2019 discharge: Electronic Components and Systems for European Leadership (ECSEL Joint Undertaking)

2020/2189(DEC) - 28/04/2021 - Text adopted by Parliament, single reading

The European Parliament decided by 633 votes to 60, with 5 abstentions, to **grant discharge** to the Executive Director of the Electronic Components and Systems for European Leadership Joint Undertaking (ECSEL) in respect of the implementation of its budget for the financial year 2019 and to approve the closure of the accounts of the Joint Undertaking.

Noting that the Court of Auditors found that the annual accounts of the Joint Undertaking for the financial year 2019 present fairly the financial situation of the Joint Undertaking on 31 December 2019 and the results of its operations, Parliament adopted, by 623 votes to 65 with 2 abstentions, a resolution containing a series of observations which form an integral part of the discharge decision.

Budgetary and financial management

The Joint Undertaking's total available budget for the financial year 2019 included commitment appropriations of EUR 203 966 000 and payment appropriation of EUR 232 545 000. The utilisation rates for commitment and payment appropriations were 100 and 80 % respectively.

The implementation rate for the Joint Undertaking’s 2019 available payment appropriations of EUR 44 805 000 for the co-financing of Seventh Framework programme projects was 45.3 % and that this low rate was mainly due to the delay of national funding authorities in providing end of project certificates for ongoing Seventh Framework programme activities. Those delays increase the risk that the Seventh Framework programme funds already allocated to the Joint Undertaking may not be fully used. The Joint Undertaking should report to the discharge authority in that regard.

At the end of 2019, the Participating States taking part in the 2014 to 2018 calls for proposals, made commitments amounting to approximately EUR 763 530 000 and payments of approximately EUR 341 600 000 (29.2 % of the total required contributions).

The low level of Participating States’ contributions arises from some Participating States not recognising and reporting their costs to the Joint Undertaking until after the completion of the Horizon 2020 projects that they support.

Out of the EUR 1 657 500 000 of contributions to be made at least by private (industry) members to the activities of the Joint Undertaking over the period envisaged for the programme in the regulation, at the end of 2019, the Joint Undertaking estimated (reported but not validated) that the members had made in-kind contributions of EUR 705 410 000, compared to the Union’s cash contribution at the end of 2019 of EUR 681 483 000.

The Court’s report showed that the Joint Undertaking can calculate the actual amount of the industry members’ in-kind contributions only after it has validated the contributions of the Participating States at the end of the programme and that that explains the high amount of reported but not yet validated industry in-kind contributions.

Parliament called for harmonisation of the in-kind contributions calculation across the joint undertakings with a view to establishing a common procedure for establishing the real value of the contribution, as well as putting in place an appropriate legal framework to ensure that the required financial contribution will be paid by the end of the programme period.

Other observations

The resolution also contains a series of observations on performance, internal control and personnel management.

In particular, it noted the following:

- the Joint Undertaking uses key performance indicators (KPIs) to measure operational and programme performance, as well as common KPIs specific to Horizon 2020

- the total leverage achieved in 2019 for the Joint Undertaking's programme is equal to 3. EUR 1 of Horizon 2020 funding also leverages EUR 0.93 of national or EU structural and investment funds;

- the Joint Undertaking launched three calls for proposals in 2019 (Research and Innovation Actions, Innovation Actions and Coordination and Support Actions), resulting in the selection of 15 out of 40 collaborative projects;

- a comprehensive performance monitoring methodology for assessing the added value of the joint venture, including the social and employment impact and the market impact should be put in place;

- the issue of intellectual property rights (IPR) should be addressed in all contracts that are likely to produce the expected effects or lead to the desired performance outcome;

- the Joint Undertaking’s activity programmes will in future respect the requirements and the targets provided by Union law as far as digitalisation is concerned and will follow the strategies in the domain elaborated by both the Commission and industry;

- the Joint Undertaking has set up reliable ex ante control procedures based on financial and operational desk reviews. It started its transition to the new Internal Control Framework (ICF) with an action plan;

- on 31 December 2019, the Joint Undertaking employed 30 out of 31 staff members, with a second national expert post authorised but not yet filled.