

RESOLUTION (EU) 2023/1951 OF THE EUROPEAN PARLIAMENT**of 10 May 2023****with observations forming an integral part of the decision on discharge in respect of the implementation of the budget of the Clean Aviation Joint Undertaking (before 30 November 2021 the Clean Sky 2 Joint Undertaking) for the financial year 2021**

THE EUROPEAN PARLIAMENT,

- having regard to its decision on discharge in respect of the implementation of the budget of the Clean Aviation Joint Undertaking for the financial year 2021,
 - 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 (A9-0078/2023),
- A. whereas the Joint Undertaking for the implementation of the Joint Technology Initiative in Aeronautics was set up in December 2007 under the Seventh Research Framework Programme for a period of 10 years (Clean Sky 1); whereas, in May 2014, the Council extended the lifetime of the Joint Undertaking under the Horizon 2020 programme for a period until 31 December 2024 (Clean Sky 2);
- B. whereas, in November 2021, the Council adopted Regulation (EU) 2021/2085 ⁽¹⁾ ('Single Basic Act'), setting up the Clean Aviation Joint Undertaking (the 'Joint Undertaking') to replace Clean Sky 2, under the Horizon Europe programme for the period ending on 31 December 2031;
- C. whereas the Clean Aviation Joint Undertaking is a public-private partnership for transforming aviation towards a sustainable and climate neutral future;
- D. whereas the founding members of the Joint Undertaking are the Union, represented by the Commission, and organisations from the aviation sector engaged in creating new global standard for reliable and climate-neutral aviation systems;
- E. whereas the Union financial contribution to the Joint Undertaking, including EEA appropriations, to cover administrative costs and operational costs shall be up to EUR 1,7 billion, including up to EUR 39,223 million for administrative costs; whereas the members of the Joint Undertaking other than the Union shall make or arrange for their constituent or affiliated entities to make a total contribution of at least EUR 2,4 billion, including up to EUR 39,223 million for administrative costs, over the ten-year period;

Budgetary and financial management

1. Welcomes the fact that, according to the report of the Courts of Auditors (the 'Court's report'), the annual accounts of the Joint Undertaking for the financial year that ended on 31 December 2021 present fairly, in all material respects, with regard to the financial position of the Joint Undertaking at 31 December 2021, 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 the accounting rules adopted by the Commission's accounting officer and that the underlying transactions to the accounts are legal and regular in all material respects;
2. Acknowledges that Horizon Europe envisages ambitious goals for the Joint Undertaking, that can only be achieved if effective solutions that address the weaknesses in the internal control systems and prepare for the future challenges arising from increased responsibilities, e.g. in the area of human resources management and planning, are designed and implemented; points out, in this context, that particularly complicated and burdensome calculations and reporting requirements represent a significant risk of error and calls therefore, for possible simplifications to be explored wherever they are possible and compatible with the existing legal framework;

⁽¹⁾ Council Regulation (EU) 2021/2085 of 19 November 2021 establishing the Joint Undertakings under Horizon Europe and repealing Regulations (EC) No 219/2007, (EU) No 557/2014, (EU) No 558/2014, (EU) No 559/2014, (EU) No 560/2014, (EU) No 561/2014 and (EU) No 642/2014 (OJ L 427, 30.11.2021, p. 17).

3. Notes that the Joint Undertaking's final budget available for 2021 (including re-entered unused appropriations of previous years, assigned revenues, and reallocations to the next year) comprised commitment appropriations of EUR 182,6 million and payment appropriations of EUR 189,9 million;
4. Understands that the budget execution was impacted by the COVID-19 pandemic situation, in particular concerning payment appropriations for administrative expenditure and that nonetheless, the Joint Undertaking had a 99,6 % rate of implementation for the commitment appropriations in 2021 (excluding the unused appropriations not required in current year) and the payment appropriations were executed to 82,3 % of the available funds, excluding the unused appropriations 2021 of EUR 22,9 million (56,3 % of execution rate if the unused appropriations are included as total payment budget);
5. Notes that, at the end of 2021, the Joint Undertaking had almost fully committed EUR 1 716 million of the maximum EU contribution for signed Horizon 2020 grant agreements; notes that, out of this amount, around EUR 273 million (or 16 %) remains to be paid in the coming years; notes, in addition, that the private members had legally committed to provide in-kind contributions of EUR 2 113,8 million;
6. Highlights that the implementation rate for the Joint Undertaking's 2021 commitment and payment budget available for Horizon 2020 projects was 100 % and 83 % respectively;
7. Notes from the Annual Activity Report that the 2022-2023 planning was revised to include the carry-over from 2020-2021 (unspent efforts and re-planned deliverables) in order to report on the remaining activities until programme end; notes that the next period will be critical, as 70 % of the results are expected to be delivered in the last two years of the programme with a remaining funding of ~10 % at programme level; notes, in addition, that the risk of delays in some Innovative Aircraft Demonstration Platforms/Integrated Technology Demonstrators (IADP/ITD) areas remains high and requires specific monitoring from the members in order to deliver their results within the lifetime of the Clean Sky 2 programme; notes, moreover, that in the next period, all the Innovative Aircraft Demonstration Platforms (IADPs), Integrated Technology Demonstrators (ITDs) and Transverse Activities (TAs) are expected to confirm the plan to completion via the mid-year assessment (due in July 2022) and the interim progress reviews will play a central role in the assessment of the cumulative performance achieved and confirm the delivery plan of results as per schedule;

Staff and procurement

8. Notes that Joint Undertaking establishment plan for 2021 contained a total of 42 statutory staff (temporary agents and contract agents) and two seconded national experts with 42 posts filled at the end of the 2021; notes that in 2021 the Joint Undertaking launched the recruitment process of two positions (Team Leader and Project Officer); notes that, in addition to the statutory posts, the Joint Undertaking relies on external service providers such as the webmaster, the IT services firm shared with the other Joint Undertakings, nine interims and one consultant in communications (English Writer) to provide extra support to the Joint Undertaking;
9. Notes with concern, from the follow-up of previous years' observations of the Court of Auditors (the 'Court') that the situation with the increased use of interim staff during the past years remains high at around 13 % of statutory staff; recalls that the high level of contractual staff tends to increase significantly the Joint Undertaking's staff turnover rate and further destabilises the staffing situation; emphasises, moreover, that the use of interim staff should remain a temporary solution as it could otherwise negatively affect the Joint Undertaking's overall performance, such as the retention of key competences, unclear accountability channels, possible judicial disputes and lower staff efficiency; notes the Joint Undertaking's reply, that it has been obliged to constantly enlarge the use of interim staff during the past years due to the limitations of the rigid staff establishment plan under the condition of increasing tasks and workload, and that this trend is expected to continue with the two programmes – the Clean Sky 2 and the new Clean Aviation programme – running in parallel; notes, furthermore that a more optimal solution would be to provide more flexibility to the Joint Undertaking with regards to number of contract agents' posts in the staff establishment plan; reminds, however, that the Joint Undertaking should develop a formalised model or guidance on how to estimate staff needs (including essential competences), with the objective of optimising the use of staff resources;

10. Welcomes the fact that the Joint Undertaking further implemented, together with the other Joint Undertakings, the use of Systal, an online HR tool to perform secure selection processes; notes that, in accordance with the decision of the Governing Board regarding the reclassification system, in 2021 the Joint Undertaking has performed the reclassification exercise and as a result, eleven temporary agents and three contract agents members of staff were reclassified;
11. Regrets that there was no call launched in 2021 for proposals;
12. Commends the strong involvement of small and medium-sized enterprises (SME) in terms of participation (29 % of the total number of participations in funded projects – 555 out of 1887) and the high level of success of SME applicants (43 %); recalls that the Undertaking creates new opportunities for SMEs;
13. Notes that, in 2021, the 17 contracts which were awarded and signed related to procurement and specific contracts to implement ongoing framework contracts;
14. Notes, from the Annual Activity Report 2021, in terms of gender balance, that the Clean Aviation Joint Undertaking has a lower percentage of women in programme participation, project coordinators, advisors and experts compared to the previous year; regrets that these figures have decreased and calls for increased efforts in terms of gender balance;
15. Notes that the part of the employers' contributions for the staff of the Joint Undertakings corresponding to the ratio of their non-EU subsidised revenues to their total revenues, has not been paid by the Joint Undertakings to the Union pension scheme since 2016, as the Commission has neither foreseen this expenditure in the budget of the Joint Undertakings nor formally requested the payments; calls on the Commission to take steps to avoid similar issues in the future;
16. Notes that the follow up on the Court's 2020 recommendation regarding the use of interim staff is still outstanding; calls on the Joint Undertaking to address the issue as soon as possible as this situation creates instability and significant risks for the Joint Undertaking; notes that the implementation of the Joint Undertaking's research and innovation agenda cannot be realized with this level of statutory staffing;

Internal control

17. Notes that, for Horizon 2020 payments, the Common Audit Service of the Commission's Directorate-General for Research and Innovation is responsible for the *ex post* audits, notes that based on the *ex post* audit results available at the end of 2021, the Joint Undertaking reported a representative error rate of 1,8 % (compared to 1,60 % in 2020) and a residual error rate of 1,0 % (compared to 0,91 % in 2020) for Horizon 2020 projects (clearings and final payments);
18. Notes that to assess the operational payment controls of the Joint Undertaking, the Court audited randomly sampled Horizon 2020 payments made in 2021, at the level of the final beneficiaries, to corroborate the *ex post* audit error rates; deplores that, in one case, the Court found and quantified a systemic error related to the incorrect calculation of the hourly rates for personnel costs;
19. Emphasises that the Court's finding confirmed persistent systemic errors for declared personnel costs and that, in particular, SMEs and new beneficiaries are more error-prone than other beneficiaries; highlights that these errors are also regularly reported in the Court's previous annual reports since 2017; emphasises therefore that streamlining of the Horizon 2020 rules for the declaration of personnel costs and wider use of simplified cost options is a precondition to stabilise error rates to below materiality level; emphasises that Joint Undertaking should strengthen its internal control systems to address the increased risk regarding SMEs and new beneficiaries and strongly encourage the use of the Personnel Costs Wizard by certain categories of beneficiaries that are more prone to errors, such as SMEs and new beneficiaries; welcomes the fact that in 2022 all Joint Undertakings started implementing actions for error rate reductions in line with the action proposed by the Court, including exploring the options of simplified forms of costs such as unit costs, lump sums and flat rates;

20. Is deeply concerned that, in 2021, important documents (for example, evaluation committee members' declarations of absence of conflicts of interest; procurement evaluation reports; recruitment evaluation reports; decisions on recruitment selection boards; procurement award decisions, and employment contracts) were authorised by copying and pasting an image of the signature of the responsible authorising officer into the document in Word format and then converting the file into PDF format; agrees with the Court observation that this practice may present legal risks, as a rejected candidate may challenge the regularity of the signed evaluation documents; calls on the Joint Undertaking to immediately stop this practice and to opt for a secure authorisation method;
21. Notes that there is no harmonised definition of 'administrative costs' among the Joint Undertakings, which is a basis for calculating the financial contributions of its members and a precondition for the purpose of comparable figures; with this in mind, calls for common guidelines for all Joint Undertakings to take a harmonised approach for the classification of certain administrative cost expenditure categories, such as expenditure for consultations, studies, analysis, evaluations, and technical assistance;
22. Welcomes the introduction of the digital signature; encourages the Undertaking to work towards further digitalisation;

Internal audit

23. Notes, from the Annual Activity Report, that the internal audit functions of the Joint Undertaking were carried out in 2021 by the Internal Audit Service of the Commission (IAS) and by the Internal Audit Officer of the Clean Aviation Joint Undertaking (IAO) according to Article 28 and Article 29 of the Financial Regulation;
24. Notes that, in 2021, the IAS did not carry out a new assurance audit; notes that several follow-up audits were performed on previous recommendations; notes that the follow-up of the Audit on Horizon 2020 grant implementation (final report of 22 October 2020), started in April 2021; notes that the IAS concluded in June 2021 that the three recommendations had been adequately and effectively implemented by the Joint Undertaking and were therefore considered closed;
25. Notes that the follow-up of the Audit on Performance Management (final report of 20 November 2017), started in July 2021; notes that the concerned recommendation related to Monitoring and Reporting on the Performance of Horizon 2020 Projects; notes that the action plan consisted of three sub-actions which addressed weaknesses in the Joint Undertaking's monitoring process regarding the contribution of the Clean Sky 2 projects of partners to the High Level Objectives of Clean Sky 2; notes that, following the implementation process of the actions, the Joint Undertaking has proposed the recommendations to the IAS in several steps as ready for closure, the last update being provided in May 2021; notes that, in a specific note for the Clean Aviation Joint Undertaking concerning the year 2021, the IAS concluded that the recommendations are considered implemented;
26. Notes that the follow-up Audit on Performance Management (final report issued on 20 November 2017) and on the Horizon 2020 Grant Process (from the identification of the call topics to the signature of the grant agreement) (final report issued on 15 November 2016), started in January 2022; notes that the two recommendations concerning the update of the Joint Undertaking's internal procedure descriptions, such as the Management Manual and the Quality Manual, in the light of the current Horizon 2020 processes have been implemented by the Joint Undertaking in several steps and has been proposed to the IAS for final closure in November 2021; notes that in its annual report for the Clean Aviation Joint Undertaking concerning the year 2021, the IAS concluded that the recommendations are considered to have been implemented;

Prevention of fraud and conflicts of interest

27. Welcomes the fact that, in 2021, the Joint Undertaking continued to apply the decisions adopted by the Governing Board regarding the rules on the prevention and management of conflicts of interest applicable to the bodies of the Joint Undertaking and to the members of staff of the Joint Undertaking and that the related processes, for instance

concerning Members of the Joint Undertaking's Governing Board, experts of evaluation procedures, panels for procurement and recruitment, applied consistently the required precautionary measures to identify potential conflicts of interest; underlines that a Joint Undertaking policy on sensitive functions has been drafted based on a dedicated risk assessment and will be finalised in the year 2022;

28. Points out that, according to an assessment of the Court, the risk of fraudulent bankruptcies or other fraudulent behaviours to escape the financial problems and supply restrictions needs to be considered in the context of the COVID-19 pandemic as an additional threat for legality and regularity; appreciates that the Joint Undertaking has established a specific risk-based sample of *ex post* audits to cover the stratum in the Joint Undertaking population of Grant Agreement for Partners (GAP) projects, which indicate a certain exposure to COVID-19 constraints as described by the Court, like financial weaknesses, operational delays, high personal costs as compared to average;
 29. Deplores that, in the year 2021, OLAF issued the conclusions and its reports regarding two cases pertaining to grants of Clean Sky 1 and Clean Sky 2 and that the alleged fraud was confirmed in both cases;
 30. Notes that the recommendations of OLAF in both cases focus on measures to be taken by the Joint Undertaking to recover the funding and to consider flagging the entity and the person in the EC systems (Exclusion Database); notes that the Joint Undertaking has completed the litigation case before the General Court pertaining to the case in Italy (lodged in 2018) and will try to execute the General Court judgement at national level; notes that with regard to the Belgian case, the Joint Undertaking had registered its financial claims with the liquidator already in 2017, based on the OLAF report and confirmation of fraud, and that the Joint Undertaking is analysing what judicial action may be taken at national level.
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