

2010 discharge: IMI Joint Undertaking for the implementation of the Joint Technology Initiative on Innovative Medicines

2011/2241(DEC) - 10/05/2012 - Text adopted by Parliament, single reading

The European Parliament adopted a decision to grant discharge to the Executive Director of the Innovative Medicines Initiative Joint Undertaking in respect of the implementation of the Joint Undertaking's budget for the financial year 2010. This decision also approves the closure of the Agency's accounts.

Noting that the Court of Auditors stated that it has obtained reasonable assurances that the annual accounts of the Joint Undertaking for the financial year 2010 are reliable and that the underlying transactions are legal and regular, Parliament adopted a resolution containing a series of recommendations that need to be taken into account when the discharge is granted, in addition to the general recommendations that appear in the [draft resolution](#) on performance, financial management and control of EU agencies.

These recommendations may be summarised as follows:

- **Budget and Financial Management:** Parliament is concerned about the low implementation rate of the budget and, moreover, about the underlying activities of the Joint Undertaking. It underlines that the cash balance at year-end stood at EUR 70 731 612,03 representing 65 % of the available payment appropriations in 2010. It notes with concern that the budget of the Joint Undertaking for the financial year 2010 and the implementation plan were adopted by the Governing Board only on 16 March 2010 and therefore, for almost the entire first quarter of the year, the Joint Undertaking was obliged to use provisional twelfths budget rule to make payments. Members regret that the members of the Joint Undertaking could not establish and agree in due time the scientific priorities to be included in the annual implementation plan which delayed the launch of the 2010 annual call for proposals. They are also concerned about the low implementation rate of the budget and, moreover, about the underlying activities of the Joint Undertaking. They call on the Joint Undertaking and its members to take appropriate actions to ensure a timely definition of the scientific priorities and call topics and to enable the budget to be balanced in future financial years;
- **Evaluation of contributions in kind:** Parliament recalls that the Joint Undertaking was set up in December 2007 and started to work autonomously in November 2009. It expresses grave concern that the methodology for evaluating contributions in-kind to be defined in the Joint Undertaking's internal rules and procedures in compliance with its financial rules has not yet been approved by the Governing Board and therefore the European Federation of Pharmaceutical Industries and Associations (EFPIA) members of the Joint Undertaking were unable to report on the costs incurred during the first reporting period as established in the grant agreements. Even though ongoing consultations are underway, the Joint Undertaking is urged to update the discharge authority about this matter;
- **Procurement Procedures:** Members find the Joint Undertakings' initiative to issue joint procurement procedures interesting and believe that it would enable the Joint Undertakings to realise economies of scale and to save taxpayers' money. They encourage the Joint Undertakings, therefore, to resort as often as possible to joint procurement procedures;
- **Call for Proposals and Projects Negotiations:** Parliament notes that, in the framework of the second call for proposals, independent experts participated in the evaluation panels except for final assessment and without voting rights and that in addition the Executive Office of the Joint

Undertaking invited independent observers to the two-stage evaluation process. It calls on the Joint Undertaking to inform the discharge authority about the verification mechanisms that it implements to ensure the full independence of experts and observers and therefore to mitigate the risks of conflict of interests during the evaluation of tenders;

- **Internal control systems:** Parliament urges the Joint Undertaking to complete its internal controls and financial information systems and to formalise and validate the underlying business processes in due time as required by the financial rules. It states that given its size and mission, the formalisation of policies and procedures in strategic IT planning and monitoring cycle, IT Risk management and Business Continuity Plan and Disaster Recovery Plan is lagging behind. This situation should be remedied;
- **Internal Audit:** Parliament notes that the Commission and the Joint Undertaking have taken action to ensure that the respective operational roles of the Commission's Internal Audit Service (IAS) and the Joint Undertaking's internal auditing function are clearly defined;
- **Performance:** it notes that the Commission commissioned an interim review which focused on the quality, efficiency and contribution of the Joint Undertaking towards the achievement of set objectives. The review identified certain weaknesses to which the Joint Undertaking should rapidly respond;
- **Lack of host State agreement:** Members reiterate that the Joint Undertaking should rapidly conclude a host agreement with Belgium concerning office accommodation, privileges and immunities and other support to be provided by Belgium to it.

Horizontal observations on the Joint Undertakings: Members underline that seven Joint Undertakings have so far been established by the European Commission under Article 187 of the Treaty on the Functioning of the European Union and that the total Union contribution deemed necessary for the Joint Undertakings for their period of existence amounts to **EUR 11.5 billion** (for the financial year 2010 alone, the overall Union contribution amounted to EUR 505 million). They note that six Joint Undertakings (IMI, ARTEMIS, ENIAC, CLEAN SKY, FCH and ITER-F4E) are in the research area under the Commission's DGs RTD and INFSO and one is charged with developing the new air traffic management system (SESAR) in the transport domain whose activities are supervised by DG MOVE.

In this context, Parliament calls on the Commission to provide the discharge authority annually with consolidated information on the total annual funding per Joint Undertaking made from the general budget of the Union in order to ensure transparency and clarity on the use of the Union's funds and restore trust among the European taxpayers. It recalls that Joint Undertakings are public-private partnerships and that as a consequence public and private interests are intertwined. Members consider that the **likelihood of conflicts of interest should not be dismissed but addressed properly**. They call therefore on the Joint Undertakings to inform the discharge authority on the verification mechanisms which exist in their respective structures to enable a proper management and prevention of conflicts of interest.

Parliament notes, with the notable exception of the Joint Undertaking for ITER and the Development of Fusion Energy, that Joint Undertakings are relatively small structures and geographically-concentrated and that **they should pool their resources where possible**.

Lastly, the Court of Auditors is invited to provide, within a reasonable deadline, a special report to Parliament, on the added value of the establishment of the Joint Undertakings.