

RESOLUTION (EU) 2018/1446 OF THE EUROPEAN PARLIAMENT**of 18 April 2018****with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the Fuel Cells and Hydrogen 2 Joint Undertaking for the financial year 2016**

THE EUROPEAN PARLIAMENT,

- having regard to its decision on discharge in respect of the implementation of the budget of the Fuel Cells and Hydrogen 2 Joint Undertaking for the financial year 2016,
 - having regard to Rule 94 of and Annex IV to its Rules of Procedure,
 - having regard to the report of the Committee on Budgetary Control (A8-0073/2018),
- A. whereas the Fuel Cells and Hydrogen Joint Undertaking (FCH) was set up in May 2008 as a public-private partnership by Council Regulation (EC) No 521/2008 ⁽¹⁾ for a period until 31 December 2017 to focus on developing market applications and facilitating additional industrial efforts towards a rapid deployment of fuel cells and hydrogen technologies; whereas Regulation (EC) No 521/2008 was repealed by Regulation (EU) No 559/2014;
- B. whereas Regulation (EU) No 559/2014 established the Fuel Cells and Hydrogen 2 Joint Undertaking (FCH2) in May 2014 to replace and succeed FCH for a period until 31 December 2024;
- C. whereas the members of FCH were the Union, represented by the Commission, the Fuel Cell and Hydrogen Joint Technology Initiative Industry Grouping, and the Research Grouping N.ERGHY;
- D. whereas the members of FCH2 are the Union, represented by the Commission, the New Energy World Industry Grouping AISBL (the 'Industry Grouping'), renamed Hydrogen Europe in 2016, and the New European Research Grouping on Fuel Cells and Hydrogen AISBL (the 'Research Grouping');
- E. whereas the maximum Union contribution towards the FCH2's first phase of activities is EUR 470 000 000 from the Seventh Framework Programme, whereas the contributions from the other members must be at least equal to the Union contribution;
- F. whereas the maximum Union contribution to the FCH2 is EUR 665 000 000 from the Horizon 2020 and the members from the Industry Grouping and the Research Grouping are expected to contribute resources of at least EUR 380 000 000, comprising in-kind contributions in the Horizon 2020 projects funded by the FCH2, in-kind contributions to additional activities (of at least EUR 285 000 000) and cash-contributions to administrative costs;

Budget and financial management

1. Notes that the report of the Court of Auditors (the 'Court') on the FCH2's annual accounts of (the 'Court's report') finds the 2016 annual accounts to present fairly, in all material respects, the financial position of the FCH2 at 31 December 2016, the results of its operations, its cash flows, and the changes in net assets for the year then ended, in accordance with the FCH2's Financial Regulation and with the accounting rules adopted by the Commission's accounting officer; notes, moreover, that the FCH2's accounting rules are based on internationally-accepted accounting standards for the public sector;
2. Notes that FCH2's final budget for the financial year 2016 included commitment appropriations of EUR 127 762 297 and payment appropriations of EUR 115 535 426; notes that commitment appropriations increased by 5 % compared to 2015 due to the addition to the initial budget of unused appropriations from previous years, mainly used for the 2016 call for proposals and payment appropriations increased by 17 %, reflecting the higher pre-financing needs for the 2016 call for proposals;

⁽¹⁾ Council Regulation (EC) No 521/2008 of 30 May 2008 setting up the Fuel Cells and Hydrogen Joint Undertaking (OJ L 153, 12.6.2008, p. 1).

3. Notes that the annual activity report observes that the *ex-post* audit effort was pursued with the launch of 18 new audits, for the first time using the research, technological development and demonstration framework contract for the Seventh Framework Programme audits and signing specific contracts with four external audit firms; notes that the residual error rate was below 2 %;
4. Regrets that the overall 2016 budget execution of commitment and payment appropriations reached 77,7 % and 83,9 % respectively, representing a lower commitment execution rate compared to previous year due to the outcome of the evaluation for the 2016 call; notes that the payment execution represented the best execution rate of payments for the FCH2 to date;
5. Notes that out of the EUR 470 000 000 of the funds of the Seventh Framework Programme allocated to the FCH2 by the end of 2016, the FCH2 had made commitments of EUR 464 400 000 and payments of EUR 372 000 000; points out that according to the FCH's payment plan for ongoing projects of the Seventh Framework Programme, the outstanding operational payments of EUR 75 300 000 (17 %) will be used by the end of 2019;
6. Notes that out of the EUR 470 000 000 of in-kind and cash contributions to be made by the members of the Industry Grouping and the Research Grouping to the operational activities of the FCH by the end of 2016, the governing board had validated contributions of EUR 299 000 000; points out that additional in-kind contributions to operational activities of EUR 40 600 000 had been reported to the FCH2 by the end of 2016, highlights the fact that consequently, at the end of 2016, the total contribution of the members of the Industry and Research Groupings to the Joint Undertaking amounted to EUR 339 600 000, compared to the Union contribution of EUR 383 700 000;
7. Notes that out of the EUR 665 000 000 of Horizon 2020 funds allocated, the FCH2 made commitments of EUR 288 100 000 (43 %) and payments of EUR 77 400 000 for the implementation of its first wave of projects;
8. Notes that by the end of 2016, the members of the Industry Grouping and the Research Grouping had reported in-kind contributions of EUR 4 900 000 for operational activities, and the governing board had validated cash contributions to the FCH2 administrative costs of EUR 1 200 000; notes, moreover, that out of the minimum of EUR 285 000 000 of in-kind contributions to be made by the other members for additional activities, EUR 188 600 000 (66 %) had already been reported and certified by the end of 2016; highlights the fact that, by the end of 2016, the total contributions of the members of the Industry Grouping and the Research Grouping consequently amounted to EUR 194 700 000, compared to the Union's cash contribution of EUR 79 500 000; notes that the difference is explained by the high contribution of other FCH2 members to the additional activities of the FCH2;
9. Notes that for the Seventh Framework Programme, at the end of 2016, 69 operational payments for interim and final periodic reports were made for a total of EUR 44 900 000; notes that the budget execution (in terms of payment appropriations) was 73,7 % (compared to 75,7 % in 2015);
10. Notes that for Horizon 2020, in terms of payment appropriations, 15 pre-financing payments were made for the projects of the 2015 call for proposals; notes, moreover, that the budget execution (in terms of payments) reached 98 % (compared to 99 % in 2015); highlights the fact that in terms of commitment appropriations the budget execution reached 78,6 %; notes that the execution rate is lower than in 2015 (88,7 %) due to the outcome of the call and the unused commitment appropriations amounted to EUR 25 900 000 and were introduced in the 2017 budget to be used for the 2017 call for proposals;
11. Notes that from 31 December 2016, the estimated in-kind contributions in operational activities for the 30 projects signed in relation to Horizon 2020 (2014 and 2015 calls for proposals) was EUR 16 802 191; notes, moreover, that the total estimated value of in-kind contributions in additional activities for the period covering 2014 to 2017 is EUR 565 200 000;

Transfer

12. Notes that four transfers were made between different budget lines without any need to make changes to the budget;

Calls for proposal

13. Notes that the 2016 call for proposals was published on 19 January 2016, including, in accordance with the FCH2's 2016 annual work programme, 24 topics with an indicative budget of EUR 117 500 000; notes, moreover, that that call closed on 3 May 2016 and received 81 proposals; points out that 16 out of 19 grant agreements were signed in 2016;

Internal Audit

14. Notes that in 2016, the FCH2 finalised implementation of all action plans addressing recommendations on internal audit service (IAS) audits on the evaluation and selection process of Horizon 2020 grant proposals in the FCH2 carried out by IAS in 2015; notes that in 2016, the IAS undertook a new audit on the performance management of the FCH2; notes, moreover, that on 29 November 2016, the FCH2 received a final audit report from the IAS on this audit, which resulted in four recommendations; welcomes the fact that the FCH2 agreed with all the recommendations and sent an action plan to IAS on 22 December 2016, which was subsequently agreed by the IAS in January 2017;

Internal Controls

15. Welcomes the fact that the FCH2 has set up *ex-ante* control procedures based on financial and operational desk reviews, and performs *ex-post* audits of grant cost claims under the Seventh Framework Programme; welcomes the fact that the residual error rate for the *ex-post* audits reported in the FCH2's 2016 annual activity report was 1,24 %;

Prevention and management of conflicts of interest and transparency

16. Notes that during the annual risk assessment workshop held on 17 October 2016, the FCH2 team reflected on the status of the significant risks and action plans that were identified in the previous year and assessed their adequacy and relevance for the year 2017; welcomes the fact that consolidated input from all the programme office staff was gathered in order to establish a list of new significant risks for 2017, and the respective action plans were established;

Communication

17. Recognises the need for the FCH2 to communicate with Union citizens, through the Union institutions, concerning the significant research and collaboration that it is undertaking; stresses the importance of highlighting the real improvements achieved as a consequence of its work, which are an important part of its mandate, as well as the fact that it works with other joint undertakings in promoting public awareness of the benefits of their work;
 18. Calls on the Commission to ensure the direct involvement of the Joint Undertaking in the process of the Horizon 2020 mid-term review in the sphere of the further simplification and harmonisation of joint undertakings.
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