

RESOLUTION (EU) 2022/1838 OF THE EUROPEAN PARLIAMENT**of 4 May 2022****with observations forming an integral part of the decision on discharge in respect of the implementation of the budget for the European High Performance Computing Joint Undertaking for the financial year 2020**

THE EUROPEAN PARLIAMENT,

- having regard to its decision on discharge in respect of the implementation of the budget of the European High Performance Computing Joint Undertaking for the financial year 2020,
 - 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 (A9-0078/2022),
- A. whereas the European High Performance Computing Joint Undertaking (the 'Joint Undertaking') was established in 2018 by Council Regulation (EU) 2018/1488 ⁽¹⁾ for a period until 31 December 2026 with the mission to develop, deploy, extend and maintain in the Union an integrated world-class supercomputing and data infrastructure and to develop and support a highly competitive and innovative high performance computing ecosystem;
- B. whereas the Joint Undertaking became autonomous on 23 September 2020;
- C. whereas the founding members of the Joint Undertaking under Regulation (EU) 2018/1488 are the Union, represented by the Commission, countries that are members of the Joint Undertaking (the 'Participating States') and the private associations that are members of the Joint Undertaking (represented by the European Technology Platform for High Performance Computing (ETP4HPC) and the Big Data Value Associations (BDVA)) (the 'Private Members');
- D. whereas the maximum Union financial contribution to the Joint Undertaking under Regulation (EU) 2018/1488, including EFTA appropriations, is EUR 486 000 000, comprising a maximum of EUR 386 000 000 from Horizon 2020, including at least EUR 10 000 000 for administrative costs, and a maximum of EUR 100 000 000 from the Connecting Europe Facility; whereas the Participating States is to make a contribution to the administrative costs of the Joint Undertaking of at least EUR 10 000 000 and, in addition, is to make a contribution to the operational costs of the Joint Undertaking that is commensurate with the Union's financial contribution (EUR 486 000 000); whereas a contribution of at least EUR 476 000 000 by the Participating States to the operational costs of the Joint Undertaking is envisaged; whereas the private Members are to make or arrange for their constituent entities and affiliated entities to make contributions of at least EUR 422 000 000 to the Joint Undertaking, including EUR 2 000 000 for administrative costs; whereas under the multiannual financial framework for the years 2014-2020 a contribution to the administrative costs by the Union is to be front loaded to cover running costs only until 2023; whereas the Participating States and the private Members shall cover the administrative costs of the Joint Undertaking in full from 2024;

General

1. Notes that on 18 September 2020, the Commission proposed a new Council regulation allowing the Joint Undertaking to continue the development of high performance computing in Europe for the next decade in the context of the newly adopted multiannual financial framework 2021-2027; notes that this resulted in the adoption of Council Regulation (EU) 2021/1173 ⁽²⁾; notes, furthermore, that in 2020 BDVA changed its name to Data, AI and Robotics (DAIRO);
2. Notes that the accounting system migration took place in September 2020 and the Commission transferred funds in October 2020, and that the accounting officer of the Commission was appointed as the accounting officer of the Joint Undertaking in June 2020;

⁽¹⁾ Council Regulation (EU) 2018/1488 of 28 September 2018 establishing the European High Performance Computing Joint Undertaking (OJ L 252, 8.10.2018, p. 1).

⁽²⁾ Council Regulation (EU) 2021/1173 of 13 July 2021 on establishing the European High Performance Computing Joint Undertaking and repealing Regulation (EU) 2018/1488 (OJ L 256, 19.7.2021, p. 3).

Budget and financial management

3. Notes that the report of the Court of Auditors (the 'Court') on the annual accounts of the Joint Undertaking (the 'Court's report') finds the 2020 annual accounts to present fairly, in all material respects, the financial position of the Joint Undertaking at 31 December 2020, the results of its operations, its cash flows, and the changes in net assets for the year then ended, in accordance with its financial regulation and with accounting rules adopted by the Commission's accounting officer; notes, furthermore, from the Court's report that the underlying transactions to the accounts are legal and regular in all material respects;
4. Notes that as at the end of 2020, contributions made comprised a total of EUR 190 919 000 in cash from the Union, including EUR 188 549 000 to operational costs and EUR 2 370 000 to administrative costs; notes, moreover, that a financial contribution of EUR 28 862 000 from Participating States at the end of 2020; notes that EUR 12 296 000 of unpaid cash contributions related to 2020 for which a recovery order was issued but not yet cashed are also included under the cash contribution to operational costs; notes, furthermore, that at the end of 2020 there were no validated in-kind contributions to operational activities from Participating States or Private Members;
5. Notes that the Joint Undertaking's final available budget, which includes re-entered unused appropriations of previous years, assigned revenues and reallocations to the next year, for the financial year 2020 included EUR 509 075 000 in commitment appropriations and EUR 181 489 000 in payment appropriations; notes from the Court's report that the implementation rates for commitment and payment appropriations were 95,5 % and 22,5 % respectively for Horizon 2020 projects, and that the low implementation level for the payment appropriations is partially explained by the fact that the Commission migrated the full annual payment budget to the Joint Undertaking when it achieved its financial autonomy on 23 September 2020;
6. Notes from the Court's report that, delays in the recruitment of key staff together with the impact of the COVID-19 pandemic on planned costs for IT, communication, missions, meetings, events and other services, significantly reduced the implementation rates for administrative payment budget, representing around 1,5 % of the total available budget, down to 16,5 % at the end of 2020; notes that the Joint Undertaking did not use all commitment appropriations on administration and that only 29 % under Title 1 were committed, and that only 19 % under Title 2 were committed due to the pandemic and the fact that the Joint Undertaking became autonomous in September 2020;
7. Notes from the Court's report that for 2020, the Joint Undertaking's operational payment budget was planned for the pre-financing related to the acquisition of the three precursor to exascale supercomputers and five petascale supercomputers (PetaSC) for an amount of EUR 134 874 000 and for completed calls for proposals for an amount of EUR 44 052 000; notes that at the end of 2020, pre-financing payments could only be made for the signed contracts related to a precursor to exascale computers (Leonardo) and PetaSC, amounting to EUR 34 288 000, and for signed grant agreements, amounting to EUR 6 083 000, and that this resulted in a low implementation rate for operational payment appropriations of 22,6 %; calls on the Joint Undertaking to report to the discharge authority on that regard;

Procurement and Staff

8. Notes that at the end of 2020, a total of 11 recruitments have been completed, including the executive director, and the selected staff are working for the Joint Undertaking; notes from the Court's report that as the need for key administrative staff has yet to be addressed, it presents risks in terms of weaknesses in financial, budgetary and staff management, and in internal control processes for operational payments and in-kind contributions, and that the high proportion of contractual staff (74 %) may result in a significant level of staff turnover in the near future, further increasing the risks to its management systems; points out that it could negatively affect the Joint Undertaking's overall performance, such as the retention of key competences, unclear accountability channels, and lower staff efficiency; calls on the Joint Undertaking to report to the discharge authority of any development in that regard;

9. Notes, furthermore, from the Court's report that the Court considers the Joint Undertaking to be currently understaffed considering its current workload of administrative and operational processes and its first important activities, and that during the 2020 organisational setup, the Joint Undertaking mainly concentrated on ensuring the main operational processes and tasks, but could not, under the agreed establishment plan, recruit administrative key staff, in particular, the head of administration and finance and the internal control and audit coordination manager; notes from the Joint Undertaking's annual activity report that as soon as the Joint Undertaking was autonomous, recruitment for the budget and accounting officer, legal officer and human resources officer began at the end of 2020 and the three staff members concerned took up their functions in 2021;
10. Notes with concern the challenges to employees associated with the COVID-19 pandemic, especially taking into account different living situations, lack of access to office space and possible effects of isolation; asks the Joint Undertaking to focus on employee wellbeing, stress management and work and life balance; asks the Joint Undertaking's management to ensure there are appropriate support structures in place to ensure the psychological well-being of staff;
11. Notes that calls for eight supercomputers (three precursor to exascale and five petascale) were launched in 2019 and evaluated throughout 2020; notes that following autonomy, the Joint Undertaking signed contracts for six high performance computers, more precisely four contracts for petascale supercomputers (MeluXina, Euro-IT4I/Karolina, VEGA and PetaSC/Discoverer) and two precursor to exascale supercomputers (Leonardo and LUMI);
12. Notes that the Joint Undertaking was formally notified that a vendor has appealed to the Court of Justice of the European Union for the annulment of the decision of the Joint Undertaking of 29 September 2020, concerning a procedure for the acquisition, delivery, installation and hardware and software maintenance of precursors to exascale supercomputers; calls on the Joint Undertaking to report to the discharge authority any development in that regard;

Performance

13. Notes the three main objectives of the Joint Undertaking in 2020, namely achieving autonomy, implementing the 2020 research and innovation calls, and implementing the infrastructure activities;
14. Notes that two calls in 2019 ('Towards Extreme Scale Technologies and Applications' and 'Innovating and Widening the HPC use and skills base'), and two calls in 2020 ('Advanced pilots towards the European supercomputers and a Pilot on quantum simulator' and 'Framework Partnership Agreement in European low-power microprocessor technologies (Phase 2)') were launched in accordance with the relevant annual work plans;
15. Welcomes the fact that, as highlighted in the Joint Undertaking's 2020 annual activity report, out of a total number of 37 experts, 43 % were female, 57 % were male, and they came from 23 different countries; encourages the Joint Undertaking to continue to maintain this level of gender balance;
16. Notes that in 2020 only some general Horizon 2020 key performance indicators (KPIs) appear in the annual activity report 2020 and that the final KPIs of the Joint Undertaking for Horizon Europe will be updated in line with the revised Joint Undertaking Regulation adopted in August 2021; calls on the Joint Undertaking to report to the discharge authority on that regard;

Internal control

17. Notes from the Court's report that the Joint Undertaking has set up reliable *ex ante* control procedures based on financial and operational desk reviews, and that at the end of 2020, the Joint Undertaking implemented the Commission's internal control framework, which is based on 17 internal control principles, to a large extent, and that however, for the control principles related to risk assessment, and control and monitoring activities, it still needs to complete several actions; calls on the Joint Undertaking to report to the discharge authority in that regard;

18. Notes from the Court's report that at the end of 2020, the Joint Undertaking had neither developed reliable procedures for the validation and certification of in-kind contributions declared by the Participating States and the Private Members, nor established an appropriate accounting procedure for the recognition of those in-kind contributions; highlights the fact that this situation impedes Joint Undertaking's ability to manage, monitor and report on the achievement of the minimum level of in-kind contributions to be made by the Participating States and the Private Members; calls on the Joint Undertaking to report to the discharge authority in that regard; notes that there are different procedures across Joint Undertakings regarding the calculation for the in-kind contributions and calls for their harmonisation;

Prevention and management of conflicts of interest, and anti-fraud strategy

19. Notes that the Joint Undertaking has developed a comprehensive set of rules and procedures in order to provide its staff with a clear framework for their work and that those rules are applicable across its entire governance structure;
 20. Notes that the governing board of the Joint Undertaking adopted and will implement the common research anti-fraud strategy pursuant to its decision No 7/2021.
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