

RESOLUTION (EU) 2021/1666 OF THE EUROPEAN PARLIAMENT**of 29 April 2021****with observations forming an integral part of the decision on discharge in respect of the implementation of the budget for the Clean Sky 2 Joint Undertaking for the financial year 2019**

THE EUROPEAN PARLIAMENT,

- having regard to its decision on discharge in respect of the implementation of the budget of the Clean Sky 2 Joint Undertaking for the financial year 2019,
 - having regard to Rule 100 of and Annex V to its Rules of Procedure,
 - having regard to the opinion of the Committee on Transport and Tourism,
 - having regard to the report of the Committee on Budgetary Control (A9-0109/2021)
- A. whereas the Clean Sky Joint Undertaking was set up in December 2007 by Council Regulation (EC) No 71/2008 (entered into force on 7 February 2008) for a period up to 31 December 2017, and whereas the Joint Undertaking started working autonomously in November 2009;
- B. whereas the Clean Sky 2 Joint Undertaking (the 'Joint Undertaking') established by Regulation (EU) No 558/2014 replaced, with effect from 27 June 2014, the Clean Sky Joint Undertaking under Horizon 2020, extending its lifetime for the period up to 31 December 2024;
- C. whereas the main objectives of the Joint Undertaking are to contribute to improving significantly the environmental impact of aeronautical technologies and to developing a strong and globally competitive aeronautical industry and supply chain in Europe;
- D. whereas the founding members of the Joint Undertaking are the Union, represented by the Commission, and the private members, namely the Leaders and the Associates as listed in Annex II of Council Regulation (EU) No 558/2014 and the Core Partners selected through an open, non-discriminatory and competitive call subject to an independent evaluation, in accordance with Article 4(2);
- E. whereas the maximum contribution from the Union to the Joint Undertaking second phase of activities is EUR 1 755 000 000 (including EFTA appropriations) to be paid from the budget of Horizon 2020, and the minimum of in-kind contribution to Additional Activities from private members is EUR 965 250 000 for the period defined in the Regulation;

Budgetary and financial management

1. Notes that the report of the Court of Auditors (the 'Court') on the annual accounts of the Joint Undertaking for the financial year 2019 (the 'Court's report') finds the annual accounts to be presented fairly, in all material respects, with regards to the financial position of the Joint Undertaking at 31 December 2019 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 Regulation and with the accounting rules adopted by the Commission's accounting officer; notes that the underlying transactions to the accounts are legal and regular in all material aspects;
2. Notes that the Joint Undertaking's final available budget for 2019 (including re-entered unused appropriations of previous years, assigned revenues, and reallocations to the next year) consisted of commitment appropriations of EUR 305 802 617 and payment appropriations of EUR 341 424 430; notes that the utilisation rate was 97,68 % for commitment appropriations and 94,69 % for payment appropriations; notes, furthermore, from the Court's report that regarding the Joint Undertaking's 2019 budget available for Horizon 2020 projects, the implementation rates for commitment and payment appropriations were 99,8 % and 97,3 % respectively;
3. Notes that the maximum Union contribution to Clean Sky was EUR 800 000 000, from the Seventh Framework Programme (FP7)'s theme 7 (Transport), and that the Union contributed a total of EUR 799 957 841; notes that the industry members (the Leaders of Integrated Technology Demonstrators and their Associate members) contributed, in total, EUR 608 983 634 for the FP7 projects, comprising EUR 594 100 843 validated in-kind contributions and EUR 14 882 791 in cash contributions to the running costs;

4. Notes from the Court's report that the FP7 programme was formally closed in 2017 with an implementation level of almost 100 %; notes that in 2019 the Joint Undertaking still made recoveries of EUR 1 135 068 stemming from outstanding pre-financings and ex-post audit results;
5. Notes that by the end of 2019, out of the maximum amount of EUR 1 755 000 000 of Union contribution from Horizon 2020 as per Regulation (EU) No 558/2014, the Union contributed a total of EUR 1 139 704 889 to the Horizon 2020 operational activities, moreover the private members contributed EUR 18 815 677 in cash to the running costs and validated EUR 273 851 600 in kind to operational costs, and in addition EUR 899 843 302 in kind to Additional Activities;
6. Notes that there are different procedures across the Joint Undertakings for receiving financial contribution from Joint Undertaking's private members; calls for a harmonisation of the in-kind contribution calculation across the Joint Undertakings; the common procedure should provide for transparent and effective methods of evaluation having as result the real value for the contribution; calls on the Court to provide the scrutiny of the audits performed by the independent external auditors; calls also for an appropriate legal framework that ensures that the required financial contribution amount will be achieved by the end of the programme; notes that the legal framework could include requirements for the private contribution to be paid before or at the same time as the corresponding Union contribution;

Calls for proposals

7. Notes that in 2019 the Joint Undertaking launched one call for proposals comprising 62 topics (Call for proposal 10), received 448 eligible proposals for Calls for Proposal 09 and 10 (out of 450), and retained 114 proposals; notes the global portfolio of the Joint Undertaking comprising 574 projects awarded through competitive calls;
8. Notes the total number of core partners of 256, of which 70 are affiliates or linked third parties and over 58 are small and medium-sized enterprises;
9. Notes that, in 2019, two calls for proposal were successfully implemented: the eighth call for proposals in March with 58 successful topics out of 68, and the ninth call for proposals in October with 53 successful topics out of 55; furthermore notes that the tenth call for proposals was launched in May 2019, and evaluated in November 2019; notes that the cumulated ten calls for proposals engaged more than 730 partners from 28 different countries with a strong small and medium-sized enterprises involvement in terms of participation and grants awarded, and approximately nearly EUR 505 000 000 in funding;

Performance

10. Notes that the Joint Undertaking uses key performance indicators for monitoring performance and cross-cutting issues under Horizon 2020, and specific key performance indicators to the Joint Undertaking such as call topics success rate, work plan execution and ex-post audit coverage;
11. Requests that the Joint Undertaking reviews its communication strategy to ensure that relevant stakeholders are aware of its mission, activities and achievements;
12. Notes that the Joint Undertaking implemented various tools to monitor the execution of its programme, namely quarterly reports of the Integrative Technology Demonstrators/Innovative Aircraft Demonstrator Platforms (ITD/IADPs), steering Committees at ITD/IADP level, annual reviews of the ITD/IADPs' performance, and reported regularly to the governing board; furthermore notes that, out of the 11 objectives reported in the work plan for 2018-2019, 3 were achieved and 8 are ongoing, and that all administrative objectives were achieved;
13. Notes the milestones achieved in 2019 by the Large Passenger Aircraft demonstrators and their underlying technologies determining the change from non-specific to specific design and the associated build-up of hardware, the results obtained in Regional Aircraft IADP activities relating to green conceptual aircraft, the advancement of the two demonstrators of the Fast Rotor craft IADP, and the several progresses and developments of the activities for Airframe ITD, Engines ITD, and Systems ITD, as well as for the Eco-design and Small Air Transport Transverse Activities, and that the Joint Undertaking prepared itself for the first global assessment of its developed technologies; welcomes these achievements which have contributed to ensuring a sustainable infrastructure; welcomes the shift from coal based power generation to renewable energy sources which will not only reduce greenhouse, gas emissions, but will also reduce air pollution and thus ultimately contributing to improving health;
14. Notes that, according to the Court's report, at the end of 2019, the Horizon 2020 programme implementation rate stood at 89 % with regard to the call procedures for the activities assigned to the Joint Undertaking;

15. Recalls the essential role played by the Joint Undertaking in ensuring net accelerations in green technologies that aim to reduce CO₂ gas emissions and noise levels produced by aircrafts; believes that its successor, Clean Aviation, will play important role ensuring aviation sector's involvement in the European Green Deal;
16. Calls on the Commission to make sure that the future Joint Undertaking's activity programme will respect the requirements and the targets provided by the Union law as far as concern the mitigation of the climate change and the digitalisation and will follow the strategies in the domain elaborated by both Commission and industry;
17. Calls on Commission and the Court for an in-depth performance tracking method with a view to evaluating the added value of the Joint Undertaking and including the social, employment impact as well as impact on the market. The results of the evaluation should be used for future or redistribution of Union financing;
18. The issue of Intellectual Property Rights (IPR) needs to be addressed in all contracts which may produce an intended outcome or result of the performance; recalls that IPRs aim to safeguard the rights of individual creators but also provide details how the right will be used in the future; notes that since the activity is financed also by public funding, the results should be transparent, accessible to the public and subject to special requirements, as for example interoperability if necessary; calls on the Commission to propose a legal framework regarding IPRs and their implementation on the market, including special requirements and profit distribution;
19. Notes that, in the 2019 annual activity report of the Clean Sky joint undertaking, the key performance indicators regarding gender balance in 2018 and 2019 show that the level of participation by women, while somewhat increasing, is nevertheless quite low: women account for 30 % of those involved in the programme, 16 % of programme coordinators and 9 %-25 % of advisers and experts carrying out evaluations and analyses and working on the Scientific Committee; recommends that constant efforts be made to increase the participation level of women in the programme;

Staff and procurement

20. Notes that, at 31 December 2019, 34 temporary agents positions were filled out of 36 authorised and that in addition 6 contract agents and 2 seconded national experts worked for the Joint Undertaking in 2019 as per establishment plan;
21. Notes that the Joint Undertaking in 2019 launched the recruitment process of 6 positions; furthermore notes that in addition to the statutory posts, the Joint Undertaking relies on external service providers, five interim workers and one trainee, to provide extra support to the operations;
22. Notes that in 2019, the governing board adopted a new organisational structure with Legal and Communication directly reporting to the executive director; furthermore acknowledges that the new executive director started his service on 1 February 2019; Notes, moreover, that the Joint Undertaking started using Sysper2, the Commission's human resource management system, at the beginning of 2019;
23. Notes that in 2019, the Joint Undertaking carried on fully implementing a large Communications framework contract for four different communications lots that runs from 2018-2021, and signed contracts for important ICT projects, as well as framework contracts for various ICT services;

Internal Control

24. Notes from the Court's report that the Joint Undertaking set up reliable ex-ante control procedures based on financial and operational desk reviews and that it is obliged to implement the Commission's new internal control framework (ICF) based on 17 internal control principles; notes that by the end of 2019, the Joint Undertaking had already developed key control indicators for all control principles in order to assess the effectiveness of its control activities and detect control weaknesses;
25. Notes that in November 2019, the Joint Undertaking launched a written procedure for the approval of its revised Financial Rules, in line with recommendations from the Commission, and that it adopted them in January 2020;

26. Notes from the Court's report that for Horizon 2020 payments, the Commission's Common Audit Service is responsible for the ex-post audits, and that based on the ex-post audit results available at the end of 2019, the Joint Undertaking reported a representative error rate of 1,30 % and a residual error rate of 0,92 % for Horizon 2020 projects (clearings and final payments); notes, moreover, the Commission's proposal for a Horizon 2020 regulation, where, for research spending under Horizon 2020, the ultimate aim for the residual level of error at the closure of the programmes after the financial impact of all audits, correction and recovery measures will have been taken into account, is to achieve a level as close as possible to 2 %;
27. Notes that in 2019 the Court audited randomly sampled Horizon 2020 payments made at the level of the final beneficiaries, as part of the operational payment control, to corroborate the ex-post audit error rates and that the detailed audits revealed systemic errors related to the declared personnel costs, with the main sources of errors being in the use of individual productive hours and the use of unit rates, including estimated elements that deviated significantly from the actual unit rates; notes, furthermore, that these results indicate an increased risk of error for the Joint Undertaking, due to the large number of private members and participating affiliates implementing the Joint Undertaking's Horizon 2020 projects; calls on the Joint Undertaking to report to the discharge authority in that regard;
28. Notes that the Joint Undertaking is covered by the Common Horizon 2020 Antifraud Strategy coordinated by the Commission; furthermore notes that in 2019, the Joint Undertaking followed up on two alleged fraud cases, notified to the European Anti-Fraud Office in 2018, and for which the European Anti-Fraud Office opened investigations that were still ongoing; notes, moreover, that a case of potential fraudulent behaviour of a beneficiary with an impact on the Joint Undertaking's grants dating back to the Seventh Framework Programme was closed, with no financial impact or losses reported; acknowledges that in 2019, no new case was reported to the European Anti-Fraud Office, and that the Joint Undertaking has started setting up an Antifraud Strategy in respect of the internal processes and specific budget not covered by the Common Antifraud Strategy; calls on the Joint Undertaking to report to the discharge authority in that regard;

Internal Audit

29. Notes that the Joint Undertaking received, in May 2019, a new Strategic Audit Plan of the Internal Audit Service for the years 2019 to 2021, which selected 3 potential audit subjects of significant risk, consisting of operational processes (grant management), the implementation of the new Internal Control Principles, and the new rules for data protection: notes, moreover, that the first audit of the new planning, on the implementation of grant agreements, started in November 2019; notes, furthermore, that the Joint Undertaking had several recommendations, of which two considered very important, from previous audit still open; calls on the Joint Undertaking to report to the discharge authority of any development in that regard;
 30. Notes that the Internal Audit Officer confirmed to the governing board her organisational independence according to the IIA standards although she highlighted a potential lack of objectivity for assurance audits.
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