RESOLUTION (EU) 2020/1954 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 European Chemicals Agency (ECHA) 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 European Chemicals Agency for the financial year 2018,

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

— having regard to the opinion of the Committee on the Environment, Public Health and Food Safety,

— having regard to the report of the Committee on Budgetary Control (A9-0063/2020),

A. whereas, according to its statement of revenue and expenditure [1], the final budget of the European Chemicals Agency (the 'Agency') for the financial year 2018 was EUR 118 760 709, representing an increase of 7,45 % compared to 2017; whereas approximately 72,47 % of the Agency's budget derives from fees and charges and 26,18 % from the Union and third countries [2];

B. whereas the Court of Auditors (the 'Court'), in its report on the annual accounts of the Agency for the financial year 2018 (the 'Court's report'), states that it has obtained reasonable assurances that the Agency's annual accounts are reliable and that the underlying transactions are legal and regular;

Budget and financial management

1. Calls for funding to be granted to the Agency, as one of the Union agencies responsible for assessing regulated products, that is sufficient to allow it to carry out its tasks;

2. Notes with satisfaction that budget monitoring efforts during the financial year 2018 resulted in a budget implementation rate of 99,92 %, representing an increase of 1,25 % compared to 2017; notes moreover that the payment appropriations execution rate was 87,04 %, representing a decrease of 0,59 % in comparison to 2017;

3. Emphasises that the Agency is partly financed from the fees it receives from companies that request the registration of chemicals as required under Regulation (EC) No 1907/2006 of the European Parliament and of the Council [3]; notes that the fees applicable depend on the size of the companies and the volume of chemicals registered; notes that the Agency has identified that some 52 % of the companies had incorrectly declared their size, resulting in lower fees; stresses that this finding demonstrates the limitations of a system that relies excessively on self-declarations made by applicants; notes that the Agency has, over the years, invoiced fee corrections and administrative charges amounting to EUR 17,9 million and that the Agency has made considerable progress in recovering undue fee reductions and collecting overdue administrative charges; notes, however, that there is still a considerable verification workload ahead and that the remaining amount of necessary fee corrections was unknown at the end of 2018; urges the Agency to put in place similarly thorough ex-ante verifications to minimise the risk of fraudulent self-declarations; furthermore, urges the national enforcement authorities to enhance the verification systems used to

[1] OJ C 120, 29.3.2019, p. 209.
[2] OJ C 120, 29.3.2019, p. 212.
[3] Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), establishing a European Chemicals Agency, amending Directive 1999/45/EC and repealing Council Regulation (EEC) No 793/93 and Commission Regulation (EC) No 1488/94 as well as Council Directive 76/769/EEC and Commission Directives 91/155/EEC, 93/67/EEC, 93/105/EC and 2000/21/EC (OJ L 396, 30.12.2006, p. 1).

check and publish the volumes of chemicals declared by the companies; calls on the Agency to report to the discharge authority on its efforts, and on the results achieved, to continue to reduce the considerable verification backlog and to implement the fee corrections and the recovery of unpaid fees; calls on the Commission to propose measures to resolve this situation in order to avoid fraud in declarations of the size of applicants and to allow the Agency to plan its budget on a more stable basis;

4. Notes that the fees paid by industry vary substantially year by year, and that it is therefore not possible for the Agency to make a reasonable estimate of the need for a balancing subsidy from the Union budget, which complicates budgetary planning; calls for a dialogue on how to reform the financing mechanism of the Agency, with the aim of putting it on a sustainable basis;

5. Notes that the Agency has revenues coming from both fees and charges payable by industry and a balancing subsidy from the Union budget; notes with concern that, according to the Court's report, as the third registration deadline under Regulation (EC) No 1907/2006 expired in May 2018, income from fees and charges is expected to drop significantly from 2019 onwards; points out that there is a risk that relatively stable expenditure and much less predictable revenue may have a negative effect on the Agency's operations and budget implementation; stresses the necessity of putting in place a new, viable and thorough financing model, in relation to which, according to the Agency's reply, the Agency has initiated discussions with the Commission; calls on the Agency to keep the discharge authority updated on developments in this regard;

Performance

6. Observes, in light of comments and observations from the discharge authority related to the need to develop more outcome- and impact-focused key performance indicators that assess the added value provided by the Agency's activities in the revision of the overall performance management system, that the Agency reworked its performance management model during 2018 for the Work Programme 2019, with a view to indicating the impact and outcome of its work better; notes that the Work Programme 2019 now indicates the type of indicator (impact, outcome, output, input) and no longer uses the same type of indicators for different types of work but contains key performance indicators that suit the business process concerned;

7. Notes that, despite the risks and constraints in some areas, the Agency reached 58 out of 69 of its key performance indicator targets; urges the Agency to strive to achieve 100 % fulfilment of its key performance indicators targets;

8. Notes that the Agency completed the registration phase under Regulation (EC) No 1907/2006 without causing market disruption and that it provided support to companies in the preparation and registration of 28 357 dossiers;

9. Notes that the Agency continues to share its internal audit capability with the European Global Navigation Satellite Systems Agency and closely collaborates with other agencies, including by way of sharing services in the context of an inter-agency network and by way of sharing resources through memoranda of understanding; commends this cooperation as an example for other agencies worth following; encourages the Agency to seek further and broader cooperation with the Union agencies; encourages the Agency to initiate discussions on the topic of resources-sharing on overlapping tasks among other agencies with similar activities;

10. Observes from the Court's report that in a procurement procedure for a framework contract for the provision of IT infrastructure service, five companies presented tenders in a range from EUR 10 to 38,2 million and that the Agency awarded the framework contract for a value of EUR 30 million to the tenderer who had submitted a EUR 12 million offer; notes, however, that the significant difference between the value of the contract and the actual offer raises concerns in terms of sound financial management; notes, according to the Agency's reply, that it initially estimated the value in accordance with the Commission's Vade-mecum on Public Procurement; notes that the Agency selected the competitive procedure with negotiation to encourage the widest possible competition in order to obtain best value for money; calls on the Agency to apply a rigorous system of financial management of IT contracts;

11. Encourages the Agency to pursue the digitalisation of its services;

12. Recalls that the Agency is the driving force among regulatory authorities in implementing the Union's chemicals legislation for the benefit of human health and the environment as well as for innovation and competitiveness; notes that the Agency helps companies to comply with the Union's chemicals legislation, promotes the safe use of chemicals and provides information on chemicals and addresses chemicals of concern;

13. Calls for the Agency, as one of the Union agencies responsible for assessing regulated products, to receive sufficient funding to carry out its tasks;

14. Recalls that 2018 was the year of the final registration deadline under Regulation (EC) No 1907/2006; stresses that the Agency received 37 400 dossiers in that year, which represents an increase of 135 % compared to 2017; notes with satisfaction the way in which the Agency has coped with the dramatic increase in registrations over the past year;

15. Welcomes the efforts that were made to streamline the organisational structure in 2018, which is aimed at achieving further efficiencies through better linking and coordination across tasks; notes that the Agency has managed to meet the vast majority of its objectives;

16. Calls on the Agency to report to the discharge authority on the measures taken to respond to the recommendations from the second review of Regulation (EC) No 1907/2006 and to ensure that registration dossiers are compliant;

17. Calls for information to be provided on the state of preparations for a prototype database under Directive 2008/98/EC of the European Parliament and of the Council [4], which is to be presented in early 2020;

18. Calls for details of the steps the Agency has taken in response to the Commission's Synthesis Report on the implementation of REACH, and the actions proposed to be taken by the Agency in that report;

Staff policy

19. Notes that, on 31 December 2018, the establishment plan was 96,29 % executed, with 441 temporary agents appointed out of 458 temporary agents authorised under the Union budget (compared with 460 authorised posts in 2017); notes that, in addition, 122 contract agents and 14 seconded national experts worked for the Agency in 2018;

20. Notes that the Agency has an anti-harassment policy and related guidelines in place that were updated in 2018; acknowledges that it organised training sessions and made confidential counselling available;

21. Notes the publication of the Agency's vacancy notices on its website, on social media and on the EU Agencies Network's dedicated website, in order to publicise further such notices; calls on the Agency to publish vacancy notices on the website of the European Personnel Selection Office;

22. Welcomes the fact that the Agency publishes on its website the CVs of all members of the management board and its committees, including those of its chairs who are members of staff of the Agency, the executive director and all members of the board of appeal;

23. Notes with satisfaction that a good gender balance was achieved in 2018 with regard to the senior management positions (4 men and 3 women), notes, however, that balance was not achieved to the same extent with regard to the management board (15 men and 21 women);

Prevention and management of conflicts of interests and transparency

24. According to the Agency, its budgeted fee income for 2018 represents circa 73 % of its total income; notes the Agency's exemplary system for monitoring and preventing any conflicts of interest, and its view that there is no danger of such conflicts arising, due to the cost-covering purpose of the fees and the regular assessment of the Agency staff involved in opinion-making to ensure that there is independence; notes that the Agency would welcome a solution whereby the Commission would collect the fees on behalf of the Agency, thereby facilitating the Agency's financial management and helping to mitigate the risk of shortfalls;

25. Welcomes the fact that the Agency collects annually-updated declarations of interest from all staff and external experts, each of which is published on the website of the Agency;

[4] Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives (OJ L 312, 22.11.2008, p. 3).

26. Notes the further steps taken in order to enhance transparency and whistleblower protection; according to the Agency, all meetings of its senior management with stakeholders are registered and published on its website to ensure full transparency;

Internal audit

27. Notes that the Agency adopted and started implementing a policy on sensitive functions in September 2019, which would identify sensitive functions, keep them up to date and define appropriate measures to mitigate the risk of vested interests;

28. Notes that in 2018, the Commission's Internal Audit Service issued an audit report on "Conflict of Interest and Ethics in ECHA" and that, in September 2018, the Agency prepared and discussed an action plan to address some potential areas for improvement, and that as of mid-2019 all actions were implemented;

Other comments

29. Notes that, having selected the new building and having signed a lease contract in 2017 due to the expiry of the previous lease contract on 31 December 2019, the Agency had planned to move to new premises in Helsinki in January 2020; notes that the move to the new premises was completed on 7 January 2020;

30. Encourages the Agency to continue measuring the possible future decrease of part of its revenues resulting from the United Kingdom's decision to withdraw from the European Union; observes that the impact appears to remain limited, due to the fact that the registration requirement provided for in Regulation (EC) No 1907/2006 and which generated significant fee income has ended;

31. Calls on the Agency to focus on disseminating the results of its research to the public, and to reach out to the public via social media and other media outlets;

32. Refers, for other observations of a cross-cutting nature accompanying its decision on discharge, to its resolution of 14 May 2020 ([5]) on the performance, financial management and control of the agencies.

([5]) Texts adopted, P9_TA(2020)0121.