European Commission

2019

Annual Activity Report

Service for Foreign Policy Instruments

FOREWORD OF THE HEAD OF SERVICE

This report shows the work and achievements of the European Commission's Service for Foreign Policy Instruments (FPI) in 2019 and illustrates how the Service used its resources to obtain tangible results on the ground, efficiently and cost-effectively.

The Service's core business is to put EU foreign policy into action. The Service deals with the regulatory and financial aspects of EU foreign policy. It acts as first responder to foreign policy needs and opportunities, focusing on conflict prevention and peace and on building alliances and leveraging the EU's influence abroad. The instruments in our toolbox are highly flexible, with global geographic and thematic reach. They allow the EU to intervene fast where needed, seize opportunities where they present themselves, and undertake pioneering work where this is called for.

In 2019, the Service for Foreign Policy Instruments continued to use its instruments for two main purposes: to help underpin the EU's external political priorities and the EU's role as a global peace actor, and to project the EU's interests abroad, thereby strengthening the EU's position as a credible partner that delivers and contributes to the rules-based multilateral global order.

The activities of the Service for Foreign Policy Instrument are diverse and often complex, frequently implemented in volatile, fast-evolving environments, with operations in high-risk and conflict-prone situations. The instruments that the Service manages must respond rapidly and flexibly to changing policy priorities. They are essential for the successful implementation of the Global Strategy for the European Union's Foreign and Security Policy, launched by the then EU High Representative for Foreign Affairs and Security Policy and Vice-President of the European Commission Federica Mogherini.

In 2019, the Service contributed to the implementation of the comprehensive approach to conflicts and crises through timely interventions under the Instrument contributing to Stability and Peace and through Common Foreign and Security Policy actions, from Colombia and Venezuela over Ukraine, Georgia and Syria to the countries of the Sahel, Afghanistan and the Philippines. Through these actions, the Service contributed to conflict prevention, mediation and dialogue, confidence building and post-conflict peace building; to strengthening the rule of law, the fight against terrorism, and security sector reform; and to efforts to combat the proliferation of weaponry and the promotion of effective global governance and multilateralism. During the year, six Capacity Building for Security and Development (CBSD) financing decisions were adopted under the Instrument contributing to Stability and Peace[1]. These actions, which complement *inter alia* the Sahel Common Security and Defence Policy (CSDP Missions), demonstrate how our Service makes the integrated approach a reality.

Furthermore, through the Partnership Instrument, the Service worked to project EU interests abroad in areas ranging from trade and investment, climate change and the protection of the environment, over migration, to security and defence. Actions through the Instrument helped to accompany trade negotiations, muster support for climate change action, and influence decision making on standard setting world-wide, contributing to the rules-based multilateral order.

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[1] One in Mali, two in the Central African Republic, one in Somalia, one covering Benin, Lebanon, Burkina Faso, Kenya and Niger, and one in Lebanon.

The Service also financed and prepared 30 electoral missions – including eight fully-fledged Election Observation Missions – in 2019. These missions were deployed worldwide to promote democracy and consolidate stability in sometimes volatile security conditions.

In 2019, FPI delivered on the implementation of the 37 EU restrictive measures regimes (sanctions)[2] as well as of other foreign policy regulatory instruments such as the Kimberley Process (KP) Certification Scheme on conflict diamonds and the Regulation concerning trade in certain goods which could be used for torture or capital punishment (Regulation (EU)2019/125[3]).

Through these different activities, the Service for Foreign Policy Instruments helped to implement the objective "A stronger global actor" within the Commission's 10 political priorities, and contributed to several other of the Commission's political priorities, in particular but not exclusively those related to "A new boost for jobs, growth and investment", "A connected digital single market", "A resilient Energy Union with a Forward-Looking Climate Change Policy", "Trade: A balanced and progressive trade policy to harness globalisation", and "A New Policy on Migration".

In doing so, the Service had to constantly adapt its planning and implementation to highly volatile operational contexts, maximise synergies and complementarities with other external action instruments and Member States' actions, and deal with demand for actions exceeding by far the available budget, seeking to make sure that those selected delivered optimal impact. The Service did so with a very lean structure, thanks to the high commitment of its staff, as confirmed also by the latest Staff Survey. In 2019, the Service for Foreign Policy Instruments once again demonstrated its ability to provide the fast and flexible support for EU foreign policy that has become its trademark.

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

Hilde Hardeman,

Brussels, 31 March 2020

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[2] On 1 January 2020, the sanctions portfolio was transferred to the Directorate-General for Financial Stability, Financial Markets and Capital Markets Union (DG FISMA).

[3] Regulation (EU) 2019/125 of the European Parliament and of the Council of 16 January 2019 concerning trade in certain goods which could be used for capital punishment, torture or other cruel, inhuman or degrading treatment or punishment; OJ L 30, 31.1.2019, p. 1–57

Table of Contents

List of acronyms

AAP: Annual Action Programme
ABB: Activity Based Budgeting
AFS: Anti-Fraud Strategy
AMISOM: African Union Mission in Somalia
AQIM: al-Qaeda in the Islamic Maghreb
AOD: Authorising Officer by Delegation
AOSD: Authorising Officer by Sub-Delegation
APSM: Afghanistan Peace Support Mechanism
ATT: Arms Trade Treaty
BTWC: Biological and Toxic Weapons Convention
CB: Capacity building
CBSD: Capacity Building for Security and Development
CETA: EU – Canada Comprehensive Trade Agreement
CFSP: Common Foreign and Security Policy of the European Union
CIVCOM: Committee for Civilian Aspects of Crisis Management
COP-21: The 21st Conference of Parties to the UN Framework Convention on Climate Change
CPCC: Civilian Planning and Conduct Capability
CSDN: Civil Society Dialogue Network
CSDP: Common Security and Defence Policy of the European Union
CSO: Civil Society Organisation
CTBT: Comprehensive Nuclear-Test-Ban Treaty
CT/CVE: Countering terrorism and violent extremism
DAS: Statement of Assurance
DCI: Development Cooperation Instrument
DDR: Demobilisation, disarmament and re-integration
DEVCO: DG for International cooperation and development
DG: Directorate General
EAC: DG for Education and Culture
EAM: Exceptional Assistance Measure
EAT: Election Assistance Team
EC: European Commission
ECHO: DG for humanitarian and civil protection
EDF: European Development Fund
EEAS: European External Action Service
EEM: Election Expert Mission
EFM: Election Follow-up Mission
EIDHR: European Instrument for Democracy and Human Rights
ENER: DG for Energy
ENTRi: European New Training Initiative
EODS: Election Observation & Democracy Support
EOMs: Election Observation Missions
EP: European Parliament
EPC: ex-post control
ERP: Enterprise Resource Management
ESDC: European Security and Defence College
EU: European Union
EUDEL: Delegation of the European Union
EUMM: EU Monitoring Mission
EUNAVFOR: European Union Naval Force Operation Atalanta
EUPST: European Union Police Services Training
EUSR: European Union Special Representative
EUVP: European Union Visitors Programme
ExM: Election Exploratory Mission
FPI: Service for Foreign Policy Instruments
FR: Financial Regulation
FWC: Framework Contract
HCoC: Hague Code of Conduct against Ballistic Missile Proliferation
HQ: Headquarters
HR/VP: High Representative of the Union for Foreign Affairs and Security Policy/Vice-President of the Commission
IAEA: International Atomic Energy Authority

IAS: Internal Audit Service
ICAT: Internal Control Assessment Tool
ICI: Instrument for Cooperation with Industrialised Countries
ICMP: International Commission on Missing Persons
IcSP: Instrument contributing to Stability and Peace
IfS: Instrument for Stability
INSTEX: Instrument in Support of Trade Exchanges
ISC: Inter Service Consultation
ISIL: Islamic State of Iraq and the Levant
JCPoA: Joint Comprehensive Plan of Action
KP: Kimberley Process
KPCS: Kimberley Process Certification Scheme
KSC: Kosovo Specialist Chambers
KPI: Key Performance Indicator
LRRD: Linking Relief, Reconstruction and Development
MAPP: Multi-Annual Action Plan
MENA: Middle East and North Africa countries
MEPP: Middle East Peace Process
MFF: Multiannual Financial Framework
MSP: Mission Support Platform
NATO: North Atlantic Treaty Organisation
NEAR: DG for Neighbourhood and Enlargement Negotiations
NPD: non-proliferation and disarmament
NPT: Non-Proliferation Treaty
OLAF: European Anti-Fraud Office
OSCE: Organization for Security and Co-operation in Europe
PAGODA: Pillar Assessed Grant or Delegation Agreement
PCNA: post-conflict needs assessments
PDNA: post-disaster needs assessments
PI: Partnership Instrument
PPBA: Prevention and Peacebuilding Assessment
PRAG: Practical Guide to Contract Procedures for EU external actions
PSC: Political and Security Committee
PSF: Policy Support Facility
RAL: Reste à liquider
RELEX family: DEVCO, ECHO, FPI, NEAR, TRADE
RER: Residual Error Rate
RPBA: Recovery and Peacebuilding Assessments
RT: FPI Regional Teams
SALW: small arms and light weapons
SGBV: sexual and gender-based violence
SLA: Service Level Agreement
SMM: Special Monitoring Mission
SPO: Specialist Prosecutor's Office
SSG: Security Sector Governance
SSR: Security Sector Reform
TAIEX: Technical Assistance and Information Exchange Instrument
TEU: Treaty on European Union
TFEU: Treaty on the Functioning of the European Union
TRADE: DG for Trade
TJRC Transitional Justice and Reconciliation Commission
UNIDIR: United Nations Institute for Disarmament Research
UNPBF: UN Peace Building Fund
UNSMIL: United Nations Support Mission in Libya
WMD: Weapons of Mass Destruction
WPS: Women, Peace and Security
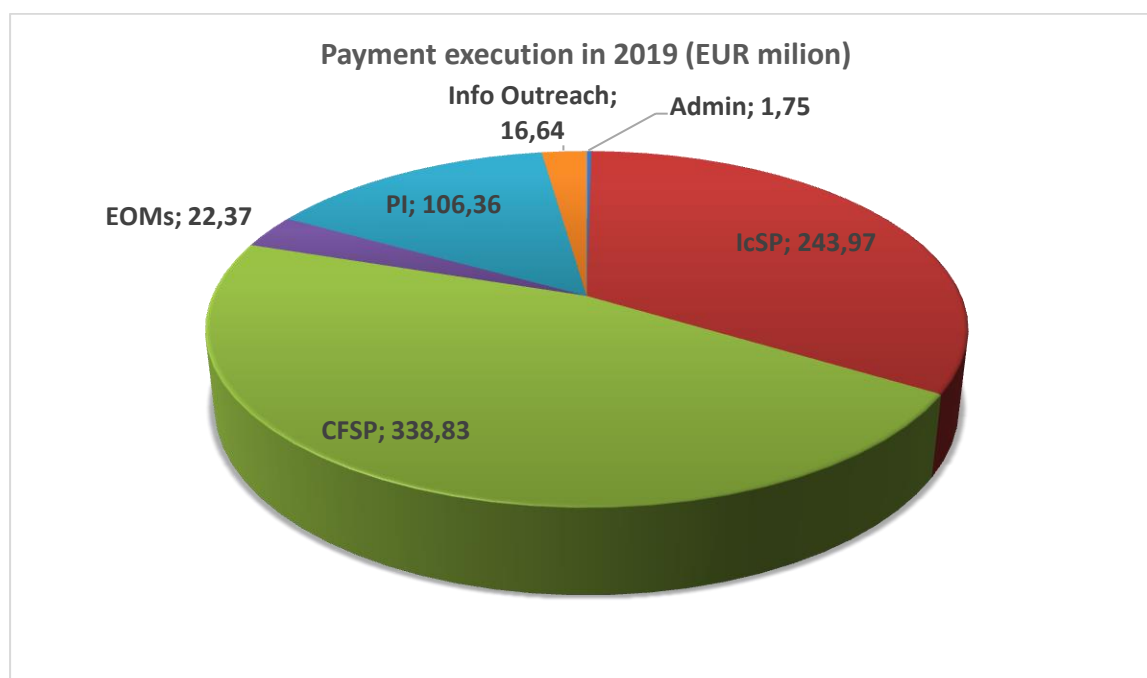YPS: Youth, Peace and Security

THE SERVICE IN BRIEF

The Service for Foreign Policy Instruments (FPI) turns EU foreign policy into action: it supports the EU's foreign and security policy objectives and helps the European Union to pursue its interests and to project its image in the world. It does so through a number of financing instruments and foreign policy regulatory instruments (e.g. sanctions). The Service is attached directly to the High Representative/Vice-President and works closely with all the other Commission services concerned and the European External Action Service delivering operations closely connected to the EU foreign policy agenda.

FPI is responsible for managing in particular financing instruments that are able to respond rapidly and flexibly to changing political priorities and are therefore essential for the successful implementation of the EU Global Strategy of June 2016.

These instruments relate to the operational and financial management of Common Foreign and Security Policy (CFSP) operations (43% of FPI 2019 commitment budget); the Instrument contributing to Stability and Peace (IcSP) crisis response (36%); Partnership Instrument (PI) (16%); Election Observation Missions (EOMs) (3%); and information outreach (PPD) (2%).

In 2019, FPI committed EUR 839 million and paid EUR 730 million[4] in relation to the above operations (including assigned revenue).

Payment execution in 2019 (EUR milion)

Info Outreach; 16,64
Admin; 1,75
EOMs; 22,37
PI; 106,36
IcSP; 243,97
CFSP; 338,83

The Service was also in charge of the EU's foreign policy regulatory instruments notably sanctions[5], the Kimberley Process on conflict diamonds, and the Regulation concerning trade in certain goods which could be used for capital punishment, torture or other cruel, inhuman or degrading treatment or punishment[6].

These different instruments contribute towards the implementation of the Lisbon Treaty, Article 21(2)(c), under which the EU seeks to preserve peace, prevent conflicts and strengthen

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[4] Commitments and payments include increases and decreases during the year and assigned revenues.

[5] On 1 January 2020, the sanctions portfolio was transferred to the Directorate-General for Financial Stability, Financial Markets and Capital Markets Union (DG FISMA).

[6] Regulation (EU) 2019/123 of 16 January 2019 (codification).

international security, in accordance with the purposes and principles of the United Nations Charter, the Helsinki Final Act and the Charter of Paris.

Sharing common objectives, the Commission and the European External Action Service have working methods and procedures in place to facilitate cooperation. They work together on a daily basis at all levels. FPI also coordinates closely with relevant Commission services. This is important to assure complementarity and coherence across the EU's instruments.

The environment in which the Service operates is determined by:

- The **evolution of world events**: the Service's activities are shaped by external events and the evolution of the world political situation;

- The global scale and complexity of the **EU's relations with the rest of the world**: FPI's responsibilities require intensive coordination with the EEAS, the Commission's other external relations services and other Commission services as well as external stakeholders;

- **Financial responsibility**: the initial budget voted increased compared to that voted in 2018 by 3%, with EUR 838 million in commitments and EUR 692 million in payments[7]. Operations in crisis-situations by definition carry higher risks and pose specific financial challenges.

Further to the establishment of regional teams in 2017 with core staff concentrated in five Delegations, FPI internal organisation is now up-to-speed. The regional outreach of these structures facilitates further an integrated approach, provides economies of scale in the management of IcSP and Partnership Instrument actions, and ensures closer management and control for FPI operations. Deploying staff to these regional teams also led to changes in FPI's financial management functions and financial circuits, and its audit functions. All organisational changes are now implemented and the reorganisation is delivering results for a second full year.

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[7] In 2019, the effectively committed amount was EUR 839 million and the effectively paid amount was EUR 730 million.

EXECUTIVE SUMMARY

The Annual Activity Report is a management report of the Head of Service of the Service for Foreign Policy Instruments to the College of Commissioners. Annual Activity Reports are the main instrument of management accountability within the Commission and constitute the basis on which the College takes political responsibility for the decisions it takes as well as for the coordinating, executive and management functions it exercises, as laid down in the Treaties[8].

The executive summary has four subsections:

a) Key results and progress towards the achievement of the Commission's general objectives and DG's specific objectives *(executive summary of section 1; what we have delivered)*[9]

b) The most relevant Key Performance Indicators (KPIs) to illustrate the policy highlights identified in the DGs 2016-2020 Strategic Plan[10]

c) Key conclusions on Financial Management and Internal control *(executive summary of section 2.1; how we have delivered)*

d) Informing the Commissioner *(confirmation that the main elements of the AAR have been brought to the attention of the responsible Commissioner(s), using a standard text - see below)*

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

[9] An Executive Agency uses as heading: "Implementation of the Agency's Annual Work programme - Highlights of the year".

[10] For Executive Agencies, the KPIs identified in the 2018 Annual Work Programme.

a) Key results and progress towards the achievement of general and specific objectives of the Service (executive summary of section 1)

In 2019, the operations of the Service for Foreign Policy Instruments contributed mainly to political **priority** number **9 "A stronger global actor"** under the 10 political priorities of the 2014-2019 Commission. At the same time, FPI contributes to several other of the Commission's political priorities, in particular but not exclusively those related to "A new boost for jobs, growth and investment", "A connected digital single market", "A resilient Energy Union with a forward-looking Climate Change Policy", "Trade: A balanced and progressive trade policy to harness globalisation", and "A New Policy on Migration". The operations of the FPI underpin the **EU Global Strategy**: most of FPI operations and budget are directed to contribute to the worldwide preservation of peace, the prevention of conflicts and the strengthening of international security.

The challenges faced by FPI for actions under IcSP, CFSP and EOMs to achieve targeted results in 2019 included constant adaptation of planning and implementation to highly volatile operational contexts as well as maximising synergies and complementarities with other external action instruments and Member States' actions. In 2019, a key challenge for the Partnership Instrument was to deal with demand for actions exceeding by far the available budget and to make sure that those selected delivered optimal impact in projecting the EU's interest abroad and allowing the EU to leverage its influence.

IcSP

Throughout 2019, the IcSP response continued to display a high degree of flexibility and timely action. Immediately after the Easter bombings in Sri Lanka, support to the national authorities was quickly identified transforming the EU's commitment of support into action. Similarly, when the peace agreement was reached in Mozambique a support package strengthening the resilience of communities in conflict-affected areas affected by the 2019 cyclones was ready in time for the signature ceremony for the peace agreement in Maputo. Likewise, in response to the fast evolving transition process in Sudan, fast and flexible support to assist the new authorities start the transition and reform process was quickly provided.

The support provided through the IcSP continues to reflect the EU's strong commitment to the rule-based multilateral order. Work to coordinate international efforts in conflict and post-conflict settings continued with the UN and other international organisations. In 2019, the first EU contribution to the UN Peace Building Fund (UNPBF) was made via the IcSP reflecting the fund's increased mandate following the UN reform. The financial contribution went hand in hand with closer collaboration between the IcSP and the UNPBF teams. The EU also provides support to the UN Mediation Stand-by Team as well as to the OSCE Special Monitoring Mission in Ukraine through the IcSP.

CFSP and EOM

FPI is the key enabler for CFSP operations, in particular as regards the sound and solid execution of the EU budget and respect for the EU's procurement rules in foreign aid. FPI also plays a crucial facilitating role when it comes to election observation missions (EOMs) with the additional responsibility of putting the missions on the ground in practical terms and ensuring their proper functioning.

In 2019, the EU continued to demonstrate its commitment to preserving peace, preventing conflicts and strengthening international security on many levels. Via its deft and flexible handling of the CFSP budget, FPI ensured that CFSP actions decided by the Council could be

implemented swiftly, thus committing 100% of the budget voted and EUR 359.4 million of the available budget and registering a record spending of roughly EUR 33.6 million for non-proliferation and disarmament projects.

FPI has made considerable progress as regards the harmonization and simplification of operating procedures in CSDP Missions, via the establishment of a central Warehouse, a single IT platform (ERP – Enterprise Resource Management), standard guidelines and manuals on procurement and financial matters, and dedicated Mission support service via the Mission Support Platform (MSP).

In 2019, FPI deployed a total of 30 electoral missions comprising around 800 international mission staff. Eight fully-fledged Election Observation Missions (EOMs) were deployed to observe the whole electoral process in Nigeria, El Salvador, Senegal, Malawi, Kosovo, Mozambique, Tunisia and Sri Lanka.

Partnership instrument

In 2019, the Partnership Instrument contributed to the EU external action by supporting its foreign policy, **articulating and implementing the external dimension of internal policies, leveraging the EU's influence**, interconnecting different policy areas. Actions cover challenges of global concern like climate change and environmental protection; the international dimension of the Europe 2020 strategy for smart, sustainable and inclusive jobs and growth; improving access to markets and boosting trade, investment and business opportunities for EU companies (with particular emphasis on SMEs); and public diplomacy.

The Partnership Instrument maintained a high level of operational speed with 26 stand-alone actions adopted for a budget of EUR 148.2 million covering the following areas: Sustainable environment and water diplomacy; Climate, energy action and urbanisation; Responsible Business and Decent work, Trade agreements and Market access; Raising the profile of the EU through Public and Cultural Diplomacy; Security; Promoting and upholding EU values.

These actions will enable and facilitate numerous strategic policy dialogues and information exchange activities with partner countries, thereby extending the reach and depth of EU foreign policy. Besides stand-alone actions which have a medium- to long-term nature, there are two tools for short-term actions under the Partnership Instrument (Policy Support Facility and TAIEX), where respectively 22 and 12 actions were contracted in 2019, with several more already foreseen for 2020.

Regulatory instruments

In 2019, intensive work continued in the field of restrictive measures, where the Council adopted several high-profile legislative proposals co-authored by FPI. The Service also handled the 37 EU sanctions regimes in place by monitoring compliance, offering interpretative guidance and engaging with EU and international partners. In addition, FPI ensured the effective application of the EU Blocking Statute and contributed to the preservation of the Iran nuclear deal[11].

FPI remained actively engaged in the Kimberley Process (KP), a global tri-partite initiative to stop the trade in conflict diamonds. On behalf of the EU, the Service acted as an honest broker and in its role as the leader of the team tasked with considering how to strengthen the scope of the Kimberley Process facilitated an in-depth discussion on the conflict diamond definition. FPI also assumed the Chairmanship of the KP Working Group responsible for assessing applications by countries interested in joining the KP. The Service gave further impulse to the

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[11] Joint Comprehensive Plan of Action (JCPoA)

Global Alliance for 'Torture-Free trade' to end trade in goods that could be used for torture or capital punishment. It supported the work of the Office of the UN High Commissioner for Human Rights, to help implement the UN General Assembly Resolution paving the way for future work towards establishing common international standards in this field.

b) Key Performance Indicators (KPIs)

The most relevant FPI Key Performance Indicators – as per 2016-2020 Strategic Plan:

KPI 2: IcSP: Percentage of IcSP crisis response measures adopted within 3 months

Result/Impact indicator (description)	Target (or milestones)	Latest known results as per Annual Activity Report
Percentage of projects adopted within 3 months of a crisis context	**Efficient crisis response: 75% by 2020** of projects **adopted within 3 months** of a crisis context (period from date of presentation to PSC)	**57% in 2011** **78% in 2012** **72% in 2013** **68% in 2014** **64% in 2015** **61% in 2016** **47% in 2017** **82% in 2018** **91% in 2019**
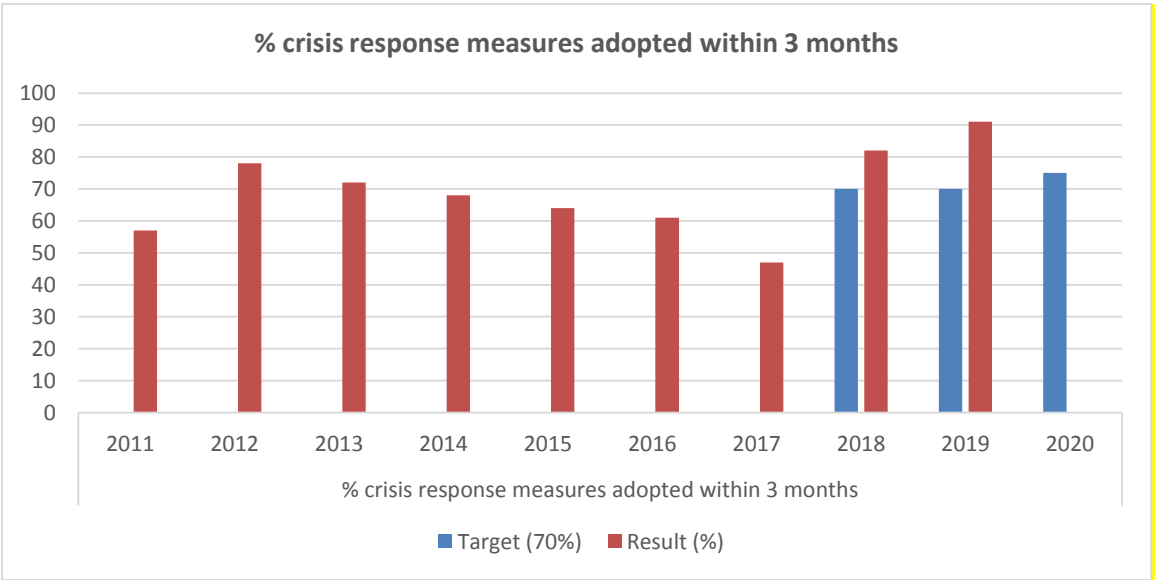
Reading: Of the 46 short-term crisis response actions presented in 2019to the PSC to respond to situations of crisis or emerging crisis (Article 3) 28 were adopted (COM Decision) within 3 months of a crisis context, a percentage rate of 91%. The objective was to reach a percentage rate of 70%. The significant improvement compared with the previous year can to a large extent be explained by the creation of the FPI regional hubs (Bangkok, Beirut, Nairobi, Dakar, Brasilia) during 2017. The major organisational changes had consequences for the ability to maintain the desired level of speed. Continued improvement in performance during 2019 indicates that the reorganisation and its structures work well.

KPI 3: EOMs: Number of electoral processes and democratic cycles supported, observed and followed (by means of Election Observation Missions, Election Assessment Teams, Election Experts Missions and Election Follow-up Missions proposing recommendations to the host country)

Number of elections supported, observed and followed

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Target	16	20	22	22	23	23	24	28	25
Result	16	23	19	19	19	19	23	21	
ExM			7	9	0	11	10	7	
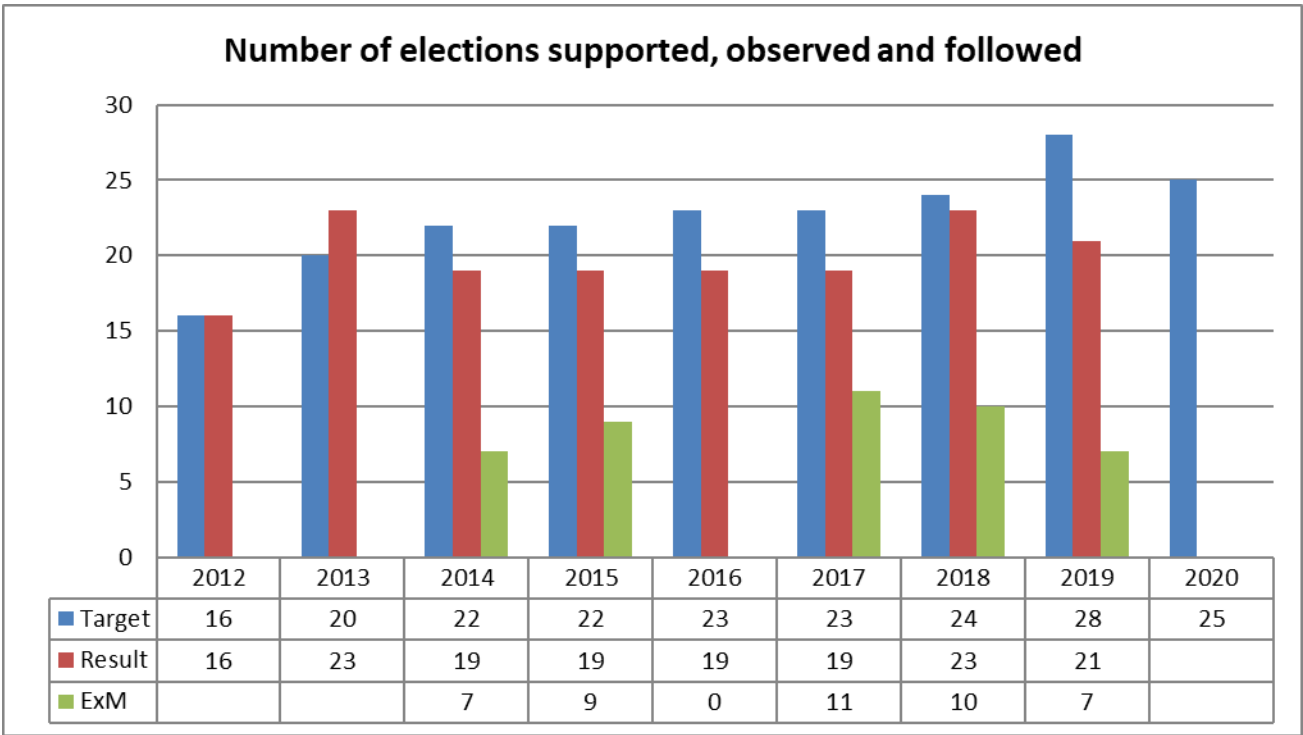
Reading: in 2019, FPI has deployed a total of 30 electoral missions. The result of 28 missions in 2019 of the KPI includes 8 Election Observation Missions, 6 Election Experts Missions and 4 Election Follow-up Missions) and 7 Election Exploratory Missions (ExM). The 2 external studies are not included in the KPI.

KPI 5: Residual Error Rate

Multiannual Residual Error Rate

The error rate represents cumulative result over the years from 2014
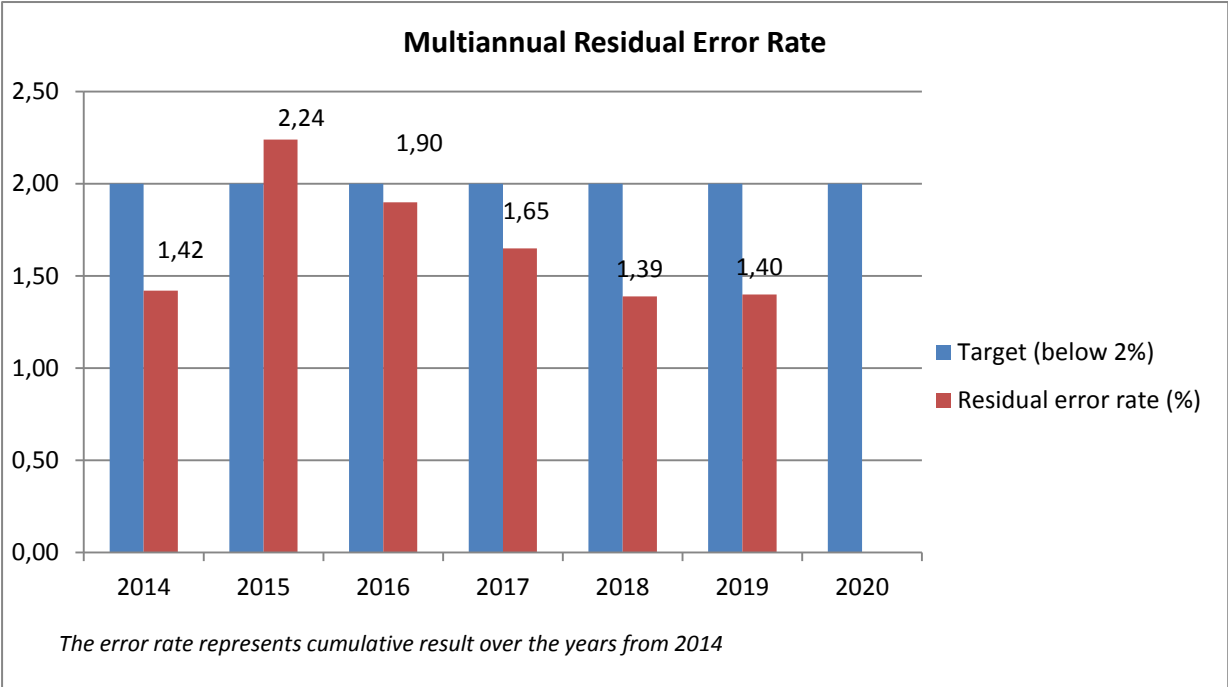
Reading: in the period 2014-2019 (six years), the residual error rate of FPI was 1.40%.

The cumulative (multi-annual) residual error rate (MER) is the total ineligible expenditure less corrected expenditure, resulting from ex-post controls, expressed as a percentage of total payments.

The cumulative residual error rate (RER) for 2014-2019 is 1.40% for the total budget of FPI. This is only a fraction above the result of 1.39 % in 2018. Based on the multi-annual RER, FPI is of the opinion that the control procedures in place give the necessary guarantees for the legality and regularity of the underlying transactions.

c) Key conclusions on financial management and internal control (executive summary of section 2.1)

In accordance with the governance arrangements of the European Commission, FPI 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. FPI has assessed its internal control systems during the reporting year and has concluded that it is effective and that the components and principles are present and functioning as intended. Please refer to AAR section 2.1.3 for further details.

In addition, FPI 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. These elements have been assessed to determine their impact on management's assurance about the achievement of the control objectives. Please refer to Section 2.1 for further details.

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

d) Provision of information to the Commissioner

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

1. KEY RESULTS AND PROGRESS TOWARDS THE ACHIEVEMENT OF GENERAL AND SPECIFIC OBJECTIVES OF THE SERVICE

Instrument contributing to Stability and Peace

At the end of 2019, there were 296 on-going actions. Examples of timely EU responses to high-priority crises on the EU political agenda are given below. Information on the actions funded by the Instrument under Articles 3 and 4 of the IcSP Regulation are available for the general public through an online interactive map[12].

Specific objective 1.1: In a situation of crisis or emerging crisis, to swiftly contribute to stability by providing an effective response designed to help preserve, establish or re-establish the conditions essential to the proper implementation of the Union's external policies and actions in accordance with Article 21 TEU.

Under this specific objective, a total budget commitment of EUR 256.8 million was committed in 2019.

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

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[12] https://icspmap.eu/

IcSP: Total allocation by thematic area

- Stabilisation and Resilience — 30%
- Support to Peace Processes — 9%
- Mediation, Dialogue and Peacebuilding — 18%
- Security — 33%
- CT/CVE — 10%
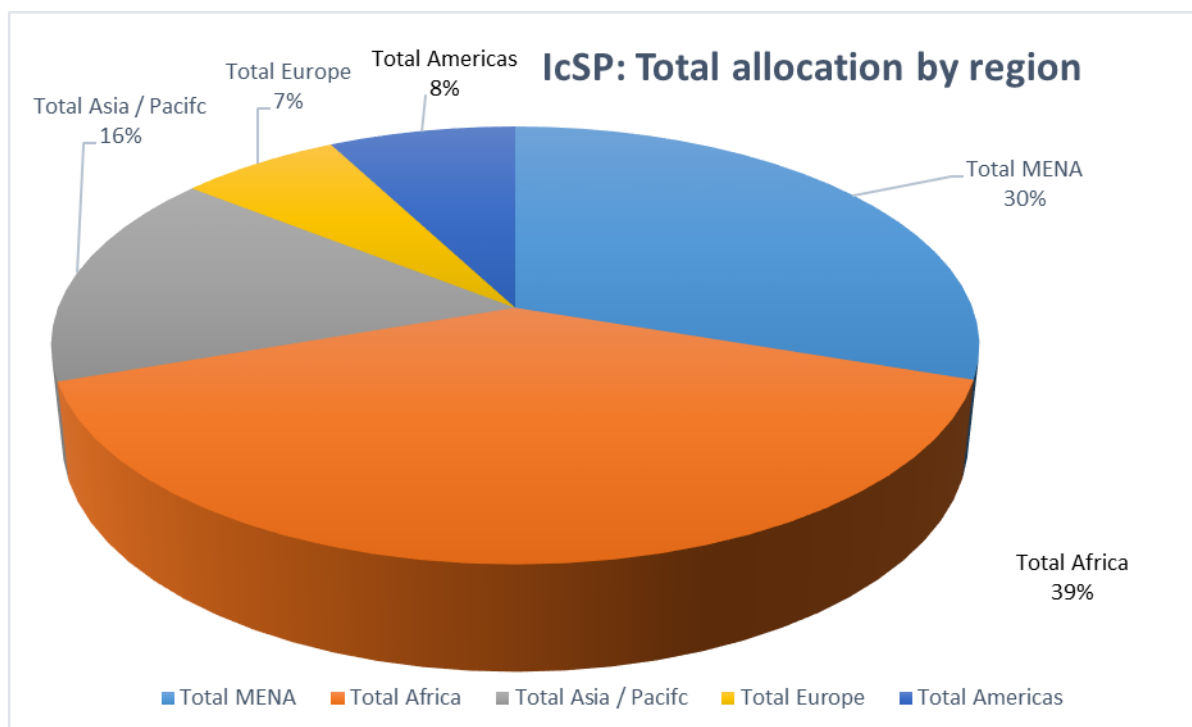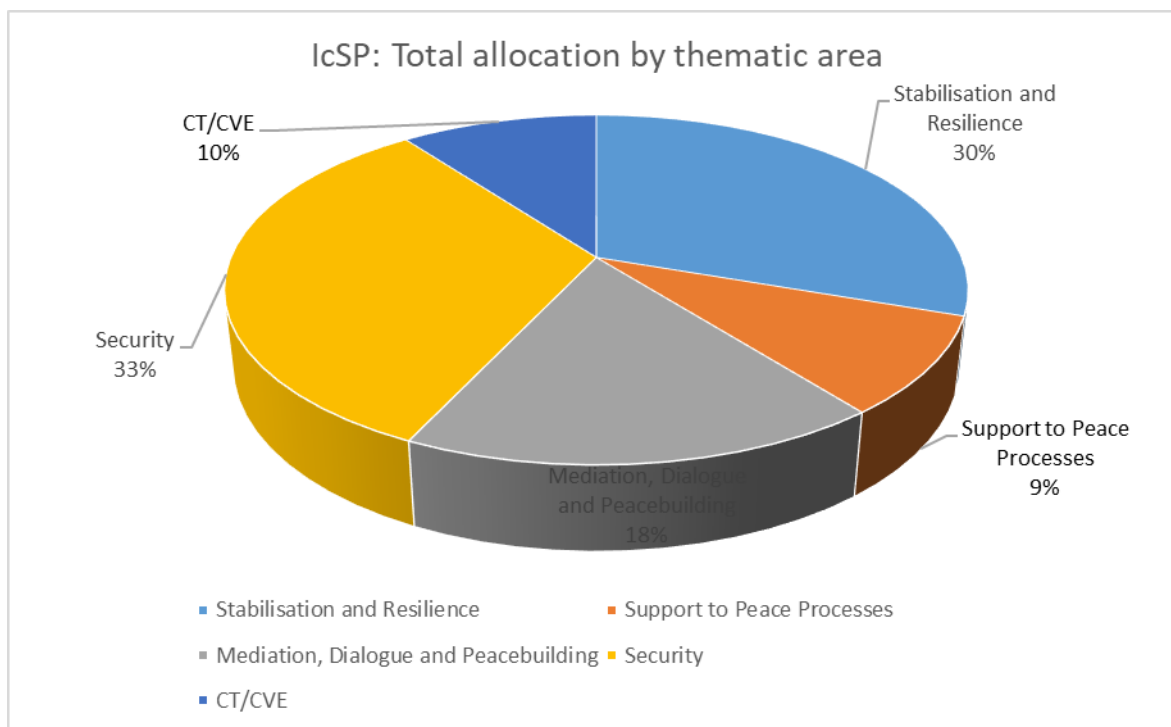
Protecting civilians and enhancing security – Ukraine and Nigeria

In response to the illegal construction of the Kerch Bridge and the naval confrontation between Ukrainian and Russian vessels in the Azov Sea at the end of 2018 IcSP engagement in the Azov Sea region was increased. In early 2019, support actions were developed focusing on needs of the civilian population in the areas of mine action, psycho-social support and the countering of disinformation. In parallel, another IcSP action focused on the protection of civilians from the worst consequences of the conflict. It was instrumental in the development of a draft Presidential Order on the adoption of a *National Policy on Protection of Civilians in Conflict* as well as the establishment of a *Civilian Casualties Mitigation Team* within the Ukrainian Joint Forces Operation. Due to the action's success, it will be followed up with additional resources in 2020.

Similarly, in Nigeria IcSP support was provided, through the Centre for Civilians in Conflict, to the authorities to improve the protection of civilians in security operations through the promotion of 'civilian harm mitigation' measures and approaches. During 2019, the action managed to build a constituency within the government, with civil society as well as with multilateral agencies. This allowed 'Protection of Civilians and Civilian Harm Mitigation' to be introduced into the curricula of key military training institutions. At the same time, self-protection workshops were conducted for conflict-affected communities, helping them also to have more regular dialogue with security forces. As a result, security arrangements and military patrols are better coordinated and civilians better protected.

Supporting dialogue and reform while preparing for elections - Ethiopia

Since his election in April 2018, Prime Minister Abiy Ahmed has made promising steps to open political space in Ethiopia and initiate legal, institutional, political, economic and social reforms.

These efforts have been recognised, most notably with the award of the 2019 Nobel Peace Prize. Yet, the reform process remains perilous and requires support. Ethiopia is facing severe challenges including ethnic violence; more than three million people are currently internally displaced. The first multi-party elections in 2020 may constitute a big step forward, but they may also stoke existing social and ethnic tensions, potentially leading to violence.

During 2019, IcSP activities were started to help prevent election-related conflict. Relevant stakeholders, such as political parties and civil society took part in a dialogue to prepare for the electoral process. IcSP support is also being made available for inclusive dialogues among communities in Ethiopia, including on sensitive issues such as ethnic tensions, e.g. through mediation activities in the Guji-West Gedeo region, where many internally displaced persons have arrived. Finally, the EU will provide capacity building to Ethiopian security sector actors to help prevent ethnic and political violence, in particular in relation to the elections.

Regional response to prevent a spill-over of the Venezuela crisis

The deep political, economic, humanitarian and human rights crisis in Venezuela, which translates into food and medicine shortages, hyperinflation, systematic and generalized violence, failure to provide basic services and difficulties in accessing civil documentation such as passports, has triggered migration on a scale unprecedented in Latin America and the Caribbean. By the end of 2019, more than 4.7 million Venezuelans had fled the country, representing almost 15% of the total population. The majority of Venezuelan migrants and refugees in the region are in Colombia (1.6 million), Peru (865,000), Ecuador (385,000), Chile (371,000), Brazil (224,000), and Argentina (145,000).[13]

The EU mobilised the IcSP already in 2018 to respond to the consequences of the migratory flow from Venezuela into Colombia and Brazil. Since then, the dynamic has continued affecting more countries. In 2019, IcSP funds started in Ecuador to help local authorities and community organisations better cope with the additional pressure on communities and institutions in the region. Northern Ecuador has been affected by the changing dynamics on the Colombian side of the border following the 2016 Colombia peace agreement and at the same time, was not prepared for the rapid increase in Venezuelan migrants transiting through or seeking refuge in Ecuador.

In light of the still increasing number of Venezuelans leaving their country, additional support was identified at the end of 2019. Reflecting the regional consequences of the crisis in Venezuela; the new IcSP response is also regional, allocating a significant amount (EUR 10 million) for activities in Colombia, Ecuador and Peru. It focuses on improving protection for refugees and migrants and on reducing the risk of conflict between migrants/refugees and host communities.

Joining forces to address shared challenges - Sahel

In response to the increase in deadly attacks against civilians and security forces in the Sahel - in particular in the "three borders area" straddling Mali, Burkina Faso and Niger - the IcSP was mobilised to strengthen peacebuilding initiatives and security forces in vulnerable areas, including through CBSD actions. The new initiatives in Burkina Faso and Niger are improving the capacity of the security and defence forces to reinforce security and stability in the regions

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[13] Inter-Agency Coordination Platform portal (R4V) - https://r4v.info/en/situations/platform

facing growing instability, allowing the civilian administration, public services and economic activities to continue. In addition, IcSP support to the operationalisation of the police component of the G5 Sahel Joint Force was deployed to underpin the execution of military operations of the G5 Sahel Joint Military Force. These new initiatives launched in 2019 complement ongoing support in the region, including an action strengthening community resilience and relations between communities and security forces in the Sahel.

IcSP funding focuses on addressing challenges linked to the presence of terrorist organisations and groups in West Africa through a broad approach to security. Emphasis is put on supporting the continued presence of state and local institutions, the provision of public services throughout the territories of the countries of the Sahel. This support encompasses both CBSD and non-CBSD activities working with military or non-military security forces. In addition to work with security actors, IcSP in the Sahel region works to support civil society organisations with activities *inter alia* in the fields of mediation, dialogue and the prevention of violent extremism.

Afghanistan Peace Support Mechanism (APSM)

In line with the EU's commitment to support an inclusive Afghan-led and Afghan-owned peace process (Council Conclusions of 8 April 2019), the Afghanistan Peace Support Mechanism was set up in June 2019 as a flexible tool to contribute to connect stakeholders, to build confidence and to raise awareness about peace related issues.

Several sub-grants were awarded to Afghan civil society organisations focusing, *inter alia* on building the capacity and skills of war victims to more effectively engage in peace talks as well as with relevant stakeholders; training journalists to report on peace issues in a conflict sensitive manner; and developing a culture of peace, especially in rural areas. As an example, the "*Let's Talk Afghanistan*" programme implemented by the organisation *ArtLords* engaged youth from four provinces in discussions and exchanges as well as in developing concrete art initiatives such as mural paintings and exhibitions for the general public to raise awareness of the peace process. Through the APSM, a core group of local civil society organisations developed a concept to facilitate transfer of messages and requests from communities to the future official peace talks. Finally, advocacy events and capacity building initiatives on mediation are planned for Afghan partners.

Capacity Building in support of Security and Development (CBSD)

On 12 December 2017, an amendment to the IcSP Regulation[14] introduced the *Capacity Building in support of Security and Development* (CBSD) initiative. While working with military partners, the objectives behind any CBSD action have to be civilian and development-oriented.

In 2019, additional CBSD actions were identified in Mali and Somalia, along with new actions in Lebanon and Tajikistan (signed in December 2019), where the instrument will be used to support State authorities in ensuring that the conditions for development are in place throughout their territories. This marks an expansion of the geographical scope of CBSD beyond Africa. In parallel, under the IcSP long-term conflict prevention component (Article 4), a three-year CBSD action to advance the protection of civilians and stability in East Africa was

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[14] Regulation (EU) 2017/2306

approved.

At the end of 2019, a sector evaluation of the CBSD was launched in line with the amended IcSP Regulation. The evaluation will review the first two years of CBSD implementation. Results are expected in the second half of 2020.

Supporting Rohingya youth as agents of change

In response to the massive arrival of Rohingya refugees in **Bangladesh**, adolescents in the Cox's Bazar refugee camp have been supported through an action to enhance peaceful co-existence among adolescents and youth from refugee and host communities. It enables them to assert some control over their environment, for example, through volunteering opportunities and through a mechanism allowing them to speak out and report abuses. In very challenging conditions, the action is building some bridges between refugees and host communities.

Security and cyber-security

In 2019, the Service for Foreign Policy Instruments has continued to step-up its efforts in the field of **counter-terrorism and the prevention of violent extremism**, in line with the June 2017 Foreign Affairs Council Conclusions on EU external action on Counter Terrorism. In this respect, IcSP was quickly mobilized to strengthen response capabilities for counterterrorism in both Sri Lanka and the Maldives following the Easter 2019 attacks in Sri Lanka. Similarly, counter-terrorism efforts are being supported in the Sahel, in Iraq as well as in South-East Asia with an overall engagement of approximately EUR 50 million.

Specific attention was paid to **countering disinformation**, which can be a catalyst for instability or violence. In Central Asia, the IcSP continues to cooperate with the NGO "Internews", which works to enhance the role and capacity of media actors to report on sensitive topics that may contribute to radicalisation and violent extremism. The action has also contributed to the creation of regional networks of media professionals, state authorities, and active citizens to promote independent narratives and develop an understanding of radicalisation. Similarly, a new action was adopted at the end of 2019 to help counter disinformation in Ukraine. It will encourage greater cooperation between government institutions, civil society organisations and the expert community to promote media literacy, critical thinking and to examine the linkages between social media and disinformation. A particular geographical focus will be put on the eastern and southern parts of Ukraine, notably the Sea of Azov region.

In addition, the IcSP contributed to the safe conduct of Presidential elections in Ukraine through assistance to the enhancement of cyber-security surrounding the overall process. The action delivered technical cyber security exercises to decision makers and IT specialists particularly involved in securing the electoral process in Ukraine. In addition, it fostered the exchange of best practices through study visits and peer exchanges between the Ukrainian and EU Member States' electoral and cyber-experts and administrators.

ERMES: an effective mediation tool for the EU

The EU mediation role in the world has been facilitated by the IcSP-funded action "European Resources for Mediation Support" (ERMES) which has a key function in the EU's mediation toolbox, thanks to its capacity to deploy rapidly worldwide.

With almost 70 interventions since 2014, ERMES has enabled the EU to assist conflict parties, third party mediators and groups participating in inclusive peace processes, in the context of local, national or international armed conflicts, or to engage in preventive diplomacy through short-term operational support, technical assistance and capacity-building. ERMES complements the EU's own diverse roles as a mediator, and political and financial supporter of mediation and dialogue efforts of other actors.

In 2019, expertise and support was mobilised for example in **Yemen** (to develop a joint understanding of the international community and implementers of existing approaches to community safety and of short, medium and long-term needs for concrete actions), the **Central African Republic** (for an analytical paper on the 2019 peace agreement) and to, jointly convene with the UN, a meeting with **regional and sub-regional organisations** to continue dialogue, to strengthen mediation cooperation and partnerships worldwide and to start closer cooperation on climate change and mediation.

Challenges to Stabilisation and Crisis Response

The main challenge for the EU in the area of crisis response, conflict prevention, peace-building and crisis preparedness is to act and intervene quickly, in a relevant and efficient way. During implementation, a number of specific challenges were identified. IcSP actions in support of demobilisation, disarmament and reintegration (DDR) have not always been as successful as intended, mainly due to challenges in identifying longer term and more substantial funding to ensure continuity. Furthermore, the IcSP response to the Ebola outbreak in Western Africa showed that while the instrument has a clear added value in work to prevent conflict triggered by such a health emergency, humanitarian funding is a more adequate tool to cater to national public health needs and will have the institutional links relevant to this task more readily available than the IcSP and its partners. The latter can nevertheless play an important role in filling gaps particularly for those populations who may get left out due conflict.

Specific objective 1.2: To contribute to the prevention of conflicts and to ensure capacity and preparedness to address pre- and post-conflict situations and build peace.

In 2019, the actions under the EUR 66.4 million IcSP Multi-Annual Action Programme (MAAP) for 2019-2020 reflected a strong focus on conflict prevention and addressing the root causes of violent conflict. Of this EUR 35.5 million was committed in 2019. Priority was given to **supporting civil society actors** in conflict-affected contexts, covering four themes: (i) mediation, dialogue and confidence-building measures; (ii) natural resources and conflicts; iii) media and conflict prevention; and (iv) transitional justice and peacebuilding.

> **In 2019 a Multi-Annual Action Programme for 2019-2020 was adopted for longer-term activities supporting conflict prevention, peace-building and crisis preparedness, including for capacity building for security and development (CBSD). For 2019 EUR 35.5 million was committed.**

Additional priority was given to (i) **enhancing the EU's early warning capacities**, (ii) supporting **mediation and peace processes,** (iii) supporting **security sector governance and reform** through a specific facility**,** (iv) supporting the effectiveness of **Common Security and Defence Policy (CSDP) missions** by providing advanced training for police and civilian personnel before their deployment to civilian

stabilisation missions; as well as (v) addressing the link between the **exploitation of natural resources and conflict**.

New actions to be implemented under the 2019-2020 MAAP aim to ensure active EU involvement in the **Women Peace and Security** and **Youth, Peace and Security** agendas through the promotion of women and youth as peace actors in mediation and peace processes. Another action will allow the EU to engage further on **social media and peace** to help harness the potential of social media platforms and of digital technologies to promote counter narratives, positive messaging and to support peacebuilding initiatives in conflict-affected contexts. Finally, the MAAP adopted in 2019 allows the EU to reinforce the **multilateral approach to conflict prevention**, in particular through cooperation with the UN and the World Bank supporting third countries to build their capacity to carry out recovery and peace building assessments and plans after a crisis or a disaster.

IcSP Peace-building Multiannual Annual Action Programme 2019-2020 by priority
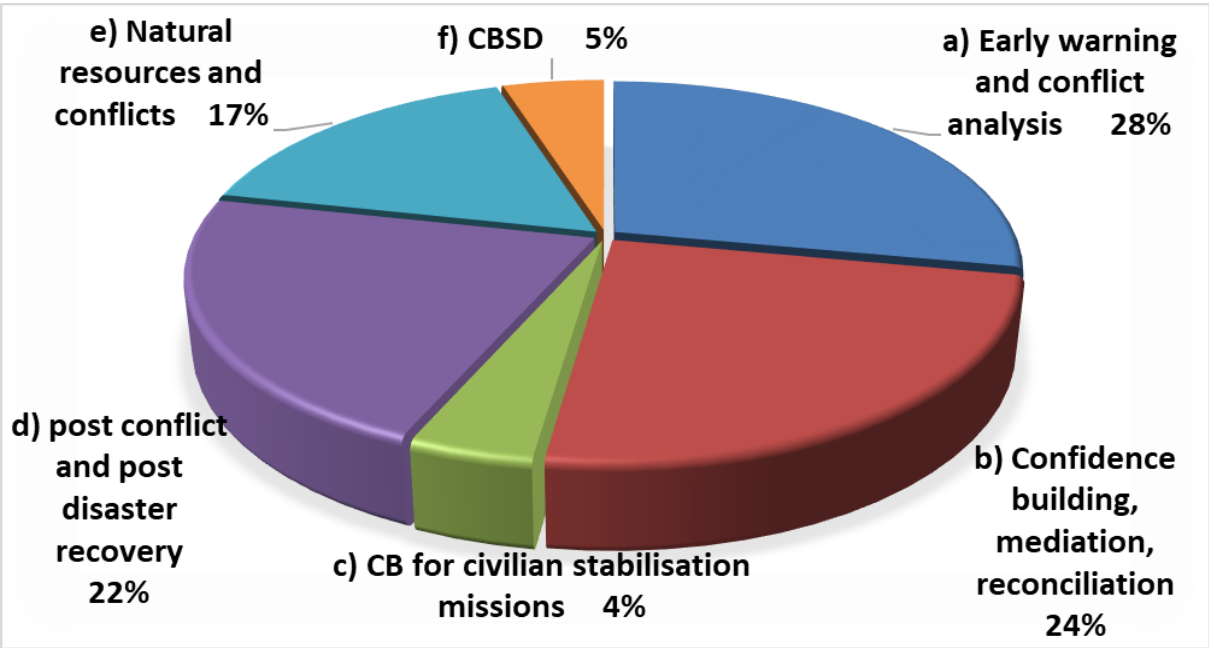
Support to civil society actors in conflict prevention, peace-building

Civil society organisations (CSOs) play a crucial role in conflict prevention and peace-building. Whether they are local and community based organisations or international non-governmental organisations, CSOs are often best placed to detect early signs of tensions and conflict and to provide responses tackling root causes and symptoms of these conflicts. They also play a critical role in articulating citizens' concerns, in engaging in the public arena to demand responsive services, reforms and accountable governance. Empowering civil society to play an active role in conflict-affected contexts is therefore a building block to more resilient societies, more vibrant state-society relations and to long-term peace.

In 2019, new action supporting CSOs in conflict-prevention and peacebuilding started in Central Asia (EUR 2 million, to prevent violent extremism), Haiti (EUR 1 million, to support dialogue and mediation initiatives), Horn of Africa (EUR 3 million, to support dialogue and

mediation initiatives in Abiey and to tackle land related conflicts in Kenya), South East Asia (to support dialogue and mediation initiatives in Pakistan, India and to tackle violent extremism at the regional level), Western Africa (to tackle land related farmers-herders conflicts in Mali and Burkina Faso).

One of the IcSP-supported civil society actions highlighted at the 2019 Paris Peace Forum was 'Inuka!', which promoted dialogue and cooperation between fishermen and security agencies on the Kenyan coast in a region identified as vulnerable to radicalisation and violent extremism. For example, the action helped to issue special ID cards allowing fishermen to fish in previously banned sea areas. This action, agreed and supported by the local communities and the security authorities, allowed fishing activity to resume, thereby directly benefiting almost 30,000 people, concretely reducing the risk of youth turning to violent extremism for lack of economic perspectives.

Multilateral cooperation for Peacebuilding and recovery from crisis and disaster

Since 2008 the EU has cooperated with the UN and the World Bank, on the basis of a Joint Declaration on Post-crisis Assessments and Recovery Planning, to make joint assessments and recovery plans for countries affected by conflict (Recovery and Peacebuilding Assessments, RPBAs) or natural disasters (Post Disaster Needs Assessments, PDNAs).

The Joint Declaration is a clear example of successful and effective cooperation between international organisations, demonstrating multilateralism in practice. It has allowed the three organisations to be at the forefront of global efforts to address crises, to assess needs and plan required responses, to leverage their combined expertise, resources and capacities to support countries in recovering from and building resilience to crises. Some 75 assessments have been carried out since 2008, allowing countries to better prepare for recovery, facilitating coordination and simplifying the number of interlocutors the beneficiary country has to engage with.

In 2019, the EU actively participated in two PDNA exercises - in Mozambique (following cyclones Idai and Kenneth in March/April) and in Albania (following the earthquake in November), where the EU led the PDNA process. The EU was also engaged in efforts to undertake a RPBA in Sudan and continued its involvement in a Prevention and Peacebuilding Assessment (PPBA) in Burkina Faso, which is a concrete example of expanding the scope of the recovery and peacebuilding concept to include activities to mitigate and reverse the trend of an expanding/developing violent crisis.

This reinvigorated tri-partite cooperation, principally on RPBAs, was presented at the Paris Peace Forum in November through a joint EU-UN-WB stand and through various presentation events. These efforts proved very successful in creating interest in the joint work and in the importance of such practical mechanisms to facilitate recovery after a crisis or a disaster. The joint stand was one of the most visited at the Forum, with well over 150 visitors on the first day, including then EU Commission President-elect Ursula von der Leyen.

The EU Security Sector Governance Facility

Insecurity and instability are frequently generated or exacerbated by a lack of effective and accountable security systems. Helping partner countries to reform their security systems supports the EU's objectives of peace and stability. The EU Security Sector Governance (SSG) Facility was launched in January 2018 to support and underpin national policy planning,

implementation and dialogue on the reform of a country's security sector. Through this Facility, expertise can be mobilised rapidly to assist partner country authorities, EU Delegations and services as well as other actors involved to better engage in SSG processes.

In 2019, support under the SSG Facility enabled the EU to:

Articulate **strategic frameworks of engagement in the security sector** (Mali, Nigeria, Maldives, Democratic Republic of the Congo, UN level): In line with EU policy commitments, SSG experts helped EU Delegations analyse main security challenges in specific contexts, assess capacity needs, map out interventions in the security sector in order to devise an EU-wide logic of strategic and integrated engagement. At UN level, the facility supported the current revision of the Integrated Disarmament, Demobilization and Reintegration (DDR) Standards through the provision of an expert, demonstrating EU support for this key international process and framework on DDR.

Support EU policy dialogue and programming in the field of security (Georgia, Jamaica, The Gambia, Ethiopia): In the context of EU programming processes on security, SSG experts worked with Delegations and relevant HQ services to further strengthen EU policy dialogue with partner country authorities. This proved to be particularly useful in creating a common understanding of objectives and engagement as well as in building trust between all partners.

Open political spaces for cooperation and dialogue on security issues (Ethiopia, Benin, Maldives): the facility supported EU Delegations in their engagement with partner countries security authorities where previous cooperation was either weak or non-existent. For example, in Ethiopia, SSG experts supported the Ministry of Interior to assess capacities, needs, challenges and opportunities which resulted in a follow-up IcSP support to the modernisation of the Ethiopian Federal Police. In the Maldives, the facility contributed to the work on reform of the broader security sector and in particular of the legal and judicial framework with a focus on the criminal justice system.

> **The ENTRi project, through its website, makes available e-learning courses, methodologies and tools free of charge to facilitate the preparation of the individuals participating in civilian stabilisation missions**

On line training and tools for the Civilian Stabilisation Missions

The "European New Training Initiative" (ENTRi) enhances the capacity of civilian experts to effectively participate in civilian stabilisation missions of the EU (CSDP missions), UN, OSCE (Organization for Security and Cooperation in Europe) and the African Union. To prepare and support these civilian experts for the challenging missions, ENTRi focuses on high quality capacity building, providing a wide range of customised and off-the-shelf training packages to individuals who are going to or already work in crisis management missions, as well as specialised training of trainers in order to facilitate the transfer of knowledge and experience.

ENTRi also made e-learning courses available. They are free of charge, and can be remotely used by all interested users. Different modules help civilian experts in international peace operations to cope with stressful situations or help them strengthen intercultural

competencies, to give but two examples. The '*In-control*' Handbook prepared by ENTRi, now also available in French, Portuguese and Arabic, gives practical information on a variety of issues related to working in a mission and is now widely considered an essential tool for those participating in civilian stabilisation missions[15].

Foreign Policy Regulatory Instruments

The Service for Foreign Policy Instruments (FPI) serves as the Commission's lead service for restrictive measures (sanctions)[16] and other foreign policy regulatory instruments such as the Kimberley Process (KP) Certification Scheme on conflict diamonds and the Regulation concerning trade in certain goods which could be used for torture or capital punishment (Regulation (EU)2019/125[17]). These other foreign policy regulatory instruments impose certain trade restrictions in order to achieve EU Common Foreign and Security Policy (CFSP) policy objectives.

Sanctions

Throughout 2019, FPI worked towards the adoption of a number of **high-profile pieces of legislation**, including the landmark sanctions regime against cyber-attacks as well as restrictive measures responding to Turkey's unauthorised drilling activities in the Eastern Mediterranean and to events in Nicaragua. Negotiations on the cyber-attacks regime in Council were particularly protracted, but the Commission contributed to adopting the cyber-attacks regime in a timely fashion (the regime was adopted just before the European elections to act as additional deterrent against potential interference). Throughout the year, FPI also ensured the swift transposition of UN designations of persons and entities related to ISIL (Da'esh) and Al Qaida.

As lead service for **monitoring the implementation of EU sanctions**, FPI delivered on its mandate by assessing all credible allegations of breaches and liaising with national competent authorities in the Member States. In this context, at the request of Member States, the Service also prepared eight **Commission opinions[18]** on the relevant legal provisions. Some of the opinions took a significant amount of time to prepare due to complex legal questions and the need for broad consultation.

At the same time, FPI remained a bulwark in protecting the interests of EU operators from the **extraterritorial application of U.S. sanctions against Iran and Cuba**. This was chiefly done through the use of the Blocking Statute[19], by advising affected EU operators, reviewing applications for authorisation[20] and raising awareness in the Member States. FPI dealt with the

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[15] For more information on performance indicators, see Annex 12 and for a complete listing of expenditure-related outputs please refer to the Programme Statements published together with the Draft EU Budget.

[16] On 1 January 2020, the sanctions portfolio was transferred to Directorate-General for Financial Stability, Financial Markets and Capital Markets Union (DG FISMA).

[17] Regulation (EU) 2019/125 of the European Parliament and of the Council of 16 January 2019 concerning trade in certain goods which could be used for capital punishment, torture or other cruel, inhuman or degrading treatment or punishment; *OJ L 30, 31.1.2019, p. 1–57*

[18] https://ec.europa.eu/fpi/what-we-do/sanctions_en

[19] https://ec.europa.eu/fpi/what-we-do/blocking-statute_en

[20] Under Article 5(2) of the Blocking Statute EU operators can request the Commission to authorise them under certain conditions to comply with extraterritorial measures listed in the Annex to the Blocking Statute.

challenge of the reactivation of the U.S. extra-territorial sanctions against Cuba[21], and the risks created for EU economic operators. To support the preservation of the Joint Comprehensive Plan of Action (JCPoA – the Iran nuclear deal), FPI funded and coordinated a series of projects contributing to the **operationalisation of the Instrument in Support of Trade Exchanges (INSTEX)[22]**, including a list of Questions and Answers[23] on Sanctions Due Diligence, an Action Grant to INSTEX, a Due Diligence Helpdesk for SMEs, a Sanctions Web Tool and two TAIEX-Partnership Instrument expert missions to Iran. While political situation deteriorated overall, FPI contributed to maintaining a dialogue with Iran under very difficult conditions.

FPI supported Commission services in drafting **financial agreements** with an array of international organisations, including the UN, so as to ensure compliance with EU sanctions. The interplay between sanctions and **humanitarian aid** has become an increasingly challenging file (not least taking into account respective policy demands, which are at times at odds with each other), with high visibility and complexity due to the various priorities at stake.

The Service expanded **outreach activities** to the EU business sector and national authorities, whilst ensuring the functioning of the well-known **EU Sanctions Map[24]**. In parallel, FPI was in regular dialogue with representatives of external partners such as the UN, Switzerland, Canada and the U.S.

Kimberley Process

The EU is the world's largest trading centre for rough diamonds - in 2018 it issued approximately 30 000 Kimberley Process (KP) certificates for 122.1 million carats, valued at USD 12 billion. Given that trade in rough diamonds falls within the remit of the Common Commercial Policy (Article 207 TFEU), the EU, represented by the European Commission, is a single 'Participant' in the Kimberley Process, a global tri-partite initiative between governments, industry and civil society to stop the trade in 'conflict diamonds'.

In 2019, the KP Review and Reform cycle came to an end. FPI's efforts enabled an in-depth discussion on the issue of **broadening the scope of the Kimberley Process** with active engagement from Participants and Observers. As the leader of the team tasked with this part of the reform, FPI engaged extensively with all actors in discussions on how to best capture the evolving nature of conflict and the actors involved, as well as the positive contribution of rough diamonds to prosperity, social and economic development, to ensure the KP continues to deliver as a tool for conflict prevention.

FPI-led efforts to broaden the definition of 'conflict diamonds' to capture the evolving nature of conflict and actors involved in those conflicts, got considerable traction in 2019. Nevertheless, despite extensive engagement by all KP Participants and Observers, consensus on an updated definition could not be reached due to the objection by one Participant.

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[21] The decision to activate Title III of the Helms-Burton Act, and opening the way for actions under Title IV, is a breach of the commitments undertaken in the EU-US understandings of 1997 and 1998.

[22] INSTEX is a European special-purpose vehicle (SPV) that was established in January 2019. Its mission is to provide economic operators with the necessary framework to pursue legitimate trade with Iran.

[23] https://ec.europa.eu/fpi/what-we-do/qa-due-diligence-restrictive-measures-eu-businesses-dealing-iran_en

[24] https://www.sanctionsmap.eu/

In 2019, FPI chaired the KP body responsible for assessing applications from countries interested in joining the KP and entities wishing to join the KP as observers outside of existing observer coalitions. In this capacity, FPI oversaw the admission of the United Kingdom as a Kimberley Process Certification Scheme Participant, with such participation taking effect from the date on which EU law ceases to apply to and in the United Kingdom.

FPI's active engagement and follow-up also brought **positive results for compliance** - numerous outstanding statistical and annual reports were submitted to the respective Working Group Chairs. FPI played an important role in decisions of the KP Monitoring Team to declare certain sub-prefectures in the **Central African Republic** 'compliant zones', and to revise the current Operational Framework in place, which aim to strengthen the legal trade in the country to generate substantial revenues. Finally, FPI was actively involved in KP efforts to support the **Mano River Union** countries (Côte d'Ivoire, Guinea, Liberia and Sierra Leone) in further implementing their efforts for a joint approach to address KP compliance issues with a regional dimension. Plans for similar cooperation in the **Central African region** have started, and the EU is a part of the Technical Team.

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

'Anti-Torture' Regulation

In 2019, Council Regulation (EC) No 1236/2005 and sub-sequent amendments were re-codified in Regulation (EU)2019/125 of the European Parliament and of the Council – the so called **'Anti-Torture' Regulation**, for which FPI acts as lead service. The Anti-torture Regulation reflects the EU's commitment to the eradication of torture and the death penalty through measures to prevent the trade in certain goods.

FPI has remained actively engaged with the **Global Alliance** to end trade in goods that could be used for **torture** or **capital punishment**. The adoption of an UN General Assembly resolution on 28 June 2019 constituted an important success only two years after the EU launched the Global Alliance together with Mongolia and Argentina in support of this process. The UN General Assembly resolution paves the way for future work at UN level towards establishing common international standards in this field. FPI is working closely with the UN in this area and has financed the work of the Office of the UN High Commissioner for Human Rights which leads on the implementation of that UN General Assembly resolution.

In 2019, the Commission adopted the following two reports regarding the implementation of the Regulation: Report on the activities and consultations of the Anti-Torture Coordination Group referred to in Article 31 of Regulation (EU) 2019/125 concerning trade in certain goods which could be used for capital punishment, torture or other cruel, inhuman or degrading treatment or punishment (COM/2019/449 final) and report on export authorisation in 2017 and 2018 pursuant to the Regulation concerning trade in certain goods which could be used for capital punishment, torture or other cruel, inhuman or degrading treatment or punishment (COM/2019/445 final).

The Anti-Torture Coordination group, comprised of representatives of the EU Member States, met in April and December 2019 to examine questions concerning the implementation of the Regulation.

Furthermore, in 2019, FPI initiated a comprehensive assessment of implementation procedures and practices as part of the review of the Regulation in accordance with its Article 32. A review report is due to be adopted by July 2020.

Common Foreign and Security Policy operations

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

For CFSP operations, there is no over-arching instrument (basic act) adopted for the full period of the multiannual financial framework period. For the instrument to be effective, the EU needs to be ready to react rapidly and with determination, to respond to new emerging threats to its strategic interests. As and when needs or opportunities for action arise, the Council adopts specific decisions under the CFSP provisions of the Treaty on European Union (TEU). Typically, the decisions provide for:

- The conduct of civilian CSDP Missions to promote stability and build resilience through strengthening rule of law on the strategic and operational levels in fragile environments.

- The work of the European Union's Special Representatives (EUSRs) who promote the EU's policies and interests in troubled regions and countries and support efforts to consolidate peace, and to promote stability and the rule of law.

- Actions to combat the proliferation of weapons of mass destruction (including their delivery mechanisms) and to combat the illicit spread and trafficking of other conventional weapons, particularly through supporting effective multilateralism.

FPI supports the preparation of the Council's decisions with its specialist project management skills and through preparation of the budgets. On the basis of the decisions of the Council, the Commission adopts Financing Decisions to provide the necessary funding through Contribution or Grant Agreements[25]. Following the relevant Council Decisions, FPI supervises the proper management of the expenditure in accordance with the principles of sound financial management, keeps track of the absorption of the funds by implementing partners and updates the Council on the overall situation of the CFSP budget. In 2019, FPI committed 100% of the available CFSP budget of EUR 358.7 million[26].

FPI provides direct support to civilian CSDP missions and EUSRs so as to assist the achievement of their operational objectives, the sound financial management of their budgets, expenditure and assets and their compliance with the regulatory framework and policies. In doing so, FPI develops specific tools for the use of the civilian CSDP missions and EUSRs, to achieve a higher level of harmonisation and simplification of operational procedures to enhance the responsiveness of civilian CSDP missions.

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[25] Contribution Agreements are typically signed with civilian CSDP Missions, EUSRs and international bodies, whereas Grants are signed with partners implementing NPD projects or other bodies, such as the European Security and Defense College.

[26] Composed of: adopted budget (EUR 234,3 million), carry-overs (EUR 15,9 million) and a transfer (EUR 8,5 million)

In 2019, the Mission Support Platform (MSP) became a key pillar of the overall strategy towards a more responsive civilian CSDP, acting as a knowledge centre on procurement and finance, supporting the Missions and contributing to boost the overall CSDP Missions' knowledge base in these critical areas. In the area of finance, the MSP successfully set up and rolled-out to the two Missions in the Sahel in a pilot phase, the Enterprise Resource Planning, a software aimed at harmonizing Missions' accounting and reporting practices. In the area of procurement, the MSP signed and implemented Framework contracts to benefit Missions in the areas of IT, travel services, armoured vehicles and health and high-risk insurance.

In 2019, the Warehouse became operational, providing CSDP Missions and EUSRs with strategic equipment. The last remaining tenders for personal protective equipment and soft skin vehicles, were finalised towards the end of year. The Warehouse has witnessed a rising number of orders throughout 2019 and is constantly refining its processes to meet the demands, with the support of FPI and the EEAS.

To boost Missions' operations and to provide a solid and "ready to use" set of rules, FPI issued two guidance documents in the area of procurement (CFSP Procurement guidelines), and finance and accounting procedures (CFSP Vade-Mecum). A new Framework Contract for external audit specific to CFSP operations was launched in December providing seamless access to quality audit services up to the end of 2023.

A specific and recurrent challenge exists when it comes to the capacities of some civilian Missions to spend in full the budgetary resources that have been attributed to them in line with their Operational Plans. While some Missions show higher absorption rates of up to 95%, in other cases the rates can drop to 70% even. Therefore, FPI pursues a very active monitoring policy to detect unused funds, have them returned to the overall CFSP budget and find alternative ways to make use of these funds for alternative CFSP actions. While some of the reasons for underspending may be, in certain cases, attributed to the volatile environments in which Missions operate, for example in Libya, in other cases, the reasons are rather attributable to unrealistic budgetary planning by the Missions. As a result, there remains room for improvement. High rates of underspending entail a number of risks: apart from the reputational risks for the Missions, there is also a risk that unspent funds may be lost forever if they cannot be attributed to another CFSP action in a timely manner.

Specific Objective 1.3: Support to preservation of stability through substantial civilian CSDP Missions and EUSR mandates

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

FPI maintained the speed with which it prepared for the signature of Commission Financing Decisions for CFSP actions after the adoption of the related Council Decision. For example, as regards the new civilian Mission in the Central African Republic, the Commission Financing Decision was adopted on 18 December 2019, only 6 working days after the publication of the corresponding Council Decision in the Official Journal. The

> **In 2019, as regards the financing of civilian CSDP Missions:**
>
> - *100 % of Commission Financing Decisions were signed within 1 month of the adoption of the relevant Council Decision.*
> - *100% of Delegation Agreements were signed within 1 month of the signature of the Commission Financing Decision.*

contractual arrangements were finalised only one day later.

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

FPI has coordinated and led budget implementation and provided guidance on sound financial management in the following geographic areas:

South Caucasus region

In line with his mandate, **the EU Special Representative for the South Caucasus and the crisis in Georgia** encouraged co-operation, worked to build confidence and engaged constructively with the main actors in the region, between Armenia, Azerbaijan and Georgia, and, as appropriate, their neighbouring countries. His mandate includes supporting the implementation of a settlement of conflicts in the region, including the crisis in Georgia and the Nagorno-Karabakh conflict, in accordance with the principles of international law and with the relevant existing mechanisms. In addition, he keeps working towards promoting the return of refugees and internally displaced persons in the region. The 2019 CFSP budget funds amount to EUR 1.7 million.

The **EU Monitoring Mission in Georgia** (**EUMM Georgia**) continued to monitor the compliance with the Six Point Agreement that ended the war in August 2008. Through its monitoring presence and its role in the Incident Prevention and Response Mechanism, the Mission plays a crucial role in de-escalating and defusing tensions. Compared to previous years, the Mission's Confidence Building Facility has facilitated an increased number of confidence building actions between the different actors on the ground.

FPI has launched a pillar assessment audit to allow the Mission to award grants under the Confidence Building Facility in *ex-post* mode.

> **EUMM experts patrol 365 days of the year and regularly report their observations to EU member states and EU institutions.**

In 2019, FPI committed EUR 18.7 million from the CFSP budget for EUMM Georgia for the implementation of its mandate.

Central Asia

The **EUSR for Central Asia** has contributed to improving the EU's visibility in the Central Asia region. The EUSR continued to actively engage with Central Asian partners, international organisations and other key players in the region, focusing on the consultations on a renewed EU Central Asia Strategy and on supporting various modes of regional dialogue and cooperation. The funding committed under the CFSP 2019 budget amounts to roughly EUR 600,000.

Middle East

The **EU Special Representative for the Middle East Peace Process (MEPP)** conducted a dialogue with the Quartet envoys, focusing on efforts to preserve the two-State solution, relaunch and support the peace process and reduce tensions in Gaza. She also held regular

consultations with Member States, both in Brussels and in Member States capitals, with the aim of fostering unity, consistency and effectiveness of the Union's action on MEPP.

The **EU Co-ordinating Office for Palestinian Police Support** (**EUPOL COPPS**) continued to provide advice and support in the fields of security and justice. The Mission assisted the Ministry of Interior in coordinating donor support and implementing the Security Sector Strategic Plan 2017-22, as well as on the overall legislative drafting process concerning the bylaws to the Decree-Law on Police. Particular efforts were made to strengthen the leading role of the Ministry of Justice in the field of policy development and legislative drafting. Several capacity building activities to enhance the skills of administrative staff, judges, prosecutors and lawyers were conducted for all institutions. The Mission strengthened its efforts to improve donor coordination and exchange of information with Member States and other stakeholders, with the final aim of facilitating policy-level dialogue and enhance support to the Palestinian National Policy Agenda 2017- 22.

Further to a complete re-assessment in 2019, FPI declared the Mission compliant with the requirements of the Financial Regulation as regards pillar assessment.

In 2019, FPI committed EUR 12.4 million from the CFSP budget for EUPOL COPPS for the implementation of its mandate.

The **EU Border Assistance Mission for the Rafah Crossing Point** (**EUBAM Rafah**) continued to contribute to the Middle-East Peace Process throughout 2019 by building the capacity of the Palestinian Authority General Authority for Borders and Crossings and supported the construction and equipment of a new Command and Control Centre, which will provide the General Authority for Borders and Crossings with direct control of all crossing points in the West Bank and in the Gaza strip. While the political and security situation did not allow the redeployment to the Rafah Crossing, the Mission made substantial progress with regard to the Palestinian Authority Preparedness Project.

In 2019, FPI committed EUR 2.1 million from the CFSP budget for EUBAM Rafah for the implementation of its mandate.

The **EU Advisory Mission in support of Security Sector Reform in Iraq (EUAM Iraq)** achieved some positive impact in providing advice with regard to national strategies, including developing the Countering Violent Extremism Strategy. The Mission developed and maintained an overview of EU Member States' and other international actors' activities related to the civilian aspects of the security sector reform and developed tools to ensure effective coordination of the EU and EU Member States' efforts.

The Mission was pillar-assessed and declared compliant in line with the Financial Regulation. In 2019, FPI committed EUR 37.6 million from the CFSP budget for EUAM Iraq for the implementation of its mandate.

Western Balkans

The **EUSR for Bosnia and Herzegovina (BiH)** supported the implementation of the EU-BiH Stabilisation and Association Agreement and monitored progress in socio-economic reforms, efforts in climate change mitigation, education, media and human rights related issues. With the publication of the European Commission's Opinion on BiH's Application for Membership of the European Union in 2019, the country has entered a new phase in its relations with the EU.

In this phase, the EUSR continues to play an important role in assisting the country to undertake the political, economic and legal steps to move closer to the EU. In 2019, FPI committed EUR 13.4 million from the CFSP Budget for this mandate.

The **EUSR in Kosovo**[27] continued advising and supporting Kosovo on its European perspective, offering support to the political process by engaging extensively with all relevant stakeholders on the ground and promoting overall coordination among the EU actors in Kosovo. The EUSR provided expertise at the institutional, policy and legislative levels on issues related to justice and the fight against organised crime and corruption. She monitored developments in Kosovo's economy and actively engaged with the business community aiming to address a number of issues hampering economy and private sector development. The EUSR also contributed to promoting human rights and actively engaged in outreach and advocacy for the protection of minorities as well as religious and cultural heritage. The funding from the CFSP budget amounts to EUR 1.8 million for this mandate.

Following the phasing out of the executive mandate in criminal justice and the hand-over of the case files to the relevant local services in 2018, the **EU Rule of Law Mission in Kosovo (EULEX Kosovo)** monitored selected cases and trials in Kosovo's criminal and civil justice institutions. The Mission continued to support the Kosovo Correctional Service through monitoring, mentoring and advising activities and assisted with the technical and operational implementation of the EU facilitated Dialogue between Pristina and Belgrade. As far as the operational tasks of the Mission are concerned, EULEX Kosovo continued to facilitate the information exchange between the Kosovo Police and law enforcement authorities in the region and beyond, supported the Kosovo Institute of Forensic Medicine, provided protection to witnesses and maintained its capability to act as a second security responder (after the Kosovo Police) via its Formed Police Unit.

Following a complete pillar re-assessment of the Mission, FPI reconfirmed the *ex-post* budget implementation mode for EULEX.

Since its set-up in 2017, the **Kosovo Specialist Chambers** (**KSC**) have prepared for the start of judicial proceedings, as soon as indictments are filed by the Specialist Prosecutor's Office (SPO). In 2019, the KSC continued to work on strengthening the judicial framework and internal governance of the KSC and on the outreach activities. All staff and operations of the KSC and SPO were moved to its newly reconstructed permanent premises in June 2019. The SPO continued with its investigation into the allegations raised in the Council of Europe report "Inhuman treatment of people and illicit trafficking in human organs in Kosovo"[28]. While being a part of the judicial system of Kosovo, the KSC and Specialist Prosecutor's Office have a seat in the Netherlands.

In 2019, FPI committed EUR 40.3 million from the CFSP budget for EULEX Kosovo and the KSC for the implementation of their mandate.

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

[28] Council of Europe's Committee on Legal Affairs and Human Rights report 'Inhuman Treatment of People and Illicit Trafficking in Human Organs in Kosovo';12 December 2010.

Ukraine

The EU Advisory Mission in Ukraine (EUAM Ukraine) continued to support Ukraine's Civilian Security Sector Reform notably regarding the legislative processes, including on initiatives stemming from the Law on National Security. The Mission's role within the International Advisory Group has been essential with a view to ensuring that the reform is in line with EU principles. In September 2019, the Integrated Border Management Strategy for 2020-2025 came into effect. This was a result of a comprehensive strategic effort between international and Ukrainian stakeholders and advice provided in particular by the EU's High Level Advisory Group.

EUAM Ukraine - Mariupol

In 2019, EUAM's mandate was widened and a second mobile unit was established in Mariupol, in addition to its headquarters in Kyiv and regional offices in Kharkiv, Lviv and Odessa. This additional mobile unit is to further increase EUAM support to Law Enforcement Agencies in the government-controlled areas of east and southeast Ukraine. At the end of 2019, Council decided to even further reinforce the Mission's presence in that region.

In 2019 FPI committed EUR 26.9 million from the CFSP budget for EUAM Ukraine for the implementation of its mandate**.**

Africa

The **EU Capacity Building Mission in Niger** (**EUCAP Sahel Niger**) continued to provide support to the Nigerian authorities in the implementation of the National Internal Security Strategy and its Action Plan. Furthermore, Member States granted the Mission an extension of its area of cooperation to all G5 Sahel countries. This enables the Mission to deliver a first regional training under the umbrella of the Regional Advisory and Coordination Cell in Burkina Faso. The Mission also continued to fine-tune its activities in coordination with other international stakeholders in the spirit of the Integrated Approach. Project work on the 'Compagnies Mobiles de Contrôle des Frontières' advanced well. The Mission's field office in Agadez supported Niger in drafting a strategy to fight against illegal armed groups ('coupeurs de routes').

In 2019, FPI committed EUR 31.6 million from the CFSP budget for EUCAP Sahel Niger for the implementation of its mandate**.**

The **EU Capacity Building Mission in Mali (EUCAP Sahel Mali)** continued to deliver operational input to help restore state authority and the rule of law throughout the country. In May 2019, Member States agreed to enhance the regionalisation process in the Sahel by moving the HQ of the Regional Advisory and Coordination Cell (RACC) from Mali to Mauritania. Following the decision to extend EUCAP's area of operations, the Mission contributed to the regionalisation of CSDP in the Sahel by delivering the first training under the umbrella of the Regional Advisory and Coordination Cell in Chad. The Mission also continued to ensure the sustainability of its advising and training activities and regularly assessed the implementation of projects and the overall impact of its actions.

In 2019, FPI committed EUR 33.1 million from the CFSP budget for EUCAP Sahel Mali for the implementation of its mandate**.**

The work of these two civilian Missions is complemented by the contribution of the **EUSR for**

the Sahel to regional and international efforts for peace, security and development in the region. He continued to coordinate the EU's comprehensive approach to the regional crisis, on the basis of the EU Strategy for Security and Development in the Sahel. Almost EUR 1 million was provided under the 2019 CFSP budget for this mandate.

In April 2019, the **EU Integrated Border Management Assistance Mission in Libya** (EUBAM Libya) relocated to its sub-office in Tunis due to the deterioration of the security situation, triggered by hostilities between the Libyan National Army (LNA) and the Government of National Accord (GNA). From Tunis, the Mission continued working and engaging with counterparts and relevant stakeholders to prepare the ground for its return to Tripoli, which took place in September in a reduced format. Concrete progress was achieved in the area of border management reform, including a dialogue on projects related to the support to the Integrated Border and Migration Management in the south of Libya and in the area of law enforcement and criminal justice, with a workshop on the National Counter Terrorism Strategy and the re-launching of the Criminal Justice Working Group. The Mission continued its multi-layered support to the capacity building of Libyan security agencies.

In 2019 FPI committed EUR 39.8 million from the CFSP budget for EUBAM Libya for the implementation of its mandate**.**

The EU Advisory Mission to the Central African Republic

On 9 December 2019, the Council decided to open an **EU Advisory Mission in the Central African Republic** (**EUAM CAR**). The objectives of this Mission are to support the sustainable transformation of the Central African Republic's Internal Security Forces and their operational effective functioning and deployment. A first core team is expected to be deployed in early 2020 to lay the ground for the establishment of the Mission. Operations are expected to start in early summer 2020. This is the first Mission to be set-up in light of the commitments taken by the Institutions and Member States under the Civilian CSDP Compact. The Compact is a key strategy with the objective to strengthen the civilian dimension of the Common Security and Defence Policy, notably to make civilian CSDP more capable, more effective and more responsive.

The creation of the new Mission in Bangui brings the total number of civilian EU Missions to eleven. FPI participated in the Technical Assistance Mission deployed in December 2019 to set up the Mission. Thanks to a dynamic management of the budgetary resources, FPI was able to secure and commit EUR 7.1 million from the CFSP budget for the establishment phase of EUAM CAR.

The mandate of the **EUSR for the Horn of Africa** changed several times to reflect the political situation around the Horn of Africa and the increasing turbulence in the region. Intense activity has continued aiming at linking the Somali government with its neighbours - particularly with Kenya regarding the maritime dispute, promoting relations with the parties in South Sudan and encouraging communication among leaders in the region. The EUSR has been increasingly engaged in advising governments on how to withstand the impact of the Gulf crisis on their domestic politics and regional relations. He has consolidated the political relationship with key decision makers in the region fostering proactive political relations between the EU and the member states of the Intergovernmental Authority on Development. As the only international envoy for the Horn of Africa, the EUSR is in a unique position to facilitate contacts within the region to solve disputes which, while nominally restricted to single

countries (e.g. South Sudan), are heavily influenced by the interests and behaviour of others.

The **EU Capacity Building Mission in Somalia (EUCAP Somalia)** has gradually increased the depth and pace of implementation of its civilian maritime security mandate, decided by EU Member States in 2016. The Mission continued to work with federal and regional authorities to implement its mandate, with a focus on enhancing the Somali capacity to effectively govern maritime security and on supporting a stronger maritime civilian law enforcement capability, despite the fragile external environment under which it operates.

As a result of a joint effort between FPI and the Mission's support services, EUCAP Somalia was declared pillar assessed in December 2019, and can now operate in ex-post mode.

In 2019 FPI committed EUR 32.1 million from the CFSP budget for EUCAP Somalia for the implementation of its mandate**.**

The EU also prolonged its funding of an **Article 28 TEU action in Yemen** for another term for EUR 4.5 million. This Action aims at facilitating the flow of commercial goods into Yemen through a direct support to vessel inspections conducted by the UN Verification Mechanism at the port of Djibouti and other Red Sea ports[29].

Specific Objective 1.4: Support the implementation and promotion of:

1. **strategy on non-proliferation of weapons of mass destruction in order to increase security in this area (WMD);**

2. **strategy on combating illicit accumulation and trafficking of Small Arms and Light Weapons (SALW) as well as measures against illicit spread and trafficking of other conventional weapons;**

3. **EU's policies in the field of conventional arms exports, in particular on the basis of Common Position CFSP/944/2008**

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

FPI provided funding for a further ten NPD actions through its 2019 CFSP budget, representing an unprecedented contribution of EUR 47.3 million. This brings the total of on-going NPD actions at the end of the year to 24, with a total financial commitment of over EUR 111 million. In this way, the EU continues its solid commitment to and support of both multilateral and regional approaches to advancing peace and prosperity. These priorities are integral to the realisation of the EU Global Strategy. By supporting regional and multilateral efforts to limit the spread of Weapons of Mass Destruction, Small Arms and Light Weapons and conventional arms, the CFSP budget continues to make a concrete and much needed contribution to

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[29] For more information on performance indicators, see Annex 12 and for a complete listing of expenditure-related outputs please refer to the Programme Statements published together with the Draft EU Budget.

international peace, security and stability.

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

The EU further reinforced its assistance to the **Organisation for the Prohibition of Chemical Weapons (OPCW)** to support a range of objectives, including an upgrade to the OPCW's laboratory capacities, through an unprecedented commitment of EUR 11.6 million.

The EU pledged EUR 1.3 million for activities to promote the **2020 Review Conference of the Parties to the treaty on the Non-Proliferation of Nuclear Weapons (NPT**), through the United Nations Office for Disarmament Affairs (UNODA). This action furthers the EU's active engagement in the current NPT review cycle in support of the President-Designate of the 2020 NPT Review Conference.

In addition, the EU launched an action to advance dialogue in the process of the **establishment of a zone free of nuclear weapons and all other weapons of mass destruction in the Middle East**, in line with the commitment by NPT states parties to promote a WMD-free zone in the 1995 Middle East resolution. The action, which aims to foster inclusive dialogue among parties, was entrusted to the United Nations Institute for Disarmament Research (UNIDIR). The EU contribution amounts to EUR 2.8 million.

Efforts to strengthen biological safety and security in Latin America and in Ukraine took the form of actions implemented by the **Organization of American States (OAS)** for Latin America and the **Organization for Security and Co-operation in Europe (OSCE)** for Ukraine. They aim to prevent the proliferation of biological weapons and their means of delivery in select countries in Latin America and in Ukraine. The EU contribution amounts to EUR 2.8 million for Latin America. In Ukraine, the EU contribution amounts to EUR 1.9 million and contributes to raising the awareness of life scientists, as well as improving the country's legislative and regulatory basis and its human and animal health systems.

The Commission also continued its assistance to the **Biological and Toxin Weapons Convention** and in particular the implementation of the decisions and recommendations of the Eighth Review Conference concerning universalisation of the BTWC. A number of actions in line with the EU Strategy against Proliferation of Weapons of Mass Destruction were sustained through a EUR 3 million contract.

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

The EU continued its support for the **South East Europe Clearinghouse**, implemented by the UN Office for Disarmament Affairs which contributes to strengthening regional cooperation. The Clearing house advances the development of a legislative and regulatory framework on SALW, firearms and explosives. It improves the capacities of police forces for physical security and stockpile management (PSSM)This ambitious set of actions was co-financed via an unprecedented contribution of EUR 11.8 million.

Assistance was provided to an **OSCE action** to strengthen the capacities of the State Border Guard Service of Ukraine, the Ministry of Internal Affairs of Ukraine and the State Fiscal Service/State Customs Service of Ukraine in combating illicit trafficking in weapons, ammunition and explosives in Ukraine. Funding amounted to EUR 5.2 million.

The EU affirmed its continued commitment to support the identification, tracing and management of illicit conventional arms and their ammunition through a fourth cycle of the "**iTrace action"**. This action, to be launched early 2020, will have an EU contribution of EUR 6.3 million and will be implemented through **Conflict Armament Research Ltd (CAR).** It will continue to provide invaluable data and other help to export licensing authorities as well as

tailored support to Member States and training and mentoring of national authorities

Promotion of effective worldwide controls on arms exports

Funding was provided for an action, implemented by Saferworld, to contribute to preventing and combating the spread of arms and ammunition in Africa through awareness raising, by promoting accountability and responsibility with regard to the legal arms trade. It will demonstrate to stakeholders in Africa, China and the EU how effective arms export control can contribute to mitigating the risk of diversion of arms into the illicit market. The budget for this action is EUR 1 million[30].

Election Observation Missions

Specific objective 1.5 : Support and consolidate democratic reforms in third countries, by enhancing participatory and representative democracy, strengthening the overall democratic cycle, and improving the reliability of electoral processes, in particular by means of election observation missions.

One of the EU Global Strategy's key objectives is for the EU to do more to uphold and promote its essential values of democracy, rule of law and protection of human rights.

Election observation is a key element of the EU's human rights policy and makes a constructive contribution to the election process in third countries, thus promoting democracy and consolidating stability, particularly where the EU is engaged in post-conflict stabilisation. The deployment of Election Observation Missions (EOMs) brings substantial added-value to the democratic process of partner countries as well as to the peaceful transition of countries emerging from civil strife or war.

The budget committed under that activity amounted to EUR 47.22 million.

In 2019, FPI deployed a total of **30 electoral missions** comprising around 800 international mission staff. **Eight fully-fledged Election Observation Missions (EOMs)** were deployed to observe the whole electoral process in **Nigeria, El Salvador, Senegal, Malawi, Kosovo, Mozambique, Tunisia and Sri Lanka**. Observation encompasses the campaign period, the legal framework, the political environment and the overall electoral process. On average, an EOM is present in the field for approximately three to four months, until the completion of the electoral process. The EOMs followed the objectives, principles and methodology of electoral observation developed over two decades of operational experience with a view to encouraging professionalism and transparency in electoral management, discouraging irregularities and abuse and inspiring public confidence in the electoral process. Therefore, the key programme achievements lie in the contribution to the **consolidation of democracies** in third countries by improving the reliability of electoral processes and in the implementation of a methodology which is considered as one of the most modern among those used by other international organisations. This methodology is based on a comprehensive and systematic observation of the electoral process including among others, the conduct of public and private media as well as issues linked to campaign financing. The High Representative/Vice-President, assisted by EEAS and FPI, establishes annual priorities for possible EU EOMs in consultation with Member

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[30] For more information on performance indicators, see Annex 12 and for a complete listing of expenditure-related outputs please refer to the Programme Statements published together with the Draft EU Budget.

States and the European Parliament. The priorities are reviewed after 6 months taking into account political changes during the year.

Seven Exploratory Missions were carried out in **Malawi**, **Mozambique, Kosovo, Tunisia, Sri Lanka, Peru** and **Guyana** to assess whether a comprehensive EOM would be useful, advisable and feasible. Some of these were already carried out with a view to 2020 missions.

In addition, a further 6 Electoral Expert Missions (EEMs) were deployed in **Guatemala, Bolivia, Maldives, South Africa, Afghanistan** and **Mauritania** to analyse the electoral process and whose conclusions provided significant inputs to EU political dialogue with the partner countries. An EEM usually consists of two to four experts who meet with a broad range of election stakeholders and analyse the electoral process. Contrary to an EOM, they do not have media visibility.

Finally, FPI deployed 7 Election Follow-up Missions (EFMs) in **Paraguay, El Salvador, Honduras, Myanmar, The Gambia, Ghana** and **Zambia**. EFMs are headed by the initial Chief Observer (MEP), usually accompanied by staff from EEAS and possibly DEVCO/NEAR, and include a limited number of electoral and legal experts who assess the implementation of recommendations made by previous EOMs. These recommendations - included in the EOM's final report - refer to possible improvements in the electoral process for example, providing additional technical assistance to the electoral commission and/or propose changes in the electoral legislation. EFMs aim to ensure a follow-up to the findings of the EOM to improve electoral processes. They are an increasingly important part of FPI work in the context of a results-oriented management.

Some of these missions were deployed in **volatile security and difficult logistical environments**:

- **EOM to Nigeria** was deployed from 5 January to 7 April 2019 to all 36 states and the Federal Capital Territory of Abuja to observe the Presidential and national level elections on 23 February, the governor and state-level elections on 9 March as well as the supplementary elections on 23 March. The schedule of the EOM was adjusted when the election commission decided 5 hours before the opening of polling stations to move the initially foreseen election date from 16 February to 23 February. According to the security assessment of the exploratory mission, a total of 6 security experts were deployed with the 40 Observers and 11 Core team members. Mitigating security measures included the use of armoured vehicles and back-up satellite communication.

- **EEM to Afghanistan** was deployed to observe the Presidential Elections in Afghanistan on 28 September 2019. The mission was reinforced by a security expert to assess routes and assist experts with their movements. The EU EEM was the only international election expert mission to cover the Afghan Presidential Elections process.

- **EOM to Sri Lanka** was deployed to observe the 16 November 2019 Presidential election. The EU EOM encountered a delay in its deployment due to the late signing of the Administrative Arrangement with the Ministry of Foreign Affairs. As a result, the deployment of the service provider was delayed by two weeks, of the core team members by one week, and of the long-term observers by two days, affecting the operational readiness of the mission. Despite these obstacles, the Mission was warmly welcomed and was able to observe in all districts of Sri Lanka.

- **EEM to Bolivia** was deployed to observe the general elections of 20 October 2019. There were widespread irregularities, confirmed by an Organization of American States

(OAS) audit released on 10 November, which recommended fresh elections with a new Election Commission. After the release of the audit report, President Morales resigned and stated that fresh elections needed to be held with a new Electoral Committee. Whereas the entire campaign had taken place in a peaceful environment, both El Movimento al Socialismo supporters and opposition supporters took to the streets, leading to violent clashes and attacks on politicians´ houses. These circumstances prompted a wave of resignations within the government and other institutions. The EEM presented its findings and final report to the elections stakeholders in a second visit in mid- December 2019.

- **EOM to El Salvador** was deployed to observe the Presidential elections of 3 February 2019. El Salvador has a very high level of homicides and criminality due to the presence of organized crime gangs ("maras"). A solid security approach was required including the implementation of a curfew for all mission members as well as a continuous and tight communication channel with the Security forces at different levels. The presence of a Liaison Officer on the ground was also key to reinforce the security of the mission.

- **The EOM to Senegal** observed the entire electoral process of the Presidential elections in all 14 administrative regions of the country. Specific risk mitigation measures were taken to ensure the security of the observers deployed in the southern Casamance region.

- **The EOM to Mozambique** was one of the biggest missions in terms of numbers of Observers deployed in 2019. In order to cover the entire territory, 32 Long-term Observers and 76 Short-term Observers were deployed before, during and following the Election Day. The selection of observers with a satisfactory knowledge in Portuguese was a challenge for this mission.

- **The EOM to Kosovo** was deployed at a very short notice following the resignation of the Prime Minister and the dissolution of the Assembly of Kosovo by the President on 22 August 2019. Early Legislative Elections were set for 6 October 2019. Given the very short timeframe for the preparation of a fully-fledged EOM, a Feasibility Mission was sent to Kosovo. The EOM Kosovo observed the electoral process in the entire country, including North Mitrovica and the Serbian-dominated northern municipalities.

In spite of these difficulties and unstable political environment in several priority countries, sound advance planning and good FPI cooperation on security with the service providers and the security services of the European Commission and the EEAS, ensured that all obstacles encountered were addressed efficiently and in a timely manner.

Overall, EU election observation continues to play a crucial role in the wider EU support for democracy, the rule of law and the protection of human rights[31].

Partnership Instrument (PI)

The Partnership Instrument has effectively influenced policy/political processes in partner countries in line with EU interests and has contributed to developing mutually beneficial

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[31] For more information on performance indicators, see Annex 12 and for a complete listing of expenditure-related outputs please refer to the Programme Statements published together with the Draft EU Budget.

relationships with partner countries. It is a directly relevant tool to support the EU's bilateral, regional and multilateral agenda as set out in the EU Global Strategy and in line with several EU international commitments (notably Agenda 2030). The programming of the Instrument focused on EU strategic objectives and interests, and its implementation is flexible to make it responsive to challenges, and to newly emerged or evolved policy priorities and opportunities.

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

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

PI staff has a substantial workload, dealing simultaneously with programming and procurement for new actions and with the implementation, evaluation and closure of existing actions launched since 2014. Despite the high workload, staff managed to deliver on ambitious objectives. The workload is expected to further increase in 2020 with delivery on an increased budget allocation.

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

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

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

- Multilateralism (building alliances), contributing to a global order based on international law;

- EU principles and values (democracy, rule of law, human rights and fundamental freedoms, respect for human dignity, the principles of equality, including gender equality, and solidarity);
- Resilience
- Innovation

2019 has been a productive year. Contracting for the Annual Action Plans (AAP) 2014, 2015, 2016, 2017 and 2018 was completed, and formulation of the AAP 2019 finalised. Besides the large stand-alone actions, the PI also offers support for short-term actions through the Policy Support Facility (PSF) and TAIEX. In total, EUR 148.2 million were approved for financing under the AAP 2019 of the Partnership Instrument.

Partnership Instrument: allocation of AAP 2019 standalone actions by objectives (%)

- Objective 1: Global challenges (includes PSF) — 55%
- Objective 2: Europe 2020 — 3%
- Objective 3.1: Regulatory cooperation, standards, market access — 24%
- Objective 3.2: Trade agreements — 5%
- Objective 4: Public diplomacy — 13%

Partnership Instrument: allocation of AAP 2019 standalone actions by region (%)

- AsiaPac — 24%
- Americas — 34%
- Russia, Central Asia, Arctic — (no label shown)
- Gulf countries — 5%
- Africa — 3%
- Global/not defined (includes PSF) — 34%

FPI Specific objective 1.6: EU and partner countries have developed joint approaches and responses to challenges of global concern

Actions under the Partnership Programme enhance the ability of the EU to project its interests abroad and engage internationally on issues of global concern, fostering partnerships with strategic partners and beyond, underpinning peer-to-peer relationships, influencing partners' policy making and contributing to building global alliances and a level playing field. Activities underpin the growing recognition of the EU's key role on climate change, environment and energy or digital issues while also advancing cooperation on responsible business conduct and security.

Under this objective, 17 new stand-alone actions were adopted in 2019, for a total of EUR 82.1 million. The following are examples of on-going actions where the PI reinforced cooperation or partnerships with partner countries:

The action "**EU-Gulf Co-operation Council (GCC) Clean Energy Network-II**" helped catalyze partnerships between clean energy stakeholders in the EU and countries of the Gulf Cooperation Council . By facilitating dialogue and collaboration on clean energy technology and policy, the network has contributed to promoting the implementation of the Paris Agreement on climate change (COP 21) as well as to furthering EU industry market access in the field of clean energy technology.

The action "**EU-China Platform for Dialogue on Emissions Trading**" enhances cooperation with China on climate change by sharing the EU's experience on carbon markets and emissions trading with China, contributing to building up a nation-wide emission trading system based on EU standards to reduce China's emissions. The same type of action has been carried out in South Korea.

The action "**Strengthening international protection, reception and integration of refugees in Argentina**" provides direct support to Argentinian families/organisations/citizens receiving Syrian refugees as well as to the professionals that provide direct support to the refugees themselves. The action is helping to create a comprehensive refugee reception system, whose features are key to deal also with the challenges of the Venezuela crisis. Many of the tools that already exist in Argentina as a result of this action, e.g. the Centres for Migrants and Refugees, have been showcased at regional level within the so-called Quito Process[32], thereby further disseminating EU practices and standards. The action has helped standardise processes that can be applied to all refugees/people in need of international protection.

The action "**China Migration and Mobility Support Project**" contributes to the prevention and reduction of irregular migration flows, including trafficking in human beings and smuggling of migrants stemming from China. It aims to deliver results in four key areas: 1) Improved knowledge and cooperation on immigration and border management; 2) Improved knowledge and cooperation on the return and readmission of irregular migrants originating from China; 3) Improved knowledge and cooperation on prevention and reduction of irregular migration flows stemming from China; 4) Improved engagement by Chinese stakeholders on maximising the development impact of migration and mobility through regional and international migration

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[32] In September 2018, the governments of Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Panama, Paraguay, Peru, and Uruguay met in Quito, Ecuador to exchange information and best practices regarding the crisis of Venezuelan refugees and migrants in the region.
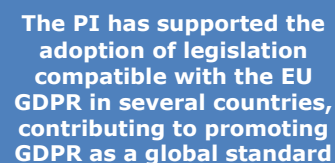
mechanisms to address migration as global phenomenon.

The **Low carbon business action in Brazil and Mexico** has been promoting decoupling economic growth and CO2 emissions in order to address global climate change as well as to improve market opportunities for leading EU businesses in the green-technology sector. It contributes to the uptake of EU low emission technology. Under AAP 2019, a new action has been financed extending the scope of the action beyond Brazil and Mexico to Argentina, Canada, Colombia and Chile.

FPI Specific objective 1.7: Partner countries take up measures and actions towards the implementation of the international dimension of the EU 2020 strategy

Part of the growth that Europe needs to generate over the next decade will necessarily come from emerging economies, as European businesses can take advantage of opportunities and high growth rates in these markets. However, many of such markets are often characterised by low social and environmental standards, which put European companies at disadvantage. One of the critical objectives is to build partnerships with key players to discuss issues of common concern, and promote **regulatory equivalence, mutual recognition and convergence**, as well as the adoption of **global rules and standards** in line with EU standards in order to ensure a **level playing field** for European enterprises. Also, social cohesion and the reduction of inequalities lead to a better state and societal resilience, which is also a clear EU interest vis-à-vis its partners. Therefore the EU has an interest to engage in dialogues in several policy areas promoting at the same time its own and universal values. In 2019, PI enabled and concretely supported policy dialogue and cooperation with a wide range of partners for the realisation of the external dimension of the Europe 2020 strategy as well as for the strengthening of the EU's political relationship with partners more broadly.

Under this objective, two stand-alone actions were adopted in 2019 for a total of EUR 5 million, with a special emphasis on the themes of future of work and artificial intelligence. Examples of actions of EU input to partner country approaches beneficial to the achievement of the Europe 2020 strategy objectives are provided below:

> **The PI has supported the adoption of legislation compatible with the EU GDPR in several countries, contributing to promoting GDPR as a global standard**

The action "**Enhanced Data Protection for Data Flows**", has allowed the Commission to have a direct impact in the preparatory phase of the decision-making process leading to the development of legislation on data protection in countries such as India, Indonesia, Thailand, Brazil and Chile and, at regional level, with the Ibero-American Network for Data Protection.

The action "**ICT Standardisation-InDiCo**" aims to support exchanges at policy and technical levels to enable convergence of ICT standards with EU standards, through collaboration, adoption or recognition, whilst promoting the values of the European standardisation system when relevant. The geographic scope covers Brazil, China, India, Japan, Korea and US. In addition to the geographical scope, InDiCo has a technical scope focused inter alia on 5G, Cybersecurity, Cloud and Big Data.

The action "**EU Cyber Direct**" aims to contribute to building global consensus on how to apply existing international law in cyberspace and to develop norms for responsible state behaviour. The action was initially focused on the countries with an official Cyber dialogue with the EU (Brazil, China, India, Japan, Korea and US). In 2019, its scope was extended to include other

countries and regional organisations from the Asia Pacific region, Latin America and Africa. The action also supports a number of flagship initiatives launched in 2019, including the European Cyber Diplomacy Dialogue, involving senior official and academia from EU Member States, and the EU Cyber Forum, organised to showcase the EU's cyber policies, share best practices, and present the EU's vision for the future of cyberspace.

The action "**Win-Win: Gender Equality Means Good Business**" is implemented in partnership with UN Women and ILO. It engages with private sector companies, women business networks, women entrepreneurs to foster women's economic empowerment and exchange good practices with a view to reducing inequalities and strengthen economic and societal resilience. The action promotes the adoption at global level of the Women Empowerment Principles (WEPs) and focuses on specific government practices such as gender-sensitive public procurement or capacity building for women entrepreneurship.

FPI Specific objective 1.8: Understanding and visibility of the Union and its role on the world scene is enhanced and widened

Building trust and mutual understanding with key audiences and potential partners is crucial to facilitate future cooperation across policy areas and support the achievement of EU policy objectives. This is even more important in today's complex and contested world as noted in the EU Global Strategy. In order to build common ground and project its values and interests, the EU needs to pay an increasing attention to **public diplomacy** and contribute to creating, fostering and mobilising networks that share EU policy priorities. The approach to Public Diplomacy under the Partnership Instrument focusses on long-term engagement of key target audiences worldwide based on local partnership and tailoring engagement initiatives to perceptions and specificities.

In 2019, public diplomacy actions allowed the EU to engage with a broad range of stakeholders in key partner countries in order to build trust and mutual understanding. Activities targeted policymakers, students, academia, civil society and cultural operators. Strengthening knowledge about the EU abroad and boosting the EU's image as an influential global player through public diplomacy activities increases its capacity to influence policy making and standard setting in partner countries based on EU models.

> The Partnership Instrument is the only EU instrument specifically targeting public diplomacy

In 2019, several actions dedicated to **Public Diplomacy** efforts were implemented in China, US, Japan, Latin America, Russia, India, and Indonesia contributing to building mutual trust and understanding between the EU and the partner country, by enhancing the ability of the EU Delegations to engage with target audiences on EU and shared policy priorities, thus increasing the EU influence abroad. Examples of activities are set out below.

As part of EU Public Diplomacy actions, the EU Delegation to the United States staged a gallery exhibition with a curated set of poster-sized photographs, satellite imagery and time lapse videos showing the impact of climate change on national parks. The event focused on raising awareness and promoting climate action in the face of the destruction the warming climate is having on national parks from glaciers in North America and Northern Europe to coral reefs in European and U.S. territories in the Caribbean. In China, the EU China International Literary Festival, an annual cultural flagship event held in major Chinese cities all over the country, helps celebrate the diversity of European and Chinese culture in a mutually beneficial way, conveying positive messages about European values. Other examples to enhance knowledge

and understanding of the EU and fostering stronger ties included Journalist Training in Argentina and in Russia, EU Council Simulation in Brazil, Roadshow and Diplomatic Training in Chile, symposia on EU and Japanese geographical indications systems, Climate Diplomacy Week and Erasmus alumni networking activities in Mexico, European Higher Education Virtual Fair in India, European Jazz festival in Indonesia. Under the 'civil society engagement' actions, grants were awarded to CSO organisations in India with a view to establishing or enhancing dialogues between civil society actors and local, national, regional or international institutions on policy areas of common interest to the EU and its partner countries.

Under the action "**Cultural Diplomacy Platform**", the Partnership Instrument promoted increased mutual understanding through intercultural dialogue and facilitated future cooperation among EU cultural operators and the EU strategic partner countries through a diverse range of activities. These include the organisation of the fourth alumni edition of the Global Cultural Leadership Training, consolidating their role as Ambassadors for the EU in their respective countries; disseminating European values by means of the EU literature prize winners' participation in European Literature Festivals in Mexico and in India; fostering exchange of ideas and practices between EU and Asian architects through the launch of the 2019 Young Talent Architecture Award in China, India, Japan and South Korea, as well as the organisation of the Western Balkans Cultural stakeholders' meeting in Sarajevo, promoting the role of culture as a vector of peace and stability in the EU neighbourhood.

Under the action "**Support to the EU Film Festivals**", film festivals organised by EU Delegations around the world can now benefit from access to a dedicated repository of European movies with pre-negotiated screening rights worldwide. Thanks to the technical and professional support provided under this contract, European film festivals in some third countries became real moments of dialogue with local stakeholders, civil society and citizens at large, while contributing to enhancing the visibility and understanding of the EU and its policies abroad.

Under the "**EU Alumni Engagement Initiative**", a boost was given to networks of alumni of EU initiatives and programmes in Canada and in China, with a view to establishing long term engagement with these alumni as EU ambassadors in their respective countries.

FPI Specific objective 1.9: Improved fulfilment of EU's economic interests (trade, investment and business)

In 2019, the PI strengthened engagement between the EU and economic and business stakeholders with a view to opening up market access and ensuring a level playing field for EU companies.

Under this objective, six actions were adopted for a total of EUR 42.5 million, inter alia to support to the implementation of EU trade agreements in Central America, improve EU access to raw materials in the Americas and support to SMEs doing business with Iran. Besides the stand-alone actions, several short-term actions were carried out through the PSF and TAIEX. The following examples illustrate how PI investment has influenced processes related to market access and business opportunities:

The **EU Gateway and Business Avenues** programme aims to help European companies establish long-lasting business collaborations through matchmaking and business support services. Since 2016, 46 business missions to China, Japan, Korea and South East Asia were conducted and 10 more will take place in 2020, in the healthcare, green energy, environment

and water, construction and building sectors amongst others. Participating European companies sign business deals and start partnership discussions, thus opening market opportunities.

In an effort to support the implementation of the Joint Comprehensive Plan of Action with Iran, the PI has acted to **support EU SMEs willing to engage in legitimate business with Iran**.
An online sanctions tool has been developed. A "Due Diligence Helpdesk for EU SMEs dealing with Iran" stand-alone project has been included in the AAP 2020 to conduct due diligence checks for compliance with EU sanctions concerning Iran. Finally, the PI has provided financial support to the Instrument in support of Trade Exchange (INSTEX)[33].

> **The Partnership Instrument has been one of the first EU instruments to get policy dialogues going in Iran and to pave the way for EU business**

The **Public Procurement Initiative** has developed a novel methodology to collect and assess government procurement data in third countries. This methodology has produced data from Australia, Brazil, China, India, Indonesia, New Zealand and Thailand. This data feeds into the strategy for trade negotiation to ensure that focus is on sectors with high potential for European industry in the respective trade agreements.

The action for **Competition Cooperation in Asia** has initiated all dialogues between DG Competition and relevant competition authorities in China, Japan, Korea, India and South East Asia to promote convergence of laws and enforcement principles in line with best international and EU practices during 2019. The successful Competition Summer School for Asian competition practitioners held its second edition with representatives from across the above jurisdictions.

The PSF-funded action **EU-Latin America Mineral Network Development Platform** has been developed for enhancing cooperation between the EU and Latin America on raw materials. The participation to the 3 day Mining Exploration Convention and Trade Show (METS) allowed for face-to-face contacts at high levels for an increased dialogue on raw materials in between the EU and Latin America. Communication and dissemination activities allowed to position the EU as a key partner on raw materials in the Latin American region.

The **IP Key** actions aim to improve the situation of Intellectual Property (IP) protection and enforcement and to contribute to a level playing field in this regard for European companies operating in China, South East Asia and Latin America. Intellectual property enforcement is a special focus to support interest of EU business in South East Asia. The establishment of the first specialised IP courts in China and the novel application of substantial penalties are major milestones that can be attributed to the IP key action. Activity in Latin America addresses 16 countries that are at different levels of intellectual property development; most Latin American countries are not party to any international treaties on intellectual property.

For more information on performance indicators, see Annex 12[34].

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[33] INSTEX is a European special-purpose vehicle (SPV) that was established in January 2019. Its mission is to provide economic operators with the necessary framework to pursue legitimate trade with Iran.

[34] For a complete listing of expenditure-related outputs please refer to the Programme Statements published together with the Draft EU Budget.

Information outreach on the Union's external relations

In line with the provisions of the FPI/EEAS service level agreement of December 2013, EEAS continued to provide services directly to FPI and other Commission services for implementing certain activities of the annual Information Outreach budget for the benefit of the EU, both in its some 140 Delegations worldwide and at Headquarters. The communication activities of the EU Delegations focused mainly on building and maintaining contacts with the media, responding to public enquiries, organising events often of a cultural nature, publishing newsletters, producing information and communication materials and promoting cultural diplomacy activities.

In line with the priority given to Strategic Communication under the EU Global Strategy, particular focus was given to combatting disinformation activities in the European Neighbourhood and the Western Balkans and to enhancing EU capability to detect, analyse and expose disinformation instigated by third countries. An additional amount of EUR 1.5 million was allocated to fight disinformation by the European Parliament under a second phase of the Preparatory Action 'EU StratCom Plus', implemented under this budget line. Tailor-made activities to combat disinformation combined a qualitative (media monitoring) approach with a quantitative (big data analysis) approach in order to detect emerging trends in disinformation against the EU. For example, the **EU vs Disinformation campaign** website helps to better forecast, address and respond to pro-Kremlin disinformation thereby allowing for a more professional monitoring and analysis of the information space in the Eastern Partnership countries and of Russian media[35].

Finally, an important part of this budget was allocated to the financing of the digital Euronews service in the Farsi language, which is implemented through a framework partnership agreement managed by the Directorate-General for Communications Networks, Content and Technology. During the third quarter of 2019, Euronews registered 10 million visits to its digital Farsi services (see also Section 2.2.5 below).

The information and communication activities implemented directly by the FPI consisted of the regular updating and maintenance of the FPI website and the management of the EU Visitors' Programme which supported the visit of 185 participants - mostly young political leaders and opinion formers- from 80 different non-EU countries

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[35] https://euvsdisinfo.eu/about

2. ORGANISATIONAL MANAGEMENT AND INTERNAL CONTROL

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

The first subsection reports the control results and all other relevant information that support management's assurance on the achievement of the financial management and internal control objectives[36]. It includes any additional information necessary to establish that the available evidence is reliable, complete and comprehensive. It covers all activities, programmes and management modes relevant to the Service.

The second subsection deals with the other components of organisational management: human resources, better regulation principles, information management and external communication.

2.1. Financial management and internal control

Assurance is an objective examination of evidence for the purpose of providing an assessment of the effectiveness of risk management, control and governance processes.

This examination is carried out by management, who monitor the functioning of the internal control systems on a continuous basis, and by internal and external auditors. Its results are explicitly documented and reported to the Head of Service. The reports produced are:

General sources of assurance

- regular reporting on **budget forecasts** (commitments and payments) in line with internal (in particular DG Budget) and external requirements (under the CFSP, as laid down in the Inter-Institutional Agreement or IIA);

- controls arising from *ex-ante* **verification** by the central financial unit (FPI.1) for all HQ operations; controls arising in EU Delegations / Regional Teams through financial circuits;

- **"pillar" assessments** - indirect management: FPI bases its assurance on DEVCO compliance reports on international organisations and some agencies, performing its own pillar assessment in the CFSP area (contracted externally in accordance with defined terms of reference);

- on-the-spot **monitoring missions** by FPI programme managers (IcSP/IfS, PI/ICI, CFSP) focusing on managerial aspects of implementation by the beneficiary/partner, progress towards achieving their objectives, and (CFSP) budget planning;

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[36] 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

- reports of **supervision missions** carried out on delegations implementing FPI funds, in order to assess the effectiveness of the internal control systems in delegations;

- **expenditure verification reports** submitted by beneficiaries in support of payment claims (especially **final payment**) and conducted by FPI-approved external auditors following DEVCO practice (e.g. IcSP/IfS, EOMs);

- CFSP missions/EUSRs require external financial **audit reports** at final payment using a dedicated framework contract concluded by FPI;

- reports of **ex-post controls** by external auditors:

  o **in direct management:** contracted using DEVCO models for terms of reference for Stability Instrument (IcSP/IfS), EOMs and for PI/ICI;

  o **in indirect management:** contracted using terms of reference drafted specifically for FPI's needs in the case of CFSP and risk based verification missions (mainly in IcSP/IfS area for UN agencies);

- **annual reports of sub-delegated authorising officers** (at HQ) and by heads of EU Delegations / Heads of the Regional Teams[37] managing FPI funds (IcSP/IfS, PI/ICI, CFSP budget, EOMs) which include a declaration of assurance;

- contributions of the Internal Control Coordinator, including results of **internal control monitoring** at FPI level; actions resulting from the **risk management** process;

- the reports on recorded exceptions, non-compliance events and any cases of 'confirmation of instructions' (Art 92.3 FR);

- annual declarations by services having **cross sub-delegations** or service level agreements. DG DEVCO's declaration in this regard confirmed that reasonable assurance can be given concerning the legality and regularity of the financial operations including sound financial management of funds.

- **observations and recommendations by auditors:** the European Court of Auditors (ECA), the Commission Internal Audit Service (IAS), and the Commission's Accounting Officer (DG Budget) on the accounts and local systems;

- **annual assessment of effectiveness of internal control (iCAT)** on the representative sample of staff in Headquarters and Delegations;

- **limited conclusion of the Internal Auditor on the state of internal control in FPI**.

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

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[37] Please refer to section 2.1.4 and Annex 7 for further details.

Sector- or instrument-specific sources of assurance

Instrument contributing to Stability and Peace: For the IcSP, the substantial part of individual contracting (legal commitments) and resulting payments are managed by Delegations. Devolved Delegations report regularly to HQ on **project implementation**. This includes financial information on the use of appropriations and is the basis for a regular review of budget implementation. The supervision and internal control effectiveness in case of operations sub-delegated to Delegations are ensured through the **supervision missions** (described below) of FPI HQ staff.

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

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

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

Partnership Instrument: For the Partnership Instrument, the substantial part of individual contracting (legal commitments) and resulting payments are managed by Delegations. Devolved Delegations report regularly to HQ on **project** (action) **implementation**. This includes financial information on the use of appropriations and is the basis for a regular review of budget implementation The supervision and internal control effectiveness in case of operations sub-delegated to Delegations are ensured through the **supervision missions** (described below) of FPI HQ staff.

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

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

2.1.1.   Control results

This section is for reporting and assessing the elements identified by management which support the assurance on the achievement of the internal control objectives[38].

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[38] 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

The DG's assurance building and materiality criteria are outlined in AAR Annex 4. Annex 5 outlines the main risks together with the control processes to mitigate them and the indicators used to measure the performance of the relevant control systems.

The split between management modes is 38 % direct management (either at Headquarters or in Delegation) and 62 % indirect management (mainly CFSP and IcSP).

Payments per instrument in 2019:

Instrument	Payments made 2019		Payments made 2018	
	EUR millions	%		
Common Foreign and Security Policy (CFSP)	338.83	46.42%	315.43	50.46%
Instrument contributing to Stability and Peace (IcSP)	239.66	32.83%	261.28	32.42%
Partnership Instrument	106.36	14.57%	93	9.64%
Election Observation Missions (EOMs)	22.37	3.06%	44.47	4.84%
Press & Info	16.64	2.28%	13.06	1.55%
Administration	1.75	0.24%	4.23	0.69%
Cross sub-delegations[39]	4.32	0.59%	2.44	0.40%
Total	729.93	100%	733.91	100%

Payments by type of expenditure in 2019:

		Payments made 2019	
		EUR million	%
Direct:			
	Grants	168.16	23%
	Procurement	109.52	15%
Indirect:			
	International Organisations	187.14	26%
	Entrusted Entities (CFSP)	265.12	36%
TOTAL		**729.93**	100%

Instrument contributing to Stability and Peace

Whereas under the Instrument contributing to Stability and Peace (IcSP/IfS) the financing decision and budgetary commitment are made by Headquarters, the subsequent individual contracting (legal commitment) is predominantly managed by the Delegations. FPI's approach

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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.*

[39] The Cross sub-delegations referred to concern a sub-delegation to DG DEVCO under the IcSP.

consists of Regional Teams where staff is concentrated in a number of regional hubs to provide economies of scale in the management of IcSP actions thereby reducing reliance on staff of other external relations DGs. The financial circuits are adapted for this purpose with Head of Finance in the Regional Team acting as the AOSD on payments. Contracts are processed and managed by the Regional Teams concerned.

In 2019, about EUR 42.7 million or about 17.34 % of IcSP actions (payments) was implemented by FPI HQ with EUR 201.3 million (about 82.66 %) implemented by devolved Delegations. The detailed structure of the 2019 IcSP payments is presented in the tables below:

IcSP

		Payments by FPI HQ		Payments by Delegations		Total Payments	
		EUR million	%	EUR million	%	EUR million	%
Direct:							
	Grants	18.08	7.54%	95.41	39.81%	**113.49**	**47.35%**
	Procurement	2.77	1.16%	6.09	2.54%	**8.86**	**3.70%**
Indirect:							
	Delegation Agreement	17.80	7.43%	99.50	41.52%	**117.30**	**48.95%**
TOTAL		**38.65**	**16.13%**	**200.99**	**83.87%**	**239.66**	**100%**

The large proportion of implementation by international organisations (IOs) stems from the fact that FPI operations under IcSP are mostly crisis response actions concentrated in regions with limited number of operating partners, where the UN acts often as a single-entry point. In addition, Art. 4 of the IcSP Regulation[40] requires close coordination with the UN. In 2019, 49.5% of payments (EUR 121.15 million) under IcSP were made under the indirect management mode to international organisations.

Common Foreign Security Policy

From the total budget paid, 86.4% was managed under indirect management by CFSP missions (72.0% of the total budget paid), EUSRs (6.2%) and international organisations (8.2%); and the remainder under direct management (13.6%) covering mainly the grant agreement with the registrar of the Kosovo Specialist Chambers. For indirect management in the field of the non-proliferation, FPI deals primarily with international organisations from the UN family.

CFSP

		Payments by FPI HQ		Payments by Delegations		Total Payments	
		EUR million	%	EUR million	%	EUR million	%
Direct:							
	Grants	45.97	13.57%	0	0%	**45.97**	**13.57%**
	Procurement	0.14	0.05%	0	0%	**0.14**	**0.05%**
Indirect:							
	Delegation Agreement	297.72	86.39%	0	0%	**297.72**	**86.39%**
TOTAL		**338.83**	**100%**	**200.99**	**83.87%**	**338.83**	**100%**

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[40] No 230/2014 of 11 March 2014

Election Observation Missions

The EOM programme is implemented under direct management (100%). Within the EOM programme, FPI was responsible for the implementation of EUR 47.22 million commitment appropriations and EUR 22.37 million of payment appropriations. Due to the nature of the EOMs, the operations are implemented through a framework contract, allowing for a rapid deployment of the missions.

EOM

		Payments by FPI HQ		Payments by Delegations		Total Payments	
		EUR million	%	EUR million	%	EUR million	%
Direct:							
	Grants	0	0%	0	0%	**0**	**0%**
	Procurement	22.37	100%	0	0%	**22.37**	**100%**
Indirect:							
	Delegation Agreement	0	0%	0	0%	**0**	**0%**
TOTAL		**22.37**	**100%**	**0**	**0%**	**22.37**	**100%**

Partnership Instrument

The majority of actions are contracted through procurement of services.

In 2019, about EUR 31.1 million (29%) of the PI actions was paid by FPI HQ with EUR 75.3 million (71%) paid by devolved Delegations. The detailed structure of the 2018 PI payments is presented in the tables below:

PI

		Payments by FPI HQ		Payments by Delegations		Total Payments	
		EUR million	%	EUR million	%	EUR million	%
Direct:							
	Grants	6.28	5.91%	16.60	15.60%	**22.88**	**21.51%**
	Procurement	20.63	19.40%	39.0	36.67%	**59.63**	**56.07%**
Indirect:							
	Delegation Agreement	4.16	3.92%	19.68	18.50%	**23.85**	**22.42%**
TOTAL		**31.07**	**29.23%**	**75.28**	**70.77%**	**106.36**	**100%**

Information Outreach

The Information Outreach budget line is implemented under direct management (100%). The EEAS/Delegations and DG CONNECT implement part of the budget. An amount of EUR 19.5 million was allocated to this budget line, including EUR 1.5 million under the second phase of the Preparatory Action EUStratCom Plus. Of this amount, EUR 16.34 million was paid to EEAS,

EUR 0.31 million paid for information outreach contracts of FPI and the EU Visitors' programme, and EUR 2.85 million paid for Euronews in Farsi (managed by DG CONNECT).

Cross sub-delegations

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

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

Cross sub-delegations		
Description	Fund Management Centre	Paid amount (M EUR)
Instrument Contributing to Stability and Peace	FPI/DEVCO	4.32
TOTAL		4.32

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

Risk-type / Activities	Internal Control Objectives					Other assurance components				Reservation?
	Grants	Procurement	Indirect management	Other	TOTAL	Legality & Regularity	Cost-effectiveness & efficiency	Fraud prevention& detection	Independent info from auditors (IAS, ECA) on assurance or on new / overdue critical recommendations	
Instrument contributing to Stability and Peace (IcSP)	109.63	8.86	121.15		**239.66**	RER = 1.65%	☺	☺	No	No
Common Foreign and Security Policy (CFSP)	45.97	0.14	292.72		**338.83**	RER = 1.10%	☺	☺	No	No
Partnership Instrument (PI/ICI)	22.88	59.63	23.85		**106.36**	RER = 2.58%[41]	☺	☺	No	No
Election Observation Missions		22.37			**22.37**	RER = 0.17%	☺	☺	No	No
Cross sub-del		4.32			**4.32**	Estimated RER < 2%	☺	☺	No	No

[41] The reservation concerning ICI has been lifted from the 2019 AAR in accordance with the 'de minimis' threshold rule as:

1. The ICI-related payments during 2019 (EUR 0.48 million) represent less than 5 % of total FPI payments during 2019 (Euro 730 million);
2. and their financial impact EUR 3.9 million is below the EUR 5 million threshold.

Information Outreach		16.64			**16.64**	Estimated RER < 2%	☺	☺	No	No
Administrative exp.		1.75			**1.75**	Estimated RER < 2%	Not available	☺	No	No
TOTAL	**178.49**	**113.72**	**437.72**		**729.93**					
Links to AAR Annex 3	*See Table 2 – payments made for Overall total*				**729.93**					

Table I – The summary of the main sources of assurance

Control Strategy

a) financial circuits model and ex-ante controls

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

The finance and contracts section also plays an essential role in non-financial transactions. For example, the Annual Action Programmes as well as all financing decisions are subject to the ex-ante verification of FPI.1. This ex-ante review contributes to identification of potential issues at an early stage of implementation both in HQ and in Delegations and improves the ultimate quality of the documents.

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

FPI.1 takes an active role in all tendering procedures managed by the Service chairing evaluation committees for procurement procedures and calls for proposals for grants. This role provides valuable value-added aiming at increasing the quality of the tender dossiers managed by FPI and securing the legality and regularity of the tender procedures.

b) ex-post controls

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

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

The consequences in terms of ex-post controls, controls assessing compliance with the

requirements for indirect management (Article 154 FR) and other mitigating measures in the case of non-compliance are described below.

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

In addition to the direct benefit of identifying expenditure to be recovered, ex-post controls also assist FPI in the possible identification of system improvements to prevent the declaration of expenditure that is later identified as ineligible. Thus, ex-post controls contribute to ensuring the continued functioning and improvement of controls at the level of the missions and, hence, to the reduction of potentially ineligible expenditure in the future.

c) assessment of the effectiveness of management and control systems

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

Pillar assessments of CFSP missions

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

For new missions in particular, compliance is not possible due to a particular feature of the CFSP operating environment, namely that CFSP missions are on each occasion created on an *ad-hoc* basis. In order for them to be operational from day one, the Commission has to entrust them with funds necessary for their functioning, including procurement of equipment, without being able to have a prior assessment of compliance. While this situation is relevant in every case where a new body or agency is created under the EU budget, the difference is that CFSP missions operate outside the EU and often in volatile security environments. Longer-established missions have now had a chance, with FPI assistance, to become compliant. During 2019, the missions EUAM Iraq and EUCAP Somalia were declared fully complaint. As a result of that effort, nine out of ten missions are now declared compliant with Article 154 FR, representing the most substantial part of the CFSP operations: EULEX Kosovo, EUMM Georgia, EUPOL COPPS in the occupied Palestinian Territories, EUAM Ukraine, EUBAM Rafah, EUCAP Sahel Niger, EUCAP Sahel Mali, EUAM Iraq and EUCAP Somalia (in December 2019). The number of accredited CFSP Missions has increased from eight to nine during 2019.

The situation of the non-compliant longer-established Mission in Libya, is as follows:

- For EUBAM Libya, a Road Map has been established with nineteen recommendations, ten of which are marked with critical status affecting mainly the internal control and procurement system of the Mission. Important work on the follow-up of the recommendation and remedial actions was performed in 2019. A reassessment of all pillars are planned for 2020, and FPI expects that the

Mission could be declared compliant during 2020.

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

- **financial reporting** (delegated management reports) by the missions as fixed in the agreements concluded between the Commission and each CFSP mission.

- obligatory **external audits** before all final payments, also specified in the agreements;

- **monitoring** missions by FPI project managers; missions where financial management is identified as "at risk" may be subject to more intensive monitoring and support and FPI is putting in place arrangements to allow external procurement experts to be made available on an ad hoc basis to assist and advise missions;

- **monitoring/assessment of Art. 154 compliance missions** by FPI staff: all pillar-assessed missions are subject to monitoring. Such missions take place 6 months after a mission started in full indirect management mode. Subsequently - approximately every two years - compliant missions will be assessed again by an external auditor under dedicated Terms of Reference;

- obligations regarding the main elements (procurement, segregation of duties, accounts and external audits) are specified in the agreements concluded between the Commission and each CFSP mission. Progressive implementation of the Article 154 (formerly Article 60) criteria by the missions, are subject to verification by the Commission.

Additional specific mitigating measures for not fully compliant missions:

- all procurement of more than EUR 20 000 is subject to **mandatory prior approval by the FPI HQ;**

- **clearing of pre-financing for non-pillar assessed missions** is done only based on audited final report.

Supervision Missions

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

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

Since 2015, 20 Supervision missions have taken place. All the Delegations hosting a FPI Regional Team and the majority of the antennae managing the Partnership Instrument have now been supervised during the last three years.

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

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

FPI performed 4 supervision missions in 2019 in line with the 2019 annual plan: China, Senegal, Brazil and USA. Two of these delegations (Brazil and Senegal) are part of the continued effort assessing all Delegations hosting a FPI Regional Team. One of the supervision missions (USA) is also considered as follow-up to the Supervision Mission of 2016 and the 2018 IAS audit of the Partnership Instrument (PI).

The assessment of the four Delegations visited concluded that their management and control systems in place are "Fully Effective" when it comes to running FPI operations.

Examples of findings can be found in Annex 10 to this report.

Number of specific findings per delegation				
Delegation	Number of findings Priority 1	Number of findings Priority 2	Number of findings Priority 3	**Total number of findings**
China	0	4	2	**6**
Senegal	1	6	4	**11**
Brazil	0	6	3	**9**
USA	0	3	2	**5**
Total number of findings	**1**	**19**	**11**	**31**

Follow-up of recommendations:

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

The result of this exercise is expected to be ready during the first half of 2020.

c) assessment of the effectiveness of management and control systems

1. Effectiveness of controls - control results and benefits

Legality and regularity of the transactions

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

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

Control effectiveness: ex-post controls

	Instrument contributing to Stability and Peace (IcSP)	Common Foreign and Security Policy (CFSP)	Partnership Instrument (PI / ICI)	Election Observation Missions (EOMs)	TOTAL
(A) Ineligible expenditure detected by ex-post controls	304,449	29,233	7,077	80	340,840
(B) Total cost of audit	148,213	57,100	76,243	28,598	310,154
(C) Average cost of audit (total audit cost/number of audit assignments)	16,468	14,275	8,471	14,299	12,923[42]
(D) Efficiency ratio ((A)/(B))	2.05	0.51	0.09	0.00	1.10

FPI has quantified the cost of the resources required for carrying out the controls described in the AAR and estimates, insofar as possible, their benefits in terms of the amount of errors detected by these controls. Overall, during the reporting year the **controls carried out by FPI** in the framework of its annual ex-post control plan have a cost-effectiveness rate of 1.10 ([43]).

In addition, there are a number of non-quantifiable benefits resulting from the controls such as deterrent effects, efficiency gains, and better value for money, system improvements and compliance with regulatory provisions. FPI considers therefore these controls necessary. In case the controls were not performed the totality of the FPI appropriations would be at risk. These non-quantifiable benefits are not directly reflected in our conclusion on cost-effectiveness (ratio benefits/costs).

Multiannual error rate (MER): FPI took 2014, the first year of the multiannual financial framework until 2020 and of the new instruments, as its base year for reporting this new

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[42] There were in total 24 audits in 2019.

[43] EUR 1.10 of ineligible expenditure were detected for every EUR spent in ex-post control.

requirement. Therefore, 2019 is the sixth year of using the multiannual approach of reporting on ex-post controls. The results based on these six years (2014-2019) are presented below[44].

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[44] The planning of ex-post controls is still done on an annual basis

Table: Multiannual Residual Error Rate (MRER)

	Activity	Payments made in 2014 - 2019 (€)	Number of ex-post controls	Sampled amount verified (includes previous years)	Related total amounts paid (incl. pref)	Value audited = EC share of value claimed	Ineligible amount (€)	Amount to be recovered	Corrections made (i.e. debit note issued or amount registered for offsetting)	Detected error rate (=J/E)	Residual error rate of the sample = [(J-K) + (G-E)xL]/G	Amount at risk in the population (€) = (CxL) - K	Multiannual RER in the population (%)
19.02	Crisis response and global threats to security (IfS/IcSP)	1.327.676.712	58	127.442.588	184.083.319	183.177.275	3.453.144	2.155.495	599.891	1,69%	1,37%	21.855.712	1,65%
19.03	Common foreign and security policy (CFSP)	1.722.712.375	35	129.049.610	222.061.640	194.464.549	1.536.825	1.475.733	693.982	1,14%	0,83%	19.005.909	1,10%
19.04	European Instrument for Democracy and Human Rights (EIDHR) - EOMs	170.899.964	12	22.863.523	27.623.744	27.623.187	44.437	44.437	44.277	0,19%	0,03%	287.880	0,17%
19.05	Partnership Instrument / Industrialised Countries Instrument (ICI / PI)	336.898.311	34	36.413.403	42.578.944	42.956.286	1.827.192	1.002.396	569.669	2,75%	1,41%	8.704.542	2,58%
	FPI	**3.558.187.362**	**139**	**315.769.125**	**476.347.648**	**448.221.298**	**6.861.597**	**4.678.061**	**1.907.820**	**1,48%**	**1,08%**	**49.854.043**	**1,40%**

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

The multi-annual residual error rate (RER) for 2014-2019 takes into account total ineligible expenditure detected and corrected compared to total payments made in 2014-2019. Based on the multi-annual RER, FPI is of the opinion that the control procedures in place give the necessary guarantees for the legality and regularity of the underlying transactions.

In the context of the protection of the EU budget, the Service's estimated overall risk at payment, estimated future corrections and risk at closure are consolidated at Commission level.
FPI's data is shown in Table [X] and its accompanying notes below.

The estimated overall risk at payment for 2019 expenditure is 8.85 M€. This is the AOD's best, conservative estimation of the amount of relevant expenditure during the year (EUR 632 million) not in conformity with the contractual and regulatory provisions applicable at the time the payment was made.

This expenditure will subsequently be subject to ex-post controls and a proportion of the underlying errors will be detected and corrected in successive years. The conservatively estimated future corrections for 2019 expenditure are EUR 2.53 million. This is the amount of errors that the Service conservatively estimates will be identified and corrected by controls planned to be carried out in succeeding years.

The difference between those two amounts leads to the estimated overall risk *at closure* for the 2019 expenditure of EUR 6.32 million.

The overall amount at risk at closure for 2019 has increased by EUR 0.53 million compared to the year before. This increase is due to a significant increase in the amount of cleared pre-financing, which increased to EUR 541 million in 2019 from EUR 401 million in 2018. For the same reason, the level of estimated future corrections has increased from EUR 2 million in 2018 to EUR 2.53 million in 2019.

Table X - Estimated overall amount at risk at closure

FPI	payments made (EUR million)	*minus* new[a] prefinancing (EUR million)	*plus* cleared[c] prefinancing [*minus* retentions (partially) released[b] and deductions of expenditure made by MS] (EUR million)	= **"relevant expenditure"**[d] (EUR million)	Average Error Rate (*weighted* **AER**; %)	estimated overall amount at risk *at payment* (EUR million)	Average Recoveries and Corrections (*adjusted* **ARC**; %)	estimated future corrections (EUR million)	**estimated overall amount at risk *at closure*** **(EUR million)**
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)*	*(8)*	*(9)*	*(10)*
Instrument contributing to Stability and Peace (IcSP)	240	221,07	178	197	1,65%				
Common Foreign and Security Policy (CFSP)	339	340,95	252	250	1,10%				
Election Observation Missions (EOMs)	22	17,15	17	22	0,17%				
Partnership Instrument (PI)	106	59,07	79	126	2,58%				
Press & Info	17	0,22	12	29	0,00%				
Administrative expenditure	4	0,51	3	7	0,00%				
Cross sub-delegations	2	0,0	0	2	0,00%				
Total	730	639	541	632	1,40%	8,85	0,40%	2,53	6,32

Notes to the table

(1) [*if possible*] differentiated for the relevant portfolio segments at a level which is lower than the DG total

(2) Payments made or equivalent, such as after the expenditure is registered in the Commission's accounting system, after the expenditure is accepted or after the pre-financing is cleared. In any case, this means after the preventive (ex-ante) control measures have already been implemented earlier in the cycle.
In all cases of Co-Delegations (Internal Rules Article 3), the "payments made" are covered by the Delegated DGs. In the case of Cross-sub-delegations (Internal Rules Article 12), they remain with the Delegating DGs.

(3) New pre-financing actually paid by out the department itself during the financial year (i.e. excluding any pre-financing received as transfer from another department). The "Pre-financing" is covered as in the context of note 2.5.1 to the Commission (provisional) annual accounts (i.e. excluding the "Other advances to Member States" (note 2.5.2) which is covered on a pure payment-made basis).Pre-financings paid/cleared" are always covered by the Delegated DGs, even in the case of Cross-sub-delegations.

(4) Pre-financing actually having been cleared during the financial year (i.e. their 'delta' in FY 'actuals', not their 'cut-off' based estimated 'consumption').

(5) For the purpose of equivalence with the ECA's scope of the EC funds with potential exposure to Legality and Regularity errors (*see the ECA's 2017 AR methodological Annex 1.1 point 15*), also our concept of "relevant expenditure" includes the payments made, subtracts the new pre-financing paid out *[& adds the retentions made]*, and adds the previous pre-financing actually cleared *[& subtracts the retentions released and those (partially) withheld; and any deductions of expenditure made by MS in the annual accounts]* during the FY. This is a separate and 'hybrid' concept, intentionally combining elements from the budgetary accounting and from the general ledger accounting.

(6) In order to calculate the weighted Average Error Rate (AER) for the total relevant expenditure in the reporting year, the detected error rates have been used.–

(8)The 7 years historic Average of Recoveries and financial Corrections (ARC), is the best available indication of the corrective capacity of the ex-post control systems implemented by the DG over the past years, the AOD has not adjusted this historic average, as no events justifying such a correction took place. The adjusted ARC used in column 8 was provided by DG BUDG.

 (10) For some programmes with no set *closure* point (e.g. EAGF) and for some multiannual programmes for which corrections are still possible afterwards (e.g. EAFRD and ESIF), all corrections that remain possible are considered for this estimate.

Fraud prevention, detection and correction

FPI has developed and implemented its own Anti-Fraud Strategy (AFS) since 2013, elaborated on the basis of the methodology provided by OLAF. This has been extended until 2020, as OLAF finalised the update of the Commission Anti-fraud Strategy only in April 2019. FPI.1 has actively worked on preparing an updated AFS. It has been finalised internally in December 2019 and will be discussed with OLAF and the External Relations sub-group in the 1st semester of 2020.

More specifically, in the context of CFSP, all CSDP Missions are using and implementing the Vademecum and the Procurement Guide in 2019. The Procurement Guide for CSDP Missions and EUSRs has been updated further to the entry into force of the new Financial Regulation (2018). FPI.3 gave a "Procurement training course to the procurement and verification officers of all CSDP Missions" on 21/06/2019, including a fraud prevention and detection training module. In addition, FPI.3 updated its Vade-mecum on Financial and Accounting Procedures for CSDP Mission. Section 29 (Anti-fraud) was completely reviewed and reinforced with clear instructions on the whistleblowing procedure and on how to report potential fraud. The template of the Contribution Agreement, which includes anti-fraud clauses, for CFSP Actions has been updated further to the entry into force of the new Financial Regulation. The draft new Anti-fraud Strategy also includes an Anti-fraud Action Plan specifically addressed to CFSP Missions, EU Special Representatives and the Kosovo Specialist Chambers.

a) *Detection:*

In 2019, the total number of ongoing cases remained at two.

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

In December 2019, FPI had one case under selection concerning a grant contract.

b) *Prevention:*

In 2019, FPI trained with OLAF more than 30 newcomers on fraud awareness.

Based on a report carried out by the Internal Audit Service in 2014, FPI.1 launched a pilot project providing secure access for the CSDP Missions to the Early Detection and Exclusion System (EDES) in 2018. Due to information technology constraints, it concluded that direct access to EDES by the CSDP Missions was not yet possible. Consequently, for all public procurement procedures above EUR 20,000. FPI.3 takes care of the request of the CSDP Missions in terms of checking of the invited tenderers in EDES via a special procedure.

The "Vade-mecum on Financial and Accounting Procedures for CSDP Missions", which among others covers the antifraud and OLAF-related issues as well as the ethics and integrity-related issues, was reviewed in 2019 to reflect the latest developments and the lessons learned. It was formally communicated to all CSDP Missions on 16 December 2019.

c) *Follow-up:*

Generally, to ensure due reaction to suspected fraud and to assure the timeliness in

recovering sums unduly spent, FPI worked in close cooperation with OLAF on ongoing cases and replied quickly to information requests from OLAF investigators. In addition to the annual ex-post control plan, when FPI identifies contracts/grants at a higher risk of fraud, it subjects them to an external audit with specific objectives to check the absence of fraud. This has been done two times in 2019.

IAS conducted an audit in 2019 on CFSP Missions. FPI has started to implement the corresponding recommendations and will continue in 2020.

d) Exchanges with OLAF

Relevant information received by FPI was proactively and timely shared with OLAF in 2019. This concerned 6 potential cases. In parallel, FPI also provided information to OLAF exercises of monitoring the implementation by FPI of the administrative and financial recommendations following OLAF investigations. FPI reported on the 3 cases indicated by OLAF. It is still establishing with EEAS the amount to be recovered for the first case. The amount for the second case is limited and may need to be recovered once the pending investigation in a third country comes to a conclusion. The third case is settled since the Commission adopted a waiver in 2019.

Conclusion

> Based on the indicators provided above on the prevention and detection of fraud, training of staff and regular feedback received from OLAF on ongoing fraud cases as well as advice on the effectiveness of FPI's Anti-Fraud Strategy, FPI concludes that it has sufficient assurance on the achievement of this internal control objective.

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

Efficiency indicators

Time-to-pay: In 2019, the average number of days to make a payment was 34.2, which remain stable compared to 2018 (34.3 days). The percentage of invoices paid on time show an improvement compared to 2018 (93% compared to 91%).

Amounts to disburse (reste à liquider): The RAL at the end of the year increased by EUR 47 million, an increase of 4.5% compared to the RAL at the end of 2018. This increase is linked to both instruments IcSP and PI. The increase for IcSP is due to the fact that fewer payments were made against contracts signed in the area of crisis response. For the PI, this is due to the fact that the nature and duration of activities is longer than for the other instruments.

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

In 2019, FPI put more emphasis on on-the-spot controls of contracts with a higher risk. This measure contributes to the increased efficiency of ex-ante controls and is considered as one of the preventive measures to avoid errors in financial statements. The financial

circuits (both headquarters and Delegations) were also updated in order to reflect the latest developments and to better address inefficiencies in processing financial transactions.

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

3. *Economy = the cost of controls*

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

The total cost of controls in 2019 for FPI[78] is estimated at EUR 3.91 million, that is **0.54%** of operational payments executed in 2019 (EUR 730 million), which remains the same as compared to the previous year (0.54% in 2018).

For FPI Headquarters, the approximate cost of ex-ante controls is EUR 2.83 million, whereas the cost of ex-post controls is EUR 1.08 million (with the total of EUR 3.91 million as presented in the table below).

Based on the analysis of the total cost of controls for 2019 and its trend over the last three years, FPI concludes that the controls put in place by FPI are cost effective.

		Cost of controls by management mode (EUR million)		
		2019	**2018**	**2017**
Direct	Grants	0.86	0.96	1.04
	Procurement	1.06	1.05	1.12
Indirect		1.99	1.94	1.79
Total		**3.91**	**3.95**	**3.95**

Information on the cost of administration related to indirect management (entrusted entities) is presented in Annex 6.

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

The Service's control environment and control strategy remained stable during the reporting year compared to the previous year. As previously indicated, controls in 2019 met the internal control objectives (for legality and regularity; fraud prevention, detection and correction) as they did in 2018 (effectiveness), the average number of days to make a payment in 2019 of 34 days remains the same as in 2018 (efficiency) and the total cost of controls in 2019 for FPI of 0.54% of operational payments remains the same as in 2018 (economy). The conclusion on the cost-effectiveness of controls is therefore unchanged.

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[78] Estimate based on the cost of control missions performed by staff, external audits and cost of staff (FTEs) involved in controls and supervision in the year.

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

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

2.1.2.   Audit observations and recommendations

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

European Court of Auditors (ECA)

The findings from the Court of Auditors regarding the 2019 DAS (Statement of Assurance) were the following:
• Desk review of one transaction related to the Philippines (CL-9989): two non-financial findings that the EU Delegation was instructed to follow.
• Desk review of one transaction related to the EUDEL Central African Republic (CL-10071): no findings.
• Desk review of one transaction related to EUDEL Turkey (CL-10089): no findings.
• Desk review of one transaction related to EUMM Georgia (CL-10134): one non-financial finding that the EUMM Mission was instructed to follow.
• Desk review of one transaction related to EUSR Georgia (CL-10204): no findings.
• Desk review of one commitment related to EUDEL Georgia (CL-11287): no findings.
• Desk review of one transaction related to Tunisia (CL-11328): the preliminary finding sent by the Court on 18/03/2020 remained subject to FPI's comment at the date of writing.

The 2018 Annual Report included no recommendations for FPI.

As regards Special Reports of the Court of Auditors, FPI was associated at 31/12/2018 (with the EEAS being in the lead) to one performance audit of the ECA: "Special Report N° 15 2018 on Strengthening the capacity of the internal security forces in Niger and Mali only limited and slow progress". Of the three recommendations referring to FPI in the Special Report, two were closed in early 2019 and the third on 22/01/2020.

The only open recommendation (2013/AUD/0164) from prior Annual Reports (DAS 2013) refers to the pillar assessment of the CFSP missions. FPI continues to work towards all CFSP missions being accredited (the so-called "pillar assessment"). The implementation of this recommendation is still on-going, nine out of ten missions covered by DAS 2013 are now declared compliant (see Section 2.1.1 c above).

Internal Audit Service (IAS)

Based on all work undertaken by the Internal Audit Service in the period 2017-2019, namely,

- *audit on Partnership Instrument in FPI (2018)*
- *audit on EC-EEAS coordination (2018)*
- *audit on Common Foreign and Security Policy (2019)*

and taking into account that:

- management has accepted all the recommendations issued in 2017-2019;
- management has adopted Action Plans to implement all the accepted recommendations. The IAS considers that these action plans are adequate to address the residual risks identified by the auditors;
- the implementation of these action plans is monitored through reports by management and follow-up audits by the IAS;
- management has assessed a number of action plans as implemented that have not yet been followed up by the IAS.

The Commission's Internal Auditor concluded on 13 February 2020 that the internal control systems in place for the audited processes are effective, except for the observation giving rise to two 'very important' recommendations as listed below as Recommendations number 1 and number 4 of the audit on the Common Foreign and Security Policy (CFSP).

- Audit of the Common Foreign and Security Policy (CFSP): the first recommendation requested FPI to close mandates in a timely manner and take appropriate measures to address the most common causes of late closure. The fourth recommendation, which was mainly addressing problems identified in EUCAP Somalia, requested FPI to introduce a number of mitigating measures. FPI accepted all recommendations and established an Action Plan to address them. It is expected that the recommendations will be fully implemented during 2020.

- Multi-DG audit on EC-EEAS coordination: the final report included four recommendations of which only Recommendations numbers 2 and 3 (both classified as important) were addressed to FPI. FPI accepted both Recommendations and established an Action Plan to address them. It is expected that the Recommendations will be fully implemented during first half of 2020.

Conclusion

In 2019, there were no critical findings or critical recommendations and a limited number of findings overall related to FPI from audits conducted by the Commission Internal Audit Service (IAS) and the European Court of Auditors (ECA).

2.1.3. Assessment of the effectiveness of the internal control systems

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

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

FPI made significant progress in the implementation of the new Internal Control Framework adopted by the Commission on 19 April 2017[79]. To this end the following actions were undertaken in 2019:

- The internal control monitoring criteria, following an internal discussion and validation process with management were communicated to then HR/VP Mogherini and reported together with the Management Plan 2019;

- FPI actively participated and contributed to the working group of RELEX DGs and EEAS, whose purpose was to ensure a coherent approach towards internal control assessment of the Delegations. The results of the discussion will be implemented by the EEAS, which is in charge of internal control assessment for the Delegations.

- FPI conducted in July and December 2019 a review of its internal risks at Head of Units' level and identified them as critical, high, medium and low risks.

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

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

FPI performed a comprehensive assessment of effectiveness of internal control principles (ICP) for the purposes of this report using the ICAT survey initially managed by DG BUDG and managed directly by FPI for the first time Overall 58 staff were invited to complete the survey, out of which 6 were managers. 35 persons replied in the staff sample (67%) and 6 persons in the management sample (100%). The staff sample included 27 staff from the Delegations and Regional Teams. Results indicate an overall effectiveness rate of 83%, which presents a net increase compared to previous years (an effectiveness rate of 76% in 2018 and 79% in 2017).

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

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[79] Communication on the revision of the Internal Control Framework C(2017)2373

**Weighted effectiveness of the Internal Control Standards/Principles
in 2017-2019**

Standard/principle	2017	2018	2019
ICS/P 1	92%	81%	84%
ICS/P 2	80%	90%	88%
ICS/P 3	73%	86%	90%
ICS/P 4	74%	80%	75%
ICS/P 5	80%	68%	76%
ICS/P 6	79%	87%	92%
ICS/P 7	80%	75%	74%
ICS/P 8	76%	88%	88%
ICS/P 9	84%	69%	91%
ICS/P 10	80%	77%	86%
ICS/P 11	77%	94%	86%
ICS/P 12	80%	83%	77%
ICS/P 13	87%	79%	79%
ICS/P 14	81%	76%	78%
ICS/P 15	71%	60%	86%
ICP 16		88%	97%
ICP 17		81%	94%
Average for all the standards/principles	79%	76%	83%

Most of the slightest variations between the last two years (below 10 points) are due to the high proportion (37 out of 52 or 71%) of the staff members surveyed in 2019 who were not surveyed in 2018.

The reasons for the highest changes of ratios (over 10 points) are diverse:
- Among the reasons given in comments of the 2019 ICAT for the higher ratio from 69% to 91% for principle 9 (change) are: creation of a virtual collaborative workspace in FPI, higher information of staff on data protection or fraud prevention, several plenary staff meetings.
- Among the reasons given in comments of the 2019 ICAT for the higher ratio from 60% to 86% for principle 15 (external communication) are frequent e-mails sent by the Head of Service to whole staff on main corporate themes and key messages.
- As for principles 10 and 17, the reasons for higher ratios stem from the change of questions; for principle 10, two questions out of four were substituted by two others and for principle 17, one question out of two was substituted by a new one.

Lack of compliance with Art. 154 of the Financial Regulation ("six pillars assessment") of two of the CFSP missions may point to the risk of potential internal control issues in this budget chapter. In order to provide assurance in these cases and taking into account the high-risk environment of the missions, FPI relies on its ex-ante and ex-post controls and monitoring as well as the specific mitigating measures as described in section 2.1.1 of

this report. Attention was given in 2019 to the pillar assessment of these last two CFSP missions: EUCAP Somalia was positively pillar assessed on 19/12/2019 and efforts will be continued towards reaching full compliance of the last mission (EUBAM Lybia) with Art. 154 of the Financial Regulation by the end of 2020.

In addition, for the purpose of assessing the effectiveness of the internal control systems, the AOSD reports of the EU Delegations and Regional teams, as well as the reports for cross-sub-delegated activities and activities managed under service level agreements were analysed. No issues with potential impact on assurance were identified.

Considering the results of its self-assessment of internal control, the analysis of the implementation of action plans relative to the recommendations of the different audit bodies; the results of controls; the risk analysis performed in the context of the Management Plan and the management knowledge gained from daily operations, FPI concludes that the effectiveness of the control principles was maintained in 2019.

Following the peer review held on 25/11/2019 the risk related to international contractual staff in CSDP mission identified as critical was downgraded to high.

Furthermore, in accordance with the new 'de minimis' threshold rule the 2015 reservation on the ICI has been lifted (see section below).

FPI has assessed its internal control system during the reporting year and has concluded that it is effective and that the components and principles are present and functioning as intended.

2.1.4. Conclusions on the impact as regards assurance

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

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

Functioning accountability chain

The accountability and reporting chain in FPI is organised as a pyramid through which the statements of assurance signed by each Head of Delegation set the basis of the assurance provided by the other AOSDs at the upper levels of the pyramid. For 2019, 74 AOSD reports by the Heads of Delegations were received and analysed at HQ, 4 AOSD reports by the Heads of the Regional Teams (RT Nairobi has no delegated specific regional budget lines) and 4 AOSD reports by Heads of Units in FPI HQ (the Head of FPI.5 is not an AOSD for 2019). The reports do not point to any issues which could have a

potential material impact on the assurance.

Full coverage of expenditure by the control mechanisms

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

IAS limited conclusion

Effective, except for the two observations giving rise to a 'very important' recommendation (for Recommendations number 1 and number 4 of the audit on Common Foreign and Security Policy, refer to paragraph 'IAS' in Section 2 above), where the follow-up process is underway.

Legality & regularity based on RER results

The reservation concerning ICI has been lifted from the 2019 AAR in accordance with the 'de minimis' threshold rule as:

1. The ICI-related payments during 2019 (EUR 0.48 million) represent less than 5 % of total FPI payments during 2019 (Euro 730 million);
2. and their financial impact EUR 3.9 million is below the EUR 5 million threshold.

A favourable assessment of cost-effectiveness of controls

The total cost of controls for 2019 in FPI is estimated at EUR 3.91 million and represents 0.54% of total payments made by FPI in 2019. Taking into account the risky environment in which FPI operates, FPI considers the total cost of control as reasonable.

Effective implementation of the Internal Control Principles

FPI has assessed the internal control systems during the reporting year and has concluded that the internal control standards are implemented and functioning as intended. None of the internal control issues described above, in Management's opinion, has any potential impact on the assurance.

Anti-Fraud Strategy in place.

FPI has developed and implemented its own Anti-Fraud Strategy (AFS) since 2014, elaborated on the basis of the methodology provided by OLAF. This has been extended until 2020, as OLAF finalised the update of the Commission Anti-fraud Strategy only in April 2019. FPI.1 has actively worked on preparing an updated AFS. It has been finalised internally in December 2019 and will be discussed with OLAF and the External Relations sub-group in the 1st semester of 2020.

Overall Conclusion

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

2.1.5. Declaration of Assurance and reservations

DECLARATION OF ASSURANCE

I, the undersigned,

Head of Service for Foreign Policy Instruments

In my capacity as authorising officer by delegation

Declare that the information contained in this report gives a true and fair view[80].

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

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

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

Brussels, 31 March 2020

(signed)

Hilde HARDEMAN

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[80] True and fair in this context means a reliable, complete and correct view on the state of affairs in the Service.

2.2. Other organisational management dimensions

Example(s) of initiatives to improve the economy and efficiency of financial and non-financial activities of the DG

FPI Results Framework and Manual

On 27 September 2017, FPI adopted its Results Framework in conjunction with the FPI Manual providing a clear framework against which the Service can report on the results of its interventions – actions/operations/missions – and show in a clear and understandable way FPI performance in achieving its policy objectives (SPP/ABM). A key concern was to demonstrate how our instruments – IcSP, CFSP, PI and EOM – contribute to implementing EU policies in external action mainly under the Commission's political priority 9 "Europe as a global actor", but also political priority 1 "A new boost for jobs, growth and investment", priority 2 "A connected digital single market", priority 3 "A Resilient Energy Union with a Forward-Looking Climate Change Policy", priority 6 "Trade: A balanced and progressive trade policy to harness globalisation", and priority 8 "A New Policy on Migration". and how these instruments deliver in line with the policy objectives of BFOR – Budget focused on Results.

In 2019, the Manual and its Annexes were updated, subsequent to the adoption of the final list of results indicators for IcSP, the Partnership Instrument and Election Observation Missions in September.

The Results Framework is fully aligned with the FPI Strategy, the EU 2020 Strategy, the Global Strategy and the European Union's commitments under Agenda 2030. In time, it will allow FPI to provide easily-accessible and understandable information on results achieved for the wider EU public and for the benefit of stakeholder dialogue, including with industry and civil society.

As regards the Manual, its purpose is to bring together an overview of the way the Service works and provide detailed description of terminology, concepts and processes used within FPI in four areas: FPI Strategy, Project Management, Monitoring & Evaluation, and Reporting at Service-level.

By implementing a common working methodology and processes in Headquarters, in Regional Teams and in Delegations, the Results Framework and the Manual contribute to further improving the efficiency and effectiveness of FPI and the operations it manages.

Operational information system OPSYS

In 2019, FPI pursued its cooperation and engagement with DGs DEVCO, NEAR and DIGIT in the development of the new operational information system OPSYS. This system will integrate the European Commission's management of EU interventions in external action from their planning to evaluation. All FPI-managed instruments and operations with a financial implication including CFSP, will be integrated into OPSYS during 2020. OPSYS is organised in 3 Tracks: Results & Monitoring (Track 1); Contracts & Procurement (Track 2) and Programming, Actions and Documents (Track 3). In 2019, work focused on the testing and implementation of Track 1 and Track 3 in preparation for launch of Framework Contracts for Audit and for the Partnership Instrument Policy Support Facility

under Release 3A in early 2020. OPSYS work also involved preparations for the electronic 'migration' of FPI actions' logical frameworks to OPSYS as well as the electronic encoding of all FPI indicators into OPSYS in synchronisation with the revision of the FPI Manual (see above). This work will continue in 2020 and will include the testing of additional functionalities including the role of Quality Manger under Track 1 and the launch of electronic contracting in OPSYS under Track 2. Following further testing in Headquarters and Regional Teams and fully coordinated with DEVCO, NEAR and DIGIT, OPSYS is scheduled for full deployment by end 2020.

Indicators under the EU Gender Action Plan

While not related to organisational management *per se*, it is important to note that in 2019 FPI continued to implement progressively the EU Gender Action Plan 2016-2020 in line with the Management Plan. Particular focus was given to reporting against the OECD aid-tracker/policy marker in support of gender equality and women's rights (G-marker)[81] which is a qualitative statistical tool to record aid activities that target gender equality as a policy objective. In 2019, 49% of Election Observation Mission core team member were women; 50% of all observers were women; and of the total number of 55 trainees from 28 Member States, 64% were women. In addition, 100% of EOM actions contracted in 2019 achieved a score of G-Marker[82] 1. For IcSP, 66% of contracted actions reported a G-Marker 1, and 4% reported a G-Marker 2. For PI, 9.54% of the contracted actions reported a G-Marker 1 and 3.32% of the contracted actions reported a G-Marker 2.

This will serve as a very good basis to track the gender effectiveness of FPI operations in the coming years.

Further details on FPI performance on Gender Mainstreaming during 2019 are available in the Programme Statements annexed to the Draft Budget for 2021.

Pooling of resources and central stocking of equipment for CSDP missions

The new central warehouse provides a centrally managed stock of critical items readily available to CSDP Missions, greatly enhancing the ability of the EU to rapidly deploy new Missions and in parallel, to reduce the number of separate procurement procedures being launched in existing Missions. In 2019, the Warehouse became 100% operational and continued to provide CSDP Missions with strategic equipment needed for their operations.

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[81] The G-marker is used by OECD Development Assistance Committee (DAC) members as part of their annual aids activities reporting and is based on a three-point scoring system:

- Principal (marked 2) means that gender equality is the main objective of the activity and that the activity would not have been undertaken without this objective.

- Significant (marked 1) means that gender equality is an important but secondary objective.

- Not targeted (marked 0) means that the activity has been screened using the gender equality policy marker and does not target gender equality.

http://www.oecd.org/dac/gender-development/dac-gender-equality-marker.htm

The G-marker only covers IcSP (Articles 3 and 4) PI and EOM operations (EIDHR). It does not include CFSP operations as the latter are not registered in CRIS and consequently not marked against the OECD G-Marker. This situation is due to change in 2019 when use of OPSYS becomes obligatory.

[82] Gender-marker is an OECD/DAC a marker which attributes a score to projects based on how significant is their gender dimension, see footnote 31 above

The Mission Support Platform (MSP) established by the Council in 2016 and reinforced in 2018, played a pivotal role in the adoption of more harmonised and simplified operating procedures in CSDP Missions contributing to a more responsive civilian CSDP.

MSP has been instrumental to the implementation of a single IT platform (ERP – Enterprise Resource Management) connected to HQ and the Warehouse, and to support for launch of a new Mission in the Central African Republic (CAR).

2.2.1 Human resource management

FPI manages financial instruments with a worldwide outreach and an increasing budget of EUR 645 million in 2014 to EUR 839.3 million in 2019 with limited human resources. It is of utmost importance to employ these human resources effectively and flexibly according to political priorities.

In 2019, FPI made it a priority to follow up on the 2018 staff surveys for Headquarters and Delegations. The Service enjoyed excellent results in the areas of staff engagement, teamwork and collaboration. The areas that deserved particular attention were career prospects, learning and development possibilities and work-life balance.

Staff discussed the results during a teambuilding event in April 2019 and presented ideas for next steps, which formed the basis for the FPI Development Plan, published in the summer of 2019. Three main working strands: 1) Communicating FPI, 2) Wellbeing@FPI and 3) FPI@its best, guide the work of the respective working groups which identified actions to be taken. The FPI worked closely with the EEAS on the issues which are within their remit. The majority of projects will come to fruition during 2020, however a learning and development strategy was adopted already by the end of 2019, based on an inventory of training needs and learning and development priorities.

The FPI Days proved an opportunity to offer training courses for Delegation staff. FPI.1 colleagues made a presentation on data protection and on finance and contract procedures during a session with large participation from across the Service.

The start of the new College led by President von der Leyen saw a change in the organisation of work, with the Sanctions portfolio being transferred to DG FISMA. The FPI took the opportunity to assess the distribution of human resources in Headquarters with a view to meeting the needs linked to new foreign policy objectives and working methods. The necessary administrative steps for a small reorganisation to enter into force in 2020 were taken, adding a number of additional portfolios to the unit handling regulatory foreign policy instruments, i.e. internal coordination, audit, data protection and legal advice.

Continuous support was given to colleagues in HQ, Delegations and Regional Teams in the implementation of the FPI Manual/FPI Results Framework as well as the use of the evaluation tool managed by DEVCO, the EVAL module. The evaluation management tool, fully deployed in FPI in 2018, will be integrated in OPSYS by January 2020.

To make sure that colleagues are well equipped to handle the instruments the Service manages, FPI invested both in terms of recruitment and in terms of internal training.

Three days of operations-focused training for the IcSP and the PI (FPI Training Days) took place in June.

FPI increased the frequency and quality of updates to the FPI intranet. In addition, the HR-related reorganisation of FPI staff in Delegations (Regional Teams) is now fully reflected on the FPI intranet. A collaborative platform for improved knowledge management - OneFPI - became operational in February 2019.

Notwithstanding all efforts to ensure the most effective and efficient distribution of the Service's human resources over the different tasks, as well as to keep the vacancy rate (as close as possible) to zero, workload remains high, as demonstrated by relevant human resource indicators. Management is lean, well below Commission average. The challenges to which the Service responds are not set to diminish in the foreseeable future. It will be important to bear this in mind in possible future staff reallocations.

Female representation in management

In 2019, the FPI raised its percentage of female middle managers to 60% (three out of five HoU posts). With the appointment of a female HoU on 1 February 2019, FPI also met its target for newly appointed women in middle management.

In the coming years, FPI will continue to aim to maintain a high level of female middle managers, in alignment with the new corporate goal of 50 %. It will moreover encourage the development of female talent for future management opportunities. In this context, it is worth noting that there is a high female representation also in other team leading functions; the percentage currently stands at 57% at the level of Head of Sector/Section and team leaders.

2.2.2 Better regulation (only for DGs managing regulatory acquis)

Not applicable for FPI.

2.2.3 Information management aspects

Procedures were in place during 2019 to follow up on the correct and timely attribution and filing of documents. As a first priority, FPI gave attention to ensuring business continuity to secure the effective delivery of its operations and to guarantee sound document management. The Service moved to full paperless financial circuits in July and the transition was successfully embedded by the end of the year. The management of information during 2019 further improved compared to the previous year. The number of Hermes-Ares-Nomcom (HAN) files not filed was 4.24% (versus 5.2% in 2018). The percentage of HAN files readable and accessible to all staff rose to 95.97% compared to 93.58% in 2018, by then already reaching the target of 95% for 2020. The percentage of HAN files shared across services remained stable and was at 14.32% (versus 14.27% in 2018).

In terms of internal communication, the FPI intranet was revamped in September to coincide with the update of the FPI Results Framework and Manual, providing a single

source of corporate-level information for all staff both in Headquarters and in Delegations, particularly the 5 Regional Teams.

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

In line with the Commission's Action Plan, FPI undertook a major overhaul of internal systems to ensure compliance with the new data protection rules. It implied a review of all data processing operations with an assessment of their compliance with the general principles of Regulation 2018/725.

On Data Protection, FPI undertook several actions to align its procedures with the requirements set out in Regulation (EU) 2018/1725 and the Commission's Data Protection Action Plan (C(2018) 7432).

To strengthen the FPI administrative capacity, a temporary agent was recruited to work on data protection issues. Furthermore, the coordination on data protection was reinforced with the creation of a network of data protection focal points in FPI Units and Regional Teams.

Before the entry into force of the new Regulation in December 2018, FPI had two notifications published in the DPO Register. In May 2019, FPI launched a stock-taking exercise to identify new processing operations. In addition, the operational units and the FPI Data Protection Team reviewed the existing processing operations to ensure their compliance with the data protection rules.

In July 2019, a comprehensive data breach response plan as well as a note that places emphasis not only on reporting, but also on prevention of personal data breaches was communicated to staff members. FPI reported two data breaches to the Data Protection Officer which did not entail risk to the rights and freedoms of individuals. The data breaches were handled successfully.

A dedicated page on data protection was created on the FPI intranet to raise awareness and promote information sharing,. The webpage explains key data protection obligations, includes instructions on common processing operations, prevention and reporting of data breaches as well as links to useful documents. Moreover, at Unit/Regional Team and Service level, 12 trainings on data protection were organised.

Overall, FPI has aligned with the Commission's Action Plan requirements for the period concerned.

2.2.4 External communication activities

Most of the information and external communication activities were carried out by the EEAS, both in Headquarters and in Delegations, in line with the Service Level Agreement (SLA) concluded between FPI and EEAS in 2013. Activities concerned mainly the annual press and information budgets for some 140 EU Delegation sites throughout the world to implement actions that suit the bilateral environment and also act to reinforce the image of the EU as a global player.

The European Union Visitors Programme (EUVP) invites emerging leaders and opinion-formers from third countries for tailor-made information visits to EU institutions. The EUVP is a long-standing and unique inter-institutional agreement between the Commission and the European Parliament to increase knowledge of the EU among potential influencers from third countries. The EUVP Secretariat is hosted by FPI and co-managed with the European Parliament. 185 Participants – mostly young political leaders and opinion formers- from 80 different non-EU countries were received by Members of the European Parliament, officials of the European Commission and other EU institutions, and other relevant interlocutors in Brussels, and Strasbourg and Luxembourg. Emphasis was also put on further developing awareness in EU Delegations about the Programme as a tool of public diplomacy and strengthening their involvement in ensuring its success.

As in previous years, FPI financed the production and dissemination of Euronews in the Farsi language, which is implemented through a framework partnership agreement with Euronews, managed by DG CONNECT.

The digital audience for the Farsi service has experienced a steady increase compared with 2016. During the third quarter of 2019, Euronews saw 10 million visits to its digital Farsi services. The increase in visits to the Farsi service was 119% compared to the same quarter of 2017.

In 2019, FPI contributed EUR 75,000 towards the DG COMM-led and managed corporate information and communication campaign under its Strand III 'An EU that protects and defends in a volatile, uncertain environment'.

In 2019, FPI continued its information and communication activities. Besides the regular updating and maintenance of the FPI website, FPI injected stories and communication material to EEAS/COMM corporate communication channels, including press material, websites and social media channels.

Further details are provided in Annex 2.