RESOLUTION (EU) 2020/1845 OF THE EUROPEAN PARLIAMENT

of 14 May 2020

with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the Bio-based Industries Joint Undertaking for the financial year 2018

THE EUROPEAN PARLIAMENT,

— having regard to its decision on discharge in respect of the implementation of the budget of the Bio-based Industries Joint Undertaking for the financial year 2018,

— having regard to Rule 100 of and Annex V to its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A9-0034/2020),

A. whereas the Bio-based Industries Joint Undertaking (the 'Joint Undertaking') was established as a public-private partnership by the Regulation (EU) No 560/2014 for a period of 10 years with the aim of bringing together all relevant stakeholders and contributing to establishing the Union as a key player in research, demonstration and deployment of advanced bio-based products and biofuels;

B. whereas pursuant Articles 38 and 43 of the Joint Undertaking's financial rules, adopted by the decision of its governing board on 14 October 2014, the accounting officer prepared the annual accounts of the Joint Undertaking for the year 2018;

C. whereas the founding members of the Joint Undertaking are the Union, represented by the Commission, and industrial partners, represented by the Bio-based Industries Consortium (the 'BIC');

General

1. Notes that the maximum Union contribution to the activities of the Joint Undertaking is EUR 975 000 000, to be paid from Horizon 2020; notes that the industry members of the Joint Undertaking are to contribute resources of at least EUR 2 730 000 000 over the period of the Joint Undertaking's lifespan, consisting of at least EUR 182 500 000 of in-kind and cash contributions to the Joint Undertaking's operational activities and at least EUR 1 755 000 000 of in-kind contributions to implement additional activities outside the work plan of the Joint Undertaking;

2. Notes that 19 out of 101 retained proposals from the 2018 call for proposals were at the grant agreement preparation stage by the end of 2018; notes, moreover, that by early 2018, the Joint Undertaking programme had a portfolio of 101 ongoing projects with a total of 1 169 participants from 35 countries with a total grant value of EUR 499 000 000;

3. Notes that the objectives of the Joint Undertaking could not be addressed with traditional Union instruments; observes that the Joint Undertaking has provided a structuring effect, bringing together the sectors and actors towards deployment of new value chains, and it has mobilised increasing investments on developing innovations for the bio-based industries; in addition, notes that the mission of the Joint Undertaking is to implement the Strategic Innovation and Research Agenda (SIRA) developed by the BIC and endorsed by the Commission;

4. Notes that effective communication is an essential component of successful Union-financed projects; considers it to be important to increase the visibility of the achievements of the Joint Undertaking and to disseminate information about their added value; calls on the Joint Undertaking to pursue a proactive communication policy by disseminating the results of its research to the public, such as by means of social media or other media outlets, thus raising public awareness of the impact of Union support, with particular regard to market uptake;

5. Asks the Court of Auditors (the 'Court') to assess the soundness and reliability of the methodology for calculating and valuing in-kind contributions; asks that that assessment evaluate the design and the robustness of the guidance for the implementation of the in-kind contributions procedure in order to assist in the planning, reporting and certification process of in-kind contributions;

Budget and financial management

6. Notes that the Court's report on the Joint Undertaking's annual accounts for the financial year 2018 (the 'Court's report') finds the annual accounts of the Joint Undertaking to be presented fairly, in all material respects, with regard to the Joint Undertaking's financial position on 31 December 2018 and the results of its operations and cash flows for the year then ended, in accordance with its financial regulation and with the accounting rules adopted by the Commission's accounting officer;

7. Notes that the Joint Undertaking's annual accounts provide that the final 2018 budget is to be available for implementation and include commitment appropriations of EUR 121 231 820 and payment appropriations of EUR 118 126 520, the utilisation rates for commitment and payment appropriations of which were 99 % and 71 %, respectively;

8. Observes that the payment appropriations were used mainly for the pre-financing of grant agreements resulting from the 2017 call for proposals and interim payments for projects from the previous calls for proposals; furthermore, notes that the lower implementation rate of payment appropriations was due to delays of some periodic reports and cost declarations significantly below the budget approved in the grant agreements;

9. Notes that out of the maximum of EUR 975 000 000 of Union cash contributions to be allocated to the Joint Undertaking over its lifespan, the Union had contributed a total amount of EUR 264 600 000 by the end of 2018;

10. Expresses concern about the fact that out of the EUR 757 900 000 of contributions to be made by the industry members to the operational activities and administrative costs of the Joint Undertaking, industry members reported in-kind contributions of only EUR 36 800 000 for operational activities, and the governing board validated contributions by the industry members to the Joint Undertaking's administrative costs of EUR 21 200 000 (EUR 12 100 000 in kind and EUR 9 100 000 in cash);

11. Notes from the Court's report that in 2018 the Joint Undertaking carried out a review in order to update the membership status of its constituent entities as the main basis for the validation and recognition of industry members' in-kind contributions to the Joint Undertaking's operational activities; observes with appreciation that that review is considered to be good practice and that the review should be carried out on a regular basis;

12. Regrets that out of the minimum EUR 182 500 000 of cash contributions to be made by the industry members to the Joint Undertaking's operational costs, only EUR 800 000 were paid by the end of 2018, and that, as a result, the Commission decided at the end of 2018 to reduce the Joint Undertaking's 2020 budget of EUR 205 000 000 by EUR 140 000 000; observes with concern that there is a high risk that the minimum amount of cash contributions will not be achieved by the end of the Joint Undertaking's lifespan;

Performance

13. Notes that the Joint Undertaking's available specific key performance indicators were found to be on track; welcomes the fact that the Joint Undertaking has operated efficiently and its average performance against the three main key performance indicators of Horizon 2020 exceeds the set targets in 2018;

14. Notes with concern the value of leverage effect of 1,88 at the end of 2018, which is below expectation; observes with concern that the realised leverage effect has been decreasing since 2015; calls the Joint Undertaking to take steps to meet the target leverage effect of 2,86 over the whole 2014 to 2020 period;

15. Notes that Joint Undertaking's calls for proposals are fully open to the participation of any stakeholder; welcomes the Joint Undertaking's great efforts in communicating its objectives and achievements as well as its calls to the stakeholders in the Union through its events, meetings and website;

16. Notes that experts confirm that the Joint Undertaking has attracted a satisfactory level of participation of the best Union players in the areas of the selected value chains; observes that the good balance of industry sector participation was achieved, representing 61 % of the total number of participants; highlights the fact that 54 % of the private for profit entities are small and medium-sized enterprises and that 27 % are large enterprises;

17. Notes that in 2018 the Joint Undertaking operations included the conclusion of 17 grant agreements, resulting from the 2017 call for proposals, bringing the total number of the Joint Undertaking portfolio to 82 by the end of 2018; in addition, notes that the Joint Undertaking successfully implemented the 2018 call for proposals; notes that the procedure was initiated before the end of 2018 for 19 retained proposals;

18. Observes that due to the design of the 2018 call for proposals and the management of the ranking system for the proposals, one out of two flagship topics of the call remained unfunded despite having received eligible and highly evaluated proposals for both topics;

19. Notes with satisfaction that in 2018 the Joint Undertaking achieved a reasonable gender balance in its various bodies (scientific committee: 60 % women and 40 % men; States Representatives Group: 59 % women and 41 % men; programme office: 61 % women and 39 % men; evaluation experts (2018 call for proposals): 48 % women and 52 % men; project coordinators: 45 % women and 55 % men), with the exception of the governing board (20 % women and 80 % men); notes the Joint Undertaking's observation that it has no influence over the composition of the governing board; notes with satisfaction the gender balance among the staff involved in Joint Undertaking projects (46 % women and 54 % men);

Procurement and recruitment procedures

20. Notes that at the end of 2018, the Joint Undertaking's staff comprised 23 members reaching its full staff establishment plan; observes that two recruitment procedures were launched in 2018, one for a contract agent and the other one for a temporary agent; however, notes that the Joint Undertaking was reinforced with three additional contract agents in 2018; in addition, notes that one candidate for a temporary post was appointed at the end of 2018 and took up the duties in the first quarter of 2019;

Internal audit

21. Notes that in November 2017, the internal auditing service (IAS) performed the audit field work for the audit "Limited review of the implementation of the internal control standards (ICSs) in the BBI JU"; observes that according to the Court's report, the situation at the end of 2018 showed that the Joint Undertaking had largely implemented the ICSs;

22. Observes that the programme office performed a self-assessment of its ICSs to assess the current level of implementation of the ICSs and to explore the conditions necessary to move the internal control framework of the organisation to a higher degree of maturity; notes that the IAS made three recommendations in order to support and complement existing Joint Undertaking's efforts in the field; observes that the programme office proposed the corresponding action plans and the IAS considered them adequate to mitigate the issues; however, notes with concern that the three standards considered were yet to be fully implemented at the beginning of 2018;

23. Notes that according to the annual activity report, almost all the ICSs are considered to be implemented or largely implemented, and that only certain standards remain to be fully implemented such as ICS 8 (processes and procedures), ICS 10 (business continuity) and ICS 11 (document management);

24. Notes that in 2017, the Joint Undertaking, together with the common audit service of Commission's Directorate-General for Research and Innovation launched the first *ex-post* audit of a random sample of Horizon 2020 interim cost claims; notes that the second wave of audits started in 2018 but due to the low number of participants audited, no conclusion can yet be drawn;

25. Notes with appreciation the Court's finding that the residual error rate is below materiality, amounting to 0,01 % for Horizon 2020;

26. Notes that the Commission's interim evaluation on the Joint Undertaking's activities from 2014 to 2016 was carried out, and that an action plan was prepared to address the recommendations raised; notes that according to the action plan, most of the actions to be taken in response to the recommendations are to be implemented in 2018 and 2019, and several actions have already been undertaken;

Legal framework

27. Notes with concern that while the interim evaluation of the Joint Undertaking was completed in accordance with the precise timeframe fixed in its legal framework, nevertheless, it could not provide the best added value for the Joint Undertaking's decision-making process at this early stage of its activity;

Prevention and management of conflicts of interests and transparency

28. Notes the fact that the Joint Undertaking, together with six other joint undertakings launched a common joint undertaking call for expression of interest to select up to seven confidential counsellors that will set up a network of confidential counsellors; notes that, as a result, two confidential counsellors were appointed by the executive directors in November 2018.