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THE DG IN BRIEF

The mission statement

Within the European Commission, the Directorate-General for International Partnerships (DG INTPA)\(^1\)\(^2\) contributes - in the context of the European Union’s external relations – to sustainable development, eradicating poverty, promoting peace and the protection of human rights; through international partnerships across the world that uphold and promote European values and interests.

The operating context

EU development cooperation, as defined in Articles 208 to 210 of the Treaty on the Functioning of the European Union (TFEU), operates in a global context, defined by UN 2030 Agenda and its SDGs (Sustainable Development Goals). In light of this agenda, all countries face different types and degrees of challenges. Many developing countries require sizeable support in the form of development assistance, while others have become middle income countries with which the EU development cooperation engages through innovative forms of engagement. Development cooperation is both a policy in its own right and forms part of the Union’s external action, along with, for example, trade, neighbourhood and enlargement, humanitarian assistance and the Common Foreign and Security Policy (CFSP).

In certain circumstances, DG INTPA, on behalf of the Commission represents the EU on the international stage, in bilateral settings and in multilateral fora like the United Nations (UN). It has been in charge of managing almost EUR 7.2 billion in commitments\(^3\) for the year 2020, providing assistance to around 130 countries on five continents. The EU and its Member States collectively form the world’s largest donor, accounting for more than half of global ODA (Official Development Assistance).

DG INTPA is in charge of implementing the following of the EU’s external financing instruments:

- The Development Cooperation Instrument (DCI)\(^4\),
- The European Development Fund (EDF),
- The European Instrument for Democracy and Human Rights (EIDHR)\(^5\),
- The Instrument contributing to Security and Peace (long term objectives) (IcSP)\(^6\),
- The Instrument for Nuclear Safety Cooperation (INSC)\(^7\),
- The European Fund for Sustainable Development (EFSD)\(^8\)

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\(^1\) On 16.01.2021, DG DEVCO underwent a reorganisation and became DG INTPA

\(^2\) The mission statement of DG INTPA is available on europa website: https://ec.europa.eu/international-partnerships/about-us_en

\(^3\) Commitments level 1. The amount of commitments level 2 is EUR 8.1 billion.


• The EU-Greenland cooperation instrument.9
• Cooperation with Overseas Countries and Territories (OCTs)10

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

![Paid amounts (in EUR million): 2014-2020](chart)

In 2020, a total of EUR 8,159.0511 million was paid by DG INTPA; under the general budget of the European Union: EUR 3,255.60 million12; the European Development Fund (EDF): EUR 3,785.42 million13 and the EUTFs Bêkou, Africa and Colombia: EUR 1,118.03 million14.

The European Fund for Sustainable Development (EFSD) guarantee enabled to finance projects worth EUR 5.05 billion in 2018-2020 (EUR 1.55 billion through guarantees and EUR 3.5 billion through blending). In 2020, DG INTPA succeeded in reorienting the EFSD Guarantee to respond to the COVID-19 pandemic and in concluding all required guarantee agreements to complete its implementation, as well as EUR 100 million in grant support from the EDF for COVID-19 Vaccines Global Access Facility Advance Market Commitment (COVAX AMC)15.

**Ways of delivering EU assistance**

DG INTPA has continued to encourage innovative modalities to leverage investment and ensure high level impact in the programmes it funds. These innovative modalities include blending grants with loans or equity from public and private financiers. They also include using EUTFs on top of traditional assistance delivery methods like project implementation, budget support, indirect management with international organisations and Member States’ development agencies and cooperation Civil Society Organisations (CSOs).

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11 The breakdown by management modes of total payments made by DG INTPA in 2020 is presented on p. 35.
12 Reconciliation of the amount of EUR 3,255.60 million paid by the general budget in 2020 with the amount of EUR 3,471.42 million presented in annex 3A: EUR 3,255.60 million + EUR 129.40 million (contribution to EU TF) + EUR 86.42 million (contribution for support expenditure from EDF or EUTF paid under budget lines 21.010407, 21.010408 and 22 01 04 03) = EUR 3,471.42 million.
13 Reconciliation of the amount of EUR 3,785.42 million paid by EDF with the amount of EUR 4,604.94 million presented on table 2.1 of the annex 3B: EUR 3,785.42 million + EUR 799.92 million (contribution to EU TF) + EUR 94.39 million (EDF co-delegated to EAC, JRC, ECHO and EACEA) – EUR 74.79 million (Recovery Orders) = EUR 4,604.94 million.
14 EUTF Bêkou: EUR 46.16 million, EUTF Africa: EUR 1,051.52 million, EUTF Colombia: EUR 20.35 million.
goal remains to contribute to the achievement by the EU of its collective commitment to devote 0.7% of Gross National Income (GNI) to Official Development Assistance (ODA), but also to leverage private funds to boost the impact of EU collective action.

- Accountability and reporting chain in DG INTPA

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

All AOSDs substantiate their statements of assurance in their annual reports by taking into account the results achieved for 25 DG INTPA Key Performance Indicators (KPIs). These KPIs are grouped into three categories: sound financial management, effectiveness of the internal control systems and effectiveness of the audit system.
EXECUTIVE SUMMARY

This Annual Activity Report (AAR) for 2020 is a management report of the Director-General of DG INTPA to the College of Commissioners. Annual Activity Reports are the main instrument of management accountability within the Commission and constitute the basis on which the College takes political responsibility for the decisions it takes as well as for the coordinating, executive and management functions it exercises, as laid down in the Treaties16.

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

2020 has been a particular challenging year, which wreaked havoc worldwide. Yet, this year was also a great teacher: it was the year that showed us the extent to which our fate as humankind is interlinked and gave us the opportunity to Build Back Better through concrete collaboration and partnerships and by investing in a renewed type of multilateralism, coincidentally during the year when the UN celebrated its 75-year anniversary.

When world leaders adopted the UN 2030 Agenda, they had anticipated the need for a shared framework to address multiple challenges simultaneously globally. With the pandemic crisis and its impacts, progressing in this sustainable and cooperative way became an acute urgency. The pandemic forced us to revisit our objectives and design a new era of international cooperation that truly balances economic, social and environmental progress as envisioned by the 2030 Agenda and the Sustainable Development Goals (SDGs).

The European Union has proven to be a reliable partner in tackling the COVID-19 crisis globally. COVID-19 has deepened existing inequalities and has reversed decades of progress on SDGs. Taking forward a transformative agenda, the EU together with its partners, is working to deliver a global recovery that seeks to reduce inequalities and promote a just transition at global level. At the High Level Event on Financing for Development in May, President von der Leyen proposed a new green, digital, just and resilient Global Recovery Initiative, linking debt relief and investment to the SDGs.

Inter-institutional discussions intensified throughout 2020 to finalise the EU’s Multiannual Financial Framework for 2021-2027. DG INTPA, in cooperation with DG for Neighbourhood and Enlargement Negotiations (NEAR), Service for Foreign Policy Instruments (FPI) and the European External Action Service (EEAS), led the work with the co-legislators in reaching a political agreement on a new financial instrument: the Neighbourhood, Development and International Cooperation Instrument (NDICI). This broad instrument will be the main tool to fund external cooperation, covering the entire world except for pre-accession countries and overseas countries and territories. Work also continued in parallel on the programming exercise. During the first half of 2020, extensive analysis took place at country, regional and thematic levels to help understand the context and need for EU

16 Article 17(1) of the Treaty on European Union.
external cooperation. The programming guidelines for drafting multiannual indicative programmes set out how to implement the NDICI at country, regional and thematic levels.

The pandemic has shown a clear link between food systems, climate change, biodiversity loss, mismanagement of natural resources and emerging viruses (root causes of zoonotic diseases), which raises the importance of a systematic change towards sustainable production and consumption. It is important to turn the climate and environmental challenges into opportunities to set our planet on a sustainable course of action. The EU has shown high ambition for actions within its own boundaries with the European Green Deal and its components, notably the Farm to Fork and the Biodiversity Strategies. However, the external dimension of such strategies is essential if we are to protect nature and reverse the degradation of our ecosystems, thereby also contributing to more sustainable growth and to the social agenda. To this end, DG INTPA has worked on the external dimension of such strategies in 2020 to help our partners manage those global public goods on which our common future depends. We have many success stories and ongoing actions in our programmes with regard to climate and biodiversity in Africa, Latin America, Asia and the Pacific. Examples include the NaturAfrica Initiative designed to protect biodiversity while creating economic opportunities and better livelihood for local population and the joint GCCA\textsuperscript{17}/DeSIRA\textsuperscript{18} initiative on innovation and research for agri-food systems and climate resilience in selected partner countries. New EU projects such as the “SWITCH to circular economy value chains” were also launched.

Concerning actions on climate change, in 2020, the EU remained the leading global provider of climate finance and the most progressive actor in the international climate negotiation process. DG INTPA contributed to fulfilling the EU’s commitments under the Paris Agreement on climate change by supporting the upgrade and implementation of partner countries’ Nationally Determined Contributions and by assisting them in building their capacities to adapt to climate change through the establishment of a new EUR 100 million programme on disaster risk reduction.

The COVID-19 pandemic has forced global leaders to re-think education systems and highlighted the importance of investing in connectivity and digitalisation. Digital and data technologies have been a key driver of the EU’s response; about EUR 60 million have been mobilised in a Team Europe approach and redirected to immediate response interventions to provide relief in partner countries’ socio-economic systems, giving means to people to be able to continue with their education and to get access to health information and services. In 2020, together with the Member States, the Commission launched important initiatives in the field of digitalisation such as the #SmartDevelopmentHack\textsuperscript{19} and the Digital4Development Hub\textsuperscript{20} promoting a platform for stronger and strategic EU engagement for a human-centric digital transformation.

**Human rights and democracy** are under severe stress in many countries across the world including fundamental freedoms, such as freedom of speech or assembly and

\textsuperscript{17}Global Climate Change Alliance plus
\textsuperscript{18}Development Smart Innovation through Agricultural Research
\textsuperscript{19}This is a global call for innovative solutions to tackle the public health and socio-economic challenges caused by COVID-19. The hackathon gathered more than 1000 innovative digital solutions and the best nine projects have been awarded funds to proceed to the implementation.
\textsuperscript{20}Also D4D Hub: This initiative offers a platform to advance the multi-stakeholder dialogue and create opportunities for partnerships and investments in partner countries’ digital transformation. Currently organised in three regional branches: 1) Africa, 2) Asia and the Pacific; and 3) Latin America & the Caribbean; of which only the African branch – the Africa-Europe D4D Hub – is operational and the successful result of enhanced cooperation between EU, EU Member States and the African Union.
media freedom. The impact of systemic efforts to undermine the rule of law, restrict civic and political space and weaken the multilateral rules-based order have been exacerbated by the current COVID-19 crisis. In 2020, the EU partnered with consortia of civil society organisations to support journalists in Latin-America and Africa as a reaction to the COVID-19 crisis. DG INTPA also continued our support to human rights defenders in emergency situations and funded the creation of the Global Monitor of COVID-19’s Impact on Democracy and Human Rights\(^\text{21}\). The new Action Plan on Human Rights and Democracy\(^\text{22}\) was also adopted in 2020.

Throughout 2020, the EU helped countries hosting refugees and displaced people such as Ethiopia, Venezuela, Bangladesh, Iran, and Pakistan, promoting protection, access to basic services and increasing access to the employment market. Concerning migration, DG INTPA continued to support better migration management and the positive contribution of migration and mobility to development, while also addressing the root causes of irregular migration, providing economic opportunities, especially for the youth, and alleviating the impact of COVID-19 in third countries.

These are just some of the areas in which DG INTPA concentrated its efforts in 2020 in order to accelerate SDG implementation for a better-equipped and sustainable post COVID-19 world for all. More examples are presented under the 4 performance stories.

**Performance stories 2020**

DG INTPA contributes to the general objective 4 of European Commission: “A stronger Europe in the world” through the pursuit of 7 key themes and 16 specific objectives. Four themes were chosen as performance stories for 2020

<table>
<thead>
<tr>
<th>Theme 1: Partnerships</th>
<th>Theme 2: Climate Change, Environment, Energy</th>
<th>Theme 3: Digital and Data Technologies</th>
<th>Theme 4: Sustainable Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theme 5: Migration</td>
<td>Theme 6: Human Development</td>
<td>Theme 7: Governance, Peace and Security, Democracy, Human rights, civil society</td>
<td></td>
</tr>
</tbody>
</table>

**Performance story 1. International Partnerships**

Despite the COVID-19 pandemic and consequently the postponement of the 6\(^{th}\) EU-Africa Summit, the EU’s relationship with Africa remained a key priority for DG INTPA over the course of the year. In March, we launched the EU’s vision towards strengthening the EU’s alliance with Africa in a Joint Communication together with the EEAS - “Towards a

\(^{21}\) http://www.idea.int/gsod-indices/covid19globalmonitor

Comprehensive Strategy with Africa\textsuperscript{23}. The Communication details the EU’s partnership with Africa\textsuperscript{24}.

2020 also brought us closer towards a new Partnership Agreement with the 79 members of the Organisation of African, Caribbean and Pacific States. In December, the chief negotiators reached a political agreement, which will soon lead to the conclusion of the negotiations. The new ambitious treaty, also known as “post-Cotonou”, is not only set to redesign partners’ relations, but will better address global challenges in the next two decades.

The Team Europe approach was launched as a joint response to COVID-19 by all European development actors to support the promotion of European policy priorities and standards. As part of the programming process launched in 2020, around 150 ideas for Team Europe Initiatives have been identified. These are flagship transformational projects that will be designed, funded and implemented jointly, in a Team Europe approach.

Joint programming is the preferred approach for programming of geographic funds under NDICI at country level. It has continued to take root in more partner countries as part of the EU and EU Member States’ programming process.

Performance story 2. Climate Change, Environment, Sustainable Energy

Concerning actions on climate change, in 2020, the EU remained the leading global provider of climate finance and the most progressive actor in the international climate negotiation process. DG INTPA contributed to fulfilling the EU’s commitments under the Paris Agreement on climate change by supporting the upgrade and implementation of partner countries’ Nationally Determined Contributions and by assisting them building their capacities to adapt to climate change through the establishment of a new EUR 100 million programme on disaster risk reduction.

Performance story 3. Human Development

In 2020, DG INTPA played an instrumental role in the global response to COVID-19 and contributed to the attainment of the human development strategic objectives. Through

\textsuperscript{23} JOIN/2020/4 final
\textsuperscript{24} The Five key pillars of the EU-Africa Partnership evolve around 1) green transition, 2) digital transformation, 3) decent jobs and sustainable growth, 4) governance, peace and security, as well as 5) well-managed migration
Team Europe approach, DG INTPA deployed strong national, regional and global responses to tackle the pandemic and the socio-economic impact of it, including promoting equitable access of vaccine to partner countries. **Human development** remained a priority for DG INTPA throughout 2020 be it human rights, gender, education or women empowerment. Building back after COVID-19 also means that **gender equality and women’s empowerment** must be an essential component in the recovery; a condition for equitable, sustainable and inclusive recovery processes. Team Europe approach has supported this objective. In particular, we have swiftly **adapted and refocussed the EU-UN Spotlight Initiative** to address violence against women and girls in the context of the COVID-19 response. Furthermore, in November, DG INTPA launched the third generation **EU Gender Action Plan**, a strong and bold political and operational roadmap for gender equality and women empowerment.

DG INTPA attaches particular importance to **education** given its critical role in human development and as key enabler for all DG INTPA priorities. To this end, in 2020, DG INTPA **increased education spending from 7 to 10% of its total portfolio**. In response to the COVID-19 pandemic, it has supported the most vulnerable populations in partner countries, including through global education initiatives, to avoid a lost generation.

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**Performance story 4. Sustainable Jobs and Growth**

EU budgetary guarantees for loans to banks and other financial intermediaries are particularly well suited to de-risk investment in partner countries and support their sustainable development. This is why, in spring 2020, the Commission proposed to reorient the **European Fund for Sustainable Development (EFSD) Guarantee** towards the EU’s global response to COVID-19. Some guarantees support the health sector directly, while others, such as expanded guarantees for renewable energy focus on liquidity support to ensure the effective completion of investment projects despite the economic downturn resulting from the pandemic. By the end of 2020, the Commission had signed guarantee agreements with partner financial institutions for EUR 1.55 billion. At the same time, the EU contributed over EUR 31 million in the form of **Technical Assistance (TA)** accompanying the EFSD guarantee agreements to help beneficiaries to reduce risks, improve efficiency and effectiveness and adopt more inclusive and sustainable practices and strategies.

### B. Key Performance Indicators (KPIs)

<table>
<thead>
<tr>
<th>Indicator (description)</th>
<th>Target (or milestones)</th>
<th>Latest known results as per AAR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Most relevant KPI 1:</strong> Amount and share of EU funded international cooperation and development assistance contributing to climate change adaptation and mitigation</td>
<td>(2020-2024)</td>
<td>• (2020) 27.3%</td>
</tr>
<tr>
<td>Indicator (description)</td>
<td>Target (or milestones)</td>
<td>Latest known results as per AAR</td>
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<td>---------------------------------------------------------------------------------------</td>
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<tr>
<td><strong>Most relevant KPI 2: Share of EU funded international cooperation and development assistance directed towards supporting Human Development</strong></td>
<td>(2020-2024) At least 20%</td>
<td>(2020) 20.4%</td>
</tr>
<tr>
<td><strong>Most relevant KPI 3 Proportion of EU funded cooperation and development initiatives promoting gender equality</strong></td>
<td>(2022) 75% (2024) 85%</td>
<td>(2020) 72%</td>
</tr>
<tr>
<td><strong>Most relevant KPI 4 = Estimated risk at closure</strong></td>
<td>(2020) 2%</td>
<td>(2020) 0.95%</td>
</tr>
</tbody>
</table>

The KPIs above reflect the current key policy priorities of the EU, in the areas of climate change (adaptation and mitigation), human development, and gender equality.

The fourth KPI, the residual error rate (RER) is an indicator measuring internal control aspects, and it was selected as relevant since DG INTPA is managing spending programmes.

**C. Key conclusions on financial management and internal control (executive summary of section 2.1)**

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

To ensure the achievement of policy and management objectives, the Commission has adopted a set of internal control principles, based on international good practice. The financial regulation requires that the organisational structure and the internal control systems used to implement the budget be set up in accordance with these principles. DG INTPA has assessed its internal control system during the reporting year and has concluded that it is effective and the components and principles are present and functioning well overall. The major deficiencies identified by the IAS in the Audit on Pillar Assessments have been fully addressed by an action plan that covers for possible future risk.

In addition, DG INTPA has systematically examined the available control results and indicators, including those for supervising entities to which it has entrusted budget implementation tasks, as well as the observations and recommendations issued by the internal auditor and the European Court of Auditors (ECA). These elements have been assessed to determine their impact on the management’s assurance about the achievement of the control objectives. Please refer to AAR Section 2.1 for further details.
In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Director-General, in his capacity as Authorising Officer by Delegation has signed the Declaration of Assurance.

D. Provision of information to the Commissioner

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

E. Specific actions on COVID-19

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

Following the Joint Communication of the Global EU Response to COVID-19, EU Member States endorsed the Team Europe approach in support of partner countries and multilateralism in the "Council conclusions on Team Europe Response to COVID-19" in June 2020. The Team Europe approach has mobilised over EUR 40 billion to fight the impacts of the pandemic (65% of this already disbursed) and this coordinated approach has led to higher impact interventions and a stronger role of the EU in the world. Said disbursement was to support partner countries with the emergency response, to strengthen their health, water and sanitation systems and to help them mitigate the socio-economic impact of the crisis. From Africa, Latin America, Asia to neighbourhood countries, The EU’s mission was to leave no one behind, with a contribution of EUR 6.8 billion (including the EFSD guarantee of EUR 1.55 billion).

DG INTPA co-organised the Coronavirus Global Response pledging marathon, which raised a total of EUR 15.9 billion for research, universal access to vaccines, diagnostics, treatment and sustainable health system strengthening of partner countries. DG INTPA reoriented and frontloaded close to EUR 1.3 billion to strengthen health, water and sanitation systems in partner countries in response to the pandemic, and worked to ensure and facilitate debt relief efforts for 77 developing countries. More than EUR 1.9 billion of EU budget support has already been granted by DG INTPA to assist partner countries’ COVID-19 response. DG INTPA also contributed to setting-up and co-funding the Access to COVID-19 Tools (ACT)-Accelerator to ensure universal and equitable access to vaccine doses, COVID-19 tests and treatments in partner countries. With the aim of building back better, the 2021-2027 programming exercise is integrating a Team Europe approach through Team Europe Initiatives and is committed to meeting the 20% spending target for
social inclusion and human development with Commissioner Urpilainen aiming to ensure 10% of the DG INTPA funds are dedicated to education.

The COVID-19 pandemic has severely impacted travel and imposed additional security measures, altogether limiting DG INTPA staff field projects and visits along with supervision mission to Delegations. However, DG INTPA managed to achieve a full execution of the commitment and payment credits funded by the EU general budget. Implementation targets for the European Development Fund and the EU Trust Funds were also achieved. In addition, by putting in place mitigation measures such as remote audits, DG INTPA implemented the annual audit and verification plans and targets were met for all audit-related KPIs.

This section is a summary of the information explained in greater detail in Part 1 and Part 2.1 of the AAR.
1. Key results and progress towards the achievement of the Commission's general objectives and DG's specific objectives

DG INTPA is a DG entrusted with policy making responsibilities in the field of International Partnerships. It is also a DG implementing this policy via the different instruments it is managing. All operational expenditure contributes to the achievement of the strategic objective of the Union25.

DG INTPA contributes to delivering on the European Commission’s General Objective 4- “A stronger Europe in the World”, through 7 main themes26, detailed into 16 Specific Objectives included in DG INTPA’s Strategic Plan 2020-2024. They are all presented in annex 2 of this report.

Four themes were selected as illustrative performance stories of the achievements of DG INTPA in 2020: 1) International Partnerships, 2) Climate Change, Environment and Sustainable Energy, 3) Human Development, 4) Sustainable Jobs and Growth.

Performance Story 1 - International Partnerships

After over two years of talks and close collaboration across four continents, the chief negotiators reached a political deal in December 2020 on a new Partnership Agreement between the EU and 79 countries in Africa, the Caribbean and the Pacific. The initialling of the text of the new Agreement would take place in early 2021 and will mark the conclusion of the negotiations.

2020 was dedicated to the preparation of the EU-African Union (AU) Summit planned for end-October. Early in the year, the best ever attended Commission to Commission meeting took place and served as a first sounding board and outreach opportunity for the priorities the EU would later, on 9 March, present in its Joint Communication “Towards a comprehensive strategy with Africa”. In June and October, European Council conclusions confirmed and complemented these priorities, taking into account the new

25 Programme Statements are available via: COM(2019) 400 - June 2019
26 Theme 1- “Partnerships”, Theme 2-“Climate Change, Environment, Sustainable Energy”, Theme 3- “Digital and Data Technologies”, Theme 4-“Sustainable Jobs and Growth”, Theme 5- “Migration”, Theme 6-“Human Development”; Theme 7- “Governance, Peace and Security, Democracy, Human rights, Civil society”.
situation due to the global pandemic. The scope of the discussions was widened particularly to ensure a sustainable and resilient social and economic post-COVID-19 recovery. Further outreach and preparatory work was undertaken with the AU and also with a range of stakeholders (Business Forum, CSO Forum, youth forum etc...). Work progressed on specific deliverables for the Summit such as the Investment Package. Following the decision in September to postpone the EU-AU Summit and the linked Ministerial due to the COVID-19 outbreak, the EU kept the momentum going by continued engagement with its African partners and a diverse range of stakeholders across both continents to further discuss the long-term priorities of a renewed Africa-EU Partnership. DG INTPA organised a series of online “Debating Africa-Europe” dialogues, engaging Members of the European Commission, the African Union Commission, CSOs, young people, business sector and academia.

In 2020, the Team Europe approach allowed to bring together the collective European strength in external relations and development cooperation. Launched to provide an external response to the COVID-19 crisis, the Team Europe approach further displays the EU’s global leadership, support to multilateral solutions as well as tangible solidarity with partner countries. Multilateralism and a coordinated position in international fora are also an important pillar of the Team Europe approach. In this regard, the EU has led discussions on innovative approaches for a green, digital, socially just and resilient post-COVID recovery.

Taking the Team Europe approach into the NDICI pre-programming work in 2020, a number of potential Team Europe Initiatives were identified. These are large-scale, transformational projects designed, funded and implemented collectively by the EU and Member States, their development finance institutions/organisations at country level, the EIB and the EBRD. Consultations and design work at country level took place during the second half of 2020 resulting in around 150 ideas for country Team Europe Initiatives.

The above processes provide a renewed political clout to a joined-up Union in external actions and reinforce existing local European coordination processes. In 2020, joint programming has continued to progress despite the challenges created by the pandemic for face-to-face coordination meetings. While joint programming is the preference for the programming of Geographic funds under NDICI it already proved its value in both the preparation of a Team Europe response at country level and the ease of coordination between the EU and Member States during the (pre)programming work.

Within this Team Europe approach, joint implementation approaches have further supported a coherent and effective alignment of European support to match partner countries’ efforts. In 2020, EU efforts were also channelled in extending Twinning and TAIEX (Technical Assistance and Information Exchange Instrument) in development cooperation. By directly mobilising European public sector experts in such peer-to-peer approach, these two tools support the sharing of European standards and practices with partner countries.

**Challenges 2020**

Remaining challenges include ways to encourage and support Member States with no or limited presence in-country to effectively contribute to EU joint actions and Team Europe Initiatives. This also applies to European public development banks and development finance institutions, who do not have a wide footprint of offices. This has been mitigated, to some extent, through the engagement of Capitals and Headquarters during the regional
seminars on Team Europe Initiatives in November, leading to several Member States to start discussions with EU Delegations on Team Europe Initiatives despite the absence of a field presence.

Performance Story 2 - Climate Change, Environment, and Sustainable energy

DG INTPA contributed to the drafting of policy and legislative documents included in the Green Deal Roadmap, focusing on the international dimension and linking them with the EU cooperation policy and programming such as the Climate Law for a climate-neutral EU by 2050, the European Climate Pact, the Methane strategy, Offshore energy and Renovation wave, the New EU Strategy on Adaptation to Climate Change, the Renewed EU Sustainable Finance Strategy, the Farm to Fork strategy, the Biodiversity Strategy.

The activities through the EUR 100 million action on Disaster Risk Reduction (DRR) adopted in August 2020, will contribute to reduce the impact of disasters, including those related to climate change and biological hazards (like COVID-19), and increase resilience in ACP countries. The Programme Making Cities Sustainable and Resilient, which was jointly implemented by UN-Habitat and (the United Nations Office for Disaster Risk Reduction (UNDRR), has concluded successfully developing a strong and well-structured methodology for urban resilience, coupling diagnostic with selection and prioritisation of actions. The ACP-EU Climate Services programme (11th EDF) will contribute to strengthen production, availability, delivery and application of science-based climate prediction and services. At global level, two actions were initiated by the World Meteorological Organisation (WMO) and the EC Joint Research Centre (JRC), while at) regional level, actions also started in Southern Africa by the Southern African Development Community (SADC), in Western Africa by AGHRYMET, Eastern Africa by the Intergovernmental Authority on Development (IGAD) Climate Prediction and Application Centre (ICPAC). The African Union Commission and the EU reached an agreement and these actions will start in early 2021.

Under the AAP 2020 related to Sustainable Agri-Food Systems, the Global Climate Change Alliance Plus (GCCA+) joined forces together with the Development-smart
**Innovation through Research in Agriculture (DeSIRA)** initiative to support actions that jointly address climate change adaptation and mitigation, sustainable agriculture and food security issues, and thus participate to the Green Deal objectives, including carbon neutrality. Under this new adopted joint initiative, 16 projects in the area of climate-relevant innovations in specific crops, agro-ecosystems and value chains will be supported across Latin America, Africa and Asia.

The focus on climate change and green investment continue to dominate the **Latin America Investment Facility (LAIF)** portfolio, with new actions in Costa Rica and Peru and an EU contribution of EUR 15 million to the first Green Bonds Fund in Latin America and the Caribbean designated as “LAGREEN”. LAGREEN is an innovative pilot fund of more than EUR 500 million and is led by the German government, supporting climate- and resource friendly investments enabling LAC countries to meet their Nationally Determined Contributions (NDC) through the mobilisation of local and international private capital.

### Environment

The external dimension of the **Biodiversity strategy for 2030** adopted in 2020 includes among others an increase of resources for biodiversity and support to partners and the implementation of **NaturAfrica initiative**, designed to protect biodiversity while creating economic opportunities and better livelihood for local population. The Landscape for Future joint initiative was launched in 23 countries, totaling EUR 123 million for tackling climate change adaptation and mitigation, ecosystem conservation, sustainable agriculture and food security.

In line with the 2019 Communication on World’s Forests, DG INTPA has proposed to develop **Forest Partnerships** to support sustainable forest management in partner countries. In the framework of the on-going implementation of the Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan, progress has been made in many partner countries on Voluntary Partnership Agreements (VPA). These Agreements aim to ensure that timber and timber products exported to the EU come from legal sources. For example, in 2020 the EU and Ghana finalised the joint assessment of readiness for licensing under the FLEGT. Following the conclusion of a Joint Review of the VPA in Côte d’Ivoire in 2019, VPA negotiations continued at pace throughout 2020. In addition, after crossly eight years of stalled progress in the Gabon VPA, the Parties agreed to undertake a Joint review on the best approach for continued cooperation on forests.

**The new EU action plan on circular economy adopted in 2020** raises the EU ambition to promote the circular economy at global level. New EU projects were launched in 2020 such as the SWITCH to Circular Economy Value Chains project implemented by United Nations Industrial Development Organisation (UNIDO) to green value chains prioritised in the EU Action Plan. New guidance has been produced and a series of webinars has been delivered to build capacities and facilitate a more systematic integration of circular economy in relevant EU programmes.

The external dimension of the **Farm to Fork** strategy provides a robust framework to support the transition towards sustainable food systems globally. Such efforts will build on
successful ongoing action, such as the joint initiative GCCA+/DeSIRA to foster innovation through research for climate-relevant practices in sustainable agriculture and agricultural/agro-forestry value chains. 16 EU Delegations and 7 EU member states engage in this endeavour.

Sustainable food systems are essential to achieve Green Deal objectives and SDGs. A guidance note on Sustainable Food Systems has been prepared to provide EU Delegations and stakeholders with concrete elements to contribute to this transition, for example through promoting agro-ecological approaches for farming systems and value chains at local and national levels.

Euroclima+, the EU’s flagship programme for Latin America in climate change and environment, shifted in 2020 most of its activities on-line, building significant capacity amongst staff, partners and stakeholders. The programme decreased its carbon footprint massively while increasing its effectiveness and reach.

#Sustainable energy

Although the AU-EU Summit has been postponed to 2021, the goals and activities promoted by the Africa-EU Green Energy Initiative have been shared extensively with line DGs, EU Member States and African counterparts. The objective is to get the initiative endorsed at the occasion of the Summit, within the framework of the multi-sectoral investment package to be proposed to the African partners in line with recent European Council Conclusions.

An additional EUR 20 million from the 11th EDF reserve was committed in 2020 to expand renewable energy supply to the city of Goma, harnessing the ecosystemic resources of Virunga National Park. The purpose is to build an additional hydro power plant which will add 15 megawatts to the grid. This will contribute to enhance peace, security and stability in the eastern part of Congo (DRC) by giving social and economic opportunities to the population and enhancing bio-diversity protection, thus undermining some of the drivers of the ongoing conflict. Furthermore, the new power plant will pump drinking water for the population of Goma, thus contributing to sanitation measures that will control the spread of COVID-19 and other diseases.

Challenges 2020

In order to respond to the COVID-19 crisis some actions previously envisaged in the 11th EDF Disaster Risk Reduction (DRR) Program were re-oriented in order to enlarge the type of disaster events tackled through this action.

DG’s contribution to the Commission’s crisis response and recovery plan

DG INTPA maintained its support to food systems during the crisis, and included them in its recovery plan, in order to keep providing quality food to affected populations and supporting this essential economic sector. Support to specific value chains, capacity strengthening activities for farmers organisations, and promotion of agro-ecological/one health approaches were key priorities.
Within the EUR 100 million action on Disaster Risk Reduction (DRR) approved in 2020, DG INTPA will support activities related to risk assessment and response that will enhance the structural capacity of ACP countries to react and recover from disaster events – being climate-related or pandemics like COVID-19.

**Performance Story 3 - Human Development**

The COVID-19 pandemic has had an unprecedented negative effect on human development and reversed progress seen in recent years. The EU strengthened its collaboration with global health and education initiatives to rapidly adapt their support to partner countries to address the new challenge. Moreover, ongoing EU country support was reoriented where possible to help partner countries face COVID-19 impact on their health and education systems. DG INTPA has focused its efforts to ensure universal and equitable access to education through e.g. digital and low-tech solutions and, in health, “Access to COVID-19 Tools” (ACT). The EU has also helped to mobilise EUR 9.8 billion during the Coronavirus Global Response initiative to develop rapid diagnostics, treatment and vaccines for coronavirus and for supporting the World Health Organization (WHO) to coordinate efforts in the most vulnerable countries, to strengthen health systems. 66% of the pledges came from Team Europe. An additional EUR 6.15 billion were raised in the “Global Goal: Unite For Our Future” Summit and concert organised on 27 June by the European Commission and Global Citizen to help develop and ensure equitable access to coronavirus vaccines, tests and treatments and support the global economic recovery, bringing to EUR 15.9 billion the total funds raised under the Coronavirus Global Response pledging marathon. To ensure continuity of health services such as routine immunisation in partner countries support was renewed to GAVI, the Vaccine Alliance, with a pledge of EUR 300 million. Additionally, EUR 400 million EFSD Guarantee and EUR 100 million grants were mobilised to the COVAX Advance Market Commitment to help secure 1.3 billion doses of COVID-19 vaccines to 92 low and middle income countries (LMICs) by end of 2021.

In **Malawi**, support to the COVID-19 response focussed on mitigating the socio-economic effects of the pandemic on those who will be most affected and have less resilience to this shock, as the effects of COVID-19 are coinciding with the high annually recurring food insecurity. Support included two reallocations: for school meals and for the national social cash transfer programme. The school meal intervention allows continuing school feeding, also when schools are closed, and supports both the nutritional status of school age children and income opportunities of the surrounding communities. The additional funds for the social cash transfers targets vulnerable households both in rural and urban areas where many have lost livelihoods due to the restrictive measures.
The **Team Europe (TE) approach in the Central African region** has translated into a strong European and integrated response to COVID-19. More concretely, the EU has supported health, water and sanitation systems, especially in the Democratic Republic of Congo (DRC), where the EU’s long-term health sector structural support programmes have proved fully relevant in the current crisis. In addition, the EU has addressed the economic and social consequences of the pandemic, through budget support payments in Cameroon, Central Africa Republic and Sao Tome and Principe, through projects of food security in Congo, or through job creation and youth empowerment in Cameroon and Gabon.

The EU’s health support package of EUR 22 million in response to COVID-19 in the **Pacific and Timor Leste** will support health sector preparedness and response activities throughout the Pacific by joining forces with the World Health Organisation (WHO)-led Pacific Joint Incident Management Team (JIMT). The project will help to mitigate the health impact of communicable diseases, particularly for COVID-19, and contribute to building strong, effective and resilient health systems in the partner countries. Activities include immediate health needs such as support for the limited capacity and capability to diagnose, the treatment and management of COVID-19 cases and the delivery of essential services, equipment and medication.

The EU’s total COVID-19 support to **Iran** amounts to EUR 24 million. DG INTPA’s contribution included a transfer of EUR 13 million to DG ECHO and EUR 3 million to United Nations Refugee Agency (UNHCR). These funds ensured rapid delivery of urgently needed medical, protective and testing equipment. An additional amount of EUR 3 million from INTPA is supporting female-led households of vulnerable Afghans by paying rent to avoid eviction. Further, these are also being utilised to ensure safe re-opening of MSMEs in vulnerable Afghan and host communities.

The COVID-19 crisis has hit **Yemen** particularly hard due to the already dire situation of the health sector in the country, but also due to the health situation of the general population who have been exposed to five years of chronic malnutrition and food insecurity. In 2020, a EUR 14.3 million support package for health was launched focusing particularly on women and new-born health. The programme, implemented by UN Children’s Fund (UNICEF), UN Population Fund (UNFPA) and WHO, will help some of the most vulnerable part of society – women and children – access life-saving health services in a pandemic context. In addition, existing programmes supporting small-scale businesses in Yemen were re-focused in 2020 to target the negative impacts of the pandemic on the Yemeni economy and vulnerable Yemenis’ livelihoods.

The EUR 112 million **Myanmar** Nutrition Sector Reform Contract (NSRC) will assist the Ministry of Agriculture, Livestock and Irrigation implement nutrition-sensitive activities. It aims to help the most vulnerable improve access to rural income, diversify food production, improve access to drinking water and increase food safety. The NSRC will help develop Myanmar’s rural economy while addressing the underlying causes of food insecurity and malnutrition. The NSRC will start implementation in 2021.

The “**Intra-Africa Academic Mobility scheme**” encourages higher education cooperation between African countries. The programme supports the African Higher Education
Institutions to organise the mobility of postgraduate students and staff (academic and administrative) across the continent. In 2020, 7 new projects were selected that will involve 29 African universities. Over the period 2016-2020, 28 projects were selected that will involve 79 Higher Education Institutions from 28 African countries as well as 26 EU universities as technical partners. Through those projects, 1,800 African postgraduate students and staff will study or work in another African country. Through this programme, the individual participants benefits from mobility in terms of skills and competences, while the participating institutions will strengthen their internationalisation and innovation strategies.

**Honduras** was struck in 2020 by the COVID-19 Pandemic, but as well by the devastating consequences of two tropical storms. Amid these challenges, three on-going relevant actions, one in employment creation and two others in food security were adjusted in 2020 to provide timely support. Adding previously uncommitted funds, allowed for a total disbursement of EUR 24.8 million in 2020. EUROEMPLEO, among others, promoted 105,000 jobs and employment opportunities through six programmes, many entrepreneurs and micro, small and medium enterprises received online training and a new National Policy on Professional Training was developed. Regarding food security; among many actions, 56,430 families benefited from nutrition and food security actions, 2,343 persons were trained and 37,417 children under 5 were registered in nutrition actions (exceeding the target).

**Challenges 2020**

The pandemic has exacerbated existing challenges and put additional stress on partner country economies and public finances. One challenge will be to help partner countries protect public financing to social sectors in front of competing priorities. DG INTPA put in place guidance and mitigation actions to ensure a swift and efficient crisis response through all channels of EU funding (country level, regional and through the multilateral system). Reorientation and frontloading of existing funds were made where possible to guarantee the timely and efficient implementation of the global EU response to COVID-19.

**Performance Story 4 - Sustainable Jobs and Growth**

DG INTPA has supported countries as they take first steps towards **Integrated National Financing Frameworks** (INFFs) that aim at developing a comprehensive and coherent financing strategy to mobilise funds and align all sources of finance with sustainability goals. Progress on INFFs was initially slowed down due to the sudden need to prioritise COVID-19 management. To address this, the EU financed and developed INFF.org, a Knowledge Management Platform for the INFFs which provides countries with the
information they need to implement INFFs, connect with other INFFs stakeholders, and bring together new knowledge and experiences with INFFs around the globe.

DG INTPA has also supported the work on the INFF methodology as well as continued to facilitate a global conversation on INFFs with key stakeholders.

The European Fund for Sustainable Development (EFSD), the financial arm of the External Investment Plan (EIP) and a powerful de-risking tool, is one of the largest public guarantee programmes in support of private sector investment for development. In 2020, the EFSD contributed to bridging the gap between the financing already available and the financing still needed to create jobs, boost growth and meet the other United Nations Sustainable Development Goals. EU budgetary guarantees for loans to banks and other financial intermediaries are particularly well suited to de-risk investment in partner countries and support their sustainable development. This has made EFSD an important part of the EU’s global response to COVID-19. Some guarantees have supported the health sector - such as African Health Diagnostics Platform that supported COVAX to procure and deliver doses of vaccines for fair distribution around the world -, others - such as expanded guarantees for renewable energy - have focused on liquidity support to ensure the effective completion of investment projects despite the economic downturn resulting from the pandemic. By the end of 2020, the Commission signed guarantee agreements with partner financial institutions for the amount exceeding EUR 1.55 billion exceeding the initial EFSD Guarantee capacity. This achievement marked the conclusion of the implementation of the External Investment Plan’s overall guarantee which enabled partner financial institutions to generate billions of euros in much-needed investment, in particular across Africa.

In 2020, the EU contributed over EUR 31 million for the Technical Assistance (TA) accompanying a number of the EFSD guarantee agreements, such as AgreenFI, from INTRA-ACP envelope. For AgreenFI programme, the TA provided has been an essential component to improve lead financial institutions’ capacities to better measure risks and

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**European Investment Plan - identified as example of efficiency and effectiveness in MP 2020**

In the framework of the External Investment Plan (EIP), the European Commission has established the European Fund for Sustainable Development (EFSD) to support investments in Africa and the Neighbourhood. The overall aim of the EFSD was to contribute to the goals of the United Nations 2030 Agenda for Sustainable Development, in particular poverty eradication, as well as to the commitments under the recently revised European Neighbourhood Policy.

The EFSD was managed by the European Commission and implemented through two Regional Investment Platforms (i.e. the African Investment Platform (AIP), and the Neighbourhood Investment Platform (NIP), which combine financing from the existing external blending facilities for Africa and the Neighbourhood with the EFSD Guarantee. This enabled using scarce public resources in an innovative way to mobilise public and private investment, thereby creating growth and employment opportunities, maximising additionality, delivering innovative products and crowding-in private sector funds.

Through EFSD Guarantee, the Commission provides partial guarantees to eligible counterparts, which in turn support beneficiaries through a wide range of financial instruments, including loans, guarantees, counter-guarantees, capital market instruments and other forms of credit enhancement, insurance, equity or quasi-equity participations.

In 2020, the EFSD Guarantee worth EUR 1.55 billion covered portfolios of investments to be implemented by financial institutions in targeted areas, such as sustainable energy and connectivity; micro, small and medium-sized enterprises (MSMEs) financing; sustainable agriculture, rural development and agribusiness; sustainable cities; digital for development.
provide appropriate financial products to agricultural producers and rural SMEs. In the
difficult economic context resulting from the COVID-19 crisis, lead financial institutions’
have been facing unexpected risks at the level of their clients (market disruptions,
discontinuity of incomes and discontinuity of provision of social basic services, prices hikes),
jeopardizing their balance sheets. At the same time, the AgreenFI TA has focused on
improving the end-beneficiaries’ technical, management and financial skills, so that their
businesses are ruled in a productive, efficient and profitable way and they are able to
borrow from financial institutions, to invest and to grow. Consequently, TA has proven an
important tool to reduce risks and improve efficiency and effectiveness of funding.

In Cameroon, the ongoing budget support programme helped to link Domestic Revenue
Mobilisation (DRM) with forest conservation by introducing performance indicators
promoting fiscal reforms for the forestry sector and increasing domestic revenues. The
Ministry of Finance, in collaboration with the Ministry for Forestry established a data base
consolidating all available information for the forest sector. By cross checking the data
detained by the Ministry of Forest with those at the Ministry of Finance, the data base
revealed a gap of EUR 30 million of non-collected fees linked to the exploitation license,
and of EUR 42 million for non-declared revenues by the enterprises in the sector. When
made publicly available, these results steered a national debate to advance fiscal policy
measures by incentivizing the private sector to operate in legality, both increasing revenues
and creating a level playing field between companies. Strong policy dialogue, donor
coordination and technical assistance have accompanied this important reform process.

Cambodia has substantially increased domestic revenue capacity since the approval of a
structured Domestic Revenue Mobilisation (DRM) Strategy. In 2020, despite the
negative impact of the Covid-19 crisis, domestic revenues have helped build fiscal
resilience against external economic shocks and have enabled the Government to finance
the responsive to the Covid-19 crisis possible. Furthermore, as part of the agreement with
Swedish Development Agency (SIDA) on the “Partnership for Accountability and
Transparency” and working in collaboration with the Swedish Tax Agency, the EU has
provided technical assistance to the General Department of Taxation to develop a tax risk
management system, improve taxpayer’s services and design a comprehensive Personal
Income Tax (PIT). These positive results have been obtained by combining budget support
policy dialogue with the provision of technical assistance in close collaboration with a
Member State’s tax authority.

In Cameroon, a new project has been designed to ease access to finance for Micro, Small
and Medium-sized Enterprises (MSMEs) in the frame of the Team Europe COVID-19
Response. Through local financial intermediaries, the project will help MSMEs to cope with
the adverse economic impact of the COVID-19 pandemic, providing liquidity to private
enterprises that have been impacted by the abrupt slowdown of the economic activity. The
grant provided by the EU, coupled with a loan provided by the European Investment Bank
(EIB), thanks to the EU budgetary guarantee, will support MSMEs in the medium to long-
term, through the beginning of the economic recovery. The grant component of the project
will de-risk two financial products, an EIB Loan guaranteed by the EU for long-term lending
to Financial Institutions (FIs) committed to finance private MSMEs, and Interest Rate
Subsidy: as the cost of funding is a major constrain to access to credit for local enterprises, the EIB loan will be accompanied by a lower interest rate.

Between 2016 and 2020, the ADELANTE Programme on Triangular Cooperation co-financed 8 projects which contributed to public policies improvements through peer-to-peer learning and exchange of experiences, having joined up 93 institutions from both the EU and LAC. The EU is also providing technical assistance to create a demand-driven tool that will enable targeted, flexible, quick, and tailor-made support to assist Latin American countries in progress on the Sustainable Development Goals (SDGs). This instrument will foster policy coherence for development and opportunities for deepening the EU’s strategic relations in areas of mutual interest, enhancing the value added of EU’s cooperation in the region.

As results of the “International Donor’s Conference” of May 2020, the Commission mobilised EUR 70 million to support the Venezuelan migrants and refugees, as well as their hosting communities. The package includes financing for Peru, Colombia, Ecuador, Costa Rica and Venezuela to support their COVID-19 response and to mitigate the regional impact of the Venezuelan migration crisis. The remaining financing is mobilised through the Global Public Goods and Challenges programme and benefits Colombia, Ecuador and Peru though blending actions, as well as a project with NGOs and the United Nations Development Programme.

**Challenges 2020**

The main challenge encountered in 2020 for the sustainable jobs and growth initiatives was the impact of COVID-19 pandemics which has shaken societies around the globe with severe social and economic consequences, above all, for the most vulnerable. As a mitigating measure, the Commission adjusted the implementing tools in its hands to prioritise the actions needed to propel recovery and resilience. For example, under EFSD’s Agricultural and Rural Finance Guarantee Programme (AgreenFI) a new component worth 68.2 million was created with PROPARCO specifically to support small businesses in agriculture affected by the COVID-19 pandemic by responding to the short-term financing needs, which can negatively affect business sustainability and job retention, by improving access to finance and liquidity. The accompanying technical assistance aims at bringing rapid crisis solutions and recovery solutions to both financial institutions (FIs) and smallholder farms and micro, small and medium enterprises (MSMEs). It helps FIs to identify the potential borrowers and design more accessible loans to a wider range of agricultural businesses. It also supports MSMEs to improve skills (financial, managerial, and technical) to develop high-quality investment projects.

**DG’s contribution to the Commission’s crisis response and recovery plan**

The coronavirus has shaken the world to its core, testing healthcare and welfare systems, societies and economies. The EU response strategy tackled both public health and the socio-economic challenges in a comprehensive, coherent and integrated manner.

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27 PROPARCO is a subsidiary of the Agence Française de Développement (AFD) devoted to private sector funding
The EUR 1.55 billion EFSD guarantee proved a powerful leveraging tool appropriate to address the negative consequences of the COVID-19 crisis, in particular for the promotion of investments to reinforce the sanitary systems and the socio-economic recovery of partner countries. The EFSD covered guarantees to partly reduce the risk of loans provided by European and international financial institutions to businesses to enable them to recover swiftly and from the current crisis.

To improve access to quality diagnostics, laboratory services and COVID-19 vaccines, the EU signed a guarantee agreement worth EUR 458 million with the European Investment Bank (EIB) to reduce and remove financing constraints for accessing vaccines and health diagnostic services. One component of the guarantee has focused on improving access to future COVID-19 vaccines in Africa and the EU Neighbourhood and has been implemented by the COVID-19 Vaccines Global Access Facility (COVAX). The second component of the guarantee has focused on the access and quality of health-related diagnostic services for low-income populations in Sub-Saharan Africa, particularly in rural areas.

Budget support programmes were successfully implemented and also played an essential role in providing a COVID-19 crisis response. The total budget support payments to INTPA partner countries amounted to EUR 1.9 billion in 2020. These funds provided an urgent support to partner countries’ fiscal space, allowing to implement their COVID-19 response plans, including health and economic recovery measures, and continue delivering key public services.

In order to support Low Income Countries, the Commission has contributed with EUR 183 million to the Catastrophic Containment Recovery Trust of the IMF, thereby lifting the obligation by 25 ACP countries to reimburse loans tranches owed to the IMF in the 2nd semester of 2021.
2. Modern and efficient administration and internal control

This section explains how the DG delivered the achievements described in the previous section. It is divided into two subsections. The first subsection reports the control results and other relevant information that support management’s assurance on the achievement of the financial management and internal control objectives. It includes any additional information necessary to establish that the available evidence is reliable, complete and comprehensive. It covers all activities, programmes and management modes relevant to the DG. The second subsection deals with the other aspects for a modern and efficient administration: human resources, digital transformation and information management and sound environmental management.

- General environment

The operational environment of external assistance financed by the general budget of the EU, the EDF, and the EU Trust Funds is characterised by:
- a high level of risk in the “developing country” context due to the geo-political, social, institutional and administrative environment frequently associated with instability;
- geographically dispersed activities (covering 92 Delegations managing funds for external assistance around the world);
- a high number of operations and associated financial transactions;
- the diversity of implementing organisations and partner countries with their diverse management and control capacities (ranging from small local NGOs to IOs);
- eight different external financing instruments for the 2014-2020 period;
- a diversity of assistance delivery methods (traditional projects, budgetary support, sectoral policy support programmes, contributions to global instruments, blending, etc.).

2.1 Financial management and internal control

Assurance is provided on the basis of an objective examination of evidence of the effectiveness of risk management, control and governance processes.

This examination is carried out by management, who monitors the functioning of the internal control systems on a continuous basis, and by internal and external auditors. The results are explicitly documented and reported to the Director-General. The following reports have been considered:
- **88 External Aid Management Reports (EAMR)** produced by EU Delegations, together with the statements of assurance signed by the Heads of Delegations. These statements include - as foreseen in the Financial Regulation - information on the effectiveness of the internal control system put in place in the Delegations, as well as information on the management of the operations sub-delegated to them providing thus their assurance to the relevant Director in accordance with the sub-delegation received.

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28 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
9 Sub-Delegated Authorising Officers' Reports produced by DG INTPA Directors and Heads of units having received a sub-delegation from the Director-General or his Deputies;
2 reports from Authorising Officers in other DGs managing budget appropriations in cross-delegation;
the activity reports of the Authorising Officers by Sub-delegation designated for the EU Trust Fund Bêkou, for each window of the EU Trust Fund Africa and the EU Trust Fund Colombia;
Report on recorded exceptions and non-compliance events;
Report on Annual Management declarations from International Organisations (IOs) and Development Agencies;
Reports on Supervision missions to EU Delegations;
Available pillar assessment reports: International Organisations and National Agencies need to pass pillar assessments pursuant to the Financial Regulation in order to check whether the European Commission can entrust budget implementation tasks to those entities;
the 2020 Assessment of the Internal Control System by the Risk Management and Internal Control Director;
the observations and recommendations reported by the Commission’s Internal Audit Service (IAS);
the Commission’s IAS’s conclusion on the state of DG INTPA’s internal control;
the 2020 RER Study;
a desk review of the results of the RER studies and the ECA reports for the last 3 years (2017-2019).

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 Director-General of DG INTPA. It covers the EU Budget, the EDF and the EU Trust Funds “Bêkou”, “Africa” and “Colombia” managed by DG INTPA.

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

2.1.1 Control results

This section reports and assesses the elements identified by management which support the assurance on the achievement of the internal control objectives\(^{29}\). The DG’s assurance building and materiality criteria are outlined in AAR Annex 5. Annex 6 outlines the main

\(^{29}\) 1) Effectiveness, efficiency and economy of operations; 2) reliability of reporting; 3) safeguarding of assets and information; 4) prevention, detection, correction and follow-up of fraud and irregularities; and 5) adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments (FR Art 36.2). The 2\(^{nd}\) and/or 3\(^{rd}\) Internal Control Objective(s) (ICO) only when applicable, given the DG’s activities.
risks together with the control processes to mitigate them and the indicators used to measure the performance of the relevant control systems.

The breakdown by management modes of total payments made by DG INTPA in 2020 is presented in the below chart. Despite the difficulties related to the COVID 19 crisis, DG INTPA has achieved a full execution of the commitment and payment credits funded by the EU general budget. Implementation targets for the European Development Fund and the EU Trust Funds were also achieved. In 2020, a total of EUR 8.159 million was disbursed by DG INTPA. This is the highest level of payment ever achieved and a remarkable result for the last year of commitment for the MFF 2014-2020 and the 11th EDF.

![Chart showing payment breakdown by management modes](chart.png)

*as foreseen in Financial Regulation (July 2018), article 62.1(c) (II) to (VII)

The new 2018 Financial Regulation introduces a few additional reporting requirements:

- **confirmation of instructions (art 92.3)** – no such cases for DG INTPA
- **financing not linked to costs (art 125.3)** – no such cases for DG INTPA
- **financial framework partnerships for more than 4 years (art 130.4)** – 1 case for DG INTPA
- **flat rates above 7% (art 181.6)** – no such cases for DG INTPA
- **derogation to the principle of non-retroactivity for grants (art 193.2)** – in 2020 DG INTPA recorded 43 cases of derogations from the principle of non-retroactivity of grants.

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

31 Excluding General Budget and EDF contributions to EU Trust Funds (EUR 929.33 million) and including payments made by EU Trust Funds (EUR 1,118.03 million). Payments made by DG NEAR in the context of cross-sub-delegation given by DG INTPA on the EU Trust Fund Africa – North of Africa window amount to EUR 196.29 million. These payments are reflected by management mode in the chart; they are not included in the category “cross-subdelegations”.

32 General budget of the Union: EUR 3,255.60 million; European Development Fund (EDF): EUR 3,785.42 million and EUTFs Békou, Africa and Colombia: EUR 1,118.03 million.

33 Extension of the CONCORD - Framework Partnership Agreement until 31.12.2021 was granted given the role played by CONCORD as a unique confederation of national relief and development NGO platforms from all EU Member States, major European networks and associate members, representing some 2600 NGOs across Europe. This makes of CONCORD a key interlocutor of the EU, with proven added-value to the debate on EU development policy.
2.1.1.1 Effectiveness = the control results and benefits

2.1.1.1.1 Legality and regularity of the transactions

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

I. General Objective of control

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

Since 2012, DG INTPA estimates an annual residual error rate by means of a RER study based on a methodology developed as a reply to a recommendation by the ECA. The main purpose of the RER study is to provide a representative indicator for the determination of the materiality of potential weaknesses. The errors identified by the RER are systematically followed-up.

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

The RER Study estimates one overall error rate, as well as error rates for the European Union Budget and the EDF.

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34 The RER study does not represent an assurance engagement (or audit) and therefore is not performed in accordance with International Standards on Auditing. It follows its own methodology which is described in the RER Methodology and Instruction Manual. The main differences with an audit are: reliance on previous supervision and controls; using mainly desk review; estimation of errors in very few cases; scope of examination of procurement procedures. The methodology and manual provide the framework for RER procedures and clearly describe the situations in which reliance should be placed on previous control work and where substantive testing should be undertaken. Previous control work may include financial and technical audits, audits performed in the framework of the European Court of Auditor’s Declaration of Assurance (DAS), verifications, evaluations and technical supervisors’ reports. Reliance on previous control work does not entail re-performance of audit procedures or examination of detailed working papers. This aspect of the RER Methodology is founded on cost-effectiveness considerations. Where the quality of previous control work is examined and deemed capable of supporting reliance, there remains the possibility that errors will not have been detected by that previous control work, as is the case for any similar engagement. In such a case, these errors will remain undetected where full reliance is placed on previous control work. Where there is no previous control work or where the quality of previous control work cannot be demonstrated to have reached the standards demanded by the RER Methodology, the study requires performance of detailed substantive procedures designed to reveal undetected errors.
The 2020 RER Study applied the methodology on the basis of a sample (drawn by monetary unit sampling) of 412 transactions. These transactions relate to contracts closed in the CRIS and ABAC data bases in the period September 2019 to August 2020.

The European Court of Auditors regularly issues observations on the implementation of the RER study and these observations usually lead to an update of the RER methodology, addressing the issues raised, such as - recently - the increase in the number of field visits, further clarification of procurement procedures and the clarification of the concepts of reliance or partial reliance in previous audit work.

The most likely estimate of the representative RER is 0.95% compared with 1.13% for 2019. The RER for operations financed by the EU Budget is estimated at 1.14%, the one for operations financed by the European Development Fund is estimated at 0.82%.

For 2020, the breakdown of the RER is as follows:

**Confirmed errors:** 0.34%
- Indirect Management with third Organisations 0.25%
- Direct Grants 0.07%
- Direct Procurement 0.01%
- Indirect Management with Beneficiary Countries 0.01%

**Errors due to missing or inadequate documentation:** 0.55%
- Direct Grants 0.44%
- Indirect Management with third Organisations 0.11%

**Estimated errors:** 0.06%

---

35 Upper error limit at 2.81% and lower error limit at 0.06%.
A large part of the errors are due to missing documentation. 38% of the error rate is related to three transactions, where the main error source was missing documentation: a grant to the Communauté Économique et Monétaire de l’Afrique Centrale (contribution of 0.18 percentage points of the error rate); a grant to the Organisation of woman’s freedom in Iraq (contribution of 0.11 percentage points of the error rate); and a grant to Humanistisch Instituut Voor Ontwikkelings Samenwerking in Kenya (contribution of 0.10 percentage points of the error rate).

The estimated errors (around 6% of the total residual error rate) are linked to either confidential contracts, whose sensitive details could neither be made available in situ, due to COVID-19 global travel restrictions, nor be shared electronically in an sufficiently secured and safe fashion or to contracts whose documentation is not accessible due to, for instance, disappearance of the legal entity, civil war or fire.

The mobility restrictions due to COVID-19 pandemic had very limited impact on the RER study and where on-spot checks were not performed they were done remotely, except for very few transactions for which, due to confidentiality and/or security considerations, it was decided not to make the documents available through electronic means.

II. Risk-differentiated assurance

The overall RER for 2020 is 0.95%, i.e. well below the materiality threshold of 2%. However, the risk-differentiated approach takes into account information that hints at areas for which the suspected error rate would be above materiality.

For this purpose, a risk analysis was carried out on the basis of past RER and ECA results for a three-year period (covering reporting years 2017, 2018 and 2019). Indicative error rates have then been estimated by multiplying the overall error rate with the risk indices as follows:

<table>
<thead>
<tr>
<th>Expenditure categories</th>
<th>Risk Indices</th>
<th>Error rates</th>
<th>% of relevant expenditure</th>
<th>% of payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total DG INTPA</td>
<td>100</td>
<td>0.95%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I Direct Management - Grants</td>
<td>138</td>
<td>1.31%</td>
<td>13.8</td>
<td>16.6</td>
</tr>
<tr>
<td>II Direct Management - Budget Support</td>
<td>0</td>
<td>0.00%</td>
<td>26.4</td>
<td>23.9</td>
</tr>
<tr>
<td>III Direct Management - Procurement</td>
<td>2</td>
<td>0.02%</td>
<td>4.9</td>
<td>4.3</td>
</tr>
<tr>
<td>IV Indirect Management - Grants</td>
<td>126</td>
<td>1.20%</td>
<td>8.9</td>
<td>7.5</td>
</tr>
<tr>
<td>Of which</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IVa IMBC: Grants</td>
<td>236</td>
<td>2.24%</td>
<td>1.6</td>
<td>1.9</td>
</tr>
<tr>
<td>IVb IMBC: Programme Estimates</td>
<td>145</td>
<td>1.38%</td>
<td>1.3</td>
<td>0.8</td>
</tr>
<tr>
<td>IVc IMBC: Procurement</td>
<td>104</td>
<td>0.99%</td>
<td>5.4</td>
<td>4.4</td>
</tr>
<tr>
<td>V Indirect Management with third Organisations</td>
<td>109</td>
<td>1.04%</td>
<td>38.9</td>
<td>42.4</td>
</tr>
</tbody>
</table>

36 The total is 92.9%: the remaining percentage corresponds to other minor expenditure categories like administrative or contributions to the EFSD.
37 The total is 94.8%: the remaining percentage corresponds to other minor expenditure categories like administrative or contributions to the EFSD.
38 Indicative error rate based on the multiplication of the respective risk index with the global average error rate.
39 Indirect Management with Beneficiary comprises four categories, i.e., Grants, Programme Estimates, Procurement and Others. This is the reason why the percentage of relevant expenditure for expenditure category IV does not equal the sum of only subcategories IVa, IVb and IVc.
DG INTPA’s portfolio consists of segments with a relatively low error rate, i.e. Budget Support or Procurement in Direct Management and a few segments with a relatively high error rate, i.e. Grants in Indirect Management with Beneficiary Countries.

This is due to the inherent risk profile of the operations in third countries, the performance of the related control systems and the complexity of the programmes, funding modalities and beneficiaries.

Regarding the segments with control weaknesses, the causes are for the most part missing supporting documents and procurement issues. Management actions taken to address these weaknesses are both ex-ante and ex-post and they are summarized under 2.1. In this context, the improvements made during the reporting year already resulted in a RER below 2% (0.95%) and in a general improvement of KPIs.

**Conclusion for assurance**

Reservations could be raised for spending areas with an indicative error rate above 2%, i.e. for Grants in Indirect Management with Beneficiary countries. However, the related payments represent a mere 1.9% of total annual payments so that the potential financial impact (EUR 2.6 million) is below EUR 5 million. In this case, the “de minimis” rule applies and no reservation has to be made on this spending area.

In order to detect weaknesses, DG INTPA has categorised its portfolio and described five major relevant control systems (RCS) corresponding to the main methods of implementation. In addition, DG INTPA has developed risk indices to better support the assessment by RCS. A notional error rate for each RCS is calculated to add information on risks in the various methods of implementation.

The table below and Annex 6 describe the main implementation modalities used by DG INTPA in 2020 for the delivery of External Aid. They present for each of them the characteristics and results of the applicable controls and conclude on the level of risk associated to each of these implementation modalities.

<table>
<thead>
<tr>
<th>Moment of Control</th>
<th>Control type</th>
<th>RCS 1 – Grants in DM</th>
<th>RCS 2 – Budget Support (DM)</th>
<th>RCS 3 – Procurement in DM</th>
<th>RCS 4 – IM with Beneficiary countries</th>
<th>RCS 5 – IM with third Organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior to Contracting</td>
<td>Budget Support Eligibility Assessment</td>
<td>NA</td>
<td>100%</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td></td>
<td>Ex-ante checks</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Contracting</td>
<td>Ex-ante checks</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Further to the agreement by the Corporate Management Board (30 April 2019), a “de minimis” threshold for financial reservations is applicable. Quantified AAR reservations related to residual error rates above the 2% materiality threshold, are deemed not substantial for segments representing less than 5% of a DG’s total payments and with a financial impact below EUR 5 million. In such cases, quantified reservations are no longer needed. Of course, this is without prejudice of maintaining a reservation for its reputational reasons if applicable.**
### Main controls by Relevant Control System (RCS)

<table>
<thead>
<tr>
<th>Moment of Control</th>
<th>Control type</th>
<th>RCS 1 – Grants in DM</th>
<th>RCS 2 – Budget Support (DM)</th>
<th>RCS 3 – Procurement in DM</th>
<th>RCS 4 – IM with Beneficiary countries</th>
<th>RCS 5 – IM with third Organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior to Payment to Payment</td>
<td>Expenditure verifications contracted by fund recipients</td>
<td>All final payments of grants &gt; EUR 100,000</td>
<td>NA</td>
<td>Only for fee-based service contracts</td>
<td>Only for fee-based service contracts</td>
<td>All final payments of grants &gt; EUR 100,000</td>
</tr>
<tr>
<td>Payments</td>
<td>Ex-ante checks</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Monitoring the Implementation</td>
<td>Service contracts for the supervision of works</td>
<td>NA</td>
<td>NA</td>
<td>Only for works contracts</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Partly ex-ante/partly ex-post</td>
<td>Engagements under Annual Audit Plans</td>
<td>overall audit coverage ratio &gt; 5%</td>
<td>NA</td>
<td>overall audit coverage ratio &gt; 5%</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>After implementation of all other controls</td>
<td>Annual RER Study</td>
<td>representative monetary unit sample</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Relative Weight of payment per RCS</th>
<th>RCS 1 – Grants in DM</th>
<th>RCS 2 – Budget Support (DM)</th>
<th>RCS 3 – Procurement in DM</th>
<th>RCS 4 – IM with Beneficiary countries</th>
<th>RCS 5 – IM with third Organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments made in 2020 for each RCS (EUR million)</td>
<td>1353</td>
<td>1951</td>
<td>355</td>
<td>611</td>
<td>3463</td>
</tr>
<tr>
<td>% of total of DG INTPA payments in 2020 (EUR 8 159.05 million)</td>
<td>17%</td>
<td>24%</td>
<td>4%</td>
<td>7%</td>
<td>42%</td>
</tr>
<tr>
<td>Risk-index</td>
<td>158</td>
<td>0</td>
<td>2</td>
<td>126</td>
<td>109</td>
</tr>
<tr>
<td>Indicative RER in %</td>
<td>131</td>
<td>0</td>
<td>0.02</td>
<td>1.20</td>
<td>1.04</td>
</tr>
<tr>
<td>Risk level (see Annex 6 for details)</td>
<td>medium</td>
<td>low</td>
<td>low</td>
<td>medium (high for Indirect Grants)</td>
<td>medium</td>
</tr>
<tr>
<td>Reservation Y/N</td>
<td>N</td>
<td>N</td>
<td>N</td>
<td>N (“de minimis” applies to Indirect Grants)</td>
<td>N</td>
</tr>
</tbody>
</table>

### III. Cross-sub-delegations

In 2020, DG NEAR made payments of EUR 196.29 million in the context of the cross subdelegation given by DG INTPA for the implementation the EU Trust Funds Africa – North of Africa window and DG EAC made payments for EUR 2.6 million in the context of the cross-subdelegation given by DG INTPA for the implementation of the ERASMUS+ programme.

The cross-delegation agreements require the Authorising Officers by Delegation (AODs) of these DGs to report on the use of these appropriations. In their reports, the AODs did not communicate any events, control results or issues which could have a material impact on assurance, **except DG NEAR who raises a reservation for the grants in indirect management**. The DG NEAR residual error rate for direct grants is 3.17%. Parts of the funds sub-delegated from DG INTPA to DG NEAR have been spent in that management.

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41 Of which: Grants (EUR 158 million), Programme Estimates (EUR 62 million), Procurement (EUR 362 million) and other (EUR 29 million).
42 Excluding General Budget and EDF contributions to EU Trust Funds (EUR 929.33 million) and including payments made by EU Trust Funds (EUR 1 118.03 million).
mode. The payment concerned was **EUR 14.41 million**, representing 0.18% of overall DG INTPA payments. However, the associated relevant expenditure, and therefore the amount at risk, was EUR 0.

**IV. Report on exceptions and non-compliance events**

**A) Exceptions**

Exceptions are deviations from established processes and procedures that are not specifically allowed for by the applicable rules. A detailed justification is required from the competent authority responsible for the procedure or contract. Exceptions are not a breach of rules or procedures. They are approved by the competent authority before action is taken (ex-ante) and registered. 127 exceptions were registered and analysed in 2020. When relevant, necessary adjustments of procedures were undertaken.

More specifically, as concerns indirect management:

- 13 exceptions were registered on Financing Agreements. These exceptions aimed at modifying standard provisions of the general conditions in order to target specific needs of partner countries and partner regional organisations. In addition, 2 exceptions were registered in the context of the implementation of Financing Agreements in order to introduce procedures currently not included in the DG INTPA Companion.
- 8 exceptions were registered on programme estimates to extend the implementation period beyond the maximum period stipulated in the programme estimates’ guide. 6 of these exceptions were justified based on the impossibility to timely implement some of the activities due to the current COVID-19 crisis.
- 64 exceptions were registered on agreements (administration agreements, contribution agreements or delegation agreements) with pillar-assessed partners, such as international organisations or Member States’ organisations. These exceptions aimed at modifying the standard provisions of the general conditions in order to cater for specific needs of such partners. The update of the contribution agreement template in January 2021 should lead to a reduction of such exceptions.
- 1 exception was registered in relation to a Framework agreement on the customs and fiscal regime.
- 3 exceptions were registered on transfer agreements. These exceptions aimed at modifying standard provisions of the general conditions in order to target specific needs of the donors.

As concerns contracts in direct management 36 exceptions were registered. While 17 of them are related to the strengthening of reporting and financial provisions in grant contracts or calls for proposals, 6 exceptions provide for the increase of grant amounts, some of them referring to the COVID-19 response actions, and 4 exceptions record changes in payment terms for grants or procurement contracts, including the grant to Gavi which is a part of the Global EU response to COVID-19 and implements the special measure aiming to accelerate manufacturing, availability and equitable access to affordable COVID-19 vaccines in African, Caribbean and Pacific (ACP) countries through the COVAX Facility.
B) Non-compliance events (NCEs)

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

Out of 47 recorded NCE cases, 36 correspond to case 10B “A breach of existing regulatory and/or contractual provisions”, and 11 to case 10A, “Absence of the required ex-ante authorisation”.

Most of the 36 cases of breaches of existing regulatory or contractual provisions concern the signature of a legal commitment when no corresponding budgetary commitment was previously validated. Among these:

- 5 cases are due to technical issues that happened in December 2020 in OPSYS\(^{43}\), which prevented requests for services from being sent in time to contractors, thus leading to a signature of the contract after the D + 3.
- only 4 cases expressly invoke the difficulties linked to the COVID crisis to justify the occurrence of an NCE, to which cases that invoke the impossibility of accessing ABAC during remote work can be added.

As for the 11 cases of “Absence of the required ex-ante authorisation”, they relate to a variety of mistakes such as giving a visa instead of Headquarters for a substantial modification of a financing decision, or forgetting to request the approval of the Geographic director for non-substantial riders to financing decisions, or to instances where Headquarters’ instructions had not been followed. Two cases mention the a posteriori nomination of evaluation committee members.

V. Reports on supervision missions to EU Delegations

Supervision missions are a management tool aimed at enhancing the mutual understanding between DG INTPA in Brussels and the EU Delegations, improving the communication flows and increasing the efficiency of the management of the EU external assistance.

DG INTPA’s management approved in November 2017 new guidelines for supervision missions to Delegations that recommend performing between 7 to 10 per year with sampling based on risk analysis.

According to the 2020 Annual Plan, 14 supervision missions were envisaged: Madagascar, Mozambique, South Sudan, Barbados, Brazil, Guinea Bissau, Liberia, Malawi, Niger, Thailand, Dominican Republic/Jamaica, Fiji, Cambodia and Uzbekistan. Due to the COVID pandemic and the ensuing travel restrictions the implementation of the 2020 annual plan for supervision missions to EU Delegations was suspended in March 2020. At the date of the suspension, only the supervision missions to Mozambique and Liberia had been carried out.

\(^{43}\) Opsys is DG INTPAs new operational information system currently being deployed. This new system also strives to provide a corporate solution for the external relations family, mainly DG NEAR and FPI.
The Covid-19 crisis therefore clearly limited the internal control possibilities through supervision missions.

In any case, the plan was suspended, not cancelled, and since the exercise is multiannual with each delegation being visited every 5 to 7 years it is the intention of DG INTPA to perform these remaining supervision missions of the 2020 Annual Plan as soon as it is feasible and consequently catch up with the delay.

Given that this outcome is not a default of the control system as such and judging from the character of the recommendations usually following such missions, this should not be classified as a major control weakness.

On the basis of the available information, DG INTPA has reasonable assurance that the delay in supervision missions does not reduce the effectiveness of this assurance building block.

VI. Estimation of amounts at risk

DG INTPA’s relevant expenditure, estimated overall risk at payment, estimated future corrections and risk at closure are disclosed in “Estimated overall risk at closure” and its accompanying notes below.

The estimated overall risk at payment for 2020 expenditure amounts to EUR 66.24 million, representing 0.90% of the DG’s total relevant expenditure for 2020. This is the AOD’s best, conservative estimation of the amount of relevant expenditure during the year not in conformity with the contractual and regulatory provisions applicable at the time the payment was made.

This expenditure will subsequently be subject to ex-post controls and a proportion of the underlying errors will be detected and corrected in subsequent years. The conservatively estimated future corrections for 2020 expenditure amount to EUR 13.42 million. This is the amount of errors that the DG conservatively estimates will be identified and corrected by controls planned to be carried out in subsequent years.

The difference between those two amounts results in the estimated overall risk at closure of EUR 52.82 million, representing 0.71% of the DG’s total relevant expenditure for 2020.

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

The evolution of estimated correction is stable compared with previous years (2019: EUR 13.5 million, 2018: EUR 14.9 million), as the control system did not change. The amounts of risk at closure and at payment are in the same order of magnitude as for 2019, which is the result of a lower error rate and a higher relevant expenditure.
Estimated risk at closure

<table>
<thead>
<tr>
<th>Payments made (2020; EUR million)</th>
<th>Minus new prefinancing (2020; EUR million)</th>
<th>Plus cleared prefinancing (2020; EUR million)</th>
<th>= &quot;relevant expenditure&quot; (2020; EUR million)</th>
<th>Average Error Rate (weighted AER; %)</th>
<th>Estimated overall risk at payment (2020; EUR million)</th>
<th>Estimated Recoveries and Corrections (adjusted ARC; %)</th>
<th>Estimated future corrections (for 2020; EUR million)</th>
<th>Estimated overall risk at closure (EUR million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU Budget</td>
<td>3,471.4246</td>
<td>1,860.74</td>
<td>1,814.47</td>
<td>3,425.16</td>
<td>80.00</td>
<td>0.00</td>
<td>0.00</td>
<td>80.00</td>
</tr>
<tr>
<td></td>
<td>Of which DG’s contribution to EUTF</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Africa</td>
<td>80.00</td>
<td>0.00</td>
<td>0.00</td>
<td>80.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Békou</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>of which DG’s contribution to EUTF</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Colombia</td>
<td>15.00</td>
<td>0.00</td>
<td>0.00</td>
<td>15.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Madad</td>
<td>34.40</td>
<td>0.00</td>
<td>0.00</td>
<td>34.40</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EU Budget excl. contributions to EU TF</td>
<td>3,342.02</td>
<td>1,860.74</td>
<td>1,814.47</td>
<td>3,295.76</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EDF</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Of which DG’s contribution to EUTF</td>
<td>4,510.5646</td>
<td>2,165.18</td>
<td>1,926.99</td>
<td>4,272.36</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Africa</td>
<td>770.93</td>
<td>0.00</td>
<td>0.00</td>
<td>770.93</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Of which DG’s contribution to EUTF</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Békou</td>
<td>29.00</td>
<td>0.00</td>
<td>0.00</td>
<td>29.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>of which DG’s contribution to EUTF</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EDF excl. contributions to EU TF</td>
<td>3,710.63</td>
<td>2,165.18</td>
<td>1,926.99</td>
<td>3,472.43</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EU TF:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Of which DG’s contribution to EU TF</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Africa</td>
<td>46.16</td>
<td>40.55</td>
<td>21.31</td>
<td>26.92</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>of which DG’s contribution to EU TF</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Békou</td>
<td>1,051.52</td>
<td>883.99</td>
<td>431.09</td>
<td>598.62</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>of which DG’s contribution to EU TF</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Colombia</td>
<td>20.35</td>
<td>14.25</td>
<td>7.18</td>
<td>13.29</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>of which DG’s contribution to EU TF</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sub-total</td>
<td>1,118.03</td>
<td>938.79</td>
<td>459.58</td>
<td>639.85</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total excl. contributions to EU TF</td>
<td>8,170.6844</td>
<td>4,964.70</td>
<td>4,201.04</td>
<td>7,407.02</td>
<td>66.2446</td>
<td>0.18%50</td>
<td>13.4251</td>
<td>52.82</td>
</tr>
</tbody>
</table>

44 The amount at risk at closure is based on the 2020 RER study. It is therefore the starting point for the estimation of the average error rate at payment.

45 Recalculation of the amount of EUR 3,471.42 million also presented in annex 3A with the amount of EUR 3,255.60 million presented in graph p.4: EUR 3,255.60 million + EUR 129.40 million (contribution to EU TF) + EUR 86.42 million (EDF and EU TF contribution to support expenditure paid by the general budget under BL 21.010407, 21.010408 and 22.010403) + EUR 3,471.42 million.

46 Total EDF payments + EUR 4,510.56 million (DG INTPA) + EUR 94.39 million (other EDF co-delegated DGs) = EUR 4,604.94 million (presented in table 1 of Annex 3B-A). Recalculation of the amount of EUR 4,604.94 million presented in table 2.1 of the annex 3B with the amount of EUR 3,785.42 million presented in graph p.4: EUR 3,785.42 million + EUR 799.92 million (contribution to EU TF) + EUR 94.39 million (EDF co-delegated to EAC, JRC, ECHO and EACEA) – EUR 74.79 million (Recovery Orders) = EUR 4,604.94 million.

47 Recalculation of the total amount of EUR 8,170.68 million with the amount of EUR 8,159.05 million presented in graph p.4: EUR 8,159.05 million + EUR 86.42 million (EDF and EU TF contribution to support expenditure paid by the general budget under BL 21.010407, 21.010408 and 22.010403) – EUR 74.79 million (Recovery Orders) = EUR 8,170.68 million.

48 2020 Amount at risk at payment divided by the 2020 relevant expenditure.

49 2020 amount at risk at closure plus 2020 estimated future corrections.

50 Average Recoveries and Corrections (%): Estimated future corrections (average since 2016) divided by total payments (average since 2016), i.e. 14,907,174. In order to ensure the complete reliability of the estimation of future corrections and prevent the impact of data quality problems which might have occurred in the encoding of recovery contexts prior to 2016, DG INTPA has decided as from 2017 to modify its methodology for the estimation of future corrections in the AAR. Previously the period of reference taken into account for the estimation of future corrections was the past seven year. As from 2017, the estimation of future corrections is based on the historic recovery orders issued by INTPA after 2016 for the reimbursement of undue payments identified by ex-post controls i.e.: recovery orders encoded with recovery context “errors”, “irregularity” or “OLAF notified” but excluding recovery orders issued as per RER Findings. Furthermore, necessary adjustments were made in order to exclude amounts of ex-post recoveries erroneously encoded with recovery context “Errors”, “Irregularity”, “OLAF notified”.

Average Recoveries and Corrections (ARC) multiplied by the 2020 relevant expenditure.
2.1.1.2 Fraud prevention, detection and correction

DG INTPA has developed and implemented its own anti-fraud strategy (AFS) since 2014, on the basis of the methodology provided by OLAF. Since its entry into force, there have been two updates of the strategy, the last of which adopted in 2019. Its implementation is being monitored and reported, and management receives twice a year updates on the ongoing OLAF investigations.

The DG implemented the majority of the actions, with two exceptions:

- The DG cancelled the trainings and fraud prevention actions during the regional seminars due to the COVID-19 crisis. To maintain staff awareness actions on fraud prevention, DG INTPA substantially reviewed its online training tool, which will be available in 2021.
- The DG delayed to 2021 the adoption of a new AFS to adapt its anti-fraud policy to the evolving financial and operational context. The reason for this delay is the late publication by OLAF of relevant guidelines and manual initially foreseen in 2020.

DG INTPA developed in 2020 a draft AFS that will be adopted in Q1 2021. This AFS will be reviewed every two years. The draft AFS is based on the DG INTPA survey to assess risks and controls, a risk analysis linked to the new NDICI instrument and the new implementation modalities and finally, the Commission's Anti-Fraud Strategy (CAFS) adopted in 2019.

DG INTPA also contributed to the CAFS by actively participating to OLAF’s Fraud Prevention and Detection’s subgroup on external action, launching the update of its anti-fraud strategy, and contributing to the actions for which the DG is concerned.

DG INTPA followed up OLAF’s financial recommendations and completed 20% of the financial recommendations (issued in 2016-2020), out of which 50% led to successful recoveries. The implementation of the remaining 80% is ongoing. Recurrent difficulties in implementing OLAF recommendations are due to legal specificities and constraints, such as the expiry of the time-barring limit, lengthy legal actions, bankruptcy, etc.

DG INTPA systematically transmitted cases of suspected fraud or irregularity to OLAF. At the end of 2020, DG INTPA was aware of 17 on-going investigations. OLAF closed 10 investigations with financial, administrative and/or judicial recommendations and 5 investigations without recommendations.

The results achieved during the year thanks to the anti-fraud measures in place can be summarised as follows: continued centralisation and distribution of information by the DG’s anti-fraud correspondent in close collaboration with INTPA’s anti-fraud network and OLAF, updates of webpages and manuals, annual note and information campaign to all staff on fraud prevention and fraud-sanctioning tools.

On the basis of the available information, DG INTPA has reasonable assurance that the anti-fraud measures in place are effective. The DG implemented the majority of the recurrent actions, transmitted systematically all cases of suspected fraud or irregularity to OLAF and followed up closely all financial recommendations notified by OLAF. In 2021, DG
INTPA will adopt a new strategy to align its anti-fraud policy with the changing environment. The DG will reinforce the measures already in place by developing a new action plan along the results of its 2020 fraud risk assessment.

### 2.1.1.2 Control efficiency

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

<table>
<thead>
<tr>
<th>Control efficiency (2020)</th>
<th>Relevant Control System (RCS)</th>
<th>RCS 1 - Grants in DM</th>
<th>RCS 2 - BS</th>
<th>RCS 3 - Procurement in DM</th>
<th>RCS 4 - IM with Beneficiary countries</th>
<th>RCS 5 - IM with third Organisations</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ineligible expenditure identified by ex-ante controls/invoiced amount</td>
<td>2.64%</td>
<td>2.82%52</td>
<td>2.26%</td>
<td>3.70%</td>
<td>1.16%</td>
<td>0.52%</td>
<td>1.91%</td>
<td></td>
</tr>
<tr>
<td>Ineligible expenditure identified by ex-ante controls (EUR million)</td>
<td>27.55</td>
<td>54.74</td>
<td>7.97</td>
<td>25.93</td>
<td>30.73</td>
<td>7.14</td>
<td>154.06</td>
<td></td>
</tr>
<tr>
<td>Invoiced amount (EUR million)</td>
<td>1 044.51</td>
<td>1 941.09</td>
<td>351.79</td>
<td>701.12</td>
<td>2 644.26</td>
<td>1 380.58</td>
<td>8 063.15</td>
<td></td>
</tr>
</tbody>
</table>

52 "The system of ex-ante controls put in place by DG INTPA for Budget Support operations prevents any payment to be made unless all required pre-conditions and targets have been met by the beneficiary countries. The efficiency of the ex-ante control system is illustrated by the fact that BS Operations represent 35.53% of the amount of payment requests blocked by ex-ante controls in 2020. In the case of Budget Support the high rate of errors detected ex-ante is an indicator of reduced risk."
**Conclusion on the efficiency indicators**

**Ineligible expenditure identified by ex-ante controls on payments (KPI 20):**

In 2020, the ex-ante controls have prevented the payment of a total amount of EUR 154.06 million of ineligible expenditure. This represents 1.91% of the total invoiced amount and is slightly below the benchmark of 2% set by DG INTPA for this indicator and below the result of last year (3.19%).

This reduction is partly explained by the important increase of expenditure made by DG INTPA in 2020 in the context of the EU reply to the COVID crisis. In particular, the amount of payments made for Budget Support operations and expenditure made in the context of contribution agreements signed with International Organisations and Member States Agencies has significantly increased in 2020. As these operations are not prone to errors, their increase in 2020 has automatically reduced the amount of undue payments prevented by ex-ante controls.

However, when excluding these operations from the calculation of the KPI value, we still note a decrease in the performance of ex-ante controls from 4.32% in 2019 to 3.09% in 2020. This reduction is probably related to the impact of the COVID 19 crisis and/or the flexibility measures temporary granted by the Commission in order to ensure the continuity of the operations during the COVID outbreak\(^53\).

This reduction does not impact the effectiveness of the internal control in place in DG INTPA. Indeed, the result remains largely above the 2% benchmark. Furthermore, any errors can still be corrected at later stage through ex-post controls and/or external audits.

**Ineligible expenditure identified by external audits (KPI 24):**

In 2020, the external audits contracted by the Commission have identified a total amount of EUR 38.232 million of ineligible expenditure. This represents 2.48% of the total audited amount and is above the benchmark of 2% set by DG INTPA for this indicator.

The effects of the COVID-19 crisis were very limited, as mitigating measures put in place, such as remote audits, allowed DG INTPA to implement the annual audit and verification plans and to meet the targets for all audit-related KPIs.

The value of this KPI may partly be impacted by the pandemic although the relationship with the COVID-19 crisis is difficult to assess.

**Timely payments:**

In 2020, 97.34% of the payments\(^54\) were made within the contractual deadlines provided by

\(^{53}\) During COVID-19 outbreak, DG INTPA issued temporary measures and guidance for internal and external users. DG INTPA’s response ensured business continuity by revising temporary the contractual procedures while protecting the EC legal safeguards. As from the 3 April 2020, in line with DG BUDG’s instructions, DG INTPA’s Director General temporarily granted to all DG INTPA’s authorising officers by sub-delegation a general exception to the rules and procedures in force regarding the submission of applications and tenders, and the evaluations of calls for tenders, allowed via virtual meetings. This, together with the temporarily acceptance of exchanges of signed and scanned copies of legal commitments in pdf format and of invoices by email, allowed the DG to achieve the financial execution targets set for 2020.

\(^{54}\) In payment value. 92.37% in number of payments.
the Financial Regulation. Timely payments calculated for each of the funding sources as presented in annex 4 of this report shows the following disaggregated values: 98% for the General Budget of the EU; 97% for the European Development Fund, 100% for TF Bêkou; 98% for TF Africa, and 100% for TF Colombia. These results are in line with the Commission average of 99%.

<table>
<thead>
<tr>
<th>Timely Payments EU Budget</th>
<th>DG Score</th>
<th>EC Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>0% 25% 50% 75% 100%</td>
<td>98%</td>
<td>99%</td>
</tr>
</tbody>
</table>

Indicator above the threshold of 80%, and in line with Commission average.

<table>
<thead>
<tr>
<th>Timely Payments EDF</th>
<th>DG Score</th>
<th>EC Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>0% 25% 50% 75% 100%</td>
<td>97%</td>
<td>97%</td>
</tr>
</tbody>
</table>

Indicator above the threshold of 80%, and in line with Commission average.

<table>
<thead>
<tr>
<th>Timely Payments TF Bêkou</th>
<th>DG Score</th>
<th>EC Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>0% 25% 50% 75% 100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Indicator above the threshold of 80%, and in line with Commission average.

<table>
<thead>
<tr>
<th>Timely Payments TF Africa</th>
<th>DG Score</th>
<th>EC Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>0% 25% 50% 75% 100%</td>
<td>98%</td>
<td>98%</td>
</tr>
</tbody>
</table>

Indicator above the threshold of 80%, and in line with Commission average.

<table>
<thead>
<tr>
<th>Timely Payments TF Colombia</th>
<th>DG Score</th>
<th>EC Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>0% 25% 50% 75% 100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Indicator above the threshold of 80%, and in line with Commission average.

**Grants management**: 

In 2020, 96.41% of the notifications for informing the applicants of the outcome of the evaluation of their application were transmitted by DG INTPA within the time limit of six months set by the Financial Regulation. Furthermore, the average time taken by DG INTPA

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55 Results based on grant contracts implemented in direct management and whose calls for proposals are managed in PROSPECT.
in 2020 is 82.37 calendar days – largely below the time limit of 6 months.

In 2020, 81.85% of the grant contracts were signed by DG INTPA within the time limit of three months set by the Financial Regulation for signing grant contracts as from the date of informing applicants of the outcome of the evaluation of their application. The average time taken by DG INTPA for signing grant contracts in 2020 is 68.59 calendar days - below the time limit of 3 months.

These results have to be interpreted in the light of the provision of the Financial Regulation which states that those reference periods “may be adjusted in order to take into account any time needed to comply with specific procedures (...) and may be exceeded in exceptional, duly justified cases, in particular for complex actions, where there is a large number of proposals (...).”

This is typically the case of the Calls for Proposals managed in HQ and in particular under thematic operations. These calls are often complex, or sensitive, or with a large number of applicants, proposals and countries, or complex pilot initiatives that made the contracting phase more time consuming.

Based on the results of the efficiency indicators described above and taking into account the contextual elements impacting the indicator on ineligible expenditure prevented by ex-ante controls and the indicator on time to grant, we consider that the controls put in place by DG INTPA are efficient.

**2.1.1.3 Economy = the cost of controls**

The total cost of controls for year 2020 is estimated by DG INTPA at EUR 257.6 million. This represents 3.16% of total payments made by DG INTPA in 2020. With 2019 total cost of controls at 3.54% of total payments, we register a further decrease (of 10.68%) year-on-year. Whilst the overall cost of control remains highly stable, the amount of payments carried out during 2020 has taken a significant hike, which explains the mentioned ratio improvement (see Annex 07 for further details on split per management mode and stage of control).

There are also important **non-quantifiable benefits** of DG INTPA's controls such as better value for money, deterrent effects, efficiency gains, system improvements and compliance with regulatory provisions.

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

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

For this conclusion the following elements were taken into account:

- **Effectiveness**: the RER of DG INTPA for 2020 is estimated at 0.95%.

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

In 2020, DG INTPA was in charge of operations implemented in more than 130 countries on five continents, supervised by more than 90 fund centres (Delegations and HQ services) involving thousands of fund recipients and other stakeholders involved in the implementation.

Most of these operations take place in a context which is much more error-prone than is the case for operations of other Commission DGs and Services, in countries and regions with a low level of development, deficient infrastructure and weak governance. However, these operations are needed and the EU has decided to play an active role in implementing them in line with a wide-ranging international consensus, not only at the level of governments but also at civil society level. Operations implemented by DG INTPA are also necessary because of the EU’s very own interest.

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

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

  - **KPI 20:** Total amount of EUR 154.06 million of undue payment was prevented by DG INTPA’s ex-ante controls in 2020. It represents 162% of the cost of the ex-ante controls. Ex-ante controls are particularly cost effective for Budget Support (ratio benefit/cost of 365%) and for Indirect Management with Beneficiary countries (ratio benefit/cost of 418%).

  - **KPI 24:** Total amount of EUR 38.32 million was identified as ineligible in the final audit reports received by DG INTPA in 2020. It represents 294% of the estimated cost of external audits contracted by the Commission. External audits are particularly cost effective for Indirect Management with Beneficiary countries (ratio benefit/cost of 1095%) and for Grants in Direct Management (ratio benefit/cost of 605%).

  - **Recovery Orders:** Recovery Orders for a total amount of EUR 13.42 million were issued by DG INTPA in 2020 for the reimbursement of undue payments (errors & irregularities). It represents 40% of the cost of ex-post controls and follow-up. And an increase vs. 2019 of EUR 4 million / 45%.

- **Economy:** The estimated total cost of control as a percentage of the amount paid by DG INTPA has been steadily decreasing over the last years. This trend is continued also in 2020 (EUR 257.6 million – 3.16% of paid amounts), as can be seen below:
DG INTPA continuously gauges whether control resources should be re-directed towards more stringent controls where needed while having leaner and less burdensome controls where appropriate. At this juncture it is considered that the different risk-profiles and the different cost-payment ratios are reflected in DG INTPA’s RCSs to the extent possible (e.g. budget support operations are not subject to audits or verification under annual audit and verification plans; certain expenditure verifications are obligatory only for high risk RCSs).

2.1.2 Audit observations and recommendations

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

The section is divided into two subsections: the **Internal Audit Service (IAS)** and the **European Court of Auditors (ECA)**, which covers both the ECA’s Annual Reports for the year 2019 and the Special Reports issued in 2020.

**Internal Audit Service (IAS)**

*Internal audits in 2020 (finalised by 31 January 2021)*

Two audits were carried out in 2020 and finalised by January 2021.

The overall objective of the audit on “**Indirect management with entrusted entities**” was to assess if indirect management agreements are designed and implemented in an efficient and effective manner, in compliance with the regulatory framework. No significant weaknesses were identified during the audit.
The overall objective of the audit on "Pillar assessment in the external action family" was to assess the adequacy of the design, and the efficiency and effectiveness of the implementation of the pillar assessment process of entities to be entrusted with the implementation of Union funds in the external action domain and to assess if it enables the Commission to ensure a level of protection of the financial interests of the Union equivalent to the one that is provided when the Commission implements the budget directly.

In its report (finalised on 29 January 2021), the IAS raised inter alia the following findings:

- The Commission signed a number of agreements with UN Secretariat (UNS) and certain entities under its umbrella without prior positive pillar assessment for grants and procurement. In the absence of such positive assessment, the Commission should have applied supervisory measures.
- The Commission should not have relied on the positive assessment in 2016 of the three basic pillars for the UNS for the purpose of its operations under indirect management with UN Office for Drugs and Crime (UNODC) and UN Environmental Programme (UNEP). Indeed, UNODC and UNEP are subject to additional financial rules from those of the UNS.
- Incorrect information on the status of pillar assessments in the databases and repositories of pillar assessed entities led the Commission to sign a number of agreements without prior positive pillar assessment & without taking appropriate supervisory measures.

Based on these findings, the IAS formulated the following critical recommendations:

- Recommendation 18 - Launch as soon as possible the PA for United Nations Secretariat for procurement and grant pillars and launch as soon as possible the PA for entities that cannot rely on UN Secretariat’ ones, all pillars except the three new pillars introduced by the 2019 Terms of Reference. Impose supervisory measures until these assessments are completed. Additionally, launch the assessment of the three new pillars with deadline December 2021.
- Recommendation 20 - Include in its databases complete information on the scope of the assessment of the sub-delegation pillar, ensure supervisory measures are applied and that staff in charge of verification of agreements, verify diligently prior to signature if the entity is compliant or partially compliant with the relevant pillars and that established supervisory measures are applied.

The IAS considers that the issues giving rise to these recommendations entail a very high risk and, therefore, should be duly assessed by DG INTPA to establish whether or not they require a reservation in the AAR.

Since the reception of the report, DG INTPA has assessed those issues and in collaboration with the IAS has put in place an action plan. The following measures have already been implemented:
1. On behalf of the Commission (and in particular the Relex family), DG INTPA has written to the UN Controller outlining the immediate consequences of the IAS report and the measures taken by the Commission and requesting the information needed to launch the missing pillar assessments of the UN Secretariat and some related entities (UNEP/UNODC). A separate note with the list of applicable supervisory measures pending the finalisation of the Pillars will be sent to the UN following agreement by DG BUDG and the Legal Service.

2. The Director General of DG INTPA issued an instruction note to all DG INTPA authorising officers and Heads of Delegation to suspend the signature of Contribution Agreements with the UN Secretariat and entities relying on its pillar assessment until the mitigating measures are implemented.

3. Given the criticality of the IAS’ findings, DG INTPA has carefully assessed all other building blocks supporting the assurance in relation to the operations affected by the findings (i.e. DG INTPA’s verification missions, RER study, ECA audits, management declarations, follow-up of audit results). The conclusion is that there is reasonable assurance as regards the accuracy of payments made and the legality and regularity of the underlying transactions.

4. DG INTPA has also analysed the potential impact of the risks reported by the IAS on the operations with the identified entities in terms of relevant expenditure in 2020. DG INTPA has also verified whether further payments to entrusted entities in 2020 could also be affected by missing or incomplete pillar assessments. The 20 most important (by paid amounts) entrusted entities were analysed. 468 transactions were assessed that had not been covered by the initial remedial actions. Relevant expenditures (i.e. total payments made minus pre-financing plus clearing of pre-financing) relating to contracts affected by the IAS findings amounts to EUR 55.4 million and the amount at risk corresponds to EUR 1.7 million. The conclusion is that the risk identified is under control while the financial impact is below the de minimis threshold.

The IAS report also contains three very important findings related to corporate oversight and recommendations to be implemented by DG BUDG in collaboration with line DGs. They concern the guidance on the pillar assessment process, the systematic follow up on substantive changes of pillar assessed rules and procedures and the involvement of Commission services in the pillar assessment process.

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Audit</th>
<th>Internal audit service (IAS)</th>
<th>New VI issued in 2020</th>
<th>VI implemented during 2020</th>
<th>In progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>Management of investment facilities (2017)</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

56 In accordance with its updated audit plan for 2020
57 Reported as implemented on 31/12/2019. The IAS is currently conducting a follow-up audit to assess whether the recommendation can be closed
### Internal audit service (IAS)\textsuperscript{58}\

<table>
<thead>
<tr>
<th>Year</th>
<th>Audit</th>
<th>VI open in January 2020</th>
<th>New critical issued in 2020</th>
<th>New VI issued in 2020</th>
<th>VI Implemented during 2020</th>
<th>In progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>IT Governance (2018)</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Effectiveness and efficiency of the new Early Detection and Exclusion System (EDES) (Multi-DG, 2018)</td>
<td>2</td>
<td></td>
<td></td>
<td>2\textsuperscript{58}</td>
<td></td>
</tr>
<tr>
<td></td>
<td>EC-EEAS coordination (Multi-DG, 2018)</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Annual audit and verification plans (2019)</td>
<td>2</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pillar assessment (multi DG)</td>
<td></td>
<td>2</td>
<td></td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Total IAS</td>
<td>7</td>
<td>2</td>
<td>3</td>
<td>7</td>
<td>5</td>
</tr>
</tbody>
</table>

**Limited conclusion**

The IAS concluded that the internal control systems audited are effective, except for the observations giving rise to the “critical” and “very important” recommendations made in the audit on pillar assessment in the external action family. The latter will be addressed in accordance with the agreed actions plan.

**European Court of Auditors (ECA)**

### Overview of the “Very Important” (VI) external audit recommendations

<table>
<thead>
<tr>
<th>Year</th>
<th>Audit</th>
<th>VI open in January 2020</th>
<th>New VI issued in 2020</th>
<th>VI Implemented during 2020</th>
<th>In progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior to 2020</td>
<td>SR 20/2018 “APSA”</td>
<td>5</td>
<td></td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>2020</td>
<td>SR 25/2019 “Data quality in budget support”</td>
<td>3</td>
<td></td>
<td></td>
<td>3\textsuperscript{60}</td>
</tr>
<tr>
<td></td>
<td>N/A\textsuperscript{61}</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total ECA</td>
<td>8</td>
<td>0</td>
<td>5</td>
<td>3</td>
</tr>
</tbody>
</table>

**Annual Reports for financial year 2019**

The ECA published its Annual Reports for the financial year 2019 in November 2020. For the Budget instruments, the European Court of Auditors did not calculate an error rate for the year 2019. The ECA estimated the level of error concerning EDF payments at 3.5 %

\textsuperscript{58} One VI recommendation was implemented in 2020, the another one was partly-implemented and it was downgraded to important by the IAS  
\textsuperscript{59} For the purposes of the follow-up, the recommendations from these reports are divided into several sub-recommendations  
\textsuperscript{60} As agreed with the ECA at the end of the performance audit, these recommendations are to be implemented by the end of 2021  
\textsuperscript{61} While the ECA issued reports in areas that are relevant to DG INTPA, the recommendations made in these reports are not classified as "very important".
(compared to 3.3% in 2016, 4.5% in 2017 and 5.2% in 2018) and therefore issued an adverse opinion on payments from EDF for the year 2018.

In its 2019 Annual Report on the Budget (Chapter 8: Global Europe), the ECA issued the following recommendation for DG INTPA:

- **Recommendation 8.3**: Strengthen DG NEAR’s, DG INTPA’s, DG ECHO’s, DG CLIMA’s and FPI’s checks by identifying and preventing recurrent errors (e.g. lack of time-recording systems and charging ineligible VAT to EU-funded projects). Timeframe: by the end of 2021.

DG INTPA continuously reinforces checks and includes in its Annual Action Plans new actions to prevent recurrent errors relevant to its business. The February update of DG INTPA Companion incorporates instructions and an updated check list on the clearing. By the end of March, a new checklist on control on the expenditure incurred and new controls for ineligible VAT will be added to the Companion.

In its 2019 Annual Report on the European Development Funds (EDF), the ECA issued the following recommendations:

- **Recommendation 1**: Further improve the methodology and manual used for the RER study to address the issues we have identified in this report, in order to make the error rate reported in the study more reliable (see paragraphs 30-35). Timeframe: by the end of 2021

DG INTPA adapted the RER methodology in 2019 for the 2020 study and it is working with the contractor to further adapt the RER methodology for 2021 study, taking expected costs and benefits fully into account and without altering the nature and purpose of the RER study.

- **Recommendation 2**: Issue reservations for all areas found to have a high level of risk, regardless of their share of total expenditure and their financial impact (see paragraphs 38-39). Timeframe: by the time the 2020 AAR is published.

The Commission does not accept recommendation 2. Since the 2019 financial year, a *de minimis* rule for issuing reservations in the Directors-General Annual Activity Reports (AARs) has been introduced. Its purpose is to focus the number of reservations on the significant ones only, while maintaining the transparency in management reporting. Nevertheless, full transparency of the management reporting remains ensured (as the cases for which the rule has been applied are duly mentioned in the AAR).

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**Report of the European Court of Auditors on the performance of the EU budget – Status at the end of 2019**

The ECA published its first Annual Report on Performance on 13 November 2020. In the report, the ECA acknowledges that the Commission’s reporting on the performance of EU spending programmes has improved in recent years. In the Chapter on Global Europe, the auditors noted that the Commission has assessed the performance of the DCI in a balanced

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62 These changes included better guidance on reliance on prior control work, describing in more detail the scope of procedures relating to procurement and calls for proposals and a new approach to estimations.
manner, including how external factors affected the instrument’s general operating context. The auditors assessed that, in aggregate terms, good progress has been made in some key areas of the DCI and related Sustainable Development Goals, namely girls’ access to education or reducing the prevalence of stunting among children under 5 years old. However, the Court of Auditors concluded that the information available in the Commission’s high-level performance reports is insufficient to assess the DCI’s performance. The Court has found that the indicators used to measure the progress made in achieving programme’s objectives are mainly impact indicators, which, by their nature, give an idea of the context in which the DCI operates, rather than an assessment of its performance.

In this report, the ECA has made corporate-level recommendations only, all of which were accepted by central services.

**ECA’s Special Reports**

The ECA issued one Special Report in 2020 for which DG INTPA was the lead Commission service:

- **14/2020 EU development aid to Kenya**

In the report, the ECA concludes that the Commission and EEAS have not demonstrated that aid to Kenya between 2014 and 2020 addressed the country’s development obstacles and focused on reducing poverty. In addition, the auditors assessed that while the audited 2008-2013 EDF projects generally delivered their expected outputs and outcomes, their impact on the country’s overall development (e.g. GDP growth) had not yet been demonstrated.

The ECA made the following recommendations to the Commission and the European External Action Service:

1. (a) examine the EU’s method for allocating funding between African, Caribbean and Pacific countries, involving the Parliament, the Council and Member States as appropriate;

2. (b) introduce specific conditions which establish a clear link between financial allocations and the country’s past performance and the government’s commitment to structural reforms, including rule of law;

3. assess whether and explain how the amounts allocated to and within each focal sector in Kenya are likely to reach a sufficient critical mass to achieve significant results;

4. prioritise sectors in Kenya with the potential to attract foreign direct investment, create jobs and grow exports, and actions supporting the rule of law, including the fight against corruption.

Depending on the outcome of the ongoing ordinary legislative procedure for the Neighbourhood, Development and International Cooperation Instrument (NDICI), the legal base proposed by the Commission for the next Multiannual Financial Framework (MFF) 2021-2027, the Commission and the EEAS accepted recommendation 1.a). In this setting, the Commission, as it did in the past, will duly inform the concerned EU institutions on the method of allocating funds between third countries, including ACP countries. It should be
underlined that, since the Commission has proposed to integrate cooperation with ACP countries in the EU budget, the role of the European Parliament will be enhanced compared to its role under the European Development Fund, concerning in particular the legislative, budgetary and control powers. The exact modalities of the involvement of Member States under the NDICI committee, the Council and the European Parliament in the governance of the NDICI are under discussion. Recommendation 1.b) was rejected for two main reasons. Firstly, the meaning of “introducing specific conditions” is unclear in the context of allocations, as countries’ performance and commitments were among the criteria used, together with needs and impact, in the allocation of the 11th EDF. Performance criteria included the rule of law and control of corruption as dimensions of governance. Secondly, the concept of “conditionality” (implied by the wording of the recommendation) goes beyond the criteria of partner countries’ “commitments” or “performance” in the allocation of the future bilateral cooperation. Therefore, implementing this recommendation would not be in line with the Cotonou Agreement and the (NDICI), the legal base proposed by the Commission for the next Multiannual Financial Framework (MFF) 2021-2027.

The Commission and the EEAS accepted recommendation 2, with the understanding that critical mass is considered in terms of knowledge, human resources (including capacity for policy dialogue) and financial resources.

Recommendation 3 was partially accepted as, while the process of programming (i.e. deciding on future priorities) is on-going, the Commission/EEAS cannot agree with proposed priorities before consultations take place.

Recommendations 2 and 3 will be taken into account, where appropriate, by the EEAS and the Commission during the programming process. The EEAS and the Commission are preparing a country programme focusing on Kenya’s development priorities and EU overarching objectives. The recommendations will be implemented through the formal adoption of the multiannual indicative programme (MIP) for Kenya, expected in 2021.

In addition, DG INTPA was the lead Commission service for the following ECA opinion issued in 2020:

- **Opinion of the European Fund for Sustainable Development (EFSD)**

On, 11/9/2020, the ECA published an opinion of the European Fund for Sustainable Development (EFSD), to accompany the Commission’s own evaluation report on the initial functioning of the EFSD, as stipulated in article 17 of EFSD Regulation (EU) 2017/1601. The Commission has carefully analysed and assessed the ECA opinion and agrees that more time is needed to draw conclusions about the results of the EFSD, given that projects are still at an early phase. The ECA opinion provides criticism to the Commission, most importantly relating to the form of the report not being a full-fledged evaluation and its late publication, as well as to the perceived slow implementation of the EFSD. The Commission does not concur with these findings. The form of the implementation report was chosen for the first assessment of EFSD due to its early stage of execution and it was produced merely two and half years after the entry into force of the EFSD Regulation. In addition, the implementation pace was in line with the ambitious goal set up in the EFSD Regulation, given that eighteen guarantee agreements were signed by end 2020 fully
CONCLUSIONS ON AUDIT RESULTS AND FOLLOW-UP OF RECOMMENDATIONS

Sustained efforts have been made in implementing external and internal audit recommendations throughout the year 2020, which led to the closure of a substantial number of recommendations. The major deficiencies identified by the open “very important” and “critical” audit recommendations are being addressed according to the relevant Action Plans. Their current state of implementation does not lead to any significant assurance-related concern. DG INTPA has addressed any critical or major internal control deficiencies in the processes audited.

2.1.3 Assessment of the effectiveness of internal control systems

The Commission has adopted an Internal Control Framework based on international good practice, to ensure the achievement of its policy and management objectives. Compliance with the internal control framework is a compulsory requirement. DG INTPA uses the organisational structure and the internal control systems suited to achieving its policy and internal control objectives in accordance with the internal control principles and has due regard to the risks associated with the environment in which it operates.

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

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

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

- Desk Review in Headquarters: In order to assess the compliance with 37 ICMC, DG INTPA carried out a desk review with units in charge of reporting on the relevant criteria. In addition, units provided documentary evidence to support the comments made;
- Five Key Performance Indicators (KPI’s) from the EAMR exercise were used as monitoring criteria, namely those relating to the effectiveness of the five components of the Internal Control Framework;
- Internal control self-assessment survey with senior and middle management: the survey asked for the participant’s assessment on five questions.
CONCLUSION ON INTERNAL CONTROL SYSTEMS

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

The only major deficiencies identified are linked to the IAS Audit on pillar assessment in the external action family (2.1.2) and are linked to the following Internal Control Principles (ICP):

- ICP 10 – “The Commission selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels”
- ICP 12 – “The Commission deploys control activities through corporate policies that establish what is expected and in procedures that put policies into action”

Several immediate remedial measures have been taken to mitigate the identified risks (see point 2.1.2).

For all other aspects, 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 are being implemented.

The improvements and/or measures to anticipate deficiencies in DG INTPA control systems are the following:

**Critical risks linked to COVID-19:**

- Due to travel restrictions and security measures, only 71% of projects were visited by EU staff in 2020, compared with a target of 80% in terms of projects value;
- Difficulties of external auditors to travel to perform on-site audits, have been overcome by the possibility of performing remote audits.
- There was a much reduced number of supervision missions to Delegations (2 out of the planned 14). DG INTPA plans to catch up with the delayed missions once travel restrictions are lifted or by means of virtual missions.
- KPI 20 (Ineligible expenditure identified by ex-ante controls on payments) and KPI 24 (Ineligible expenditure identified by external audits) may have been impacted by the pandemic, although the relationship with the COVID-19 crisis is difficult to assess;

Mitigating measures have been reflected in the Critical Risk Register.

**Critical Risk linked to the transition from Legacy IT systems to OPSYS:**

Mitigation measures, including the extension of duration of legacy systems, the availability of more resources for the development and a focus in testing before the launch of each module have so far not produced any significant delay in the implementation of programs.

In conclusion, DG INTPA has achieved a full execution of the commitment and payment credits funded by the EU general budget. Implementation targets for the EDF and the EU Trust Funds were also achieved; Thanks to mitigating measures put in place such as remote
audits, DG INTPA implemented the annual audit and verification plans and all audit-related KPIs met their targets.

### 2.1.4 Conclusions on the assurance

This section reviews the assessment of the elements already reported above (in Sections 2.1.1, 2.1.2 and 2.1.3), and the sub-conclusions already reached. It draws an overall conclusion to support the declaration of assurance and whether it should be qualified with reservations. The information reported in 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 Director-General of DG INTPA. The control instruments in place cover the entire budget expenditure managed by DG INTPA: EU Budget, the EDF and the Trust Funds: Békou, Africa and Colombia. No part of the budget is left out of the control strategy.

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

**Accountability chain (EAMR/SDAO/AAR) and KPI results for 2020**

The accountability and reporting chain in DG INTPA is organised as a pyramid through which the statements of assurance signed by each Head of Delegation set the basis of the assurance provided by the other (sub)-delegated authorising officer at the upper levels of the pyramid. All Authorising Officers by (sub)-delegation substantiate their statements of assurance in their annual reports taking into account the results achieved for 25 Key Performance Indicators (KPI) regrouped in three categories: sound financial management, effectiveness of the internal control systems and effectiveness of the audit system. The KPI results are automatically assessed versus the benchmarks through a “traffic lights” system.

At global level, Key Performance Indicators (KPI) results in 2020 indicate a good overall performance with 23 out of 25 KPIs having reached the benchmark (detailed KPIs analysis provided in annex 8).

Despite the difficulties related to the COVID-19 crisis, DG INTPA has achieved a full execution of the commitment and payment credits funded by the EU general budget. Implementation targets for the European Development Fund and the EU Trust Funds were also achieved. In 2020, a total of EUR 8.159 million was disbursed by DG INTPA. This is the highest level of payment ever achieved and a remarkable result for the last year of commitment for the MFF 2014-2020 and the 11th EDF.

**Ex-ante controls**

KPIs on ex-ante controls have not met the benchmarks. Travel restrictions and security
measures have limited the possibility for INTPA staff to go on the field and visit projects.

The value of KPI measuring the result of ex-ante controls on the eligibility of expenditure has decreased to 1.91% in 2020 just below the benchmark of 2.00%. This reduction is probably related to the increased level of payments made by DG INTPA in the context of the EU reply to the COVID crisis. It is also probably due to the flexibility measures temporary granted by the Commission in order to ensure the continuity of the operations during the COVID-19 outbreak.

This situation does not impact the effectiveness of the internal control in place in DG INTPA. Indeed, any errors not detected by ex-ante controls can still be corrected at later stage through ex-post controls and/or external audits.

**Implementation of the annual audit plans**

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

The effects of the Covid-19 crisis were very limited, as mitigating measures put in place, such as remote audits, allowed DG INTPA to implement the annual audit and verification plans and to meet the targets for all audit-related KPIs.

KPI 24 (Ineligible expenditure identified by external audits) may have been slightly impacted by the pandemic, although the relationship with the COVID-19 crisis is difficult to assess.

**Supervision missions to Delegations**

The DG INTPA Supervision Mission guidelines indicate as optimal benchmark to perform between 7 and 10 missions per year. The Covid-19 crisis limited the traveling and hence only 2 out of 14 could be performed. DG INTPA will resume its missions once travel restrictions are lifted or by means of virtual missions. Moreover, given that this outcome is not a default of the control system as such and judging from the character of the recommendations usually following such missions, this did not fundamentally affect the assurance.

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63 During COVID-19 outbreak, DG INTPA issued temporary measures and guidance for internal and external users. DG INTPA’s response ensured business continuity by revising temporary the contractual procedures while protecting the EC legal safeguards. As from the 3 April 2020, in line with DG BUDG’s instructions, DG INTPA’s Director General temporarily granted to all DG INTPA’s authorising officers by sub-delegation a general exception to the rules and procedures in force regarding the submission of applications and tenders, and the evaluations of calls for tenders, allowed via virtual meetings. This, together with the temporarily acceptance of exchanges of signed and scanned copies of legal commitments in pdf format and of invoices by email, allowed the DG to achieve the financial execution targets set for 2020.
Institutional compliance assessments

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

The audit on pillar assessment in the external action family by the Internal Audit Service (IAS) concluded with two critical recommendations. The major deficiencies identified by the IAS in its audit have been fully addressed by mitigating measures and an action plan that covers for possible future risk. The amounts at risk due to these deficiencies have been calculated as being below the *de minimis* threshold (See 2.1.2).

Management declarations

The submission of annual management declarations is subject to continuous follow-up. Where missing information or delays in the submission of management declarations have been detected, the concerned entities have been duly contacted in order to remedy the situation.

Supervision of Budget Support operations

An important element of the governance of budget support is the Budget Support Steering Committee (BSSC) composed of higher Management of DG INTPA and the EEAS whose role is to enhance political and policy scrutiny and to ensure coherence of EU budget support operations. A risk management framework (RMF) is also part of DG INTPA’s decision making process regarding budget support operations. Building on an identification of major risks and ways to mitigate them, the risk management framework systematically informs the policy dialogue with partner countries on the strategic level, as well as by focussing on key issues. Eligibility criteria have to be met both prior to and throughout the subsequent life of a budget support programme. The continuous assessment of the eligibility criteria enables the Commission to ensure the legality of the programmes, through commitments to payments.

In 2020, Budget Support proved to be instrumental in providing urgent support to countries in their response to the COVID-19. In this context, the BSSC served as a platform for inter-service discussions between DG INTPA and EEAS and facilitated joint decision-making concerning budget support, while allowing for streamlined consultation procedures on a majority of files. Annex 6 provides an overview of BSSC decisions since the introduction of BSSC in 2012. 2020 had the lowest number of individual decisions taken by the BSSC since its introduction (excluding RMFs). There were 84 decisions adopted in 2020. This decrease stems from the exceptional procedures put in place in response to the COVID pandemic as decided by the Jumbo BSSC of 17 April 2020. The introduced simplifications resulted in fewer programmes/payments being presented to BSSC and hence a lower number of decisions taken at that level (45% less than in 2019), but the required checks were duly performed by services and the BSSC oversight ensured.

For further information on the controls in place for budgetary operations, please refer to
An anti-fraud strategy in place

The DG INTPA anti-fraud strategy (AFS), which functions already well, was revised in December 2019, to emphasise the role of the Early Detection and Exclusion System as fraud-sanctioning tool. In 2021, on the basis of the Commission's Anti-Fraud Strategy’s revision, DG INTPA intends to (i) reassess the DG’s priority risks, objectives and actions, (ii) review in depth DG INTPA’s Anti-Fraud Strategy accordingly and (iii) implement an improved internal monitoring of OLAF financial recommendations. A new Anti-Fraud Strategy will be approved in Q1 2021.

Assessment of control efficiency and cost effectiveness

Total cost of controls for year 2020 is estimated by DG INTPA at EUR 257.6 million. It represents 3.16% of total payments made by DG INTPA in 2020. In absolute terms, the total cost has stabilised and shown slight improvements year-on-year compared to the total payments made by DG INTPA. Taking into account the risky environment in which DG INTPA operates and the complex set up for the implementation of external assistance, we consider the total cost of control is not only reasonable but significantly assists in achieving better value for money, efficiency gain, system improvement and compliance with regulatory provisions.

Costs effectiveness of DG INTPA’s controls is also demonstrated by the benefits of the controls. The RER of DG INTPA for 2020 is estimated at 0.95%, i.e. well below the materiality threshold of 2%. A total amount of EUR 154.06 million of undue payment was prevented by DG INTPA’s ex-ante controls in 2020 (KPI 20). A total amount of EUR 38.31 million was identified as ineligible in the audit reports received by DG INTPA in 2020 (KPI 24).

Recovery Orders for a total amount of EUR 13.42 million were issued by DG INTPA in 2020 for the reimbursement of undue payments (errors & irregularities)

Follow-up of audit results

Sustained efforts have been made by DG INTPA services throughout 2020 to address past internal (IAS) and external (ECA) audit recommendations. The efforts to implement the outstanding recommendations, in particular those bearing a potential risk for the assurance process, will be continued in 2021 (See 2.1.2).

Implementation of the Internal Control Principles

The desk review, KPI results and a survey at Headquarters that all provide parts of the internal control monitoring criteria did not reveal any deficiencies. The implementation of the action plans following past reservations and the specific action plans relating to the individual audit findings intend to improve the control system. The major deficiencies identified by the IAS in the Audit on Pillar Assessments have been fully addressed by
mitigating measures and an action plan that covers for possible future risk. The amounts at risk due to these deficiencies have been calculated as being below the \textit{de minimis} threshold (See 2.1.2)

### Close follow-up of past reservations

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

Following the AARs, several action plans were drawn up in order to address the weaknesses in the internal control system. The latest was set up in the autumn of 2020 (following the 2019 AAR): it contains actions from the previous action plans that were not fully implemented, as well as other actions that became part of the control system but that will be strengthened, and newly-defined targeted actions.

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

A. \textbf{Actions targeting Grants in both Direct and Indirect Management}:

- Simplify and clarify procedures and contractual conditions for grants.
- Maintain awareness on frequently occurring errors in financial and document management for the implementation of grant contracts.

B. \textbf{Actions regarding Indirect Management with third Organisations}:

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

C. \textbf{Cross-cutting actions}:

- Clarify and promote use of results-based financing.
- Improve the methodology and manual of the RER study.
- Reduce excess clearing of pre-financing.
- Conduct an evaluation on the use of Terms of Reference for Expenditure Verifications adopted in 2018.

### Close monitoring of higher risk areas

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

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

Nevertheless, the main elements in the control strategy are operating in a satisfactory
manner (no major flaws in the design of the control system), even if improvements are possible and already being implemented in many cases. These elements do not compromise the overall soundness of the control system, even if they have an impact in its effectiveness in the field. As in previous exercises, a large part of the overall error rate as estimated by the 2020 RER study related to inadequate or missing documentation rather than to confirmed errors.

The European Court of Auditors estimated the level of error concerning EDF payments (mostly on-going contracts) at 3.5% for 2019, while it was 5.2% for 2018. Nevertheless, in its 2019 Annual EDF Report, the ECA issued an adverse opinion on the legality and regularity of payments underlying the accounts.

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

**IAS conclusion on the state of internal control**

The IAS concluded that the internal control systems audited are effective, except for the observations giving rise to the “critical” and “very important” recommendations made in the audit on pillar assessment in the external action family. The major deficiencies identified by the IAS in its audit have been fully addressed by an action plan that covers for possible future risk (See 2.1.2).

**OVERALL CONCLUSION**

In conclusion, despite some restrictions due to the Covid-19 pandemic and the recommendations from the IAS Audit on Pillar Assessment in the external family, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Director-General, in his capacity as Authorising Officer by Delegation, has signed the Declaration of Assurance without reservation.
2.1.5 Declaration of Assurance

I, the undersigned,

Director-General of DG INTPA

In my capacity as authorising officer by delegation

Declare that the information contained in this report gives a true and fair view\textsuperscript{64}.

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

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

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

Brussels, 31.03.2021

Koen DOENS

\textsuperscript{64}True and fair in this context means a reliable, complete and correct view on the state of affairs in the DG.
2.2 Modern and efficient administration – other aspects

This section contains the reporting on the key achievements achieved by the DG INTPA under the “Modernising Administration” objectives, indicators and expected outputs presented in the Strategic Plan 2020-2024 and Management Plan 2020. A complete reporting on all outputs identified in the 2020 MP and on all objectives and indicators set up in the SP is presented in the tables of Annex 9.

2.2.1 Human resource management

Since the declaration of a global pandemic by the WHO in March 2020, DG INTPA has been operating in strict compliance with all aspects of the European Commission COVID-19 Corporate Guidance. At the outset, the Director General invoked DG INTPA’s Business Continuity Arrangements. Regular Business Continuity Crisis Management Team (CMT) meetings were organised involving key internal stakeholders covering all aspects of DG INTPA’s administration and operations and giving via this forum timely guidance to senior management and staff during this period.

The sudden onset of the COVID-19 pandemic posed major challenges in terms of assuring duty of care for both headquarters and staff posted overseas requiring significant steps to mitigate against increased risks. In close cooperation with competent Commission and EEAS authorities, DG INTPA Directorate Resource took all reasonable practical duty-of-care measures in order to ensure the safety/security of its personnel at headquarters and colleagues deployed outside the European Union.

The overarching objective of the new DG INTPA HR strategy is to implement Human Resources policies that allow rapidly recruiting and deploying highly qualified staff in Headquarters and in EU Delegations in line with policy priorities of the DG, and to improve career developments and well-being of staff working in DG INTPA. In order to achieve this objective, the main lines of action are to strengthen our management capacity in Delegation; to support a constant honing of staff skills aligned to our policy priorities; to improve the well-being of staff, including a harassment-free work environment; to increase gender balance at all levels; to enhance career perspectives and talent management; to scale-up communication and collaboration across services.

After several rounds of consultation of the staff throughout 2020, using a participatory process, the new Directorate General name – DG International Partnership (DG INTPA) – and organisation chart was adopted in October 2020 and entered into force on 16 January 2021.
2.2.2 Digital transformation and information management

Digital transformation

Fully aligned with the European Commission Digital Strategy (ECDS), OPSYS plays a crucial role helping the Commission digitally transform itself. OPSYS increases efficiency, effectiveness, transparency and security and helps deliver EU-wide, borderless, digital public services that are indispensable for the functioning of the European Union.

The OPSYS Programme’s overall objective is to gradually offer improved operational processes and IT tools to the staff and stakeholders of DG INTPA, DG NEAR and FPI. OPSYS will allow staff to manage efficiently their portfolio of projects/programmes throughout the cycle of operations. The core tracks of the OPSYS Programme are the following:

**Track 1: Results & Monitoring**

Track 1 consists in the creation and monitoring of projects/programmes, logframes and indicators. It will allow presenting the results per project/programme, EU Delegation/Headquarters unit, sector, country, region, year, and financing instrument. Through this initiative, the Commission will improve its accountability by improving reporting on results and by further enhancing results-based management at all levels.

**Track 2: Contracts & Procurement**

Track 2 consists in the set-up of a comprehensive electronic system for managing procurement contracts, grants and other external action modalities. This initiative is completely coherent with the corporate approach of improving synergies and efficiencies in the Commission. It also contributes to the goal of establishing a single window for Economic Operators and Grant Beneficiaries to manage their procurement processes and contracts with the Commission (SEIDA).

**Track 3: Programming, Actions & Decisions**

Track 3 consists in the preparation and validation of Multiannual Indicative Programmes, Actions and Action-Programmes, an essential link between the policy level and the implementation on the ground.

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**OPSYS – Achieved outcomes and deliverables in 2020**

- **OPSYS Release 3A**: OPSYS now supports launching of contracting procedures and the management of Specific Contracts under these three FWCs: SIEA 2018, AUDIT 2018 and PSF 2019.
- **CRIS Programming**: phase-out completed.
- **EVA FWC**: OPSYS now supports launching of contracting procedures and the management of Specific Contracts under the EVA 2020 Framework Contract.
- **CRIS Call for Tender**: phase-out was completed (there are no new procedures, although some historical procedures are still published or being completed).
- **FWC EVENTS 2020**: OPSYS now supports launching of contracting procedures and the management of Specific Contracts under the FWC EVENTS 2020.
- **OPSYS Summer Release**: OPSYS now supports a new Implementation Plan, with better data quality checks and more flexible management of the credit reservations, along with CRIS resynchronisation. Several Forecasting features were also released.
- **Public Procurement Management Tool (PPMT)**: the corporate tool used for the management of procurement publications went live in DG INTPA, DG NEAR and FPI in August.
- **PRAG templates**: have been updated, transitioning from paper templates to new electronic Contract Notices.
- **Readiness of OPSYS for the new MFF**: the new MFF basic structure can be created in OPSYS (in the context of the Basic Act and IPD Management), albeit important features are missing to make it completely functional for the user.
OPSYS production stability issues affected the planned release of several features which were reprioritised and rescheduled into the next year.

OPSYS development and implementation is progressing at a slower pace than foreseen due to quality issues and longer than planned development time.

Insufficient OPSYS quality may slow down business performance (e.g. budget execution) and impact some KPIs and last but not least parallel use of CRIS/OPSYS might imply data quality issues due to incompatible data models of legacy/new systems. Additionally the DG will incur in increased costs due to the need to maintain longer in the legacy systems.

This situation is reflected in the 2020 Critical Risks for DG INTPA. However the delays have so far not affected the performance of DG INTPA as demonstrated by the related KPIs.

To further reduce the risks DG INTPA has put in place mitigating measures that guarantee that the operations can still be performed. For instance, extending the life of the legacy systems until Opsys is stable, concentrating on stability of existing modules in the short term and adding additional resources to finance future development and implementation.

**Data information and knowledge management**

The consolidation of electronic-paperless procedures has been a significant aspect of the digital transformation in the Directorate-General. An important milestone of this process was reached in 2020 with the instruction note from the Director-General (Ares(2020)3060452 of 12/06/2020) expanding the use of full paperless procedures to the DG INTPA sections of EU Delegations and levelling them to the digital standards already in place in headquarters.

The high filing rate in ARES and the progressive opening of files between HQ and Delegations and between DG INTPA and other Commission departments enhances the sharing and reuse of information within the Directorate-General (including sections in EU Delegations) and with other DGs. These actions contribute to the alignment with the Commission strategy on Data, Information and Knowledge Management.

Finally, the automated registration and filing of documents by the first OPSYS modules that entered in production in 2020 has contributed to the consolidation of the Commission work programme on information management by ensuring that the documents handled by OPSYS are registered, filed and retrievable under a coherent and robust procedure.

**Data protection**

The Commission adopted an Action Plan – C(2018)7432 complemented by C(2020) 7625- to support and structure the data protection implementation process, with particular emphasis on enhancing the Commission’s administrative capacity for data protection.

Despite the pandemic, DG INTPA organised 4 training sessions open to all staff and data protection focal points to raise awareness, the Data Protection Coordinator (DPC) attended 3 Unit meetings with tailor made advice and published serval Intranet articles to raise awareness. Since no newcomer seminars were organised in 2020, there were no targeted
sessions for newcomers. Concerning “records”, as recognised by formal Note of the DPO\textsuperscript{65}, DG INTPA finalised the transformation and compliance verification from the old “notifications” (former Regulation 45/2001) to “records” and achieved 100% compliance by April 2020. Concerning new “records”, by end of 2020 all but one records were finalised and published by Units, which ensures compliance with the rules.

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

Moreover, the invalidation of the EU-U.S. Privacy Shield (the Schrems II judgement) poses concrete challenges for services transferring personal data to third countries or using international cloud services. INTPA will continue to assess its processing activities in light of the requirements of the Schrems II ruling and will coordinate with relevant Commission services and IT governance bodies, as well as the Data Protection Officer, to be able to draw from horizontal approaches to similar situations. The Commission services, coordinated by the Data Protection Officer, replied to a request from the European Data Protection Supervisor (EDPS) to all EU institutions to identify and map their international transfers and to report certain categories of transfers and are awaiting the EDPS’ reaction. DG INTPA highlighted in its contribution the particularities of external action and related data transfers carried out in the public interest. The goal is to minimise the risks linked to ongoing and future international transfers of personal data, notably by informing all data subjects of the legal situation in which such transfers take place, in order for operations undertaken by the Commission services to comply with EU data protection law.

Concerning a procedure for dealing with data subject rights, such a procedure is under drafting by central services and, once available, DG INTPA will follow this guidance.

Finally, in 2020 DG INTPA Units and Delegations faced 5 personal breaches which could all successfully be mitigated with the assistance of the DPC. All of these breaches had “human error” as root cause. None of those breaches needed to be reported to the EDPS, thus reducing reputational and legal risks for DG INTPA.

Concerning resources, following entry into force of the new data protection new rules in 2018, during the transition time DG INTPA continued to allocate a full-time FTE for the role as Data Protection Coordinator (DPC), assisted by a Deputy DPC and supported by a network of data protection focal points in Directorates

\textbf{Knowledge management}

Knowledge management will be improved in DG INTPA by promoting collaborative and learning practices to make work processes and meetings as transparent and open as possible to allow collective work. Corporate collaborative tools such as M365 will be piloted in DG INTPA with a view to its future rollout.

\textsuperscript{65} Ares(2020)1951543
DG INTPA will contribute to the implementation of the Commission strategy on Data, Information and Knowledge Management by participating at its governance structures (IMSB, IMT, LDC, Collaboration Hub) and the Commission Task Force M365.

In accordance with the planning, the DG INTPA corporate Data Tool was expanded geographically beyond Africa to all ACP countries and OCTs in spring 2020, while being updated with the latest data available.

Work to morph the Data Tool into a web-based tool with mobile apps to use the Data Tool “on the go” was completed in the second half of 2020. Redistribution policies of data providers were checked and free access confirmed. 21 new indicators were identified together with DG INTPA thematic units and added to the business environment theme, and a new functionality was developed to enable automated pdf report generation. Moreover, the decision to further develop the Data Tool into a Commission corporate tool, dubbed the “Global Development Data Tool (GDDT)”, was taken. The GDDT will see the current Data Tool’s coverage gradually expand to cover all DG INTPA’s “world” and possibly global coverage, including the EU.

2.2.3 Sound environmental management

The European Green Deal has set an internal target for the Commission to reach GHG emissions’ neutrality by 2030. Among the four objectives defined for 2020-2024 under the EMAS to contribute to reaching this target, in 2020, DG INTPA worked more specifically on:

(1) more efficient use of resources – which covers energy, water and paper consumption: developing paperless working methods, as well as promoting the efficient use of other resources, especially with information on a more responsible and moderate use of Information and Communication Technologies (ICT) (good ICT practices for “digital sobriety”).

(2) reducing CO2, equivalent-CO2 and other atmospheric emissions – from commuting, missions and catering: participating in Commission-wide actions such as the EU Mobility Week and VeloMai (postponed to October 2020 due to COVID-19 lockdown), CSR-EMAS green volunteering initiative, as well as in specific actions initiated by DGs, such as the plant garden launched in October by DG RTD in the shared patio with DG INTPA.

During 2020, in the areas of travelling (reducing the impact of travelling) as well as organising sustainable events, action was very limited due to the restrictions related to the sanitary situation. Some actions could be started or implemented and are presented more in details in annex 9 to this report.