RESOLUTION (EU) 2020/1851 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 for the ECSEL 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 ECSEL 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 (A9-0045/2020),

A. whereas the ECSEL Joint Undertaking on Electronic Components and Systems for European Leadership (the 'Joint Undertaking') was established on 7 June 2014 within the meaning of Article 187 of the Treaty on the Functioning of the European Union for the implementation of the Joint Technology Initiative on 'Electronic Components and Systems for European Leadership' (ECSEL), for a period up to 31 December 2024;

B. whereas the Joint Undertaking was established by Council Regulation (EU) No 561/2014 ([1]) in June 2014 to replace and succeed the ARTEMIS and the ENIAC Joint Undertakings;

C. whereas the members of the Joint Undertaking are the Union, the Member States and, on a voluntary basis, the associated countries (Participating States) and private member associations (Private Members) that represent their constituent companies and other organisations active in the field of electronic components and systems in the Union;

D. whereas the contributions to the Joint Undertaking envisaged for the entire period of Horizon 2020 amount to EUR 1 184 874 000 from the Union, EUR 1 170 000 000 from the Participating States and EUR 1 657 500 000 from the Private Members;

Budgetary and financial management

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

2. Notes that the Joint Undertaking's final budget for the financial year 2018 included commitment appropriations of EUR 194 100 000 and payment appropriation of EUR 310 554 000; notes that the utilisation rates for commitment and payment appropriations were 98 % and 65 % respectively;

3. Notes that the Court's report states that the transactions underlying the annual accounts of the Joint Undertaking for the financial year 2018 are, in all material respects, legal and regular;

4. Notes that at the end of 2018, the Union contributed EUR 637 600 000 from the Seventh Framework Programme fund for the co-financing of the joint activities, and a further EUR 17 900 000 for the co-financing of related administrative costs; notes that the cumulated commitment for the Seventh Framework Programme operational activities amounted to EUR 606 000 000, and that the related cumulated payments were EUR 529 000 000; notes that in 2018, the implementation rate for the available payment appropriations of EUR 98 000 000 for Seventh Framework Programme projects was a low 42 %, which was mainly due to the national funding authorities' delays in providing end of project certificates for ongoing Seventh Framework Programme activities;

5. Observes that the payments made by the Joint Undertaking for Seventh Framework Programme projects amounted to EUR 41 000 000, which represented 22 % of the total operational payments made in 2018; in addition, notes that the residual error rate at the end of the year was 3,36 %;

([1]) OJ L 169, 7.6.2014, p. 152.

6. Notes that for Seventh Framework Programme operational payments, the Joint Undertaking is still dependent on the EPS national funding authorities, resulting in an enhanced risk regarding timely final payments;

7. Notes with alarm that in 2018 Participating States, which are required to contribute at least EUR 1 170 000 000 to Horizon 2020 operational activities of the Joint Undertaking, made commitments amounting to EUR 564 000 000 and payments of EUR 178 000 000, representing 15 % of the total required contributions; notes that the low level of the Participating States' contributions is related to the fact that some Participating States only recognise and report their costs to the Joint Undertaking at the end of the Horizon 2020 projects that they support; notes that the implementation rate of the budget available for Horizon 2020 was 100 % for the commitment appropriations and 72 % for the payment appropriations, and that the rate of payment appropriation resulted in a lower amount due to the additional contribution of EUR 20 000 000 received in December 2018;

8. Notes that out of the EUR 1 657 500 000 of contributions to be made by industry members to the activities of the Joint Undertaking, at the end of 2018, the Joint Undertaking estimated that the members had made in-kind contributions of EUR 705 400 000, compared to the Union's cash contribution of EUR 512 000 000; notes furthermore that industry members' cash contributions were EUR 11 300 000 and that their in-kind contributions that were reported but not validated amounted to EUR 694 100 000;

Performance

9. Notes the use of key performance indicators (KPIs) for measuring operational and programme performance, and that the Joint Undertaking is working with the other Joint Undertakings' and its stakeholders to define common impact KPIs and methodologies to assess those KPIs;

10. Observes that the management cost ratio (administrative/operational budget) remains below the 5 %, thus pointing to rather lean and efficient organisational structure of the Joint Undertaking;

11. Welcomes the fact that the total achieved leverage in 2018 for the Joint Undertaking programme, calculated as the Horizon 2020 cost minus Union funding divided by the Union funding, is equal to 3, exceeding the target leverage effect over the whole 2014 to 2020 period; notes furthermore that the total achieved leverage is 3,3 if national cost is taken as a basis;

12. Notes that the Joint Undertaking has made efforts to consolidate and develop its activities to allow for smooth and efficient running of the Join Undertaking; observes that four calls for proposals were launched in 2018 resulting in the selection of 13 collaborative projects and two coordination and support actions;

13. Notes that the joint Undertaking launched two calls for proposals; although the number of proposals decreased for a fourth year in a row, the number of selected proposals is the same as in 2017;

14. 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 the dissemination of information on their added value; calls on the Joint Undertaking to pursue a proactive communication policy 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;

Staff

15. Notes that out of 31 authorised posts on the establishment plan 30 were filled in 2018: 14 by temporary agents and 16 by contract agents; notes also that, in 2018, the posts of two heads of administration, one chief financial officer and one programme officer were occupied;

16. Notes the information contained in the 2018 annual activity report of the Joint Undertaking regarding gender balance in ECSEL projects, indicating that the total number of women engaged in ECSEL projects running in 2018 and projects reported that year (running from 2014, 2015 and 2016) was 3 336 (or 18 %), compared to 14 820 men (or 82%); notes that not all staff members of recipient undertakings engaged in ECSEL projects carry out research activities and that only 16 % of research staff are female;

Procurement

17. Notes with grave concern that the Court found significant shortcomings in the management of the procurement procedures for administrative services; notes from the Joint Undertaking's replies that a budget, procurement, and contracts assistant has been nominated to address this issue;

Internal controls

18. Welcomes the fact that the Joint Undertaking has taken steps to assess the implementation of *ex post* audits by the national funding authorities (NFAs), and has obtained written statements from the NFAs declaring that the implementation of their national procedures provided for a reasonable assurance of the legality and regularity of transactions; notes that the Court's report refers to the fact that for Horizon 2020 payments the Commission's common audit service is responsible for the *ex post* audits, and the residual error rates calculated by the Joint Undertaking was 1,15 % at the end of 2018;

19. Notes that the issue concerning the variation in the methodologies and procedures used by the NFAs is no longer relevant to the implementation of Horizon 2020 projects, as the *ex post* audits are undertaken either by the Joint Undertaking or by the Commission; notes that in accordance with the provisions of the common *ex post* audit plan for Horizon 2020, the Joint Undertaking received 22 declarations out of 27 from the NFAs, and acknowledges that they provide a reasonable protection of the financial interest of its members;

20. Observes that the Commission carried out its final evaluation on the ARTEMIS and the ENIAC Joint Undertakings for the period 2008 to 2013, together with its interim evaluation on the Joint Venture operating under Horizon 2020 covering the period 2014 to 2016; notes that the Joint Undertaking prepared and adopted an action plan to address the recommendations of these evaluations and that some activities are already initiated; however, the majority of the activities remain to be implemented in 2019, while some of them were considered beyond the scope of the Joint Undertaking;

21. Notes that the final payment for the implementation of the service-level agreement concluded with one industry member for the provision of communication services and for the organisation of events, was made without the necessary supporting documents;

22. Asks the Court to assess the soundness and reliability of the methodology for calculating and valuing in-kind contributions and suggests that the assessment evaluate the design and the robustness of the guidance for the implementation of the in-kind contribution procedure in order to assist in the planning, reporting and certification process of in-kind contributions.

23. Notes with concern that the Joint Undertaking detected that cash contributions for administrative costs amounting to more than EUR 1 000 000 were not invoiced by the ENIAC to the industry member AENEAS before the Joint Undertaking was set up; in order to solve this problem, the Joint Undertaking received EUR 1 000 000 from its members as a 'prepaid cash contribution'; calls on the Joint Undertaking to issue the debit note without delay;

Internal audit

24. Notes that in 2018 the Commission's internal audit services (IAS) performed a risk assessment; notes that the IAS followed-up on its audit recommendations on Horizon 2020 grant process and performance in the Joint Undertaking; acknowledges the fact that the IAS has concluded that all recommendations have been adequately implemented;

Human resources management

25. Notes that on 31 December 2018, the Joint Undertaking employed 30 staff; notes that during 2018 the Joint Undertaking filled two positions, one for head of administration and finance and the other for programme officer, and advertised a post for a seconded national expert position;

26. Notes the fact that with a view to adapting the structure of the organisation to priorities and needs for expertise, the organisation chart of the Joint Undertaking was updated on 6 August 2018; notes that a new set of five implementing rules of the Staff Regulations has been validated by the Governing Board in January 2018.