, effectiveness of the internal control systems and effectiveness of the audit system. The KPI results are automatically assessed versus the benchmarks through a “traffic lights” system.

At global level, Key Performance Indicators (KPI) results indicate a very good performance with 27 out of 29 KPIs having reached the benchmark. DG INTPA improved its performance

in comparison to 2021 especially for the KPIs covering the % of payments done within deadline, time to grant, expired contracts and % of portfolio and undue payments prevented by ex-ante controls. Good improvement also for the KPIs related to audit plans registered a positive evolution in 2022 (detailed KPIs analysis provided in annex 8).

Ex-ante controls

The value of KPI measuring the result of ex-ante controls on the eligibility of expenditure⁹⁸ is also on track with 2.91% in 2022 above the benchmark of 2.00%. This good result is due to a close follow-up performed during 2022.

The KPI on ineligible expenditure identified by audits achieved 3.37% and is above the benchmark of 2%. External audits may also be carried out ex-ante, not only ex-post, both allow for correction of errors detected.

Implementation of the annual audit plans

As regards detective and corrective elements in the control strategy, external audits by the Commission and the recipients of funds cover a significant amount of the funding managed by DG INTPA. They contribute therefore substantially to assurance as regards both the legality and regularity of external aid and the sound and efficient management of the funds.

DG INTPA implemented the annual audit and verification plans and met the targets for all audit-related KPIs.

Supervision missions to Delegations

The 2022 Annual Plan for supervision missions to EU Delegations that included the following Delegations (Guinea-Bissau, Madagascar, Malawi, Niger, South Sudan, Barbados, Bolivia, Thailand, Cambodia and East Timor) was almost fully implemented, with only one mission (Cambodia) postponed to 2023. No major weaknesses were identified through the missions.

Institutional compliance assessments

Institutional compliance assessments provide reliable, overall positive elements of assurance concerning the capacity and reliability of the entrusted entities involved in the implementation of DG INTPA funding.

⁽⁹⁸⁾ Since COVID-19 outbreak, DG INTPA issued temporary measures and guidance for internal and external users that allowed business continuity while protecting the EC legal safeguards. As from April 2020, in line with DG BUDG's instructions, DG INTPA's temporarily granted all DG INTPA's authorising officers by sub-delegation a general exception to the rules and procedures in force regarding the submission of applications and tenders, and the evaluations of calls for tenders, allowed via virtual meetings, as well as the acceptance of signed and scanned copies of legal commitments and invoices in pdf format by email. In 2021, services were asked to apply standard procedures where possible, but the temporary general exception is still in place due to the number of DG INTPA's operations and varying local conditions.

Concerning the issue of finalising the complementary pillar assessments by the deadline of 31/12/2021, 59 out of 79 entities undergoing the complementary assessments had finalised the pillar assessment by December 2022. Most of the 20 remaining ongoing ones are expected to be finalised in the first half of 2023. Mitigating measures have been taken, including the possibility of urgent contracting.

Management declarations

In line with Article 155.1 of the Financial Regulation, entities implementing Union funds or budgetary guarantees in indirect management must provide the Commission, by 15 February of the following financial year, with a report on the implementation of Union funds or budgetary guarantees, accompanied by a management declaration.

However, according to the sixth sub-paragraph of the same Article, the above is without prejudice to agreements concluded with the EIB, the EIF, Members States Organisations, international organisations and third countries. Such agreements must nevertheless at least include the obligation to provide the Commission annually with a statement covering Union funds implemented during the financial year concerned. If a given EU-funded Action implemented by such entities is limited to 18 months, then the corresponding statement may be presented together with the final report.

The provisions mentioned above thus allow such entities to submit their management declaration in consonance with their own financial cycle, but also with the annual reporting cycles of guarantee agreements and contribution agreements, including for financial instruments. For example, when an entity concerned provides its management declaration per contribution agreement, such declaration is provided with each implementation report to be submitted, as a general rule, within two to three months after the end of the period (generally between twelve and eighteen months) which it covers. On the other hand, when an entity has concluded an arrangement with the Commission for the provision of a 'global' management declaration covering multiple contribution agreements, including for financial instruments, it must submit such declaration annually, within one year following the financial year covered.

As a consequence, the Commission's regulatory framework does not require an alignment of the deadlines for the submission, for such entities, of their management declarations with the Commissions' internal 'assurance processes'.

Notwithstanding the above, DG INTPA's assurance also relies, in this context, on its contractual framework in force with its partner entities as well as on its payment and financial verification processes.

From a contractual perspective, it is important to underline that before an entity may conclude contribution agreements, including for financial instruments, and guarantee agreements with the Commission, it must demonstrate, through a so-called 'ex-ante pillar-assessment', that it is capable of providing a level of protection of the financial interests of the Union equivalent to the one that is provided for when the Commission implements the budget in direct management (see Article 154.4 of the Financial Regulation). In addition, the

contractual framework in force with such entities, as established, for example, in the Contribution Agreement template used by DG INTPA, requires them to notify the Commission without delay and irrespective of the deadline for the submission of the management declaration, of any changes in its rules and procedures which may affect the outcome of its pillar-assessment. Also, either through contractual obligations or regular monitoring/coordination mechanisms, the Commission is informed of any circumstances likely to adversely affect the implementation and management of the Action, or to delay or jeopardise the performance of the activities.

As regards DG INTPA's payment and financial verification processes, their strength not only relies on solid financial circuits for the verification of the entities' financial and operational reports, but also on the fact that the approval of the requests for payment and of the accompanying reports, notably in the context of contribution agreements, including for financial instruments, and guarantee agreements, does not imply recognition of the regularity or of the authenticity, completeness and correctness of the declarations and information contained therein. This implies that the Commission may recover amounts at any time during the implementation of the EU-funded Action and even after payment of the balance, where it is established that such amounts have not been used in compliance with the corresponding agreement.

Also, in the context of expenditure verifications which are contracted by DG INTPA to verify the regularity and legality of the reported expenditure and further to recommendations from the Commission's Internal Audit Service, DG INTPA has introduced several changes in its processes and Terms of Reference for expenditure verifications with the aim, inter alia, to follow-up non-financial findings that may affect compliance with the entities' pillar-assessments.

Supervision of Budget Support operations

Eligibility criteria must be met both prior to and throughout the subsequent life of a budget support programme. The continuous assessment of the eligibility criteria enables the Commission to confirm the compliance of the programmes with the EU financial regulation and the financing agreement signed with partner countries, from commitments to payments. In addition, the disbursement of the variable component of instalments is contingent on specific performance indicators.

Disbursements only take place once agreed results (e.g. policy reforms or service delivery targets) have been achieved and the budget support eligibility criteria are met. Thus the ex-ante transactional checks performed by Commission staff at the point of payment claims on continuing eligibility and fulfilment of disbursement performance criteria are fundamental to the budget support control structure. Disbursement decisions range from full payment (all eligibility criteria and all specific performance indicators are met) to partial payment (all eligibility criteria and part of specific performance indicators are met) and no payment (one eligibility criterion or more is not met). In this last situation, the Commission engages with the partner government to agree on corrective measures. For the period 2014-2021, actual budget support payments accounted for 89% of planned amounts, with a disbursement rate for variable tranches specifically of 75%.

The provision of budget support is subject to approval by the Strategic Steering Committee (SSC) composed of DG INTPA and EEAS senior management. The SSC provides political and strategic guidance on all EU operations in countries. With respect to budget support specifically, the SSC approves the main objectives of new operations and the amounts to be paid on on-going ones. It assesses the political opportunity to provide budget support in each context and enhances the link between policy and political dialogue. It ensures the coherence of EU budget support across countries. Decisions by the SSC build on technical discussions held by the country cooperation teams (CCTs), made of DG INTPA staff of all directorates and involving the political desk officer at EEAS.

All new budget support programmes are discussed by the SSC together with the Annual Action Plans proposed for countries under the Global Europe instrument, and sometimes subsequently when a given operation (or an amendment to an on-going one) calls for strategic guidance and specific scrutiny. All budget support payments are approved by the SSC, either based on recommendations by the CCTs directly or after dedicated discussions.

An enhanced risk management framework (RMF+) is also part of DG INTPA's decision making process regarding budget support operations. From 2021 onwards, the RMF+ covers the EU cooperation in each country in its entirety and therefore all implementing modalities. Building on an identification of major risks and ways to mitigate them, the RMF+ informs the policy dialogue with partner countries.

For further information on the controls in place for budgetary operations, please refer to Annex 6.

An anti-fraud strategy in place

DG INTPA's anti-fraud strategy is in line with the recommendations of the Commission's anti-fraud strategy and the DG's financial and operational context. DG INTPA implemented 90% of the accompanying action plan and the remaining actions will be implemented in 2023. The DG transmitted systematically all cases of suspected fraud or irregularity to OLAF and followed closely all financial recommendations notified by OLAF.

Assessment of control efficiency and cost effectiveness

Total cost of controls for year 2022 is estimated by DG INTPA at EUR 271.8 million. This represents 4.27% of the relevant expenditure of DG INTPA in 2022. The increase of the overall total cost of control remains at reasonable levels given the high inflation observed in 2022.

Taking into account the risky environment in which DG INTPA operates and the complex set up for the implementation of external assistance, DG INTPA considers the total cost of control is not only reasonable but significantly assists in achieving better value-for-money, efficiency gain, system improvement and compliance with regulatory provisions.

Costs effectiveness of DG INTPA's controls is also demonstrated by the benefits of the controls. The 2022 RER is estimated at 1.15%. A total amount of EUR 167.94 million of

undue payment was prevented by DG INTPA's ex-ante controls in 2022 (KPI 23). A total amount of EUR 57.03 million was identified as ineligible in the audit reports received by DG INTPA in 2022 (KPI 27).

Recovery Orders for a total amount of EUR 13.97 million were issued by DG INTPA in 2022 for the reimbursement of undue payments (errors & irregularities)

Follow-up of audit results

Sustained efforts have been made by DG INTPA services throughout 2022 to address past internal (IAS) and external (ECA) audit recommendations. In particular, all critical and very important recommendations from the IAS audit on pillar assessment were implemented and closed by the IAS after the follow-up audit. The efforts to implement the outstanding recommendations, in particular those bearing a potential risk for the assurance process, will be continued in 2023 (See 2.1.2).

Implementation of the Internal Control Principles

The desk review, KPI results and a survey at Headquarters that all provide parts of the internal control monitoring criteria did not reveal any deficiencies. The implementation of the action plans following past reservations and the specific action plans relating to the individual audit findings intend to improve the control system.

Close follow-up of past reservations

Reservations were made by DG INTPA in its Annual Activity Reports for 2012, 2013, 2014, 2015, 2016, 2017, and 2018 due to the significant occurrence of errors in the underlying transactions (legality and regularity) or specific issued identified (African Union Commission).

Following the AARs, several action plans were drawn up in order to address the weaknesses in the internal control system. The latest was set up in the autumn of 2022 (following the 2021 AAR and addressing identified control weaknesses and high risks): it contains actions from the previous action plans that were not fully implemented, as well as other actions that became part of the control system but that will be strengthened, and four new actions. Three of these address recommendations from the European Court of Auditors (*action C7 – Strengthen controls when drafting financing agreements for budget support operations; action C8 – Strengthen controls in respect of legal bases before signing contracts; action C9 – Remind partners to fulfil their obligation to notify the Commission when counterparties are identified as being in exclusion situations*) and one action reinforces existing procedures to follow up control findings with financial impact (*action C6 – Improve the follow up of ECA/RER findings*).

Special attention is paid to spending areas previously associated with a higher risk. In the current action plan, specific actions have been included for each of them.

A. Actions targeting Grants in both Direct and Indirect Management:

- Simplify and clarify procedures and contractual conditions for grants.

B. Actions regarding Indirect Management with Third Organisations:

- Continue cooperation with International Organisations in view of sustainable reduction of errors.

C. Cross-cutting actions:

- Clarify and promote use of results-based financing.
- Address vulnerabilities to excess clearing of prefinancing.
- Reinforce the ToR for Expenditure Verifications (EV).
- Share information on frequently occurring errors with relevant control stakeholders.
- Improve the follow up of ECA/RER findings.
- Strengthen controls when drafting financing agreements for budget support operations.
- Strengthen controls in respect of legal bases before signing contracts.
- Remind partners to fulfil their obligation to notify the Commission when counterparties are identified as being in exclusion situations

Close monitoring of higher risk areas

Given the high-risk environment, it is clear that the control system needs to anticipate a significant occurrence of potential error in transactions and build in a high level of prevention, detection and correction controls as early as possible in the payment process.

This means in practice that DG INTPA's control architecture places most reliance on ex-ante checks by both external auditors and Commission staff in the field before final project payments are made. DG INTPA therefore performs a high level of ex-ante controls both in terms of the coverage and in the nature of these controls, going well beyond the financial safeguards required by legislation.

The elements in the control strategy are operating in a satisfactory manner (no major flaws in the design of the control system), even if improvements are always possible and already being implemented in many cases. As in previous exercises, a large part of the overall error rate as estimated by the 2022 RER study related to inadequate or missing documentation rather than to confirmed errors.

The European Court of Auditors estimated the level of error concerning EDF payments (mostly on-going contracts) at 4.6% for 2021, while it was 3.8% for 2020. In its 2021 Annual EDF Report, the ECA issued an adverse opinion on the legality and regularity of payments underlying the accounts.

There are regular meetings amongst Finance-Contract-Audit Units in order to discuss the most common sources of errors and ways to avoid them. The financial management toolkit for grant beneficiaries and the manuals for different contract types are further promoted; training activities are undertaken and adapted.

IAS conclusion on the state of internal control

The IAS concluded that the internal control systems in place for the audited processes are effective, except for the observations giving rise to the 'very important' recommendations. DG INTPA rejected Recommendation N° 7 from the IAs audit on contractual expenditure verifications, which is relevant only to grants under RCS I and RCS Iva, to implement a feedback mechanism for continuous improvement of the contractual expenditure verifications.

DG INTPA did not accept the recommendation for the following reasons:

- DG INTPA considers that the recommendations will increase the costs of control and administrative burden in a disproportionate manner (such as to develop and update a new repository to record information on results and costs) compared to possible benefits;
- DG INTPA's assurance builds on many other pillars than CEV such as the RER and the DAS audits;
- DG INTPA is currently reviewing controls tools such the Terms of Reference of Expenditure Verifications and feedback mechanisms to the auditors. Once implemented, these will also contribute to improving the functioning of CEV.

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 Director General, in his capacity as Authorising Officer by Delegation has signed the Declaration of Assurance.

2.1.5. Declaration of Assurance and reservations

I, the undersigned,

Director-General of Directorate-General for International Partnerships

in my capacity as authorising officer by delegation

Declare that the information contained in this report gives a true and fair view⁹⁹.

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 European Court of Auditors for years prior to the year of this declaration.

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

Brussels, 31 March 2023

e-signed

Koen DOENS

⁽⁹⁹⁾ True and fair in this context means a reliable, complete and correct view on the state of affairs in the DG.

2.2. Modern and efficient administration – other aspects

This section contains the reporting on the 2022 key achievements of the DG INTPA under the “Modernising Administration” objectives, indicators and expected outputs presented in the Strategic Plan 2020-2024 and Management Plan 2022. A complete reporting on all outputs identified in the 2022 Management Plan and on all objectives and indicators set up in the Strategic Plan is presented in the tables of Annex 10.

2.2.1. Human resource management

Key areas of implementation of the DG INTPA’s HR strategy were pursued in 2022 which lies in complement to the Commission’s corporate HR strategy. In particular, a Workload Assessment in Delegations was carried out in 2022, resulting in a draft report with concrete proposals for adjustments across the network, endorsed at EUDEL level in December. In complement, a wide simplification exercise at both HQ and in Delegations was carried out and completed, resulting in a total of 49 measures, including ending some reporting requirements, simplifying contracts and financing decisions, improving internal communication and digital methods. In complement, a priorities exercise was run across the DG to run a critical review of DG INTPA’s workload, focusing on managing activities against the strategic priorities of the DG. Importantly, the Priorities exercise identified 35 measures, drawn from proposals by Directorates, under five principle commitments: stop the “one size fits all” approach; rationalise co-creation; strengthen and streamline horizontal support; streamline preparation of Management meetings; review the high-level engagement and platforms with partners, including events.

Moreover, a follow-up action plan was adopted to further enhance progress noted under the staff survey at the DG (improved global satisfaction rate), and a wellbeing plan was implemented and updated, including for example DG INTPA’s guidelines on managing digital workload.

Importantly, actions were pursued to continue to secure first female appointments during the year, building on important steps already taken in previous years. These efforts ensured a total of 7 first female appointments by the end of 2022 since 2020.

- **Internal Communication & Staff Engagement**

In the course of 2022, the “INTPA We Want” initiative launched in the last quarter of 2021 with the establishment of a core group, took off. Focus was on 1. Senior Management engagement (Management retreat - January, interviews - Spring, Management Meeting presentation - July) and 2. Identification of key strands of work (Inclusive workplace, Enhanced communication, Working methods) based on a bottom up approach. The “INTPA We Want” initiative was scaled up to #INTPAWeWant following Management Meeting endorsement in November. The #INTPAWeWant covers and regroups ongoing exercises, planned and to be launched activities leading towards a “dignified workplace for all” and working better together. It represents the new Internal Communication narrative and enters into a second phase of broader staff engagement with #INTPAWeWant as the main theme of the Staff Seminar 2023.

2.2.2. Digital transformation and information management

• Digital transformation

In the wider Commission' strategic context, the major IT challenges for DG INTPA are:

- (i) the design, development and deployment of the next generation of mission-critical digital solutions, and
- (ii) the modernisation of its legacy systems.

Throughout 2022, the OPSYS programme has successfully put several releases in production:

- Action and CL1 Management (New MFF R3) in January,
- MAP (New MFF R8) in June,
- Contract Planning and Forecasting (New MFF R4) in October
- and MAP integration with SYGMA (New MFF R9) in November.

As a result of these releases, CRIS Decision legacy system has been decommissioned. In this context, the migration of specific contracts under three FWCs from CRIS to OPSYS (SIEA, AUDIT and PSF) has completed successfully in Q2-2022.

In full support of the principles laid out in the Commission's New Digital Strategy, the efforts to transform the MAP solution into a Corporate MAPP have resulted in a clear plan for evolution, as well as integration with the main corporate solution in the financial area – SUMMA (the system to replace ABAC). The new Corporate MAPP will provide complementary business features, approach endorsed by the Commission's Information Technology and Cybersecurity Board (ITCB).

• Data information and knowledge management

The consolidation of electronic-paperless procedures has been a significant aspect of the digital transformation in the Directorate-General.

The use of the Qualified Electronic Signature (QES) in ARES for signing contracts and agreements, whenever this option is legally and technically feasible, has significantly increased in 2022. This consolidated the move towards full electronic, paperless contracts and agreements and, hence, confirm DG INTPA as a digital organisation within a digital Commission.

Moreover, DG INTPA has contributed to the implementation of QES in EU Delegations (in collaboration with the EEAS). This has also well progressed in 2022.

To contribute to the digitalisation process in DG INTPA, the "Zero paper" campaign has been finalised in 2022 aiming at full elimination of units' paper archives within legal obligations.

The high filing rate in ARES and the progressive opening of files between HQ and Delegations and between DG INTPA and other Commission departments enhances the sharing and reuse of information within the Directorate-General (including sections in EU

Delegations) and with other DGs. These actions contribute to the alignment with the Commission strategy on Data, Information and Knowledge Management.

Finally, the automated registration and filing of documents by the first OPSYS modules which are in production has contributed to the consolidation of the Commission work programme on information management by ensuring that the documents handled by OPSYS are registered, filed and retrievable under a coherent and robust procedure.

DG INTPA's Learning Strategy provides a framework for enabling DG INTPA as organisation and its staff in Headquarters (HQ) and in Delegations to acquire, develop, retain, share and apply the knowledge and skills necessary for achieving DG INTPA's mandate and goals. It shall support DG INTPA in becoming a learning, knowledge-based organisation. Exercises to identify learning gaps and align the learning offer to the new priorities have been launched during the last year, and will be reflected in the learning offer for the next years.

DG INTPA launched its Academy in 2018, with a simple yet powerful mission: to make online learning on development accessible to everyone, everywhere and on every mobile device. Fast forward to today, the EU International Partnerships Academy has reached more than 18 000 enrolled learners coming from more than 180 countries all around the globe. Those numbers continue to grow every day, proving the quick expansion of the Academy as well as its potential to serve as one of the world's leading learning platforms on international partnerships. The platform offers more than 360 different learning resources and reached more than 950 000 visits.

To deliver on its mission, the EU International Partnerships Academy constantly collaborates with other International Organisations¹⁰⁰ on the development of learning resources, particularly in the context of the learn4dev donor competence network. This ensures joint understanding and ownership of concepts, producing efficiency gains and aid effectiveness. Learn4dev provides an effective cooperation tool in order to co-create learning resources for development practitioners. A substantial part of the learning resources available on the Academy are produced in cooperation with one or several of the more than 30 learn4dev member organisations.

DG INTPA is an active member of the IMSB involved in the Rolling Action Plan 2022-2024, in particular regarding:

- the creation of a corporate reference data management,
- the participation to the country knowledge action

In 2022, DG INTPA participated to several working groups related to corporate reference data management and specifically provided feedbacks on the thematic related to the geospatial codes and the reference Data governance guidelines. Internal DG INTPA consultations were organised to address contribution requested on those topics.

⁽¹⁰⁰⁾ UNICEF, UNDP, etc

Data protection

The Commission adopted an Action Plan – C(2018)7432 complemented by C(2020)7625 – to support and structure the data protection implementation process, with a particular emphasis on ensuring compliance with the data protection Regulation¹⁰¹ applicable to EU institutions, bodies and agencies. To meet the Action Plan's five objectives, DG INTPA took the following actions in 2022:

- Awareness raising activities: To enhance participation in Data Protection corporate trainings, DG INTPA DPC informed DG INTPA staff on (at least) a quarterly basis about upcoming targeted or general training sessions. In addition, DG INTPA provided a tailor-made training in the framework of the EUTF regional seminar to address the specific needs identified. DG INTPA met its 2022 Management Plan training targets of 75% of all DG INTPA Staff and 100% of senior and middle management.
- Record keeping, ownership and compliance monitoring: As part of the newly launched annual “review and update of existing records in the DPMS” exercise launched by the DPO, DG INTPA is continuously updating its approximately current 30 records of processing. Five new records were created in 2022. DG INTPA also contributed to the 2022 ‘Data Protection Action Plan compliance monitoring’ survey¹⁰² launched by the DPO. Additionally, to avoid possible disruptions to DG INTPA activities and reduce additional workload for Units and Delegations, DG INTPA is also closely following the impact of the EU General Court judgement of 16 July 2020 (case C-311/18) as regards international data transfers. DG INTPA is still concerned given the high amount of service contracts with partners in third countries. DG INTPA already informed the DPO Office (SG) about the possible impact on its operations and stressed the need to consider our operational context. This question has been identified as an ‘audit objective’ in the IAS Strategic Audit Plan 2021-2023 for DG INTPA¹⁰³.
- Relationship with citizens: Two data subjects’ requests were received in 2022. Moreover, DG INTPA DPC asked DG INTPA operational controllers to update, where necessary, contact e-mail address in relevant privacy statement(s) and keep checking regularly their specifically dedicated functional mailboxes to make sure that data subjects requests are received and dealt with in due time. Moreover, three Data Protection breaches were identified in 2022, which were all successfully mitigated and handled in due time. One of those breaches was reported to the EDPS.

Resources: DG INTPA allocates 1,25 FTE to Data Protection related tasks, which includes a full-time Data Protection Coordinator (DPC) and an Assistant DPC. Each Directorate hosts one or several data protection focal point(s).

⁽¹⁰¹⁾ Regulation (EU) 2018/1725

⁽¹⁰²⁾ Ares(2022)8019476

⁽¹⁰³⁾ Ares(2021)2587305

2.2.3. Sound environmental management

Among the four objectives defined for 2020-2024 under the EMAS to contribute to reaching the Commission Green Deal's target (to reach GHG emissions' neutrality by 2030), DG INTPA focused its efforts on the following objectives in 2022:

- (1) Develop paperless working methods, as well as promote the efficient use of other resources:** this was mostly done by promoting a more responsible use of Information and Communication Technologies (ICT).
- (2) Reduce the impact of travelling ('Avoid-Reduce-Offset'), as well as set up other actions to reduce emissions:** a note was sent to Management by Directorate R with the collaboration of the EMAS correspondent on mission rules, with a checklist to be filled in when approving a mission. Remote meetings were still organised whenever possible.
- (3) Organise sustainable events by implementing the EMAS 'green approach':** in 2022, there was no Staff Seminar but the European Development Days were organised, using the EMAS Guidelines.
- (4) Commission wide (other actions):** the EMAS correspondent in DG INTPA promoted EMAS and OIB waste reduction efforts, by having sorting stations placed at L-41 building instead of individual bins.

2.2.4. Examples of economy and efficiency

Team Europe

By strengthening the Team Europe approach and implementing Team Europe Initiatives (TEIs) throughout 2022, EU development funding and cooperation of all Team Europe actors has been further aligned around the EU priorities. Co-creation and implementing in a joint manner, as pursued through the TEIs, have allowed the EU, its Member States and the development finance institutions to focus better our collective resources and programmes, bringing scale to our joint efforts to support transformational change with partner countries. As part of Team Europe Initiatives, the more regular and systematic approach to sharing information and planning together has enabled a better coordination of European expertise as well as greater visibility for Europe as a partner. Over time this leads to better and more efficient coordinated investments.

2022 was also marked by the need to deliver on the Global Gateway strategy by bringing onboard the private sector, export credit agencies and export finance institutions into multi-stakeholder partnerships. This drew on the regular and transparent manner of information sharing of the Team Europe approach and led to a better coordination of expertise in these initial stages of Global Gateway delivery.

Also in 2022, the political importance attributed to Global Gateway and Team Europe Initiatives, as well as the recognition of the need for more EU coordination, has led several EU Member States to send seconded national experts (SNEs) to the Commission, to EEAS

and to various EU Delegations, further enhancing coordination and supporting the implementation and coordination tasks.

Business Processes Governance

The Business Processes Governance Board (BPGB) was activated by INTPA IT Board on 15 July 2020 and ensures the establishment and management of the RELEX business architecture. DG INTPA R5 is leading the Board, with HQ Business Process Owners, DG NEAR and FPI as permanent members.

During 2022, the most notable outcomes overseen by the BPGB were:

- Key elements of the Business Process Governance Framework were drafted:
 - The Business Capability Model: it improves the coordination between HQ and delegations (decentralisation and deconcentration), provides information on the workload assessment, supports monitoring performance and ensures compliance.
 - The Business Area Map: it depicts the high level overview of Business Areas. Overall, 6 areas and 31 subareas have been identified. Within these areas, 173 processes have been also identified, among which 50 % are now analysed, documented and/or validated.
- The BPGB approved the process analysis results for ongoing projects: Design of Action, Commission Implementing Decision Adoption/Amendments, Budgetary and Legal Commitments; Results Management and Monitoring; and Spending Targets (n.b are set and tracked for DG INTPA's budget).
- The Business Process Support office and the Change Management team strengthened their close collaboration enabling efficient ways of working together, reducing silos and avoiding duplication of effort.